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**FERC  
NEPA PRE-FILING  
PROCESS:  
MILESTONES  
FOR SUCCESS**

*Foundation*

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## **GLOSSARY**

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CEQ	Council on Environmental Quality
DEIS	Draft Environmental Impact Statement
EA	Environmental Assessment
EIS	Environmental Impact Statement
ER	Environmental Report
FEIS	Final Environmental Impact Statement
FERC	Federal Energy Regulatory Commission
GSIB	Gas Industry Standards Board (now North American Standards Board)
INGAA	Interstate Natural Gas Association of America
MOU	Memorandum of Understanding
NEB	National Energy Board (Canada)
NEPA	National Environmental Policy Act
NGA	Natural Gas Act

NOI	Notice of Intent
OEP	Office of Energy Projects (FERC)
PD	Preliminary Determination on Non-Environmental Issues
Tcf	Trillion Cubic Feet

## EXECUTIVE SUMMARY

Over the next 20 years, US natural gas demand will grow by 50%<sup>1</sup>. According to a recent study, pipeline companies will need to install almost 50,000 miles of pipe to meet the growing market for natural gas in the US from 2001 to 2015. To meet this growing demand, there needs to be an increase in natural gas supply and infrastructure.

The time required for the gas pipeline certificate application review and approval process varies based on the size and type of the project. The process, in the extreme, can take more than 24 months from the time a company submits an application until the Federal Energy Regulatory Commission (FERC) renders their decision as to whether or not they will approve a certificate for a project. For applicants and their investors, a minimal review time is desired since lengthy reviews are costly and may suggest uncertainty.

In 2002, the FERC Office of Energy Projects established a pre-filing process by which applicants would become engaged with stakeholders, including state, local, and other federal agencies, prior to filing an application for a Natural Gas Act 7(c) certificate. FERC reasons that the sooner stakeholders become involved, the earlier potential issues can be identified and the cost of addressing issues will be less.

This INGAA Foundation report focuses on the pipeline industry's responsibilities for the development of the project filing documents. The purpose of this study is to evaluate certain risks and benefits of the current pre-filing process and suggest improvements to make it more attractive for pipeline applicants, the FERC and other stakeholders. To make the pre-filing process attractive, the authors have attempted to identify a series of progress indicators ("milestones") that are meaningful to project sponsors, their financiers, regulators, and other stakeholders.

**Benefits of the Milestones Approach:** The pre-filing process requires comparable clear and meaningful milestones - meaningful to stakeholders - in order to be successful. Without pre-filing milestones to serve as measures of success or early warning signals, it will be difficult to realize the benefits of the pre-filing process, and the process could be perceived as high-risk. Any perceived increased risks to the applicant will deter other pipeline companies from opting into the new pre-filing process.

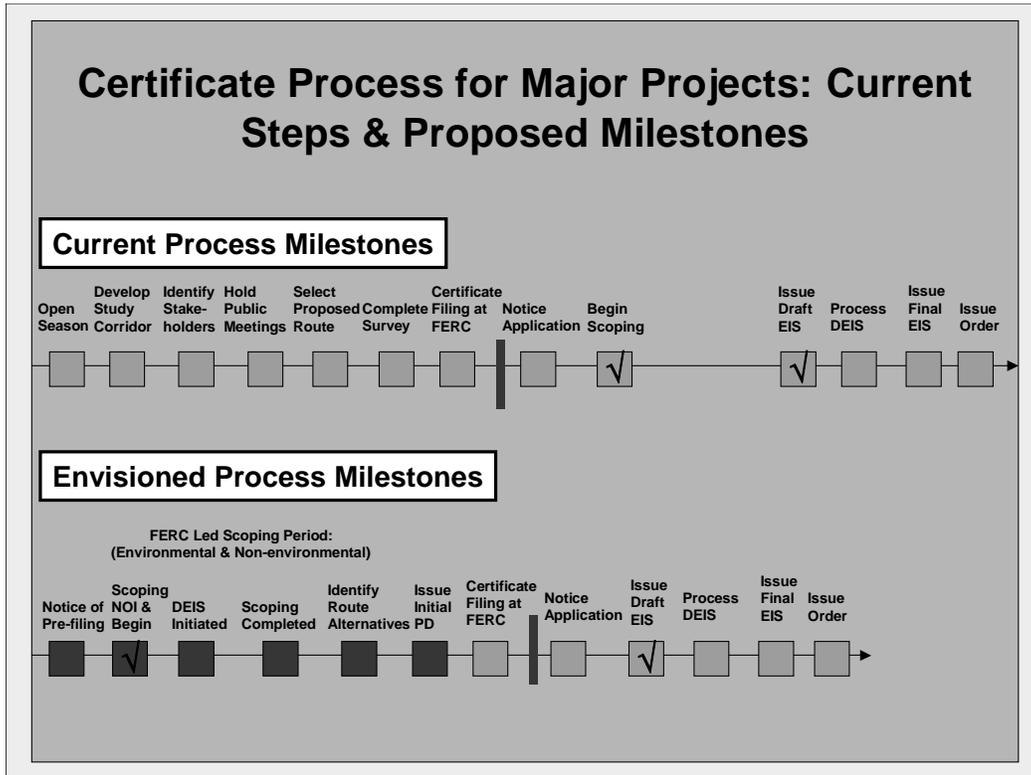
**No compromise on requirements:** The collaborative and parallel working together of all stakeholders using this Milestones approach can compress the

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<sup>1</sup>"*Reliable, Affordable, and Environmentally Sound Energy for America's Future*", Report of the Energy Policy Development Task Group, May 17, 2001, at 1-7.

overall process and produce significant benefits without compromising any of the existing certificate process requirements.

Chart I: Current and Proposed Milestones.



**Improved quality of certificate process:** Instead of seeking changes in the requirements of the certificate process, this Milestones approach seeks greater collaboration of all stakeholders during an expanded pre-filing coordination period, which can improve the quality and acceptability of the resultant application. The role of the FERC is critical during this pre-filing period to provide a process that both invites and controls participation without sacrificing due process.

**Three to six months time savings:** It is estimated that it is possible to reduce the elapse time for FERC to process a major certificate application from more than 300 days (on average) to less than 200 days (on average). In addition, it is expected that there will be fewer amendments and protests after the certificate is filed. This post-filing time benefit is partially offset by the one-two months of additional pre-filing elapse time required to produce an acceptable application.

Chart I highlights some of the coordination changes that contribute to the time savings and quality improvement of the envisioned process (see the Milestone

boxes with √ for beginning scoping and issuing the Draft Environmental Impact Statement).

A key change is a comprehensive FERC led scoping process during pre-filing, which engages all stakeholders in environmental and non-environmental matters.

**Less Time = Less Cost = Less Risk.** At a time of increased challenge to secure effective siting and other certificate requirements, a new Milestones approach such as this is needed to improve the performance of all stakeholders. These are essential for all stakeholders both as deliverables and as early warning signs that the process may be off track.

This benefit was echoed by testimony to FERC from institutional investors who follow the development of infrastructure from an economic, regulatory, and political perspective. Addressing the barriers to investment, the message was that, ultimately, stakeholders will really decide the level of risk that will accompany new infrastructure investment. Whether the issue is how new costs are to be allocated, or where new facilities are to be built, stakeholders are valuable participants in FERC-regulated projects.

**Invitation to Stakeholders:** The INGAA Foundation welcomes the efforts of all stakeholders who participate in the siting of new or expanded interstate natural gas pipelines. For the benefit of all stakeholders, the Foundation further encourages FERC to use the Milestones discussed in this study as measures of success for each pre-filing process.

<p><b>Related Studies:</b> There have been a number of studies, initiatives, and activities that have preceded this pre-filing coordination study. Some of these are summarized in the Appendix.</p>
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## I INTRODUCTION

### **Natural Gas Demand & Capacity:**

Natural gas plays a pivotal role in the United States energy mix, and its importance will only continue to grow. Today, natural gas provides 25 percent of the energy consumed in the US and according to the Energy Information Administration's (EIA's) *Short-Term Energy Outlook* for April 2001, the average growth rate for gas consumption in the 2000-2002 time period is expected to be 3.6 percent per year, as compared with just 0.9 percent per year from 1994 to 1999. According to a report of the Cheney Energy Task Force<sup>1</sup> natural gas demand will grow by 50% over the next 20 years and gas will power 90% of the new electric generating capacity to be constructed between 1999 and 2020. To meet this demand, there needs to be an increase in natural gas supply and infrastructure.

Virtually all natural gas in the United States is moved via pipeline. The interstate pipeline transmission system, the "interstate highway" for natural gas, consists of 180,000 miles of high-strength steel pipe 20 inches to 42 inches in diameter. It moves huge

amounts of natural gas thousands of miles from producing regions to local natural gas utilities, industries, and electric generators. Compressor stations, located approximately every 70 miles, boost the pressure that is lost through the friction of gas moving through steel pipe.

According to the 1999 INGAA Foundation Study, "*Pipeline and Storage Infrastructure for a 30 Tcf Market: An Updated Assessment*" in total, gas pipeline companies will need to install almost 50,000 miles of pipe to meet the growing market for natural gas in the US from 2001 to 2015. In order to meet the gas energy needs of a growing economy, all regions of the country will need to permit and construct a considerable amount of natural gas pipeline.

### **Natural Gas Pipeline Project Planning:**

Natural gas pipeline project planning usually begins as a feasibility study with the basics of supply and demand. If there is a need for natural gas, pipeline companies conduct a market analysis to estimate the size of the market. With this information engineers can begin to estimate the facilities required to transport the required volumes of gas, including the basic design parameters of pipeline diameter, pressure and wall thickness and the cost to construct the pipeline facilities. Company analysts can begin

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<sup>1</sup> "Reliable, Affordable, and Environmentally Sound Energy for America's Future", Report of the Energy Policy Development Task Group, May 17, 2001, at 1-7.

to determine rates based on preliminary estimates of cost-of-service.

Engineers initially identify preliminary pipeline routes that will minimize impact to the public, landowners and the environment. The pipeline company will go through a process of reviewing available maps of the region to be traversed, and available published environmental data to determine a number of possible alternatives, depending on the characteristics of the region. Once a preferred route is identified, the pipeline company will begin contacting landowners to discuss the project and seek permission to conduct civil and environmental surveys which are required for use in the detailed pipeline design and for preparing local, state and federal permit applications.

Selecting a pipeline route often involves discussing and evaluating options with landowners, environmental agencies and regulatory officials. If the market analysis ultimately justifies the cost of pipeline construction, only then will the pipeline company begin seeking permits and preparing a detailed project application for the Federal Energy Regulatory Commission (FERC).

The time required for the certificate application review and approval process varies based on the size of the project, but can take more than 24 months from the time a company submits an

application until the FERC renders their decision as to whether or not they will approve a certificate for a project.

FERC staff and the natural gas pipeline industry recognize the value of early involvement in the pipeline siting and construction process. Early involvement is a proactive tool that helps to identify stakeholders and their concerns earlier in the process. The rationale being that the sooner stakeholders become involved, the earlier potential issues can be identified and the cost of addressing those issues then rather than later will be less.

In 2002, FERC's Office of Energy Projects (OEP) used this concept to establish a voluntary pre-filing process. This INGAA Foundation study is part of an evolving process to explore opportunities to improve the timing, cost and quality of certificate filings using FERC's pre-filing process.

<b>II      DEFINING THE PRE-FILING PROCESS</b>
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**FERC Pre-filing:** The FERC Office of Energy Projects is offering pipeline project applicants the option to coordinate closely with OEP staff during the development of a project application for a NGA 7(c) certificate. FERC's stated intent is to increase the quality and reduce the problems associated with certificate applications, and thereby

reduce the time required for FERC to make a decision regarding a certificate and approval of a project for construction.

Through a series of public meetings, the FERC OEP Gas Outreach Team identified and published in a December 2001 report<sup>2</sup> the many different stakeholder groups in the pipeline planning process. These included the FERC, pipeline companies, federal, state, and local agencies, and local citizens and landowners. The FERC report identified certain actions that:

"stakeholder groups can take to achieve more effective participation in the process of planning a natural gas pipeline facility."

The FERC team's report also identifies action options for industry, recognizing that industry:

"carries a large part of the responsibility of implementing and coordinating the project planning and coordination activities that which are occurring during the pre-filing time frame."

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<sup>2</sup> FERC Staff Report: Ideas for Better Stakeholder Involvement in the Interstate Natural Gas Pipeline Planning Pre-Filing Process.

FERC staff clearly support pre-filing activities and believe the entire pipeline siting process can be made "easier, quicker, and ultimately less expensive". There is also senior level support for the pre-filing process. In fact, In March 2002, Chairman Pat H. Wood, III stated: " I strongly encourage the pipeline industry to use this process that allows landowner issues to be identified, alternatives examined and problems resolved before the application is filed."

**Mechanics of the FERC Pre-filing Process:** Under the pre-filing process, an applicant submits a written request prior to the project certificate application being submitted to FERC for review. The written request will explain the reasons and timing for participation in the pre-filing process and name the other major state, local, and federal agencies that should participate. It will discuss consultations to date, propose options for a third-party contractor and provide a public participation plan. If approved, FERC will issue a written acceptance letter and a pre-filing docket number will be established.

The primary difference between the "traditional" process of filing an application for a NGA 7c certificate and the "Pre-filing coordination" process is the timing of:

- The preparation of the Environmental Report by the applicant
- National Environmental Policy Act (NEPA) Scoping for the EIS by FERC staff.

With the traditional process, the applicant utilized some level of public input to prepare the Environmental Report. The amount of public input depends on such things as the type of project, the preferences of the applicant, and the willingness of the public to become involved.

Once the application is filed, FERC staff conducts Scoping to provide for public involvement under the NEPA.

With the pre-filing process, FERC conducts the Scoping process within the time period that the applicant is preparing the Environmental Report. The applicant's initial studies on the project and potential routes furnish enough information to FERC for Scoping to be conducted.

After Scoping is completed, the applicant completes the Environmental Report and files it as part of the NGA 7(c) certificate application.

Under both processes, the Draft Environmental Impact Statement (DEIS) (or Environmental Assessment (EA) is completed and released for public review after the application and

Environmental Report are filed. The difference is the amount of time between the filing and the Draft EIS. With the Pre-filing process, several months can be saved in preparing the Draft EIS.

Some of the benefits of pre-filing coordination are:

- FERC supports the process;
- Establishes and maintains relationships throughout project;
- More interactive, less short-cuts, better quality filing; and,
- Signatory agency standing ready to assist.

<b>III MAKING THE PRE-FILING PROCESS ATTRACTIVE</b>
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This INGAA Foundation report focuses on the pipeline industry's responsibilities for the development of the project filing documents. The purpose of this study is to evaluate certain risks and benefits of the current pre-filing process and suggest improvements to make it more attractive for pipeline applicants, the FERC and other stakeholders.

To be attractive, the pre-filing option must be "trackable" and have the real potential for measurable net benefits in terms of both timing and resource expenditure/allocation.

As to being “trackable,” proper project planning and coordination requires milestones that either demonstrate successful progress, or that send early warning signals about the need for additional resources or reconsideration of tough issues.

As to providing measurable net time and resource benefits, if the result of the pre-filing process is simply to shift time and effort to pre-filing with less post-filing, then the result may only be an appearance of time savings, even if the post-filing FERC processing time is reduced. However, this offers no real benefits to applicants and could increase risk regardless of more up front costs and effort.

The potential for certificate processing time to be greater, rather than less, could result from efforts by groups or individuals whose main objective is to delay or block a project. The applicant, the FERC, and other stakeholders operating in good faith with constructive contributions to the project, can use the pre-filing process to efficiently address difficult issues. However, the pre-filing process could also provide added opportunities for those not operating in good faith to create unnecessary and unfair delays.

**Risks:** There are a number of potential risks to a pipeline company and others engaging in the option of pre-filing coordination. Some examples:

- A competing project could file a NGA 7(c) application ahead of the coordinating applicant, and appear more certain to shippers, financiers and markets simply because a formal application has been filed;
- The scoping process could be perceived by some stakeholders as premature since the proposed project is still under development;
- The total pre-certificate time, both pre-filing and post-filing, could be longer than under the existing process;
- Groups or individuals, whose sole objective is to block a project, rather than to make a constructive contribution to the process, could use the additional procedures as further opportunities to cause delay or to undermine the project; and
- The initiation of work on the DEIS could be delayed beyond a reasonable time.

**Approach:** It is important to have progressive assurances that pre-filing coordination is really working for the applicant’s project. These assurances could be in the form of key environmental, engineering and economic “milestones” that are early signals of the likely success or failure for the pre-filing coordination process. Necessarily, FERC and the coordinating applicant would agree to monitor these milestones and work to achieve them.

The cost and effort of the pre-filing coordination process will be worthwhile if it creates time certainty for the allocation of capital for the industry. With the potential for a 30 Tcf market, and the resultant doubling of annual pipeline investment, gas consumers and suppliers will benefit if this objective is achieved.

The ability to objectively attest to each milestone, and the types of information and recommendations that can be shared by all stakeholders, will give both FERC and the coordinating applicant confidence that there will be fewer amendments to applications once filed.

The study identified, from experience, those aspects of the current post-filing time line that are on the critical path and determined whether any of these can be dealt with on a pre-filing basis. The study developed a new time line, including pre-filing and post-filing that reduces cost and time for both the pipeline company and the FERC.

<b>IV PROJECT APPLICATION MILESTONES</b>
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A pipeline project application has many component documents with specific purposes. The key ones for this INGAA Foundation study are the components of the filing that lead to the ultimate economic, engineering, and

environmental decisions on the project. Specifically, these are filed as the NGA 7(c) filing exhibits related to:

- market data for the gas and the cost of facilities;
- the location of facilities and flow diagrams;
- the environmental report.

In a traditional application the applicant develops the filing exhibits in a purposeful and accelerated manner. The goal is to file a complete and high-quality project application that has identified and addressed as many potential problems as soon as possible. The applicant uses its own "milestones" during this process to make sure that the project application is internally consistent, on track to meet project goals, and on schedule. The milestones are critical measures of success for the on-going effort, and the project team is able to adjust resources and expectations as needed.

An assumption of this study is that the pre-filing process requires comparable clear and meaningful milestones, meaningful to stakeholders, in order to be successful. Without pre-filing milestones to serve as measures of success or early warning signals, it will be difficult to realize the benefits of the pre-filing process, and the process could be perceived as high-risk. Any perceived increased risks to the

applicant will deter other pipeline companies from opting into the new pre-filing process.

Under current regulations, there are procedural benefits from all stakeholders being able to work together in a less formal basis prior to the actual filing.

This study confirmed that the use of pre-filing milestones could achieve both the letter and intent of existing laws and regulations.

In this study, the INGAA Foundation suggests milestones that would provide applicants with a clear measure of progress and thereby make it more attractive for applicants to choose the option of the pre-filing process. The milestones are commercial, engineering, and environmental in nature; they arise from the standard documents that are developed and filed with a 7c project application. Industry, FERC OEP, and the public can also track them jointly.

Since the milestones are primarily related to FERC's processing of the project application, the public should understand the importance of the pre-filing milestones. Correspondingly, it is essential that FERC agree to monitor the milestones and work within the proper context to achieve them.

The next three sections develop the milestones, and their rationale, covering

environmental, engineering and commercial aspects of the proposed project. The final section summarizes these milestones and provides some timing considerations.

## V ENVIRONMENTAL MILESTONES

**NEPA:** Three major NEPA steps can be accomplished during the pre-filing process:

- A NEPA Notice of Intent (NOI) could be issued to initiate and define the "Scoping" process for the project. Scoping requires the public, government agencies, and other stakeholders to provide timely input on what the EIS should cover.
- Initiation of work on the Draft EIS, although the completion and public release of the Draft EIS would not occur until 2-3 months after the formal certificate filing. The idea is to save 3-6 months in a project schedule, mainly due to the Draft EIS starting that much earlier.
- The completion of Scoping will let both FERC and the applicant know what concerns need to be addressed in the Draft EIS.

The legally noticed opening and closing of the Scoping period lets stakeholders know that "now" is the time to make known their concerns and their pertinent

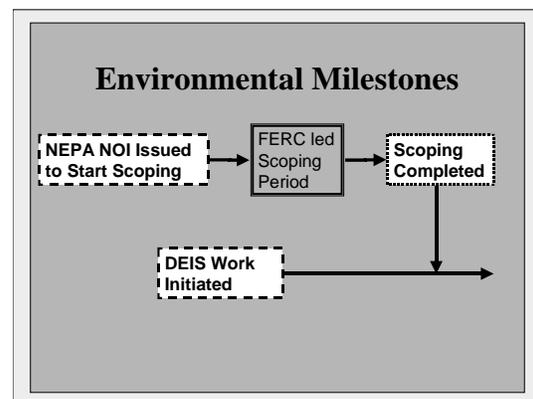
information about the project. FERC has indicated its willingness to become involved and improve the quality of pre-filing stakeholder input<sup>3</sup>. The closing of the Scoping Period signals to the applicant, landowners, FERC and other stakeholders that the Environmental Report and EIS documentation to be developed can now address the stated concerns of the affected parties.

The Scoping period is important for federal, state and local agency involvement and identification of their requirements. In a typical application, the pipeline company has had extensive contact with the affected agencies prior to any significant contact with FERC and before the application is filed. The environmental report summarizes these contacts about the agencies' concerns and requirements, all of which occur prior to Scoping. With pre-filing coordination, the time gap is reduced between the applicant's contact with the agencies and FERC's involvement with the agencies via Scoping.

Initiation of work on the Draft EIS is an important step that establishes the momentum of the overall project schedule. There is a significant amount of work that can be accomplished on the

Draft EIS based on the applicant's initial work on the project description, the environmental issues and mitigation measures incorporated into the project, and system and route alternatives that were considered during the development of the project. Input from the Scoping Period confirms and accelerates work on the Draft EIS.

**Chart II: Environmental Milestones**



FERC Staff Report: Ideas for Better Stakeholder Involvement In the Interstate Natural Gas Pipeline Planning Pre-Filing Process, December 2001.

As intended by NEPA, the Scoping Period should be designed to cover the information requirements of the DEIS.

**VI ENGINEERING MILESTONE**

**Routing Alternatives Identified:** A key engineering milestone needed is agreement on study route alternatives,

<sup>3</sup> FERC Staff Report: Ideas for Better Stakeholder Involvement in the Interstate Natural Gas Pipeline Planning Pre-Filing Process, December 2001, page 18.

including the applicant's choice of a proposed route. The study route alternatives would be the subject of the certificate filing, reflected in the engineering and environmental data in the Environmental Report. The initiation of work on the Draft EIS would be based on these route alternatives. During the scoping process, any additional route alternatives needed for the Draft EIS would be determined by FERC.

However:

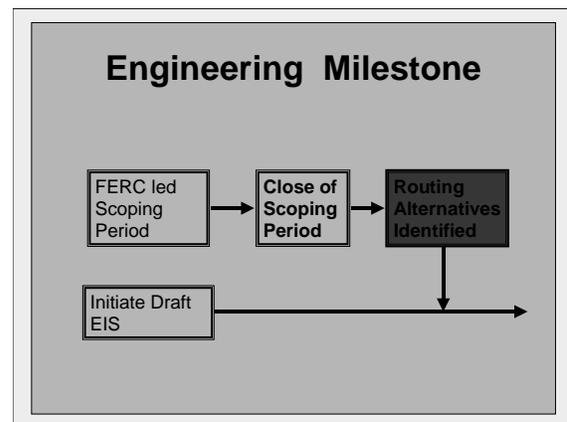
- FERC would not be asked to pre-approve any route during the pre-filing period; and,
- Subsequent to the filing, other route alternatives could be added during the review of the Draft EIS.

For the applicant, the attractive aspect of a milestone of study route alternatives is justification for the expensive gathering of engineering and environmental data and other route information. This information is the basis of further engineering studies, and also the basis for the significant work to prepare the Environmental Report. The study route alternatives are the basis for a third-party EIS consultant to develop the Draft EIS in the pre-filing period.

This engineering milestone would occur after the close of the Scoping Period so that input from stakeholders is achieved according to NEPA procedures. No further route alternatives would need to

be studied in order for the application to be considered complete, unless FERC OEP management directed that additional routes be studied. The applicant could add study routes as needed, proceeded by discussions with FERC and selected stakeholders.

**Chart III: Engineering Milestones**



**Routing Amendment:** While it would be ideal to avoid amendments, the reality is that some routing aspects will change as information is gathered, and input from other stakeholders is processed; routing changes cannot always be avoided after the application is filed.

Routing changes will need to be noticed if they are not within the general scope of prior notices. If a new proposed route segment is a modification of an existing route alternative, and no new environmental issues are raised, the process for including a new route

segment in the Draft EIS would not require further public scoping.

## VII COMMERCIAL MILESTONES

Notice of Pre-filing Coordination: The first milestone is to establish a FERC docket number for the pre-filing coordination. This will create a forum for communication and documentation such that a preliminary determination of non-environmental issues can be fully and completely addressed. The project is identified at this milestone.

Preliminary Determination: To be successful, pre-filing coordination of non-environmental issues must address concerns that a competing project could file a certificate application to preempt an ongoing pre-filing coordination process. That is, to be successful, there should be no advantage gained by filing a certificate application when a competing project has initiated pre-filing coordination. Likewise, the public disclosure of information during a pre-filing coordination should be used to gain an advantage for a project that decides to not participate in the pre-filing process. That does not preclude the pre-filing process from benefiting from the results of filed applications.

The Preliminary Determination of Non-Environmental Issues (PD) generally contains some or all of the following

subject matters that are applicable to a given project:

- Background
- Proposed project
- Procedural matters such as interventions, protests

*Discussion covering:*

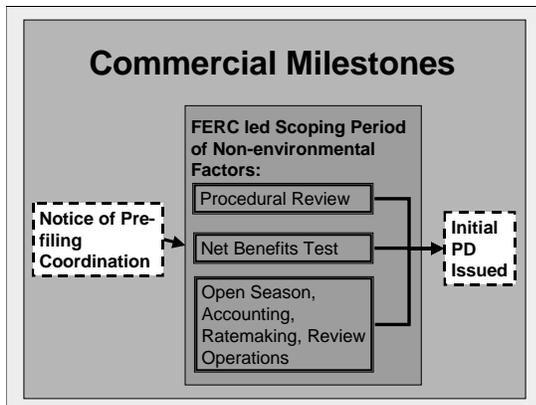
- Project need and the Certificate Policy Statement
- Subsidization
- Benefits and impact
- Competing projects
- Effect on existing pipelines and their customers
- Effect on landowners
- Accounting and Cost of Service
- Rates and Rate Design
- Financing
- Tariff Terms and Conditions, NAESB standards
- Engineering and Facility Design
- Operating conditions

This leads to three principle steps leading to a commercial milestone relative to the PD:

- A **procedural process** that enables all interested parties due process regarding any concerns they have about the project;

- A **net benefits test** that determines that the pipeline’s impact covering existing pipelines and their customers, competing projects and landowners have been adequately considered; and,
- A review of the **accounting, ratemaking, operations** and treatment of the project under the proposing pipeline company’s general terms and conditions. Specifically, a regulatory review is needed to confirm that there is nothing in the regulation to prevent the project from being approved.

**Chart IV: Commercial Milestones**



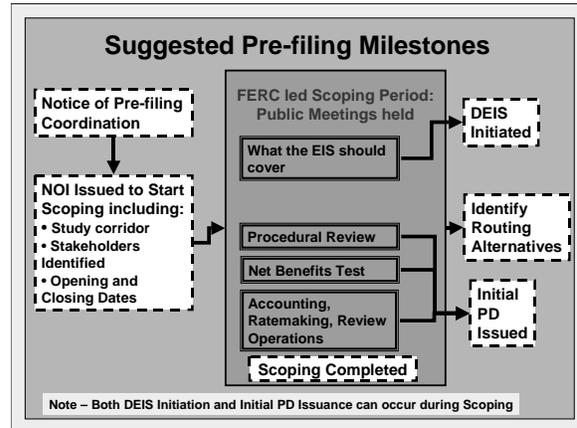
The only aspects of the PD that need to be subject to a post-certificate review would be those that could change if the proposed route was changed.

**VIII SUMMARY OF SUGGESTED PRE-FILING MILESTONES**

**Pre-filing Milestones:** The following chart and table summarizes the

milestones suggested for pre-filing coordination:

**Chart V: Suggested Pre-filing Milestones**



**Table I: Suggested Pre-filing Milestones**

Suggested Pre-filing Milestones
I. Notice of Pre-filing Coordination
II. NOI issued for Scoping
a. Develop Study Corridor
b. Identify Stakeholders
c. Set Open, Close Dates
d. Hold Scoping Meetings
III. DEIS work initiated
IV. Scoping completed
V. Initial PD issued
VI. Route alternatives identified

These milestones, and some of their components are outlined below:

## **I. Notice of pre-filing coordination:**

The first milestone is to establish a FERC docket number for the pre-filing coordination. This must be done in such a manner to promote working together of all stakeholders by avoiding, for example, ex parte considerations. This will provide both a forum for communication and documentation, as well as provide assurance that a competing certificate application cannot preempt the pre-filing coordination process. The project is identified at this milestone.

## **II. NOI issued to start Scoping:**

This joint applicant-FERC effort involves three major activities:

Develop Study Corridor: To identify the possible geographic reach of the project to include potentially affected landowners and other stakeholders.

Identify Stakeholders: Through a specifying the possible geographic reach and proper notice in local, state and Federal publications a comprehensive set of stakeholders can be identified, with a defined period for their input.

Set Open, Close Dates: A critical component of Scoping is to define its terms and to confirm that this is the NEPA scoping period. Any information

needed by an agency or concerns of the public should be announced at this time.

### Hold Public Meetings:

This FERC led Scoping process can have several environmental and non-environmental components.

- *EIS Scope:* This process identifies what the EIS should cover.
- *Non-Environmental Scope:* This process identifies and explores the procedural, regulatory, accounting, operational and commercial aspects of the project.

It is understood that for this FERC-led Scoping process to be successful, applicant management must be actively and constructively involved during this phase.

## **III. DEIS work initiated:**

Once the Scoping process is begun, the work on the Draft EIS can begin with reduced risk of inefficiency or unnecessary work.

## **IV. Scoping completed:**

The FERC would close the Scoping period when the requirements are complete.

**V. Initial PD issued:**

The initial PD on non-environmental issues would be subject to revision only in the event the Commission based on the actual certificate filing changed the route.

The initial PD could be issued during the Scoping period or shortly thereafter.

**VI. Route alternatives identified:**

The study corridor and route alternatives would be developed with stakeholders and FERC staff during Scoping. The applicant could produce its ER documentation on route alternatives, including a proposed route, with confidence based on Scoping, prior to the official 7c filing.

**No Regulatory, Legislative Change:**

The optional pre-filing coordination process outlined in this study is consistent with current legislation and regulation, and no implementing requirements are envisioned. At no time in this process are agency requirements changed.

**IX POST-FILING PROCESS/MILESTONES**

The use of the pre-filing process has some important process, timing, risk mitigation and other impacts on the actual filing process itself.

Chart V shows the key milestones that a certificate filing requires assuming a successful Pre-filing Coordination process.

Chart VI: Suggested Post-filing Milestones

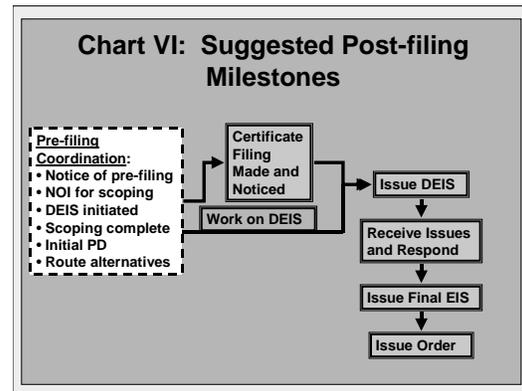


Table II: Suggested Post filing Milestones

Suggested Post-filing Milestones
I. Certificate Filing and Notice
II. Issue Draft EIS
III. Process Draft EIS
IV. Issue Final EIS
V. Issue Final Order

These filing milestones include the following:

### **I. Certificate Filing and Notice**

The applicant would make the certificate filing based on the Pre-filing Coordination process and the FERC would Notice the application and presumably give it a different docket number to distinguish it from its pre-filing predecessor and the preserve the right of less formal communication in the pre-filing process.

### **II. Issue Draft EIS**

The Draft EIS, which began in the Pre-filing Coordination process could be completed much sooner after the application than under the current procedure. This timesaving is of critical importance to the applicant.

### **III. Process DEIS**

At this point forward the certificate process would be similar to the current process. However, due to the coordination allowed pre-filing there is hope that the process would be smoother, with fewer costly amendments and other issues.

### **IV. Issue Final EIS**

This would follow current procedures, and again its acceptance and due

process could be improved by pre-filing coordination.

### **V. Issue Final Order**

Likewise, this would follow current procedures and again its acceptance and due process could be improved by pre-filing coordination.

<b>APPENDIX: PREDECESSOR STUDIES AND ACTIONS</b>
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This Appendix summarizes a number of studies and actions regarding the improvement in the timing, cost and quality of certificate filings at FERC – listed chronologically.

**FERC Staff – December 1998 – Landowner Notification, Residential Area Designation:** This notice, among other things, brought together the stakeholders and the challenges that need to be address in the certificate process, including pre-certificate.

**FERC – September 1999 – Order No. 608 ‘The Collaborative Procedure’:** This Order, among other things, set out a voluntary program for increasing stakeholder involvement in pre-filing activities.

**FERC – October 1999 – Order No. 609 ‘Landowner Notification’:** This Order, among other things, defined certain early landowner notification requirements.

**National Energy Board (NEB) of Canada – Memorandum of Guidance:** This memorandum, among other things, provided guidance to stakeholders in the entire process.

**INGAA Foundation – August 2001 – ENTRIX and Kerns & West study – Enhancing Stakeholder Involvement:** Addressing the lack of use of Order No.

608 the study recommended three ways to deal with stakeholder concerns:

- Optional Forum for Stakeholder Discussion of Project Need;
- Improved participation of Agencies During the Development of the Project Filing; Possible Earlier Issuance of NEPA NOI to prepare EA and EIS.
- Optional Collaborative Selection Process and Rationale for the Proposed Route.

**FERC Staff – December 2001 – Ideas for better stakeholder involvement in interstate pipeline prefiling:** Summarizing the feedback and ideas collected from FERC’s pre-filing outreach seminars.

**The Keystone Center – March 2002 – Expanding Natural Gas Pipeline Infrastructure To Meet The Growing Demand for Cleaner Power:** The dialogue from a cross-section on interested participants created and documented by this study covered:

- Natural gas pipeline infrastructure needs;
- The challenges of siting new or expanded pipeline infrastructure, and,
- The safety, integrity, and reliability of natural gas pipeline infrastructure.

**Interagency MOU – August 2002:** The President’s Council on Environmental Quality (CEQ) released a Memorandum of Understanding (MOU) between Federal agencies to foster early cooperation and participation among these agencies during the preparation of the FERC application for construction of natural gas pipelines, with FERC as the lead agency. The study recommendations capture the form and substance of that important effort. Specifically, we elevate the Scoping process, which FERC would lead, to cover these multi-agency requirements.

**Gas Technology Institute – 2002 – Risk Communication.** This work product, among other things, provides a balanced look at each stakeholder role and risk in the FERC certificate process.

**INGAA Foundation – October 2002 – The EOP Group – Developing Public Communications Practices – *A Benchmark for the Natural Gas Pipeline Industry and Its Regulators:*** Includes recommendations on creating a form for ordinary citizens with information provided without industry filters, and repeating the message to build trust.

**INGAA Foundation – November 2002 – Wirthlin Worldwide – *Natural Gas Pipelines Making The Connection: Communications Support for the Siting Process:*** Recommended greater

involvement in pre-filing activities including:

- Operating in a zero tolerance industry,
- Employing pipeline leadership, and,
- Communications modeling.