CENTER FOR PUBLIC UTILITIES

GROUP & INGAA and/or EBA DISCOUNTS AVAILABLE!
Please contact the CPU at 575.646.4876 or cpustaff@nmsu.edu

PRESENT
FERC RATE COURSE
for the
NATURAL GAS INTERSTATE PIPELINE INDUSTRY

THE BASICS COURSE OPTION
A COMPREHENSIVE FOUR DAY course designed specifically for someone new to FERC regulation and includes In-depth in-class problems.

• Overview of the Natural Gas Pipeline Industry
• FERC Jurisdiction
• FERC Ratemaking Under the Natural Gas Act
  • Sections, 4, 5 and 7
• FERC’s Step-by-Step Process of Determining Rates
  • Total Cost-of-Service
  • Functionalizing, Classifying and Allocation
  • Rate Design for Various Pipeline Service
• FERC Settlement Process
• FERC Regulation of Pipeline Construction

EXECUTIVE OVERVIEW OPTION
A TWO DAY course condensed and specifically designed to give someone the tools and terminology to relate to experts in the industry.

• Overview of the Natural Gas Pipeline Industry
  • Structure
  • Industry Participants
  • Pipeline Terminology
• Pipeline Services Regulated by the FERC
• How Does the FERC Determine Rates?
• Controversies in Rate Determination
• Do We Settle or Litigate Our Rate Request?
• FERC Update: Current and Pending Issues

May 13-18, 2012
SHERATON UPTOWN
ALBUQUERQUE, NM

OR

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REGISTER ONLINE
cpu.nmsu.edu
**EXECUTIVE OVERVIEW PROGRAM**

**May 13-15 • Albuquerque, New Mexico**

The Executive Overview is a two day program specially designed for senior and middle management and attorneys who are seeking a broad-based understanding of the FERC ratemaking terminology and process for the natural gas interstate pipeline industry. The purpose of this course is not to expose the participant to the detailed calculations as required of a rate analyst but, instead, to introduce the various ratemaking concepts required to be conversant with other management personnel.

**SUNDAY, MAY 13**

6:30 – 8:00: Registration and Reception

**MONDAY, MAY 14**

8:30 – 12:00  
Overview of the Natural Gas Industry  
Bob Gibb

Technology: Moving Gas from the Wellhead to the Burner tip  
The Impact of FERC Order 636 (Open Access) on Industry Conduct and Structure

FERC Ratemaking Authority under the Natural Gas Act  
Section 4, 5 and 7 Rate Cases  
Susan Olenchuk

1:00 – 5:00  
FERC Enforcement of the Natural Gas Act  
Policing the Conduct of Industry Participants  
Greg Junge

FERC Process of Determining Rates  
Section 4 Cases  
The Total Cost-of-Service (Revenue Requirements)  
The Cost of Equity — Why So Controversial?  
Dave Smith

**TUESDAY, MAY 15**

8:30 – 12:00  
FERC Rate Determination (cont’d)  
Dave Smith

Section 5 Cases: Investigating Possible Over-Earnings (FERC examples)  
Section 7 Cases: Establishing Rates for New Pipelines (FERC examples)

Assigning (Allocating) the Total Cost of Service to Pipeline Services  
Smead/Smith

1:00 – 5:00  
Designing Rates to Recover Costs from Various Pipeline Services  
Rick Smead

Transportation Rates  
Storage Rates  
Market Based Rates

Do We Settle or Litigate our Rate Request to the FERC?  
FERC Update: What’s Hot at the FERC?  
Summary and Conclusions

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**THE BASICS COURSE • RATE ANALYST PROGRAM**

This is a four day program designed to meet the training needs of new employees at the FERC and interstate gas pipeline companies who are seeking an integrated conceptual and technical overview of the FERC ratemaking process. Students will learn not only about the ratemaking authority of the FERC but how actual, detailed real-world calculations are made to determine overall cost-of-service, cost allocation and rate design for various pipeline services. Extensive use of in-class problems will enable the student to learn how the various ratemaking components are actually calculated.

**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 billed to your room.
BASICS COURSE PROGRAM

SUNDAY, MAY 13
6:30 – 8:00: Registration and Reception

MONDAY, MAY 14
8:30 – 12:00
Overview of the Natural Gas Industry
Bob Gibb
Technology
Moving Gas from the Wellhead to the Burner Tip
The Impact of FERC Order 636 (Open Access) on Industry conduct and structure

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

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 Authority under the Natural Gas Policy Act
Section 4 of the Natural Gas Act
Section 5 of the Natural Gas Act
Section 7 of the Natural Gas Act

12:00 – 1:30 Lunch

1:30 – 5:00
Enforcement of the Natural Gas Act
Junge
How FERC Order 636 Affected the Conduct of Industry Participants
FERC’s Civil Penalty Authority
Examples of Prohibited Conduct and Remedies Imposed

FERC’s Guidelines for Determining ‘Just and Reasonable Rates’
Ken Sosnick
Overview of the 5 Steps Involved in Determining Rates
Step 1 — The Total Cost-of-Service: Revenue Requirements
Establish the Test Year
Test period adjustments to the booked cost of service
Rate Base — Recover of and Return on Investment

TUESDAY, MAY 15
8:30 – 12:00
Total Cost-of-Service: Revenue Requirements cont’d
Ken Sosnick
• Rate of Return
  • Cost of Debt
  • Cost of Equity (most controversial piece of cost-of-service)
• O&M and A&G Expenses
  • Depreciation Expense
• Federal and State Income Taxes
  • Adjusted Cost-of-Service

12:00 – 1:30 Lunch

1:30 – 5:00
Total Cost-of-Service: Revenue Requirements Problem
Ken Sosnick
Assignment of Cost-of-Service Problem to Groups
Presentation of Group Solutions
Review of the Total-Cost-of-Service and Its Components
How are the Components of the Cost-of-Service Inter-Related
FERC’s Renewed Interest in Section 5 Cases (Inquiry into possible over earnings)

WEDNESDAY, MAY 16
8:30 – 12:00
Review of Total Cost-of-Service
Roscher/Johnson
Step 2 — Functionalization of Cost-of-Service
Direct Assignment vs. Allocation
Kansas-Nebraska (“KN”) Methodology
Steps 3 and 4 — Cost Classification and Allocation
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)
BASICS COURSE PROGRAM

THURSDAY, MAY 17
8:30 – 12:00  Step 5 - Allocation and Rate Design  Roscher/Johnson
  Transportation and Storage
  Allocation Factors and Billing Determinants
  Firm and Interruptible Rates for Storage and Transportation
  Cost-of-Service v. Market or Negotiated Rates

12:00 – 1:30  Lunch

1:30 – 3:15  Rate Design Problem  Roscher/Johnson
  Assignment of Rate Design Problem
  Presentation of Group Solution
  Summary of Rate Design
  Change in Cost-of-Service Component on Rates

3:35 – 5:00  FERC’s Settlement Process for Determining the Rate Request  Todd Piczak

FRIDAY, MAY 18
8:30 – 10:30  FERC Regulation of Pipeline Construction Under the NGA  Robert Christin
  Exemptions
  Certifying Pipeline Construction Projects
  Application Process
  Development of Initial Rates for New Pipeline Construction

THE CENTER FOR PUBLIC UTILITIES INTERSTATE GAS PIPELINE 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.

INSTRUCTORS
Robert Christin, Member, Van Ness Feldman, P.C.
Bob Gibb, Associate Director, Navigant Consulting, Inc.
Ben Johnson, Director, Rates and Regulatory Affairs, NiSource Gas Transmission and Storage
Greg Junge, Attorney-at-Law, Van Ness Feldman, P.C.
Susan Olenchuk, Partner, Van Ness Feldman, P.C.
Todd Piczak, Senior Counsel, El Paso Corporation
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David Smith, Director Emeritus, CPU, New Mexico State University
Kenneth Sosnick, Energy Industry Analyst, Office of Administrative Litigation, FERC
WHO WE ARE

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

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CENTER FOR PUBLIC UTILITIES

The Center for Public Utilities (CPU) has been housed in the College of Business at New Mexico State University (NMSU) and has been conducting training courses since 1978. The National Association of Regulatory Utility Commissioners (NARUC) officially sanctions the programs offered by the CPU. The CPU:

• Produces practical training courses, instruction/training materials and out-reach programs directed towards the needs of professional staff at federal and state commissions, utility companies and other stakeholders in the Electricity, Natural Gas LDC, Natural Gas Pipeline and Water/Wastewater Industries;

• Produces issues conferences directed towards the needs of upper management and professional staff at federal and state commissions, utility companies and other stakeholders in the Electricity, Natural Gas, Telecommunications and Water Industries;

• Is completely self-funded through the conference fees it charges for its programs and by industry sponsorships;

• Averages about 450 conference attendees per year, who come from all 50 states as well as many foreign countries.
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.

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):
• $135 single and $150 double.
• Reservations cut-off date: April 27, 2012

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
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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.
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:

• 2-DAY EXECUTIVE OVERVIEW: $995
• 4-DAY BASICS COURSE: $1,995

Group & INGAA and or EBA Discounts available – Please contact the CPU.

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

REGISTRATION FEE:

☐ $995: 2-Day Executive Overview
☐ $1,995: 4-Day Basics Course

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