



**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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P.O.Box 13528 • Austin, TX 78711-3528

June 22, 2015

Terry Myers  
Superintendent  
Crockett Independent School District  
1400 W. Austin St.  
Crockett, Texas 75835

Dear Superintendent Myers:

On March 26, 2015, the Comptroller issued written notice that ETC Texas Pipeline, LTD (the applicant) submitted a completed application (Application #1044) for a limitation on appraised value under the provisions of Tax Code Chapter 313<sup>1</sup>. This application was originally submitted in November, 2014, to the Crockett Independent School District (the school district) by the applicant.

This presents the results of the Comptroller's review of the application and determinations required:

- 1) under Section 313.025(h) to determine if the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C; and
- 2) under Section 313.025(d), to issue a certificate for a limitation on appraised value of the property and provide the certificate to the governing body of the school district or provide the governing body a written explanation of the comptroller's decision not to issue a certificate, using the criteria set out in Section 313.026.

**Determination required by 313.025(h)**

Sec. 313.024(a)	Applicant is subject to tax imposed by Chapter 171.
Sec. 313.024(b)	Applicant is proposing to use the property for an eligible project.
Sec. 313.024(d)	Applicant has committed to create the required number of new qualifying jobs and pay all jobs created that are not qualifying jobs a wage that exceeds the county average weekly wage for all jobs in the county where the jobs are located.
Sec. 313.024(d-2)	Not applicable to Application #1044.

Based on the information provided by the applicant, the Comptroller has determined that the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C.

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<sup>1</sup> All statutory references are to the Texas Tax Code, unless otherwise noted.

**Certificate decision required by 313.025(d)**

Determination required by 313.026(c)(1)

The Comptroller has determined that the project proposed by the applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement before the 25th anniversary of the beginning of the limitation period. See Attachment B.

Determination required by 313.026(c)(2)

The Comptroller has determined that the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state. See Attachment C.

Based on these determinations, the Comptroller issues a certificate for a limitation on appraised value. This certificate is contingent on the school district's receipt and acceptance of the Texas Education Agency's determination per 313.025(b-1).

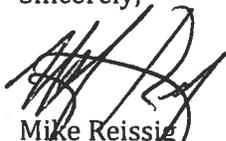
The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-286) executed with the school district. The school district shall comply with and enforce the stipulations, provisions, terms, and conditions of the agreement, applicable Texas Administrative Code and Chapter 313, per TAC 9.1054(i)(3).

This certificate is no longer valid if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this certificate is contingent on the school district approving and executing the agreement within a year from the date of this letter.

Note that any building or improvement existing as of the application review start date of March 26, 2015, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2) and the Texas Administrative Code.

Should you have any questions, please contact Robert Wood, Associate Deputy Comptroller, by email at [robert.wood@cpa.texas.gov](mailto:robert.wood@cpa.texas.gov) or by phone at 1-800-531-5441, ext. 3-3973, or direct in Austin at 512-463-3973.

Sincerely,



Mike Reissig  
Deputy Comptroller

Enclosure

cc: Robert Wood

### Attachment A – Economic Impact Analysis

This following tables summarizes the Comptroller’s economic impact analysis of ETC Texas Pipeline, LTD (the project) applying to Crockett Independent School District (the district), as required by Tax Code, 313.026 and Texas Administrative Code 9.1055(d)(2).

**Table 1** is a summary of investment, employment and tax impact of ETC Texas Pipeline, LTD.

Applicant	ETC Texas Pipeline, LTD
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Crockett ISD
2013-14 Enrollment in School District	1295
County	Houston
Proposed Total Investment in District	\$105,000,000
Proposed Qualified Investment	\$105,000,000
Limitation Amount	\$20,000,000
Number of new qualifying jobs committed to by applicant	10
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$725
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)	\$725
Minimum annual wage committed to by applicant for qualified jobs	\$37,716
Minimum weekly wage required for non-qualifying jobs	
Minimum annual wage required for non-qualifying jobs	
Investment per Qualifying Job	\$10,500,000
Estimated M&O levy without any limit (15 years)	\$10,108,800
Estimated M&O levy with Limitation (15 years)	\$4,513,601
Estimated gross M&O tax benefit (15 years)	\$5,595,199

**Table 2** is the estimated statewide economic impact of ETC Texas Pipeline, LTD (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2015	175	199	374	\$6,600,248	\$15,399,753	\$22,000,000
2016	10	58	68	\$377,157	\$5,622,843	\$6,000,000
2017	10	49	59	\$377,157	\$5,622,843	\$6,000,000
2018	10	43	53	\$377,157	\$4,622,843	\$5,000,000
2019	10	39	49	\$377,157	\$4,622,843	\$5,000,000
2020	10	33	43	\$377,157	\$4,622,843	\$5,000,000
2021	10	29	39	\$377,157	\$4,622,843	\$5,000,000
2022	10	27	37	\$377,157	\$4,622,843	\$5,000,000
2023	10	31	41	\$377,157	\$4,622,843	\$5,000,000
2024	10	37	47	\$377,157	\$4,622,843	\$5,000,000
2025	10	31	41	\$377,157	\$4,622,843	\$5,000,000
2026	10	35	45	\$377,157	\$4,622,843	\$5,000,000
2027	10	35	45	\$377,157	\$4,622,843	\$5,000,000
2028	10	37	47	\$377,157	\$5,622,843	\$6,000,000
2029	10	39	49	\$377,157	\$5,622,843	\$6,000,000
2030	10	33	43	\$377,157	\$6,622,843	\$7,000,000

Source: CPA, REMI, ETC Texas Pipeline, LTD

**Table 3** examines the estimated direct impact on ad valorem taxes to the region if all taxes are assessed.

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O	Tax Rate <sup>1</sup>	Crockett ISD I&S Levy	Crockett ISD M&O Levy	Crockett ISD M&O and I&S Tax Levies	Houston County	Houston County Hospital District	Houston County Emergency Services District #2	Estimated Total Property Taxes
			0.21	1.0400			0.465	0.030000	0.065530	
2016	\$ 90,000,000	\$90,000,000		\$189,000	\$936,000	\$1,125,000	\$418,500	\$27,000	\$58,977	\$1,543,500
2017	\$ 86,400,000	\$86,400,000		\$181,440	\$898,560	\$1,080,000	\$401,760	\$25,920	\$56,618	\$1,481,760
2018	\$ 82,800,000	\$82,800,000		\$173,880	\$861,120	\$1,035,000	\$385,020	\$24,840	\$54,259	\$1,420,020
2019	\$ 79,200,000	\$79,200,000		\$166,320	\$823,680	\$990,000	\$368,280	\$23,760	\$51,900	\$1,358,280
2020	\$ 75,600,000	\$75,600,000		\$158,760	\$786,240	\$945,000	\$351,540	\$22,680	\$49,541	\$1,296,540
2021	\$ 72,000,000	\$72,000,000		\$151,200	\$748,800	\$900,000	\$334,800	\$21,600	\$47,182	\$1,234,800
2022	\$ 68,400,000	\$68,400,000		\$143,640	\$711,360	\$855,000	\$318,060	\$20,520	\$44,823	\$1,173,060
2023	\$ 64,800,000	\$64,800,000		\$136,080	\$673,920	\$810,000	\$301,320	\$19,440	\$42,463	\$1,111,320
2024	\$ 61,200,000	\$61,200,000		\$128,520	\$636,480	\$765,000	\$284,580	\$18,360	\$40,104	\$1,049,580
2025	\$ 57,600,000	\$57,600,000		\$120,960	\$599,040	\$720,000	\$267,840	\$17,280	\$37,745	\$987,840
2026	\$ 54,000,000	\$54,000,000		\$113,400	\$561,600	\$675,000	\$251,100	\$16,200	\$35,386	\$926,100
2027	\$ 50,400,000	\$50,400,000		\$105,840	\$524,160	\$630,000	\$234,360	\$15,120	\$33,027	\$864,360
2028	\$ 46,800,000	\$46,800,000		\$98,280	\$486,720	\$585,000	\$217,620	\$14,040	\$30,668	\$802,620
2029	\$ 43,200,000	\$43,200,000		\$90,720	\$449,280	\$540,000	\$200,880	\$12,960	\$28,309	\$740,880
2030	\$ 39,600,000	\$39,600,000		\$83,160	\$411,840	\$495,000	\$184,140	\$11,880	\$25,950	\$679,140
			<b>Total</b>	<b>\$2,041,200</b>	<b>\$10,108,800</b>	<b>\$12,150,000</b>	<b>\$4,519,800</b>	<b>\$291,600</b>	<b>\$636,952</b>	<b>\$16,669,800</b>

Source: CPA, ETC Texas Pipeline, LTD

<sup>1</sup>Tax Rate per \$100 Valuation

**Table 4** examines the estimated direct impact on ad valorem taxes to the school district and Houston County, with all property tax incentives sought being granted using estimated market value from the application. The project has applied for a value limitation under Chapter 313, Tax Code and tax abatement with the county.

The difference noted in the last line is the difference between the totals in Table 3 and Table 4.

Table 4 Estimated Direct Ad Valorem Taxes with all property tax incentives sought											
Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O	Tax Rate <sup>1</sup>	Crockett ISD I&S Levy	Crockett ISD M&O Levy	Crockett ISD M&O and I&S Tax Levies	Houston County	Houston County Hospital District	Houston County Emergency Services District #2	Estimated Total Property Taxes	
2016	\$ 90,000,000	\$20,000,000		0.21	1.0400	\$397,000	\$209,250	\$27,000	\$58,977	\$606,250	
2017	\$ 86,400,000	\$20,000,000		\$181,440	\$208,000	\$389,440	\$200,880	\$25,920	\$56,618	\$590,320	
2018	\$ 82,800,000	\$20,000,000		\$173,880	\$208,000	\$381,880	\$192,510	\$24,840	\$54,259	\$574,390	
2019	\$ 79,200,000	\$20,000,000		\$166,320	\$208,000	\$374,320	\$184,140	\$23,760	\$51,900	\$558,460	
2020	\$ 75,600,000	\$20,000,000		\$158,760	\$208,000	\$366,760	\$175,770	\$22,680	\$49,541	\$542,530	
2021	\$ 72,000,000	\$20,000,000		\$151,200	\$208,000	\$359,200	\$334,800	\$21,600	\$47,182	\$694,000	
2022	\$ 68,400,000	\$20,000,000		\$143,640	\$208,000	\$351,640	\$318,060	\$20,520	\$44,823	\$669,700	
2023	\$ 64,800,000	\$20,000,000		\$136,080	\$208,000	\$344,080	\$301,320	\$19,440	\$42,463	\$645,400	
2024	\$ 61,200,000	\$20,000,000		\$128,520	\$208,000	\$336,520	\$284,580	\$18,360	\$40,104	\$621,100	
2025	\$ 57,600,000	\$20,000,000		\$120,960	\$208,000	\$328,960	\$267,840	\$17,280	\$37,745	\$596,800	
2026	\$ 54,000,000	\$54,000,000		\$113,400	\$561,600	\$675,000	\$251,100	\$16,200	\$35,386	\$926,100	
2027	\$ 50,400,000	\$50,400,000		\$105,840	\$524,160	\$630,000	\$234,360	\$15,120	\$33,027	\$864,360	
2028	\$ 46,800,000	\$46,800,000		\$98,280	\$486,720	\$585,000	\$217,620	\$14,040	\$30,668	\$802,620	
2029	\$ 43,200,000	\$43,200,000		\$90,720	\$449,280	\$540,000	\$200,880	\$12,960	\$28,309	\$740,880	
2030	\$ 39,600,000	\$39,600,000		\$83,160	\$411,840	\$495,000	\$184,140	\$11,880	\$25,950	\$679,140	
				<b>Total</b>	<b>\$ 2,041,200</b>	<b>\$ 4,513,601</b>	<b>\$ 6,554,800</b>	<b>\$ 3,557,250</b>	<b>\$ 291,600</b>	<b>\$ 636,952</b>	<b>\$ 10,112,050</b>
				<b>Difference</b>	<b>\$ -</b>	<b>\$ 5,595,199</b>	<b>\$ 5,595,200</b>	<b>\$ 962,550</b>	<b>\$ -</b>	<b>\$ (0)</b>	<b>\$ 6,557,750</b>

Source: CPA, ETC Texas Pipeline, LTD

<sup>1</sup>Tax Rate per \$100 Valuation

**Disclaimer:** This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

### Attachment B – Tax Revenue over 25 Years

This represents the Comptroller’s determination that ETC Texas Pipeline, LTD (project) is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy directly related to this project, using estimated taxable values provided in the application.

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
<b>Limitation Pre-Years</b>	2013	\$0	\$0	\$0	\$0
	2014	\$0	\$0	\$0	\$0
	2015	\$0	\$0	\$0	\$0
<b>Limitation Period (10 Years)</b>	2016	\$208,000	\$208,000	\$728,000	\$728,000
	2017	\$208,000	\$416,000	\$690,560	\$1,418,560
	2018	\$208,000	\$624,000	\$653,120	\$2,071,680
	2019	\$208,000	\$832,000	\$615,680	\$2,687,360
	2020	\$208,000	\$1,040,000	\$578,240	\$3,265,600
	2021	\$208,000	\$1,248,000	\$540,800	\$3,806,400
	2022	\$208,000	\$1,456,000	\$503,360	\$4,309,760
	2023	\$208,000	\$1,664,000	\$465,920	\$4,775,680
	2024	\$208,000	\$1,872,000	\$428,480	\$5,204,160
	2025	\$208,000	\$2,080,000	\$391,040	\$5,595,200
<b>Maintain Viable Presence (5 Years)</b>	2026	\$561,600	\$2,641,600	\$0	\$5,595,200
	2027	\$524,160	\$3,165,760	\$0	\$5,595,200
	2028	\$486,720	\$3,652,480	\$0	\$5,595,200
	2029	\$449,280	\$4,101,760	\$0	\$5,595,200
	2030	\$411,840	\$4,513,600	\$0	\$5,595,200
<b>Additional Years as Required by 313.026(c)(1) (10 Years)</b>	2031	\$374,400	\$4,888,000	\$0	\$5,595,200
	2032	\$336,960	\$5,224,960	\$0	\$5,595,200
	2033	\$299,520	\$5,524,480	\$0	\$5,595,200
	2034	\$262,080	\$5,786,560	\$0	\$5,595,200
	2035	\$234,000	\$6,020,560	\$0	\$5,595,200
	2036	\$234,000	\$6,254,560	\$0	\$5,595,200
	2037	\$234,000	\$6,488,560	\$0	\$5,595,200
	2038	\$234,000	\$6,722,560	\$0	\$5,595,200
	2039	\$234,000	\$6,956,560	\$0	\$5,595,200
	2040	\$234,000	\$7,190,560	\$0	\$5,595,200

**\$7,190,560**

is greater than

**\$5,595,200**

**Analysis Summary**

Is the project reasonably likely to generate M&O tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?

Yes

Source: CPA, ETC Texas Pipeline, LTD

**Disclaimer:** This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

## **Attachment C – Limitation as a Determining Factor**

Tax Code 313.026 states that the Comptroller may not issue a certificate for a limitation on appraised value under this chapter for property described in an application unless the comptroller determines that “the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state.” This represents the basis for the Comptroller’s determination.

### **Methodology**

Texas Administrative Code 9.1055(d) states the Comptroller shall review any information available to the Comptroller including:

- the application, including the responses to the questions in Section 8 (Limitation as a Determining Factor);
- public documents or statements by the applicant concerning business operations or site location issues or in which the applicant is a subject;
- statements by officials of the applicant, public documents or statements by governmental or industry officials concerning business operations or site location issues;
- existing investment and operations at or near the site or in the state that may impact the proposed project;
- announced real estate transactions, utility records, permit requests, industry publications or other sources that may provide information helpful in making the determination; and
- market information, raw materials or other production inputs, availability, existing facility locations, committed incentives, infrastructure issues, utility issues, location of buyers, nature of market, supply chains, other known sites under consideration.

### **Determination**

The Comptroller has determined that the limitation on appraised value is a determining factor in the ETC Texas Pipeline, LTD’s decision to invest capital and construct the project in this state. This is based on information available, including information provided by the applicant. Specifically, the comptroller notes the following:

- Per the applicant, it currently owns the land on which the proposed project will occur, but it doesn’t have currently business activities at the location where the proposed project will occur.
- Staff research discovered a press release by the applicant announcing an “Ease Texas Plant” which fits the description presented in the application. The announced East Texas Plant and the Alamo Plant in the application both have the same capacity, same construction time line, and are both located in the east Texas region.
- In response to staff’s inquiry regarding the similarities between the two plants mentioned above, the applicant stated that “The term “East Texas Plant” refers instead to the generic possibility of building the same or a similar plant in any of several possible locations within greater East Texas. The company has not committed to pursuing any such plant or location at this point.” The applicant also stated “As the primary available property tax incentive in Texas, a 313 agreement is vital to the Alamo Plant’s economics just as potential customer response will be. Both factors will be considered before any determination is made. Moreover, six other potential projects are presently competing for the same capital expenditures by our company, including two possible plants in Louisiana that would be eligible for a 10-year, 100% property tax abatement under that state’s Industrial Tax Exemption program (and for state sales tax incentives). Other competing projects are also under review that would be located in New Mexico or Oklahoma, the latter of which state has also offered manufacturing exemptions.”
- Per the applicant, it is “a leading midstream energy company whose primary activities include gathering, treating, processing and transporting natural gas and natural gas liquids to a variety of

markets and states. Energy Transfer currently operates over 17,500 miles of pipeline, 4 gas processing plants, 17 gas treating facilities and 10 gas conditioning plants. Locations for these operations included Arizona, New Mexico, Utah, Colorado, Kansas, Oklahoma, Texas, Arkansas and Louisiana. However, ETC could redirect its expenditures to build plants in other Texas Counties or the following states.

**Kansas**

**Louisiana**

**New Mexico**

**Oklahoma”**

### **Supporting Information**

- a) Section 8 of the Application for a Limitation on Appraised Value
- b) Attachments provided in Tab 5 of the Application for a Limitation on Appraised Value
- c) Additional information provided by the Applicant or located by the Comptroller

**Disclaimer:** This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

# **Supporting Information**

**Section 8 of the Application for  
a Limitation on Appraised Value**

# Application for Appraised Value Limitation on Qualified Property

## SECTION 6: Eligibility Under Tax Code Chapter 313.024

1. Are you an entity subject to the tax under Tax Code, Chapter 171?  Yes  No
2. The property will be used for one of the following activities:
  - (1) manufacturing  Yes  No
  - (2) research and development  Yes  No
  - (3) a clean coal project, as defined by Section 5.001, Water Code  Yes  No
  - (4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code  Yes  No
  - (5) renewable energy electric generation  Yes  No
  - (6) electric power generation using integrated gasification combined cycle technology  Yes  No
  - (7) nuclear electric power generation  Yes  No
  - (8) a computer center that is used as an integral part or as a necessary auxiliary part for the activity conducted by applicant in one or more activities described by Subdivisions (1) through (7)  Yes  No
  - (9) a Texas Priority Project, as defined by 313.024(e)(7) and TAC 9.1051  Yes  No
3. Are you requesting that any of the land be classified as qualified investment?  Yes  No
4. Will any of the proposed qualified investment be leased under a capitalized lease?  Yes  No
5. Will any of the proposed qualified investment be leased under an operating lease?  Yes  No
6. Are you including property that is owned by a person other than the applicant?  Yes  No
7. Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment?  Yes  No

## SECTION 7: Project Description

1. In **Tab 4**, attach a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information.
2. Check the project characteristics that apply to the proposed project:
 

<input checked="" type="checkbox"/> Land has no existing improvements	<input type="checkbox"/> Land has existing improvements ( <i>complete Section 13</i> )
<input type="checkbox"/> Expansion of existing operation on the land ( <i>complete Section 13</i> )	<input type="checkbox"/> Relocation within Texas

## SECTION 8: Limitation as Determining Factor

1. Does the applicant currently own the land on which the proposed project will occur?  Yes  No
2. Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project?  Yes  No
3. Does the applicant have current business activities at the location where the proposed project will occur?  Yes  No
4. Has the applicant made public statements in SEC filings or other documents regarding its intentions regarding the proposed project location?  Yes  No
5. Has the applicant received any local or state permits for activities on the proposed project site?  Yes  No
6. Has the applicant received commitments for state or local incentives for activities at the proposed project site?  Yes  No
7. Is the applicant evaluating other locations not in Texas for the proposed project?  Yes  No
8. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities?  Yes  No
9. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project?  Yes  No
10. Are you submitting information to assist in the determination as to whether the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in Texas?  Yes  No

**Chapter 313.026(e) states "the applicant may submit information to the Comptroller that would provide a basis for an affirmative determination under Subsection (c)(2)." If you answered "yes" to any of the questions in Section 8, attach supporting information in Tab 5.**

# **Supporting Information**

**Attachments provided in Tab 5  
of the Application for a  
Limitation on Appraised Value**

**Ability to locate or relocate:**

**ETC Texas Pipeline, LTD (or "the Company")** is a leading midstream energy company whose primary activities include gathering, treating, processing and transporting natural gas and natural gas liquids to a variety of markets and states. Energy Transfer currently operates over 17,500 miles of pipeline, 4 gas processing plants, 17 gas treating facilities and 10 gas conditioning plants. Locations for these operations included Arizona, New Mexico, Utah, Colorado, Kansas, Oklahoma, Texas, Arkansas and Louisiana.

However, ETC could redirect its expenditures to build plants in other Texas Counties or the following states.

**Kansas**  
**Louisiana**  
**New Mexico**  
**Oklahoma**

# **Supporting Information**

**Additional information  
provided by the Applicant or  
located by the Comptroller**


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### Energy Transfer Partners Announces New Processing Plants and Expanded Gathering Systems in the Growing Eagle Ford and Eaglebine Production Areas

DALLAS--(BUSINESS WIRE)--Nov. 5, 2014-- **Energy Transfer Partners, L.P. (NYSE: ETP)** today announced that it has entered into additional long-term gas gathering and processing agreements with producers in the growing Eagle Ford and Eaglebine production areas of south and southeast Texas. To facilitate these agreements, ETP has begun construction on two new cryogenic gas processing plants and additional gas gathering pipelines.

#### East Texas Plant

The East Texas Plant, a 200 million cubic feet per day cryogenic gas processing plant, will be constructed and installed east of the Partnership's La Grange Plant. The new plant is expected to be constructed and placed in-service by the fourth quarter of 2015. The Volunteer Pipeline, as further detailed below, will deliver rich gas to the East Texas Plant for processing with the resulting natural gas liquids and residue gas delivered to Lone Star NGL LLC's pipeline and ETP's Southeast Bossier 42-inch gas pipeline, respectively.

#### Volunteer Pipeline

The approximate 70-mile, 24-inch Volunteer Pipeline will have an initial capacity of 200 million cubic feet per day that will be expandable to over 400 million cubic feet per day with the addition of compression. The Volunteer Pipeline will originate in eastern Brazos County, Texas at an interconnect with ETP's Southeast Texas Pipeline System, a gas gathering system consisting of over 5,000 miles of pipe and over 80,000 horsepower of compression, and will extend to the Partnership's new East Texas Plant. The pipeline is expected to be constructed and placed in-service by the fourth quarter of 2015.

#### REM Eagle Ford Plant II

Also in light of ETP's continuing success in securing long-term, fee-based gathering and processing agreements along ETP's REM system, the Partnership has started construction of a new 200 million cubic feet per day cryogenic gas processing plant in the Eagle Ford production area that is expected to be online by June of 2015. This plant will be fully subscribed once it is on line and will deliver the residue gas into ETP's HPL intrastate pipeline system and the natural gas liquids into Lone Star NGL LLC's pipeline system. By the end of 2015, ETP expects to have in service approximately 1.8 billion cubic feet per day of cryogenic processing capacity in the Eagle Ford and Eaglebine plays in south and southeast Texas with expected NGL barrels recovered reaching 250,000 barrels per day.

The East Texas Plant, REM Eagle Ford Plant II and Volunteer Pipeline projects, estimated to cost between \$375 and \$410 million in aggregate, will add to ETP's ever-growing presence in south and southeast Texas where ETP has already spent in excess of \$3 billion on pipelines, plants and associated infrastructure in the last several years, resulting in strong distributable cash flow to the Partnership.

**Energy Transfer Partners, L.P. (NYSE: ETP)** is a master limited partnership owning and operating one of the largest and most diversified portfolios of energy assets in the United States. ETP currently owns and operates approximately 35,000 miles of natural gas and natural gas liquids pipelines. ETP also owns 100% of Panhandle Eastern Pipe Line Company, LP (the successor of Southern Union Company) and a 70% interest in Lone Star NGL LLC, a joint venture that owns and operates natural gas liquids storage, fractionation and transportation assets. ETP also owns the general partner, 100% of the incentive distribution rights, and approximately 67.1 million common units in Sunoco Logistics Partners L.P. (NYSE: SXL), which operates a geographically diverse portfolio of crude oil and refined products pipelines, terminalling and crude oil acquisition and marketing assets. ETP owns 100% of Sunoco, Inc. and 100% of Susser Holdings Corporation. Additionally, ETP owns the general partner, 100% of the incentive distribution rights and approximately 44% of the limited partnership interests in Sunoco LP (formerly Susser Petroleum Partners LP) (NYSE: SUN), a wholesale fuel distributor and convenience store operator. ETP's general partner is owned by ETE. For more information, visit the Energy Transfer Partners, L.P. web site at [www.energytransfer.com](http://www.energytransfer.com).

#### Forward-Looking Statements

This press release may include certain statements concerning expectations for the future that are forward-looking statements as defined by federal law. Such forward-looking statements are subject to a variety of known and unknown risks, uncertainties, and other factors that are difficult to predict and many of which are beyond management's control. An extensive list of factors that can affect future results are discussed in the Partnership's Annual Reports on Form 10-K and other documents filed from time to time with the Securities and Exchange Commission. The Partnership undertakes no obligation to update or revise any forward-looking statement to reflect new information or events.

The information contained in this press release is available on our website at [www.energytransfer.com](http://www.energytransfer.com).

Source: Energy Transfer Partners, L.P.

Investor Relations:

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5/26/2015

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COMPTROLLER QUERY RELATED TO TAX CODE CHAPTER 313.026(c)(2) –  
ETC Texas Pipeline - Application #1044 – Crockett ISD

Comptroller Question (via email on May 28, 2015)

*Provide more information on the East Texas Plant mentioned in [the Energy Transfer Press Release dated November 5, 2014, and investor presentation dated January 30, 2015] and clarify whether it is the same plant as the one in this application.*

Applicant Response (via email on June 11, 2015):

*The Alamo Plant and the East Texas Plant are definitely not one and the same. The Alamo Plant is a specific proposed plant and location as described in our application. The term "East Texas Plant" refers instead to the generic possibility of building the same or a similar plant in any of several possible locations within greater East Texas. The company has not committed to pursuing any such plant or location at this point. On the contrary, the press release from our marketing department was issued for the sole purpose of assessing customer demand and determining whether potential commitments would justify going forward with the Alamo Plant project, a different East Texas Plant, or no plant at all, at a time when oil and gas exploration and development has hit a slowdown.*

*Please note that the press release in question suggests only a general location for the East Texas Plant: somewhere "east of the Partnership's La Grange Plant". The La Grange Plant is located in La Grange, Texas, whereas the proposed Alamo Plant would be located specifically in Crockett per our application. Crockett is some 150 miles northeast of La Grange, between Centerville and Lufkin. That geography thus leaves a wide swath of Texas "east of the Partnership's La Grange Plant" under consideration for an "East Texas Plant", the design and location of which again hinges upon both available incentives and customer demand.*

*As the primary available property tax incentive in Texas, a 313 agreement is vital to the Alamo Plant's economics just as potential customer response will be. Both factors will be considered before any determination is made. Moreover, six other potential projects are presently competing for the same capital expenditures by our company, including two possible plants in Louisiana that would be eligible for a 10-year, 100% property tax abatement under that state's Industrial Tax Exemption program (and for state sales tax incentives). Other competing projects are also under review that would be located in New Mexico or Oklahoma, the latter of which state has also offered manufacturing exemptions.*

**DETAILED PROJECT DESCRIPTION OF QUALIFIED INVESTMENT**  
**CROCKETT INDEPENDENT SCHOOL DISTRICT**

**ETC Texas Pipeline, LTD (or “the Company”)** is a leading midstream energy company whose primary activities include gathering, treating, processing and transporting natural gas and natural gas liquids to a variety of markets and states. Energy Transfer currently operates over 17,500 miles of pipeline, 4 gas processing plants, 17 gas treating facilities and 10 gas conditioning plants. Locations for these operations included Arizona, New Mexico, Utah, Colorado, Kansas, Oklahoma, Texas, Arkansas and Louisiana.

However, ETC could redirect its expenditures to build plants in other Texas Counties or the following states.

**Kansas**  
**Louisiana**  
**New Mexico**  
**Oklahoma**

**Proposed Project Description**

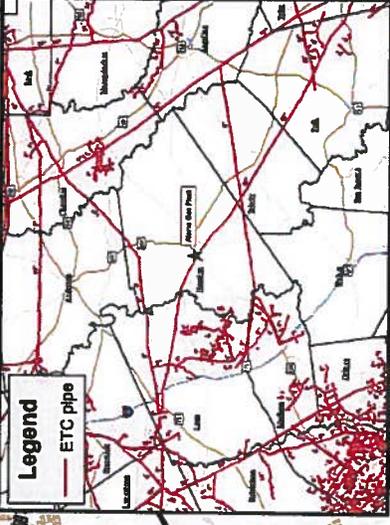
ETC Texas Pipeline, LTD proposes to build a new 200 mmscf/d Gas Processing Plant in Crockett ISD/Houston County, Texas. Projected timeline for ETC to start construction is June of 2015 and start hiring the new employees in July of 2015. This should allow for completion and commencement of commercial operations to start in December of 2015.

**Cryogenic Natural Gas Processing Plant**

The Alamo Plant would include the installation of a refrigerated cryogenic gas plant. If completed, the Alamo Gas Processing Plant will be designed to process 200mmcf/d of gas and would include the following components, providing long-term processing, compression and residue gas takeaway:

- Buildings, Foundations, Inlet Separator, Amine Unit, Boilers, Heat Exchangers, Natural Gas/Air/H<sub>2</sub>O Piping, Control
- Valves, Dehydration Units, Knock Out Drums, Slug Catcher, Compressors, Vessels, Heat Exchanger, SCADA plus Controls.
- ENVIRONMENTAL: (A) Flare-Stack, Scrubber, Leak Detection; (L) Liners, Containment.

# Alamo Gas Plant - Houston County



**Legend**  
 ETC pipe

**Legend**

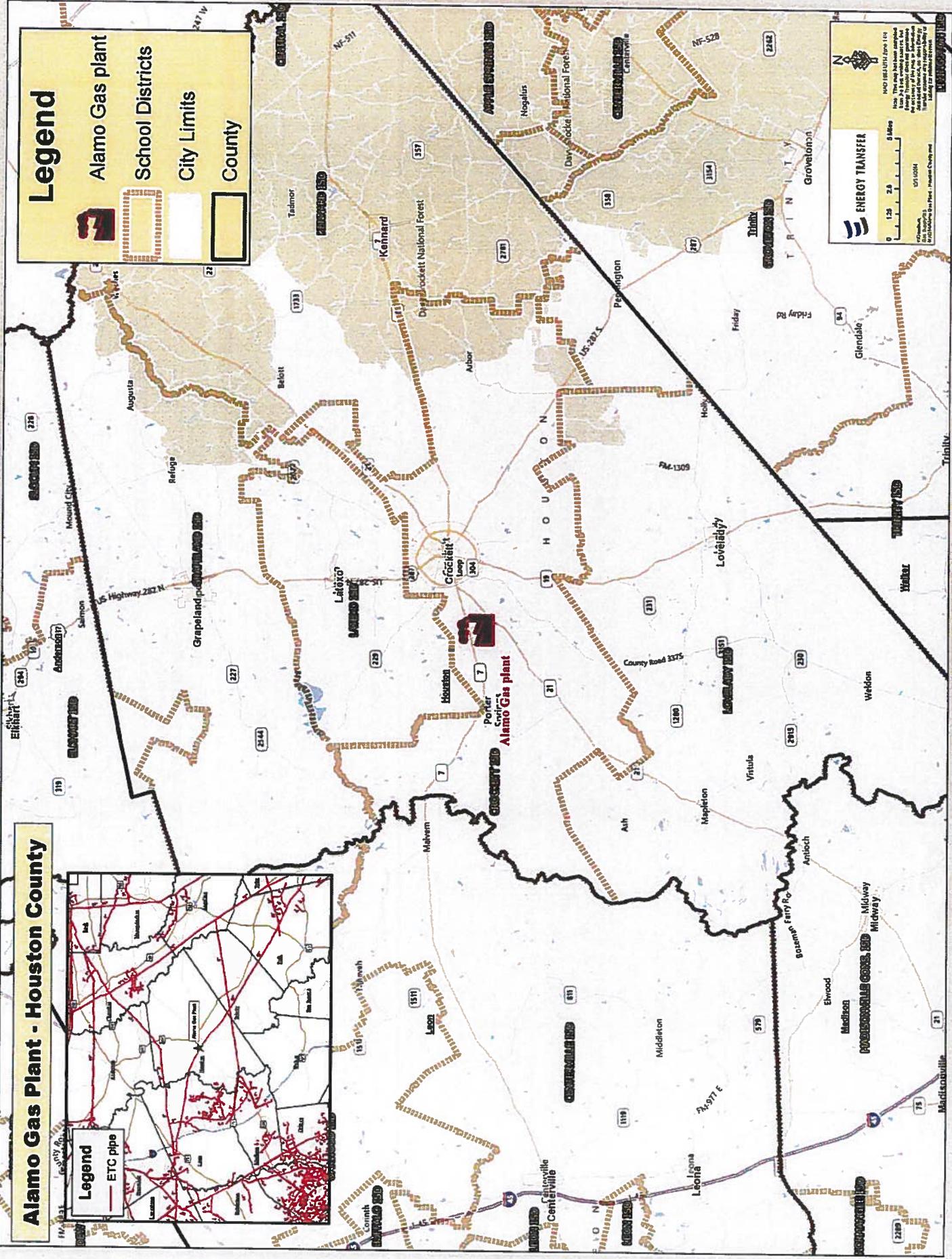
- Alamo Gas plant
- School Districts
- City Limits
- County

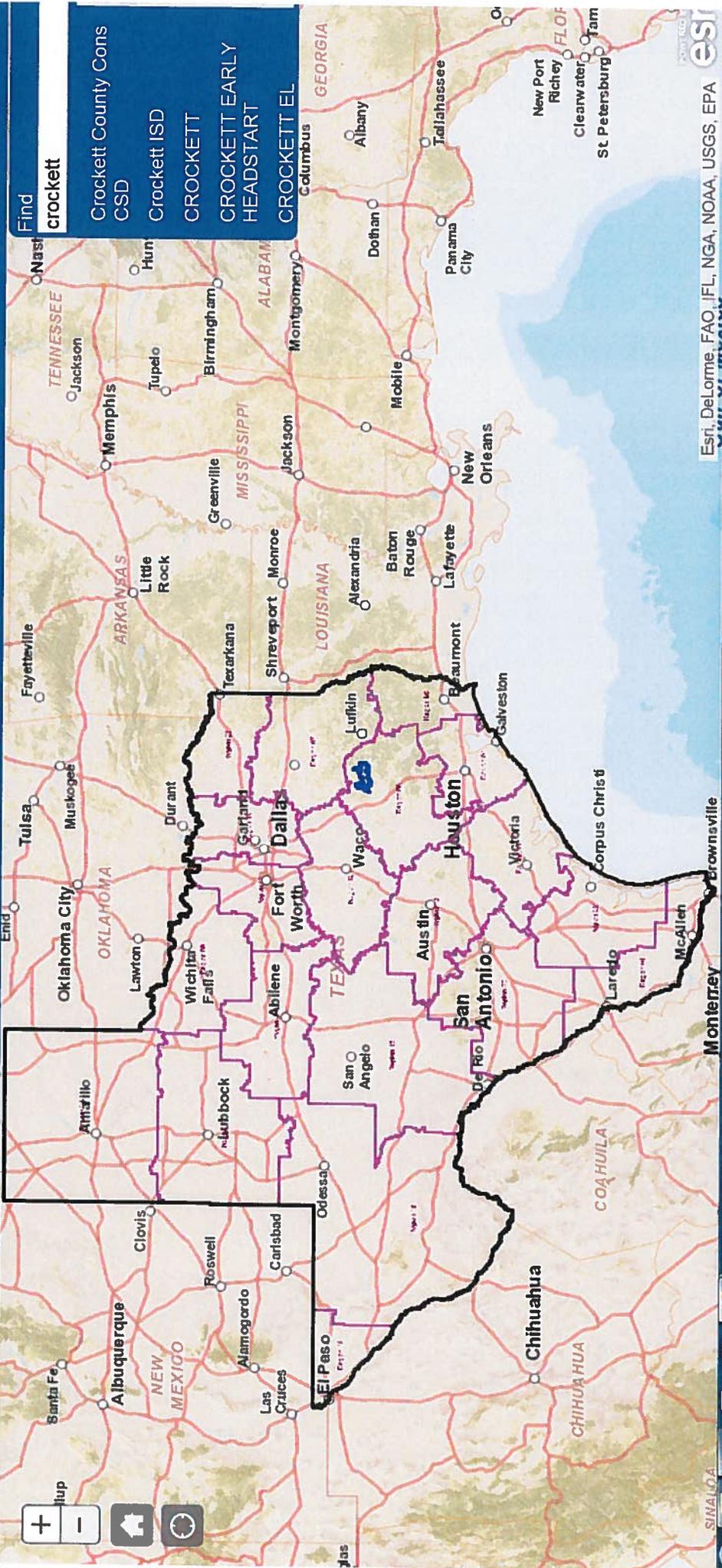
**ENERGY TRANSFER**

1001 10th Street, Suite 110  
 Houston, Texas 77001  
 Phone: 713-261-1100  
 Fax: 713-261-1101  
 Website: www.energytransfer.com

Scale: 0 to 10 Miles

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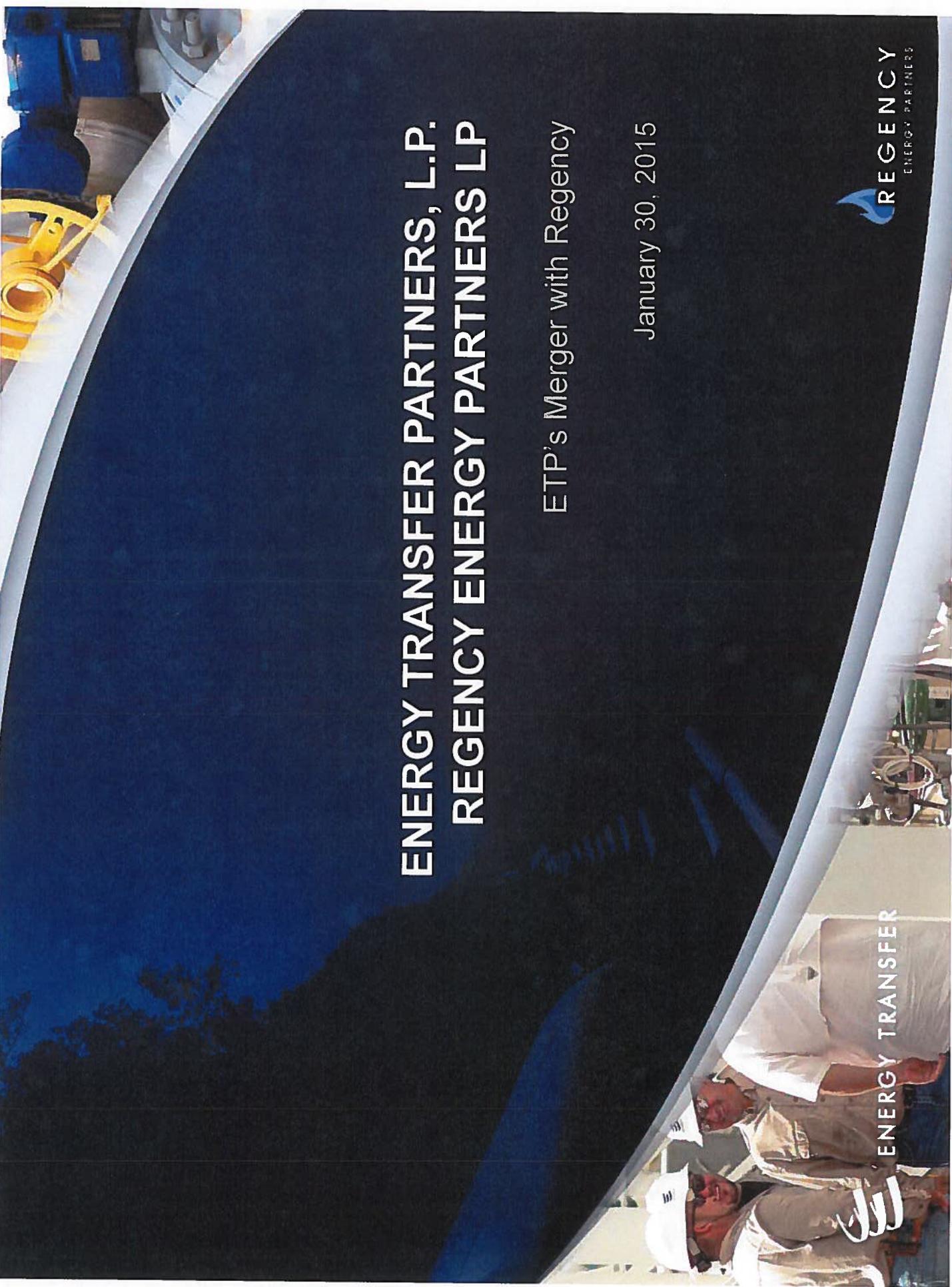
# ENERGY TRANSFER PARTNERS, L.P. REGENCY ENERGY PARTNERS LP

ETP's Merger with Regency

January 30, 2015

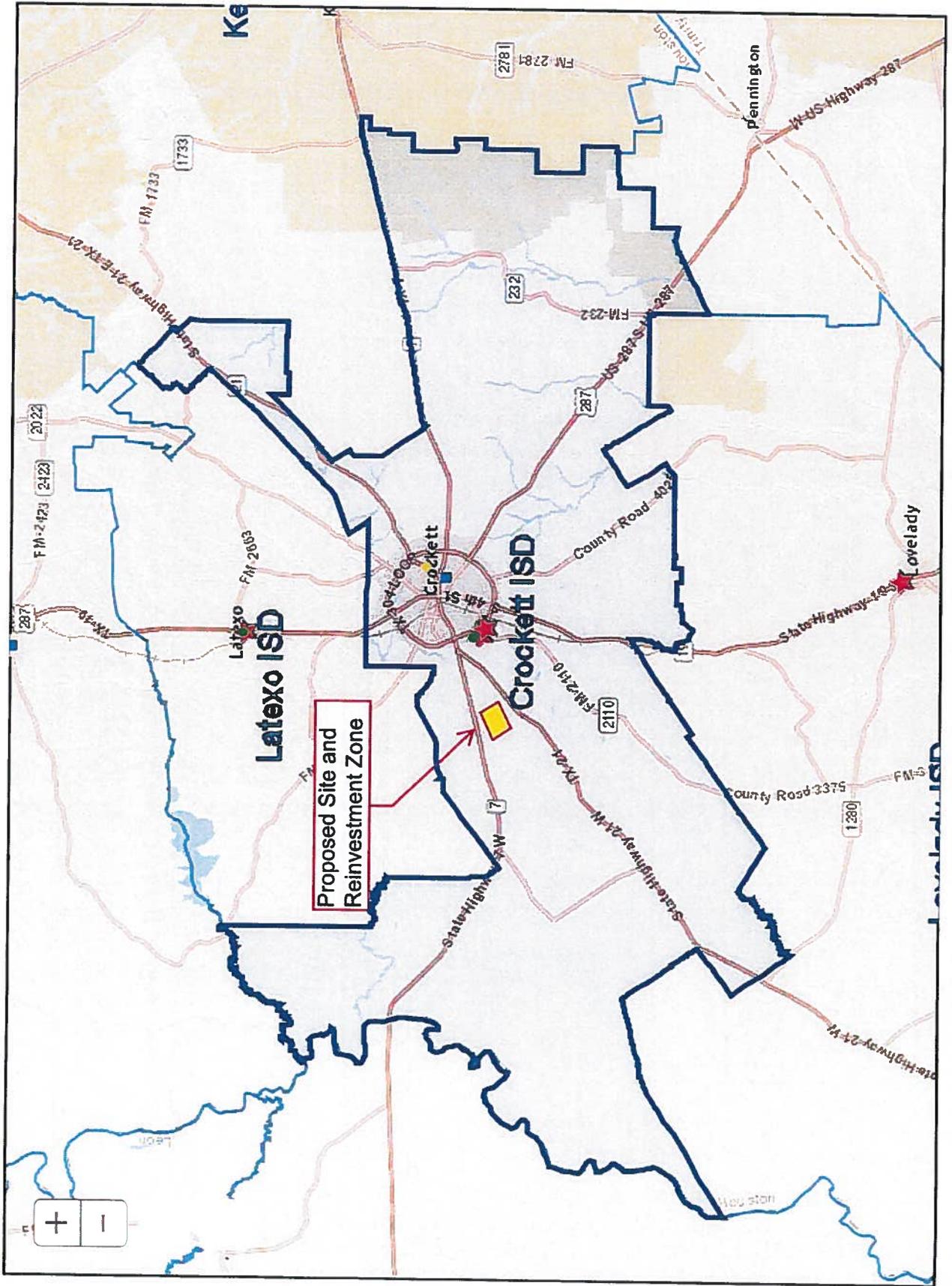


ENERGY TRANSFER

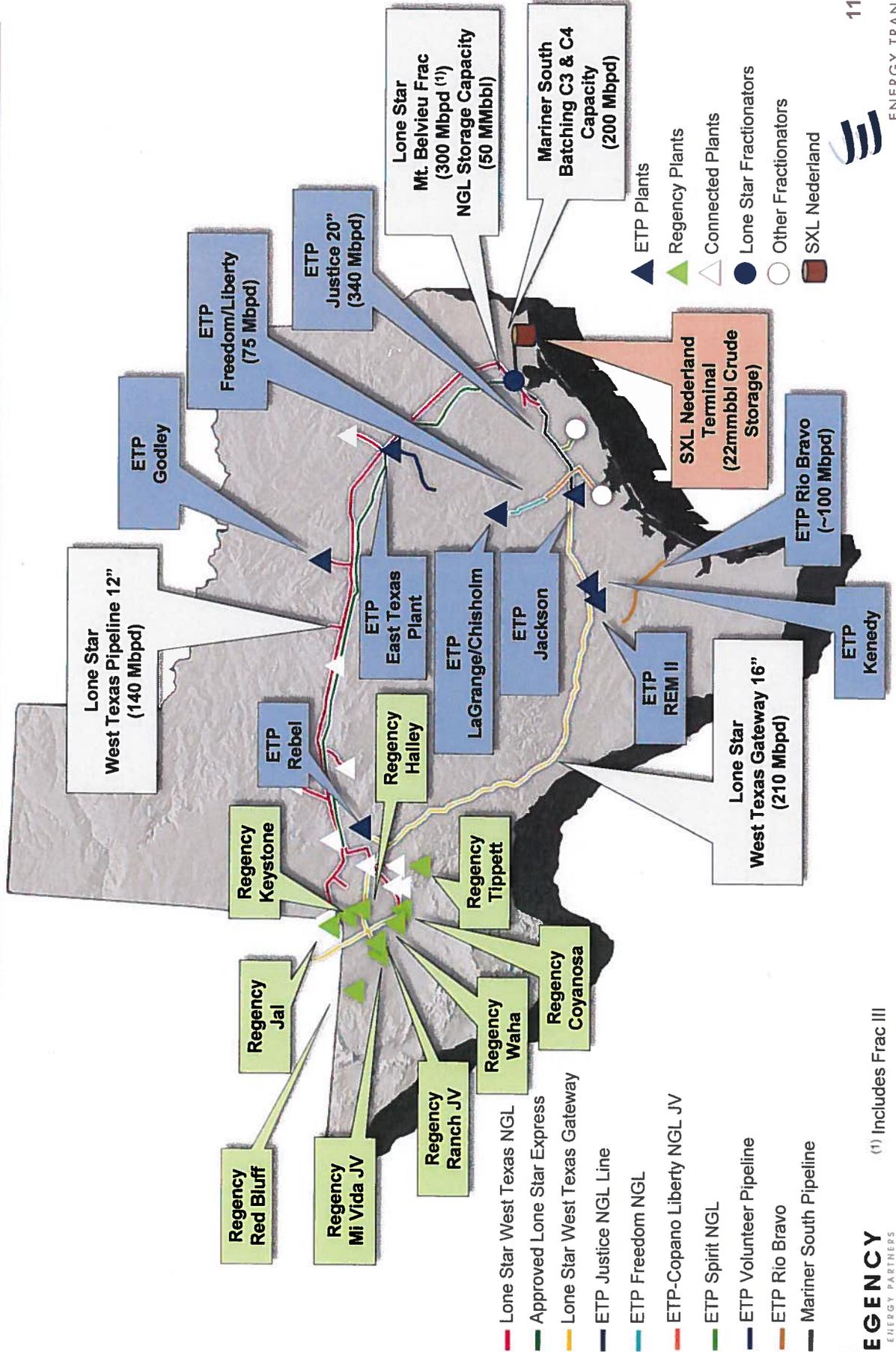


# **TAB 05**

**Limitation as Determining Factor**



# INTEGRATED MODEL DRIVES VALUE CREATION



(1) Includes Frac III