The Basics

OF NATURAL GAS

PIPELINE RATEMAKING COURSE

October 11-15, 2015

Sheraton Uptown
Albuquerque, New Mexico

This course is designed to capture the nuances of the natural gas pipeline industry and includes the following topics...and more!

(Look inside for full agenda)

- Overview of the Natural Gas Pipeline Industry
- FERC Ratemaking Authority Under the Natural Gas Act
- FERC Regulation of Pipeline Construction
- FERC’S Step-by-Step Process of Determining Rates

Come early and enjoy the Albuquerque International Balloon Fiesta on October 3-11!
For event information visit www.balloonfiesta.com
Course

PLEASE NOTE: LAPTOPS WILL BE REQUIRED FOR THIS COURSE. If you are unable to bring a laptop, please contact Cindy Blume at cblume@nmsu.edu or 575.646.4876.

SUNDAY, OCT 11
6:30 to 8:00 Registration and Reception

MONDAY, OCT 12
8:30 – 10:00 Overview of the Natural Gas Industry
Gibb

Moving Gas from the Wellhead to the Burner Tip
Segments of the Natural Gas Industry
- Production
- Transportation
- Gathering
- Storage and Distribution
- Processing

How did FERC Order 636 Change the Structure of the Natural Gas Industry?
Discovery of Gas Shale Play and its Impact on the Gas Pipeline Industry

10:30 – 12:00 FERC Ratemaking under the Natural Gas Act
Olenchuk

Overview of the Natural Gas Act
Purpose and Scope of the Natural Gas Act
- FERC's Ratemaking Authorities
- Key Concepts Under the NGA
- Alternative Ratemaking: Negotiated Rates

FERC's Ratemaking Authority under the Natural Gas Policy Act
Section 7 of the Natural Gas Act
Section 5 of the Natural Gas Act
- Burden of Proof
- Available Remedies
- FERC's Exercise of Section 5 Authority
- Customers' Use of Section 5

Section 4 of the Natural Gas Act
- Mechanics of a "Typical" Section 4 Rate Case
- Burdens of Proof
- Common Rate Case Issues
- Settlement v. Litigation
- Potential Future Issues

12:00 – 1:30 Lunch

1:30 – 2:45 FERC Ratemaking under the Natural Gas Act (continued)
Christin

FERC Regulation of Pipeline Construction Under the NGA

Exemptions
Certifying Pipeline Construction Projects
- Holding Open Season
- Role of Foundation Shippers
- Pre-Filing Procedures
- Application Process

- Post Certification Compliance
- Development of Initial Rates for New Pipeline Construction

TUESDAY, OCT 13
8:30 – 9:30 Base Period vs. Test Period
Haag

9:30 – 12:00 Determination of a Pipeline's Cost of Service
Haag

Cost of Service Components
What are the "Big Ticket" components in the cost-of-service?
Operating Expenses
A&G Expenses
Rate Base — Establishing the Company's Investment
- Working Capital
- Deferred Income Taxes
- Accumulated Depreciation
- Materials and Supplies

Rate of Return — Return on Investment
- Capital Structure
- Weighted Cost of Preferred Stock
- Weighted Cost of Equity
- Federal and State Income Taxes
- Weighted Cost of Debt
- FERC's Cost of Equity Model
- Overall Rate of Return
- Adjusting Return for Income Tax Effect
Determination of a Pipeline’s Cost of Service (continued)

Depreciation Expense
Non-Income Taxes (Other Taxes)
Revenue Credits
How are the cost-of-service components interrelated?

12:00 – 1:30
Lunch

1:30 – 5:00
Cost-of-Service Problem
Assignment of Cost-of-Service Problem
Presentation of Group Solutions

WEDNESDAY, OCT 14

8:30 – 12:00
Cost-of-Service Review
Relevance of Tariff Rates v. Market Value of Capacity
Separating Cost-of-Service by Function
• Kansas-Nebraska ("KN") Methodology
Classifying Costs
• Between Fixed & Variable
• Between Rate Components
• Policy Changes Over Time
• Impact of Load Factor
Basic Cost Allocation and Rate Design Principles

1:00 – 7:00
Trip to Santa Fe (Optional)

THURSDAY, OCT 15

8:30 – 12:00
Different Rate Designs for Different Pipelines — Which is Best?
Transportation and Storage Rate Design

12:00 – 1:30
Lunch

1:30 – 5:00
Class Rate Design Exercise and Group Presentations

Discounted v. Negotiated Rates
How Discounted Rates Impact Rate Design
Settlement v. Litigation of Rate Cases
Ad Hoc FERC Policy Discussion

6:00 – 8:00
Farewell Reception
GAS PIPELINE ADVISORY COMMITTEE

Ben Johnson  
Vice-President  
Rates & Tariffs  
Boardwalk Pipeline Partners, LP  
NMSU Program Director

John Roscher  
Director  
Rates & Tariffs  
TransCanada US  
NMSU Program Director

Susan Olenchuk  
Partner  
Van Ness Feldman, LLP

Rick Smead  
Managing Director,  
Advisory Services  
RBN Energy, LLC

YOUR INSTRUCTORS

Bob Gibb, Associate Director, Energy, Navigant Consultants  
Susan Olenchuk, Partner, Van Ness Feldman, LLP  
Robert Christin, Partner, Van Ness Feldman, LLP  
David Haag, Vice-President, Regulatory, Tallgrass Energy, LP  
Ben Johnson, Vice-President, Rates & Tariffs, Boardwalk Pipeline Partners, LP  
John Roscher, Director, Rates & Tariffs, Transcanada US Pipelines  
David Smith, Director Emeritus, Center for Public Utilities

CENTER FOR PUBLIC UTILITIES SPONSORS

The Center Sponsors provide invaluable financial support to the Center which helps cover expenses associated with conducting courses and conferences. We wish to thank our Center Sponsors listed on our website at http://cpu.nmsu.edu. If you are interested in becoming a Center Sponsor or would like more information, please contact Jeanette Walter at jeawalte@nmsu.edu

WHY SHOULD I ATTEND THIS COURSE, AND WHAT MAKES IT SO SPECIAL?

1. This is the ONLY Interstate Gas Pipeline Rate-Making Course which is endorsed and sponsored by the Energy Bar Association and the Interstate Natural Gas Association of America for their members.

2. Since our program is not revenue driven, we only allow a limited number of students (15-20) to attend which maximizes student/instructor interaction and provides for one-on-one mentoring from our instructors.

3. Our instructors (each a nationally recognized expert in his/her field) share a combined experience of over 125 years of rate-making experience which they are eager to share with the new student.
TESTIMONIALS

“I recommend this course without hesitation for professionals interested in learning the fundamentals of the inter-state-pipelines industry. The instructors who taught the course were experienced practitioners and fantastic teachers who used simple heuristics and straightforward explanations to clarify concepts which were new to me.

I feel that I learnt a lot more from the course than one would expect over four days. Not least, the course materials now provide me with invaluable references as I seek out additional interstate-pipeline specific knowledge and broaden my understanding of the industry.”
   Lona Fowdur, Senior Economist
   Economists Incorporated

“The rate course provided me with a fundamental understanding of rate regulation that I don’t think I could have obtained anywhere else. This understanding has proven invaluable in my day-to-day work representing interstate gas pipelines.”
   Michael Diamond, Associate
   Van Ness Feldman, LLP

“I enjoyed the program and found it extremely valuable for my practice. The instructors were well prepared and the interactive sessions provided ample opportunities to reinforce the concepts taught throughout the week.

I would recommend the program to any attorney who practices before the Federal Energy Regulatory Commission and wants to get a stronger foundation in interstate pipeline rate design”.
   Mosby G. Perrow, Attorney
   Energy Group, Jones Day

“The speakers gave what I thought was one of the best teaching sessions I’ve ever had at a conference/ training. They were able to take their complex world and bring us what we needed most which is a good base to start with a way to navigate to the references once we are in need of more information.”
   John Ross, CPA
   Storage Accounting Manager
   Inergy, L.P.

WHO WE ARE

The Center for Public Utilities (CPU) is a branch of the College of Business at New Mexico State University. Our primary missions are:

- To provide educational and outreach services to firms in the Electric, Natural Gas LDC and Gas Pipeline Industries as well as regulatory commissions
- To coordinate the Center’s activities with the M.A. in economics program to secure employment for our graduates in the Public Utilities Option

Through a forum of conferences, the Graduate Certificate in Public Utility Regulation and Economics, and the Masters of Economics with a Public Utility Regulation Specialization, the CPU strives to become the leader by keeping industry and commissions in tune with the ever changing market realities and challenging regulatory policies.

Because New Mexico State University is a non-profit institution, it is able to provide rate training courses of the highest quality to the regulatory community at a fraction of the cost charged by other profit based training programs. In addition, our instructors recognize the value of our training courses and offer their expertise to educate professionals in the public utility regulation arena.

Contact Cindy Blume for additional information at cblume@nmsu.edu.
THE ENERGY BAR ASSOCIATION

The Energy Bar Association (EBA) is an international, non-profit association of attorneys, non-attorney professionals, and students active in all areas of energy law. Its mission is to promote the professional excellence in the practice of energy law. EBA has over 2500 members, including an increasing number of members in Canada and Mexico, and seven regional chapters. EBA annually hosts two national meetings, and its chapters and numerous subject-matter committees provide a variety of educational and networking opportunities throughout the year at locations across the country. Twice a year, EBA publishes its respected Energy Law Journal, and EBA’s Charitable Foundation supports energy-related charitable projects in the U.S. and internationally. More information is found at http://www.eba-net.org.

THE INTERSTATE NATURAL GAS ASSOCIATION OF AMERICA

The Interstate Natural Gas Association of America (INGAA) is a trade organization that advocates regulatory and legislative positions of importance to the natural gas pipeline industry in North America. INGAA represents virtually all of the interstate natural gas transmission pipeline companies operating in the U.S., as well as comparable companies in Canada and Mexico. Its members transport over 95 percent of the nation’s natural gas through a network of 200,000 miles of pipelines. The interstate natural gas pipeline industry has two principal federal regulators: the Federal Energy Regulatory Commission (FERC) is responsible for the economic regulation of pipelines, while the U.S. Department of Transportation (DOT) Office of Pipeline Safety oversees the industry’s safety efforts.

HOTEL INFORMATION

LOCATION
Sheraton Uptown Albuquerque • 2600 Louisiana, NE Albuquerque, NM

CONFERENCE HOTEL RATES (includes full breakfast):
• $150 single and $165 double.
• Reservations cut-off date: September 19, 2015

HOTEL RESERVATIONS:
• CENTRAL RESERVATIONS • 1-800-325-3535
  You must mention the NMSU Public Utility Basics
  — or —

• RESERVE ONLINE: A direct link to the Sheraton Uptown’s Conference Rate can be found on the CPU website at http://cpu.nmsu.edu under "Upcoming Programs" or go directly to our room block for the Sheraton Uptown at: https://www.starwoodmeeting.com/Book/NMSUOctober2015

Rates cannot be changed at check-in or checkout time for guests who fail to identify their affiliation at the time the reservation is requested. Rooms will need to be guaranteed to a major credit card at the time the reservation is made. This is for guarantee purposes only; your credit card will not be charged until you check-out. Please be advised that for any reservation, in which there is a no-show, the first night’s room rate and tax will be charged to the form of payment and the entire reservation will be canceled. Reservations may be canceled up to 48 hours prior to arrival without penalty.
TRANSPORTATION: Albuquerque International Sunport (“ABQ”) is approximately 9 miles from the Sheraton Uptown. Sunport Shuttle Service (Fees and reservations at www.sunportshuttle.com), taxis and rental cars are available at the airport.

COST:
- Company Representatives: $1,625
- Center Sponsors and Government Agencies: $1,325

The registration fee covers all instructional materials presented, receptions, transportation to Santa Fe, and coffee breaks. The registration fee does not include travel, hotel accommodations or meals.

CANCELLATION POLICY: Full registration fee refund five days prior to the program, after that time a $100 service charge will be applied. No refunds will be made after the start of the program. Registration fees may be applied to future programs. Substitutions are accepted at any time.

CLE and CPE CREDIT: It is the responsibility of the individual to apply for CLE or CPE credit in their own state. Attendees must sign in every day and will receive a Certificate of Completion for the course at the end of the week to include in their application packets. Each individual planning to apply for CLE or CPE credits should contact their state board individually prior to the course and notify the CPU if there are special requirements.

REGISTRATION MUST BE MADE IN ADVANCE:
To reserve a space choose one of the following:
- Online at http://cpu.nmsu.edu
- Fax registration form to 575-646-6025
- E-mail registration form to cpustaff@nmsu.edu

Mail in completed registration form to address below. Registration and payment online is preferred.

FOR MORE INFORMATION CONTACT:
The CPU at 575-646-4876
cpustaff@nmsu.edu or cblume@nmsu.edu

REGISTRATION FEE:
- $1,625: Company Representatives
- $1,325: Center Sponsors, Government Agencies, EBA and INGAA members

ONLINE:
Go to: http://www2.nmsu.edu/cpu/ for the CPU registration page

Master Card, Visa, American Express and Discover accepted by NMSU

BY CHECK:
Payable to: New Mexico State University

MAIL CHECK TO:
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