



REGULATORY UPDATE

FERC Approves Settlement Agreements Precluding Modernization Trackers/Surcharges: two recent settlement agreements filed at FERC have specifically addressed the issue of the pipeline safety cost recovery mechanisms permitted in the policy statement in Docket No. PL15-1-000. PGC submitted several sets of comments in this docket opposing the policy statement. In both settlements, the pipeline agreed not to implement a cost recovery mechanism before a certain date, and agreed that when it does file for such a mechanism, it will file a Section 4 rate case as the vehicle to do so:

- (1) Tennessee Gas Pipeline Company [filed a settlement on May 15](#) that implemented a version of a cost adjustment mechanism, but specifically stated that the mechanism imposed through the settlement *was not* the type of mechanism authorized in Docket No. PL15-1-000. TGP agreed that it would make a Section 4 filing to replace the settlement mechanism with a "cost recovery mechanism consistent with" the policy statement, but agreed it would *not* make that filing prior to the end of the rate moratorium specified in the settlement. The settlement further provides that "all parties reserve all rights to intervene and protest such a filing." The Commission approved this settlement on July 1.
- (2) Transwestern Pipeline Company [filed a settlement agreement on June 22nd](#) that provided: "Transwestern shall not file to implement a surcharge or cost tracker consistent with the Commission's Policy Statement on Cost Recovery Mechanisms for Modernization of Natural Gas Facilities in Docket No. PL15-1 [] prior to October 1, 2019. If Transwestern files a Docket No. PL15-1 Surcharge or Cost Tracker on or after October 1, 2019 but before the end of the Settlement Term, then Transwestern shall not use the rates agreed to in the Settlement to satisfy the provision in Docket No. PL15-1 that existing rates be just and reasonable. Instead, Transwestern shall concurrently with its filing pursuant to Docket No. PL15-1 also file a general NGA Section 4 rate case."

Additionally, Northern Natural posted to the public version of its website a notice that it was unable to secure a sufficient level of customer support to move forward with its asset modernization mechanism proposal through a settlement. Therefore, it would not file the stipulation with FERC, and the required capital improvements identified in the AMIR proposal will be made under a revised capital plan. Northern said it will prepare for multiple rate cases, estimated to begin in 2017, to address the cost of the improvements. You can read Northern's public posting [here](#).

FERC Announces Public Meetings to Assess Pipeline Proposed Project: FERC [has announced a series of public meetings](#) to let the public weigh in on the second interstate natural gas pipeline proposed to carry gas from Pennsylvania to markets in the Northeast and Canada. The Northeast Energy Direct

pipeline proposed by a subsidiary of Houston-based Kinder Morgan would primarily follow the same route through New York as the Constitution Pipeline, which has FERC approval pending a state permit. The Northeast project would build about 412 miles of new 36-inch pipeline through Pennsylvania, New York, Massachusetts, New Hampshire and Connecticut, and nine new compressor stations. The 14 public meetings between July 14 and Aug. 12 in each of the 5 states affected by the pipeline project.

DOE Issues "Management Alert" Accusing Former FERC Chair of Disclosing Nonpublic Information: a "management alert" issued June 4th by the DOE's Inspector General (IG) reviewed allegations of improper disclosure of confidential, nonpublic FERC information by Jon Wellinghoff, who served as Commission Chairman from 2009-2013. According to the alert, on March 9, Wellinghoff improperly shared in public a video excerpt of a deposition taken during a "major" 2013 Commission investigation where the trader was not cooperating to demonstrate how not to act when FERC is investigating you. The IG faulted FERC for inadequate safeguards inside the agency to prevent such disclosures and has asked Chairman Bay to do more to prevent disclosure of non-public information and strengthen post-employment guidance. The IG also asked Bay to determine if the former FERC chairman violated a Confidentiality of Investigations requirement at the agency "and ascertain what, if any, sanctions are available to address the former chairman's actions." You can read the management alert [here](#).

LEGISLATIVE UPDATE

Senate Democrats Crafting Own Energy Legislation, Seek Input from State Governors: Senate Democrats are crafting their own draft legislation to outline their priorities and objectives for a broad energy bill, according to a Democratic spokeswoman for the Senate Energy and Natural Resources Committee. According to this spokeswoman, those activities are not meant to run counter to the Republican-led comprehensive energy reforms. In a [June 29 letter](#), 45 Senate Democrats released a letter to all 50 governors requesting input on a first new, national energy policy. The senators outlined their principles for a national energy policy as (1) investing in clean energy, (2) empowering consumers, (3) modernizing infrastructure, (4) cutting carbon pollution and waste, and (5) investing in research and development.

Earlier this summer, Committee Chairwoman Lisa Murkowski, R-Alaska, announced her committee would develop a broad energy bill with four titles: efficiency, infrastructure, supply, and a combined section on accountability and oversight. Over 110 individual bills have been proposed. Murkowski has said she would like to release draft language before Congress recesses in August; the committee has thus far left the last two weeks in July open for possible hearings on a draft. The democratic spokeswoman also said the Democrats are aiming to produce a bill before the August recess.

ON THE HORIZON

- Given that the newsletter covers all pertinent updates this month, PGC will not be holding its monthly membership telephone meeting in July. A calendar cancellation notice for the July meeting (originally scheduled for July 10) will be sent shortly.
- Next Commission Meeting: July 16, 2015
- Next PGC meeting: August 14, 2015
- Upcoming PGC Meeting: the next in-person PGC membership, affiliate, and guest meeting will be held in Chicago, IL (hosted by USG) on September 16th.

CONTACT INFORMATION

If you have any questions, please contact Andrea Chambers at 202-661-7607 or via e-mail [here](#), or Katie Leesman at 202-661-2266 or via e-mail [here](#).