HIGHLIGHTS OF THE COURSE

- Technology, Industry Structure
- Impact of FERC orders on the Gas Pipeline Industry
- FERC Ratemaking and FERC Enforcement Authority Under the Natural Gas Act
- Legislative Initiatives and Recent Developments at the FERC
- Emerging Issues in Natural Gas Regulation
- FERC’s Procedure for Developing the Total Cost-of-Service for a Pipeline Company
- FERC Order 710: New Detailed Filing Requirements for Interstate Pipelines
- FERC’s Recent Section 5 Inquiries into Pipeline Earnings
- Cost Allocation and Rate Design for Various Pipeline Services
- Firm Rates, Interruptible Rates, and Alternative Rate Design Methodologies
- FERC’s New Pipeline Fuel Cost Recovery Methodology
- FERC’s Regulation of Pipeline Construction Under Section 7 of the Natural Gas Act
- Examples of Prohibited Conduct and Remedies by the FERC
SUNDAY, MAY 8
6:30 – 8:00 p.m.: Registration and Reception

MONDAY, MAY 9
8:30 – 10:00 Overview of the Natural Gas Industry
Rick Smead
Technology
Moving Gas from the Wellhead to the Burner Tip
Segments of the Natural Gas Industry
Production
Gathering
Processing
Transportation
Storage and Distribution
New Players on the Block
Services Provided

Federal Jurisdiction
Who is the Federal Regulatory Commission?
Two Major Functions of the FERC
Establishing Rates for Pipeline Services
Issuing FERC Orders Restructuring Pipeline Services and Monitoring
Conduct of Pipeline Participants

Which Segments of the Natural Gas Industry are Regulated by the FERC?
Interstate Pipelines and Hinshaw 311 Pipelines
Transportation Rates—Section 4 of the NGA
Storage Rates——Section 4 of the NGA
Pipeline Certification——Section 7 of the NGA

10:30 – 12:00 FERC Ratemaking under the Natural Gas Act
Susan 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
FERC’s Ratemaking Authorities Under the NGA
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
Settlement v. Litigation
Common Rate Case Issues
Potential Future Issues

12:00 – 1:30 Lunch
CONFERENCE PROGRAM

MONDAY, MAY 9 – continued
1:30 – 4:30 Emerging Issues in Natural Gas Regulation

Suedeen Kelly

TUESDAY, MAY 10
8:30 – 12:00 FERC Requirements for Determining ‘Just and Reasonable’ Rates
Kenneth Sosnick
Overview of the 5 Steps Involved in Cost-of-Service Ratemaking
Step 1: Establishing a Pipeline’s Total Cost-of-Service
Establishing a Test Period
Test Period Components
Rate Base
Rate of Return
Weighted Cost of Debt
Weighted Cost of Preferred Stock
Weighted Cost of Equity
O&M/A&G Expenses
Test Period Adjustments
Rate of Return at Existing Rates
Rate of Return at Proposed Rates

12:00 – 1:30 Lunch

1:30 – 5:00 Cost-of-Service Problem
Kenneth Sosnick
Assignment of Cost-of-Service Problem to Groups
Presentation of Group Solutions
Summary and Clarification of Cost-of-Service

WEDNESDAY, MAY 11
8:30 – 12:00 Step 2: Developing Pipeline Rates from Total Cost-of-Service
Roscher/Johnson
Functionality of Cost-of-Service
Direct Assignment vs. Allocation
Kansas-Nebraska (“KN”) Methodology

Step 3: Cost Classification
Roscher/Johnson
Fixed Costs v. Variable Costs
Reservation v. Delivery
Impact of Load Factor
Changes to Rate Design Policy Over Time

1:00 – 7:00 Trip to Santa Fe (Optional)
THURSDAY, MAY 12
8:30 – 12:00  Steps 4 & 5: Allocation and Rate Design  
Roscher/Johnson
For Transportation and Storage
Allocation Factors and Billing Determinants
Establishing Cost-Based-Rates from the Total Cost-of-Service
    Firm Rates
    Interruptible Rates
Establishing Market-Based Rates for Some Services
Establishing Rates for Services Provided by Natural Gas Market Centers
Fuel Cost Recovery: Where Does It Appear in Transportation Rates?
FERC’s New Pipeline Fuel Cost Recovery Methodology

12:00 – 1:30  Lunch

1:30 – 5:00  Rate Design Problem  
Roscher/Johnson
Assignment of Rate Design Problem
Presentation of Group Solutions
Summary of Rate Design
Rate Design Proposals on the Horizon

FRIDAY, MAY 13
8:30 – 10:00  Federal Regulation of Pipeline Construction  
Robert Christin
Under the NGA
    FERC Jurisdiction of Pipeline Construction and Exemptions to that Jurisdiction
Steps in 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
Interaction Between Cost-Based “Recourse Rates” and Negotiated Rates Offered to Foundation Shippers

10:00 – 11:00  Enforcement of the Natural Gas Act  
Greg Junge
FERC’s Civil Penalty Authority
    Examples of Prohibited Conduct and Remedies Imposed
    Market Manipulation
    Undue Discrimination
    Material Deviations and Non-Conforming Contracts
    Compliance with Capacity Release Regulations
    Standards of Conduct
    Legislative Initiatives and Recent Developments
WHO SHOULD ATTEND

Attendees with less than one year’s experience in the regulatory arena and anyone wishing to obtain a basic understanding of the principles involved in gas pipeline ratemaking should attend this course. This course has been designed to meet the specific training needs of attorneys practicing before the FERC, new pipeline employees who will be working in rate departments and FERC and state commission staff members including accountants, economists, engineers, administrative law judges, and attorneys.

WHY EMPLOYEES SHOULD ATTEND THIS PROGRAM

The issues confronting the Natural Gas Pipeline Industry can be very complex and confusing to the employee with newly acquired responsibilities in the area of regulation. It is essential, therefore, for the employee not only to be able to understand these issues but also to be provided with an integrated framework that shows the interrelationships of the topics and how they fit together. This course will give the attendees the analytical skills necessary to be more productive in the changing environment.

FACULTY

Robert Christin, Van Ness Feldman, P.C.
Ben Johnson, Manager, Rates, TransCanada US Pipelines
Greg Junge, Attorney-At-Law, Van Ness Feldman, P.C.
Suedeen Kelly, Partner, Patton Boggs LLP and former Commissioner with the FERC
John Roscher, Director, Rates & Tariffs, TransCanada US Pipelines
Rick Smead, Director, Navigant Consulting Inc.
David Smith, Director Emeritus, CPU, New Mexico State University
Kenneth Sosnick, Energy Industry Analyst, Office of Administrative Litigation, FERC

CENTER FOR PUBLIC UTILITIES SPONSORS

The Center for Public Utilities sponsors listed below provide invaluable financial support to the Center which helps cover expenses associated with conducting courses and conferences. If you are interested in becoming a Center sponsor or would like more information, please contact Jeanette Walter at jeawalte@nmsu.edu

American Gas Association
AGL Resources
Allegheny Energy
American Electric Power
American Water
Aqua America
AR Electric Cooperative Corporation
AT&T
Avista Corporation
CenterPoint Energy
Duke Energy
Edison Electric Institute
El Paso Electric
Enery
First Energy
Florida Power and Light
Idaho Power
MidAmerican Energy Holding Co.
MISO Inc.
Moultrie Independent Telephone Co.
National Association of Water Companies
National Cable & Telecommunications Association
NIPSCO
Northwestern Energy
Oklahoma Gas and Electric
ONCOR
Pepco Holdings, Inc
Public Service of New Mexico
Southwest Gas Corp
The Gee Strategies Group LLC
Salmon Ventures, Ltd.
United Telecom Council
United Water New Jersey
U.S. Telecom
Verizon Communications
Wal-Mart
Xcel Services
WHO WE ARE

CENTER FOR PUBLIC UTILITIES

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 and graduate degree programs such as the Masters of Economics Regulatory Option, the CPU strives to become the leader by keeping industry and commissions in tune with the ever changing market realities and challenging regulatory policies.

THE ENERGY BAR ASSOCIATION

The Energy Bar Association (EBA) is a non-profit voluntary association of attorneys, non-attorney professionals, and students, whose mission is to promote the professional excellence and ethical integrity of its members in the practice, administration, and development of energy laws, regulations and policies. Established in 1946 as the Federal Power Bar Association, the Association generally was focused on those lawyers practicing energy regulatory law at the federal level. In 1977, the organization changed its name to the Federal Energy Bar Association to reflect the name change of the Federal Energy Regulatory Commission. Today, the Energy Bar Association is an international, non-profit association of members active in all areas of energy law. It has over 2400 members, six formal chapters across the U.S. and an increasing number of members across the United States and Canada.

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.
GENERAL INFORMATION

LOCATION and HOTEL RESERVATIONS: The conference will be held at the newly renovated Sheraton Uptown, Albuquerque, NM. A block of rooms has been reserved at a special rate of $130 single/$145 double, which includes a full breakfast. To guarantee this rate, you must mention the NMSU Basics Course. Reservations must be received on or before April 22, 2011. All guests should make reservations directly through the hotel's reservations department, at 800-325-3535, OR by going on line to: http://www.starwoodmeeting.com/StarGroupsWeb/res?id=1101258551&key=78318. 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 cancelled. Reservations may be cancelled up to 48 hours prior to arrival without penalty. For general information about the hotel, please call 505-881-0000.

COST: The registration fee is $1295 for company representatives; $1,095 for center sponsors, EBA and INGAA members and all Government Agencies. The fee covers all instructional materials presented, the reception, transportation to Santa Fe, and coffee breaks. The fee does not include travel, hotel accommodations or meals.

CLE and CPE CREDIT: While NMSU does not apply to each state as a sponsor, CLE and CPE credits have been given by numerous states on an individual basis.

REGISTRATION: MUST BE MADE IN ADVANCE. To reserve a space, telephone 575-646-4876 or 575-646-3242, send a fax to 575-646-6025, e-mail to cpustaff@nmsu.edu or mail your completed enrollment form to the address below. You will receive confirmation of your registration prior to the course. Payment by check or credit card with enrollment is preferred.

CANCELLATION POLICY: If notice is received more than five working days prior to the meeting, the tuition fee will be refunded in its entirety. Cancellations after that time are subject to a $100 service charge per person. No refunds will be made after the start of the program; however, tuition may be applied to future programs. Substitutions can be made at any time.

FOR MORE INFORMATION CONTACT:
Center for Public Utilities MSC 3MPD, New Mexico State University, Box 30001, Las Cruces, NM 88003-8001
Website: http://cpu.nmsu.edu

PIPELINE ENROLLMENT FORM    May 8 - 13, 2011

Name ____________________________
Name on Nametag ________________________
Title _____________________________
Company ____________________________
Address ________________________________
City ____________________________
State __________ Zip ________________________
Phone ________________________________
Fax _____________________________
Email ________________________________
Payment enclosed ________________________
Please Bill PO Number ______________________
Credit Card _____MC _____Visa______Discover______
# __________________________________Exp ____________

REGISTRATION FEE:
$1295 for Company representatives
$1095 Center Sponsors, EBA and INGAA members, and All Government Agencies

Master Card, Visa, and Discover accepted by NMSU

MAKE CHECK PAYABLE TO:
New Mexico State University

MAIL CHECK AND PAYMENT TO:
Center for Public Utilities MSC-3MPD
NMSU
P.O. Box 30001
Las Cruces, NM 88003-8001