



PROCESS
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RECENT REGULATORY ACTIVITY

FERC Issues Inflation-Based Increase for Civil Penalties: On January 9, FERC issued a final rule adjusting its various civil penalty amounts to account for inflation. Under the new rule, violations of the Natural Gas Act, the Natural Gas Policy Act, or Part II of the Federal Power Act can lead to a maximum penalty of \$1,213,503 per violation per day (increased from \$1,193,970). For oil pipelines, the maximum fine for failure to comply with FERC orders barring any unjust, unreasonable or discriminatory rates or practices has been increased to \$12,705 per violation per day (increased from \$12,500). Read [here](#).

EPA and Department of Interior Criticize FERC's Draft Environmental Impact Statement for the Mountain Valley Pipeline: The Environmental Protection Agency and the Department of Interior both filed letters criticizing FERC's draft environmental impact statement ("DEIS") for the proposed Mountain Valley Pipeline, a natural gas pipeline that would run from northwest West Virginia to southern Virginia. EPA's letter claimed that much of the environmental data and analysis for the proposed route "remains incomplete" and therefore it was premature to reach any conclusions regarding the impact of the proposed route. EPA also criticized FERC's evaluation of alternative routes and requested additional information regarding the overall analysis of alternatives. The Interior letter raised similar concerns. EPA document found [here](#) and Interior document found [here](#).

Kinder Morgan Seeks FERC Authorization to Move Gas South to Serve Sabine Pass LNG Expansion: In December, Kinder Morgan filed for FERC authorization to reverse the flow on a portion of its pipeline system in Louisiana in order to move gas north to south to serve the Sabine Pass LNG export facility. According to Kinder Morgan's FERC filing, the portion of its pipeline system that will be modified was originally constructed to move gas south to north from the Louisiana coast and currently, lacks any firm shippers. If approved, the modification would include adding 15,900 hp of compression, adding a meter station, and constructing a short lateral that would connect with Sabine Pass. Once completed, the proposed project could carry 600,000 Dth/d north to south. Documents found [here](#).

FERC Approves Tennessee Pipeline Expansion to Serve Cameron LNG: Also in December, FERC approved a Tennessee Gas Pipeline plan to modify a natural gas line in Louisiana in order to increase capacity to the Cameron LNG facility by 295,000 Dth/d. The \$170.5 million project includes two short laterals, five meter stations, and additional compression. According to FERC

filings, Tennessee has executed binding precedent agreements with Mitsubishi and MMGS for a total of 900,000 Dth/d; which will be provided through 605,000 Dt/d of existing capacity plus the 295,000 Dth/d of new capacity. Read [here](#).

FERC Approves Uncontested Rate Settlement in ANR Pipeline's Section 4 Rate Case: On December 15, 2016, FERC approved an uncontested rate settlement that resolved all issues in ANR Pipeline's Section 4 rate case. The settlement includes authorizing ANR to spend \$837 million in reliability and modernization projects over three years. Pursuant to the settlement, ANR will get rolled in rate treatment for a number of expansion facilities and there will be a moratorium on any party pursuing a Section 4 or Section 5 filing until the later of August 1, 2019 or until ANR has spent the entire \$837 million. Read [here](#).

Energy Information Administration Lowers Its Estimate for 2017 Gas Production, but Still Predicts Greater Gas Production than in 2016: The Energy Information Administration ("EIA") lowered its natural gas production estimate for 2017 by 310 MMcf/d to an average of 79.94 Bcf/d in its Annual Energy Outlook, released on January 5, 2017. The EIA pointed out in its announcement, however, that its 2017 estimate is still higher than natural gas production levels in 2016. The EIA now estimates that 2017 production levels will be on average 2.5 Bcf/d higher than in 2016. The EIA stated that the primary driver for higher production levels in 2017 is colder temperatures. The average actual or projected temperature for December 2016 to March 2017 is 13% colder than the same period a year earlier. Read [here](#).

Notice of Inquiry Regarding Tax Allowance, PL17-1-000: In response to the court's remand of the Commission's policy on tax allowance for partnership pipelines, the Commission issued a Notice of Inquiry allowing the industry to submit comments on whether the Commission's current tax allowance should be changed to avoid any double recovery of taxes by partnership pipelines. In an order issued on January 4, 2017, the Commission extended the deadline for initial comments to March 8, 2017 and for reply comments to April 7, 2017. PGC has retained an expert witness to prepare responses to the Commission's questions set forth in the NOPR to use as the basis for PGC's proposed comments. Document found [here](#).

ON THE HORIZON

The monthly membership call for January will occur on January 27, 2017 at 12:00 pm EST. Please use dial in: 1-888-472-4293; and passcode: 7021111#.

The next in-person Membership and Board Meeting will be at DLA's offices in Miami, FL on February 15-16, 2017. The meeting features speakers from Kinect Energy and World Fuels who will provide outlooks for natural gas and liquids markets. Former Secretary of Transportation, Ray La Hood, will address the group concerning the impact of the Presidential transition on energy infrastructure development. Please consider inviting a potential new member to learn about PGC.

CONTACT INFORMATION

If you have any questions, please contact Andrea Chambers at 202-799-4130 or via e-mail [here](#).