COURSE HIGHLIGHTS

• Overview of the Natural Gas Pipeline Industry
• FERC Jurisdiction
• FERC Ratemaking Under the Natural Gas Act
• FERC’s Step-by-Step Process of Determining Rates
  Determining the Total Cost of Service
  (Revenue Requirements)
  Functionalizing, Classifying and Allocation
  Rate Design for Various Pipeline Services
  Regulated and Market Determined
• Negotiated Settlements: How Does this Process Work
• FERC Regulation of Pipeline Construction

Oct 23 - 28, 2011
SHERATON UPTOWN
ALBUQUERQUE, NM

A RATE SCHOOL DESIGNED TO MEET THE TRAINING NEEDS OF PIPELINE INDUSTRY REPRESENTATIVES, LOCAL DISTRIBUTION COMPANIES, FERC AND STATE COMMISSION STAFF MEMBERS, PRACTICING ATTORNEYS, CONSULTANTS, AND MARKETERS.
PLEASE NOTE: LAPTOP COMPUTERS WILL BE REQUIRED TUESDAY - THURSDAY FOR THIS COURSE
If you are unable to bring a laptop, rentals are available at the Sheraton Uptown for $175 per day and will be billed to your room.

SUNDAY, OCT 23
6:30 – 8:00 p.m.: Registration and Reception

MONDAY, OCT 24
8:30 – 12:00  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  Transportation
  Gathering  Storage and Distribution
  Processing
  Impact of FERC Order 636 on the Natural Gas Industry

FERC Jurisdiction
  Who is the Federal Regulatory Commission?
  Two Major Functions of the FERC
  Establishing Rates for Pipeline Services
    Transportation Rates---Section 4 of the NGA
    Storage Rates--------Section 4 of the NGA
    Pipeline Certification----Section 7 of the NGA
  Issuing FERC Orders
    Services and Monitoring
    Conduct of Pipeline Participants

FERC Ratemaking under the Natural Gas Act  Greg Junge
  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 Authorities 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
    Section 4 of the Natural Gas Act
      Mechanics of a “Typical” Section 4 Rate Case
      Burdens of Proof
      Common Rate Case Issues
      Potential Future Issues

12:00 – 1:30  Lunch

1:30 – 5:00  Enforcement of the Natural Gas Act  Greg Junge
  How FERC Order 636 Affected the Conduct of Industry Participants
  FERC’s Civil Penalty Authority
    Examples of Prohibited Conduct and Remedies Imposed
      Compliance with Capacity Release Regulations
      Material Deviations and Non-Conforming Contracts
      Legislative Initiatives and Recent Developments
    Undue Discrimination
    Market Manipulation
    Standards of Conduct

Overview of the FERC Process for Determining Pipeline Rates  Dave Smith
  The Terminology of Revenue Requirements-Total Cost of Service: Why the Mystique?
  Reconciling Accounting Principles with FERC Cost of Service Determination
  The Income Statement – Revenues and Expenses
  The Balance Sheet -------- Rate Base and Rate of Return
  FERC’s Electronic Filing Package for Filing Section 4 Rate Cases
TUESDAY, OCT 25
8:30 – 12:00  **FERC’S Guidelines for Determining ‘Just and Reasonable’ Rates**  Kenneth Sosnick
   Establishing a Test Period
   Test period adjustments to booked total cost of service
   Normalizing adjustments  Annualizing adjustments
   Rate Base — Recovery of and Return on Investment
   Rate Base and Return Components
   Gross Plant v. Net Plant  Accumulated Depreciation
   Working Capital  Capital Structure
   Materials and Supplies  Adjusting Return for Income Tax Effect
   Deferred Income Taxes
   Overall Rate of Return
   O&M Expenses
   FERC’s Proposed Fuel Cost Recovery Method
   A&G Expenses
   Depreciation Expense
   Federal and State Income Taxes
   Non Income Taxes (Other Taxes)  Revenue Credits
   Adjusted Total Cost of Service at Present Rates
   Adjusted Total Cost of Service 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
   FERC’s Step-By-Step Process of Reviewing a Section 4 Rate Filing
   What are the FERC “Top Sheets”?

WEDNESDAY, OCT 26
8:30 – 12:00  **Review of Total Cost of Service**  Roscher/Johnson
   Functionalization of Cost-of-Service
   Direct Assignment vs. Allocation  Kansas-Nebraska (“KN”) Methodology
   Cost Classification
   Fixed Costs v. Variable Costs  Impact of Load Factor
   Reservation v. Delivery  Changes to Rate Design Policy Over Time

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

THURSDAY, OCT 27
8:30 – 12:00  **Allocation and Rate Design**  Roscher/Johnson
   Transportation and Storage
   Allocation Factors and Billing Determinants  Firm and Interruptible Rates
   Cost-of-Service v. Market or Negotiated Rates

12:00 – 1:30  Lunch

1:30 – 5:00  **Rate Design Problem**  Roscher/Johnson
   Assignment of Rate Design Problem
   Summary of Rate Design
   Presentation of Group Solutions
   The Negotiated Settlement Process of Determining Rates
   Course Overview—Putting All of the Pieces Together
COURSE PROGRAM

FRIDAY, OCT 28
8:30 – 10:30  FERC Regulation of Pipeline Construction Under the NGA  Robert Christin

Exemptions
Certifying Pipeline Construction Projects

Holding Open Season  Post Certification Compliance
Role of Foundation Shippers  Development of Initial Rates for
Pre-Filing Procedures  New Pipeline Construction
Application Process
Interaction Between Cost-Based “Recourse Rates” and
Negotiated Rates Offered to Foundation Shippers

THE CENTER FOR PUBLIC UTILITIES GAS PIPELINE TECHNICAL ADVISORY GROUP (“TAG”)

It is the goal of the Center for Public Utilities to provide the most relevant and comprehensive rate training program for the interstate natural gas pipeline industry in the U.S. This goal is achieved through the efforts of the members of our Technical Advisory Group (“TAG”), who provide invaluable input and guidance in structuring the program content and format.

YOUR INSTRUCTORS

Robert Christin, Van Ness Feldman, P.C.
Ben Johnson, Director, Rates & Regulatory Affairs, NiSource Gas Transmission & Storage
Greg Junge, Attorney-At-Law, Van Ness Feldman, P.C.
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

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.
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 below. If you are interested in becoming a Center Sponsor or would like more information, please contact Jeanette Walter at jeawalte@nmsu.edu

AGL Resources  National Association of Water Companies
Allegheny Energy  National Cable & Telecommunications Association
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American Gas Association  Northwestern Energy
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Midwest ISO  Moultrie Independent Telephone Co.

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.
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.

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 3000 members, six formal chapters across the U.S. and an increasing number of members across the United States and Canada.

HOTEL INFORMATION

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

CONFERENCE HOTEL RATES (includes full breakfast):
• $130 single and $145 double.
• Reservations cut-off date: September 30, 2011

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 the “Upcoming Programs” link. Click on the conference you will be attending or go to the Sheraton Uptown’s website at: https://www.starwoodmeeting.com/StarGroupsWeb/booking/reservation?id=1106227027&key=99CDE

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.
GENERAL INFORMATION

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: $1,325
• Center Sponsors, Government Agencies, and EBA or INGAA Members: $1,125

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
• Call 575-646-4876
• 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

PIPEDLINE ENROLLMENT FORM  Oct 23 - 28, 2011

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