THE UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Inquiry Regarding the Commission's Policy for Determining Return on Equity	)))	Docket No. PL19-4-000

COMMENTS OF THE KINDER MORGAN NATURAL GAS ENTITIES

The Kinder Morgan Natural Gas Entities,[1] individually and jointly, submit these comments in response to the Federal Energy Regulatory Commission's ("FERC" or "the Commission") Notice of Inquiry Regarding the Commission's Policy for Determining Return on Equity (the "NOI").[2] Kinder Morgan welcomes this inquiry into FERC's policies on establishing and reviewing pipeline returns on equity, especially in light of the unique challenges that FERC-regulated pipelines face in today's competitive environment. We have three fundamental requests for the Commission in this proceeding. First, evaluate natural gas pipelines independently from other regulated industries, including electric utilities. Second, recognize that investors generally do not use the four financial methodologies referenced in the NOI to make investment decisions and adjust the returns produced by those methodologies accordingly to allow regulated natural gas pipelines to attract capital in light of their asymmetric risks. Third, maintain a flexible framework to evaluate what constitutes sufficient returns on a case-by-case basis.

[1] For purposes of this pleading, the Kinder Morgan Natural Gas Entities are: Natural Gas Pipeline Company of America LLC; Tennessee Gas Pipeline Company, L.L.C.; Southern Natural Gas Company, L.L.C.; Colorado Interstate Gas Company, L.L.C.; Wyoming Interstate Company, L.L.C.; El Paso Natural Gas Company, L.L.C.; Mojave Pipeline Company, L.L.C.; Bear Creek Storage Company, L.L.C.; Cheyenne Plains Gas Pipeline Company, L.L.C.; Elba Express Company, L.L.C.; Kinder Morgan Louisiana Pipeline LLC; Southern LNG Company, L.L.C.; and TransColorado Gas Transmission Company LLC. These entities individually and jointly make these comments.

[2] 166 FERC ¶ 61,207 (2019). The Kinder Morgan Natural Gas Entities have participated in the development of and hereby adopt and incorporate the Comments of the Interstate Natural Gas Association of America ("INGAA") being filed in this proceeding on June 26, 2019.

I. KINDER MORGAN, INC. AND THE KINDER MORGAN ENTITIES.

Kinder Morgan, Inc. ("Kinder Morgan") provides energy transportation and storage services in a safe, efficient, and environmentally responsible manner for the benefit of people, communities, and businesses. Through approximately 68,000 miles of natural gas pipelines, we transport natural gas from every important natural gas resource play, including the Bakken, Denver-Julesburg, Eagle Ford, Marcellus, Permian, Utica, Uinta, Haynesville, Fayetteville, Barnett, Mississippi Lime, and Woodford, to markets where it can be put to work. Kinder Morgan's operations serve the major natural gas consuming areas of the contiguous United States.[3] Kinder Morgan owns more than 30 underground natural gas storage facilities with approximately 1.2 trillion cubic feet total capacity. Kinder Morgan also operates over fifteen gas processing plants, and two liquefied natural gas terminals.

In addition to the Kinder Morgan Natural Gas Entities, Kinder Morgan owns and operates products pipeline assets strategically located in the West, Southeast and Midwestern United States, as well as Canada. The Commission regulates some of these products pipeline assets. Kinder Morgan is well equipped to respond to the Commission's inquiry as to whether any changes to Commission policies concerning public utility returns on equity ("ROE") should be applied to interstate natural gas and oil pipelines. The Kinder Morgan Natural Gas Entities and the Kinder Morgan Products Entities are filing separate comments in this docket, and participated in the development of the Comments submitted by INGAA and the Association of Oil Pipe Lines

[3] The interstate natural gas pipelines owned and/or operated by Kinder Morgan include Natural Gas Pipeline Company of America LLC (which serves areas in the Midwest including the high-demand Chicago area and the Gulf Coast); Tennessee Gas Pipeline Company, L.L.C. (which serves areas through the South, Midwest, and Northeast including New York City and Boston); Southern Natural Gas Company, L.L.C., Elba Express Company, L.L.C. and Kinder Morgan Louisiana Pipeline LLC (which serve the Southeastern United States); Colorado Interstate Gas Company, L.L.C., Wyoming Interstate Company, L.L.C., Cheyenne Plains Gas Pipeline Company, L.L.C., and TransColorado Gas Transmission Company LLC (which serve areas in the Rocky Mountain region); and El Paso Natural Gas Company, L.L.C. and Mojave Pipeline Company, L.L.C. (which serve areas in California and the Southwest).

("AOPL"), their respective trade associations, because a one-size-fits-all approach to ROE does not work across the industries that the Commission regulates. As discussed in detail below, public utilities, interstate natural gas pipelines, and oil pipelines face distinct, industry-specific risks. Just as the Commission has tailored its regulatory scheme for each of the three industries, it should also tailor any ROE policy initiatives to each industry.

II. *HOPE* AND *BLUEFIELD* REQUIRE FERC-REGULATED RETURNS THAT REFLECT HIGHER RISKS FACED BY INTERSTATE NATURAL GAS PIPELINE COMPANIES

Natural gas pipelines regulated under the Natural Gas Act ("NGA") must have an opportunity to earn a rate of return that is "sufficient to assure confidence in the financial integrity of the enterprise[.]"[4] The Supreme Court defines financial integrity in this context as sufficient to attract capital, maintain credit, service debt, and provide dividends on company stock.[5] When analyzing regulated returns, the Commission is not bound to use any single formula or combination of formulae to determine rates.[6] It is within this framework that the Commission seeks guidance on its policies for determining returns on equity for, among other entities, regulated interstate pipelines. As noted briefly above and explained in greater detail as follows, Kinder Morgan has three fundamental requests for this proceeding:

1. Evaluate natural gas pipelines independently from other regulated industries, including electric utilities.

Natural gas pipeline companies face different risks than electric utilities, as summarized above and described in detail below. Unlike the electric industry, for example, interstate pipeline

[4] *FPC v. Hope Nat. Gas Co.*, 320 U.S. 591, 603 (1944*) ("Hope")*.
[5] *See Bluefield Water Works and Improvement Co. v. Pub. Serv. Comm'n.*, 262 U.S. 679, 693 (1923) ("*Bluefield*") ("The return should be reasonably sufficient to assure confidence in the financial soundness of the utility and should be adequate, under efficient and economical management, to maintain and support its credit and enable it to raise the money necessary for the proper discharge of its public duties. A rate of return may be reasonable at one time and become too high or too low by changes affecting opportunities for investment, the money market and business conditions generally.")
[6] *Hope*, 320 U.S. at 602.

companies do not have franchise territories, formula rates, or secure avenues for collecting prudently incurred costs in the face of competition. Leading up to and in the wake of Order No. 636, the FERC has facilitated a robust, competitive, and cost-effective pipeline industry. FERC's pro-competition policies have encouraged investment, benefited consumers, and unlocked massive supply reserves across the United States. The tradeoff is that they also have introduced more uncertainty about investment outcomes and the possibility of loss. Such uncertainty is, by definition, "risk" and it requires natural gas pipelines to earn higher returns than traditional regulated utilities to continue to attract capital.

2. Recognize that investors generally do not use the four financial methodologies referenced in the NOI to make investment decisions and adjust the returns produced by those methodologies accordingly, to allow regulated natural gas pipelines to attract capital in light of their asymmetric risks.

As explained in greater detail throughout these comments, investors generally do not use the four financial models referenced in the NOI to make investment decisions. Instead, looking for "an edge" in our dynamic and competitive capitalist system, they adjust their models based on evolving economic signals and theories. Accordingly, the Commission's ROE policies and methodologies do not properly capture "the investor" perspective, and FERC should adjust the returns produced by whatever models it uses to allow regulated natural gas pipelines to attract capital. In particular, the Commission should account for the asymmetric risks faced by the regulated natural gas pipeline industry where upside earnings potential is capped, but downside earnings potential is unlimited. Consistent with *Hope* and *Bluefield*, FERC's methodologies and policies must ensure that pipeline owners earn returns on equity that are commensurate with returns on investments in other enterprises with corresponding risks.

Interstate natural gas pipeline risks include, among others: (i) competition such as that created through changes in supply and demand patterns, which means pipelines are not guaranteed

an opportunity to recover their prudently incurred costs, (ii) regulatory uncertainty at the local, state, and federal level, including shifts in Commission policies, (iii) counterparty risk, due in part to the Commission's successful restructuring that unlocked interstate pipelines for producers and marketers, and in part to the Commission's policies which disproportionately restrict an interstate pipeline's ability to obtain adequate credit support from shippers on existing capacity, and (iv) long term risk created by growing support for energy decarbonization.

3. Maintain a flexible framework to evaluate what constitutes sufficient returns on a case-by-case basis.

At the very least, we encourage FERC to maintain flexibility in its approach to ROE given the large number of changes that have occurred in the regulated natural gas pipeline space in the last five to ten years and the lack of precision and predictive power inherent in each of the methodologies. Maintaining a flexible framework that can be applied on a case-by-case basis will enable the Commission to arrive at an ROE determination that meets the requirements of *Hope* and *Bluefield*.

III. REGULATED PIPELINES FACE ASYMMETRIC RISKS THAT THEIR RETURNS ON EQUITY MUST OVERCOME TO ATTRACT INVESTORS

The Commission's NOI comes at a challenging time for the interstate pipeline industry. Following a significant drop in oil prices beginning in 2014, investments shifted out of the regulated natural gas pipeline space and the cost of capital increased, eroding the master limited partnership model.[7] In addition, it became more difficult for pipelines to grow their businesses.

[7] *See, e.g.*, Liz Hoffman, Matt Jarzemsky, and Laura Sanders, *MLP Investors Face Tax Hit On Top of Big Losses*, N.Y. Times, Mar. 9, 2016, available at https://www.nytimes.com/2016/02/21/business/oil-price-drop-may-add-to-tax-bills-for-popular-energy-investments.html ("Investors have soured on the [MLP] structure. The Alerian MLP Index, which tracks about 50 large energy partnerships, has lost nearly half its value over the past 18 months. A number of energy MLPs, including Linn, Breitburn Energy Partners LP and Atlas Resource Partners LP, have debt trading at distressed levels. In an era of low energy prices, the structure may no longer make sense for many companies using it, some advisers said. . . Shunned by institutional investors, MLPs have shallower investor bases, which makes it harder to raise money"); Deloitte, *Back to Basics: Solving the Capital Conundrum of US Midstream Companies* at 6

Natural gas pipeline projects began to require longer lead times to navigate an extended prefiling and certificate process at FERC, and they experienced more challenges to permits at the state and local level. At the same time, the volume of judicial litigation opposing pipeline projects increased. Even as these challenges gained momentum, regulatory pressures mounted as FERC continued to require two to four pipelines annually to defend their rates against investigations under Section 5 of the NGA.

FERC now asks in this NOI whether any changes to its policies concerning public utility ROEs should be applied to interstate natural gas pipelines. For the reasons explained below, Kinder Morgan believes that the Commission's policy for setting ROE for interstate natural gas pipelines should not be tied to its inquiry into returns for public utilities. In our experience, none of the institutional or retail investors in the interstate natural gas pipeline space use the methodologies relied on by the Commission to make investment decisions related to Kinder Morgan and other interstate natural gas companies. These methodologies include the DCF methodology employed by the Commission or the alternative methods utilized in *Coakley*.[8] In today's environment, Kinder Morgan is unlikely to deploy capital to build new projects if its ROEs are limited by the rates produced by the *Coakley* methodologies.

Nonetheless, we recognize that FERC must have methodologies for determining what returns are sufficient to assure confidence in the financial integrity of its regulated pipelines to maintain credit and to attract capital.[9] FERC should be guided by the fact that, since issuing Order No. 636, it has spent nearly three decades cultivating a competitive pipeline environment that has

(2018), available at https://https://bit.ly/2xfllg4bit.ly/2xfllg4 ("Put simply, the entire capital cycle of the [midstream] sector, from sourcing and investing to distribution has come into question, leading to a large-scale exit of retail investors due to negative stock price returns. The share of retail investors (excluding promoters and insiders) in MLPs has fallen from more than 50 percent in 2012 to below 30 percent.").

[8] *Martha Coakley v. Bangor Hydro-Elec. Co.*, 165 FERC ¶ 61,030 (2018) ("*Coakley Briefing Order*").

[9] *Hope*, 320 U.S. at 603.

disciplined pipeline rates, provided innumerable benefits to shippers, and created low energy prices for consumers. For interstate natural gas pipelines, maximum rates are capped, but there are no minimum rates or volumes shippers must pay or flow absent contractual obligations, and therefore, no guarantee of recovering prudently incurred investment for many existing pipelines. As explained in more detail below, this results in pipelines being subject to asymmetric risks, which the Commission should take into account in creating an ROE policy for natural gas pipelines and in exercising its discretion under Section 5 of the NGA.

Cost of service regulation was designed to substitute for the market in circumstances where the regulated entity was thought to be a natural monopoly with guaranteed revenues. Many industries have evolved such that their structure no longer resembles the structure that existed when the regulatory regime was originally put in place. For example, AT&T was the regulated communications monopoly for 100 years. The communications market has evolved well past that and is now largely governed solely by the marketplace. Similarly, the natural gas pipeline industry has evolved. Where markets were once served by only one or two pipelines, there are often multiple pipelines competing for the same market today. The Commission's policies allowing shippers rights to flexible receipt and delivery points, segmentation, and capacity release have created opportunities for pipeline customers to compete with pipelines. The risks regulated natural gas pipelines face today are unlike those faced by the industry when the NGA was enacted. To comply with *Hope* and *Bluefield*, returns must be commensurate with these risks.

A. Competition, such as that created through changes in supply and demand patterns, means that pipelines are not guaranteed recovery of their prudently incurred costs.

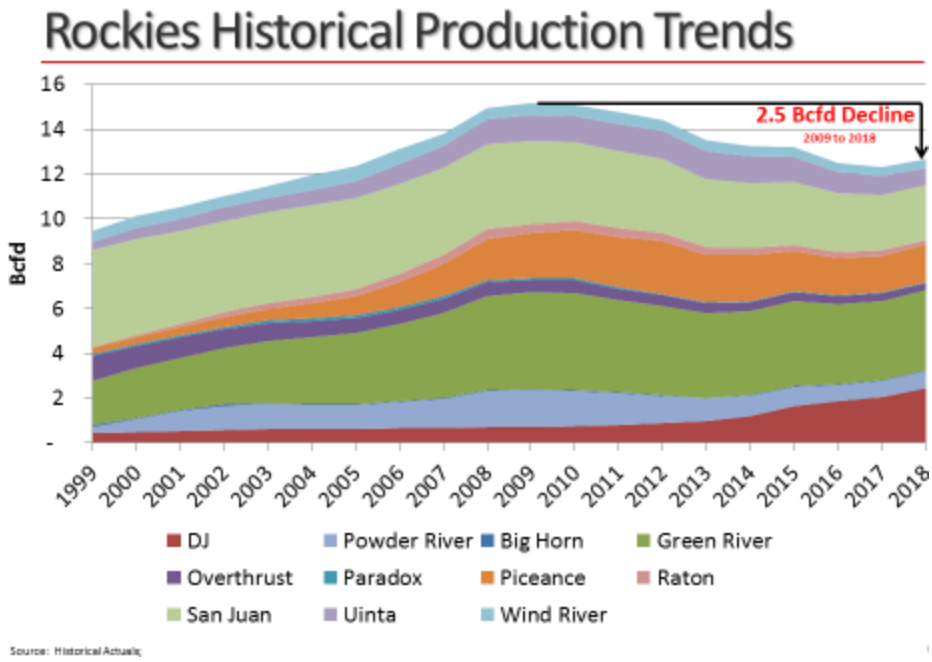
The current natural gas pipeline market structure combines backstop features of cost-of-service regulation, but revenues are far from guaranteed due to competition between pipelines, among producers and marketers, and even on existing pipelines within the secondary markets.

The shale revolution has resulted in many changes to the competitive landscape for natural gas pipelines and customers. This has been a boon for consumers through lower gas and electricity prices and it has been an opportunity for pipeline companies to invest in new projects. But it also has led to diminished demand for service on many existing natural gas pipelines facing changes in gas flows, contracting practices, and the relationship between many pipelines and their shippers. The result is that interstate natural gas pipeline rates are capped by their cost of service, but there is no guarantee the pipeline will be able to collect the maximum rate or attract sufficient volumes to recover their cost of service.

Kinder Morgan's assets in the Rocky Mountains illustrate the point. Prior to the shale gas boom, the Rockies were a premier natural gas producing region made up of predominantly conventional dry gas plays. Wyoming Interstate Company, TransColorado, Ruby, Colorado Interstate Gas (Raton Assets), and Cheyenne Plains were developed as Rockies export pipelines before the shale revolution. Cheyenne Plains, for example, was developed in the mid-2000s at a cost of $367 million[10] and expanded in 2009 at a cost of $18.5 million[11] to move Rockies production to the midcontinent market. It was fully subscribed and had revenue of over $100 million. The increase in gas production from more economic shale formations located much closer to large markets continues to exacerbate Cheyenne Plains' role as a "swing" export pipeline.

[10] Reflects combined construction costs from the original Cheyenne Plains Project in Docket Nos. CP03-302-000, et al., and the Cheyenne Plains Expansion Project in CP04-345-000.

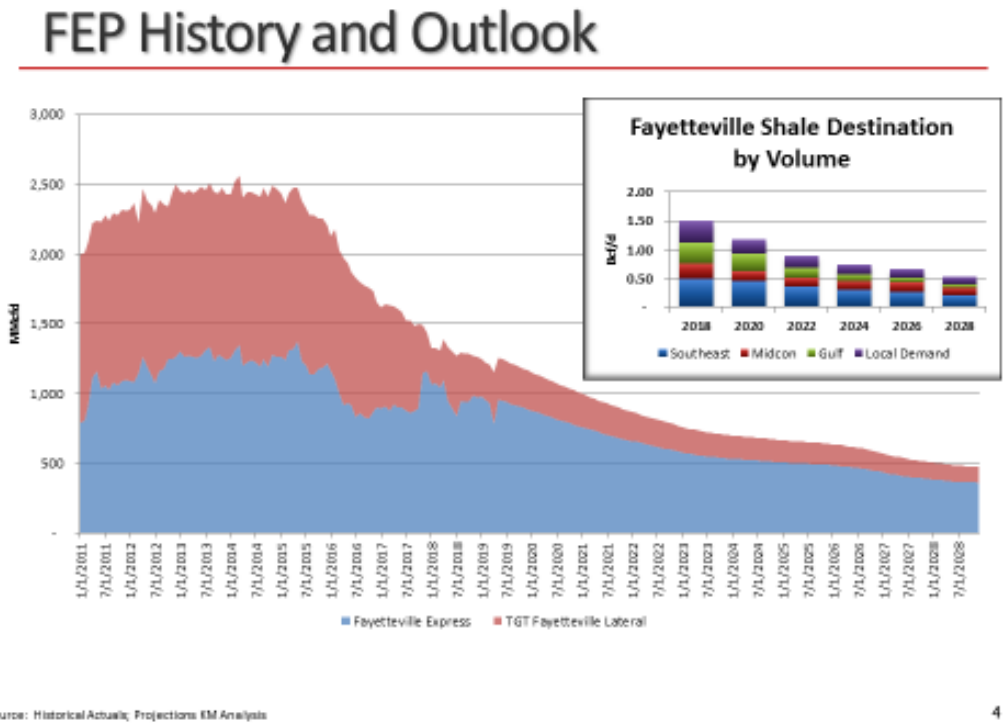
[11] Reflects construction costs from the Cheyenne Plains' Kirk Compressor Expansion Project in Docket No. CP07-128-000.



Today, the asset produces about a third of that revenue, has a current average contract life of less than 1.5 years, and faces significant recontracting risk as producer and marketer contracts expire. The forward market transportation spreads support some level of seasonal contracting, but at a fraction of the pipeline's maximum rates. Producers and marketers have the option to transport on an interruptible basis if economical from time to time, but have a much diminished interest in executing firm contracts.

Examples are not limited to the Rockies. Competition between the Fayetteville Express Pipeline LLC ("FEP") and Texas Gas Transmission, LLC's ("TGT") Fayetteville Lateral ("Fayetteville Lateral") has grown as natural gas production out of the Fayetteville Basin is no longer economical. FEP and the Fayetteville Lateral were built in 2010 and 2008, respectively, to take natural gas from the Fayetteville Shale formation to market. Production from the Fayetteville Shale has sharply declined from a high near 2.5 Bcf/d in 2014/15 to approximately 1.1 Bcf/d today, and is projected to fall to below 0.5 Bcf/d by 2028. In 2017, TGT restructured the contracts of Southwestern Energy Company ("SWN"), a Fayetteville producer, to lower the SWN volume

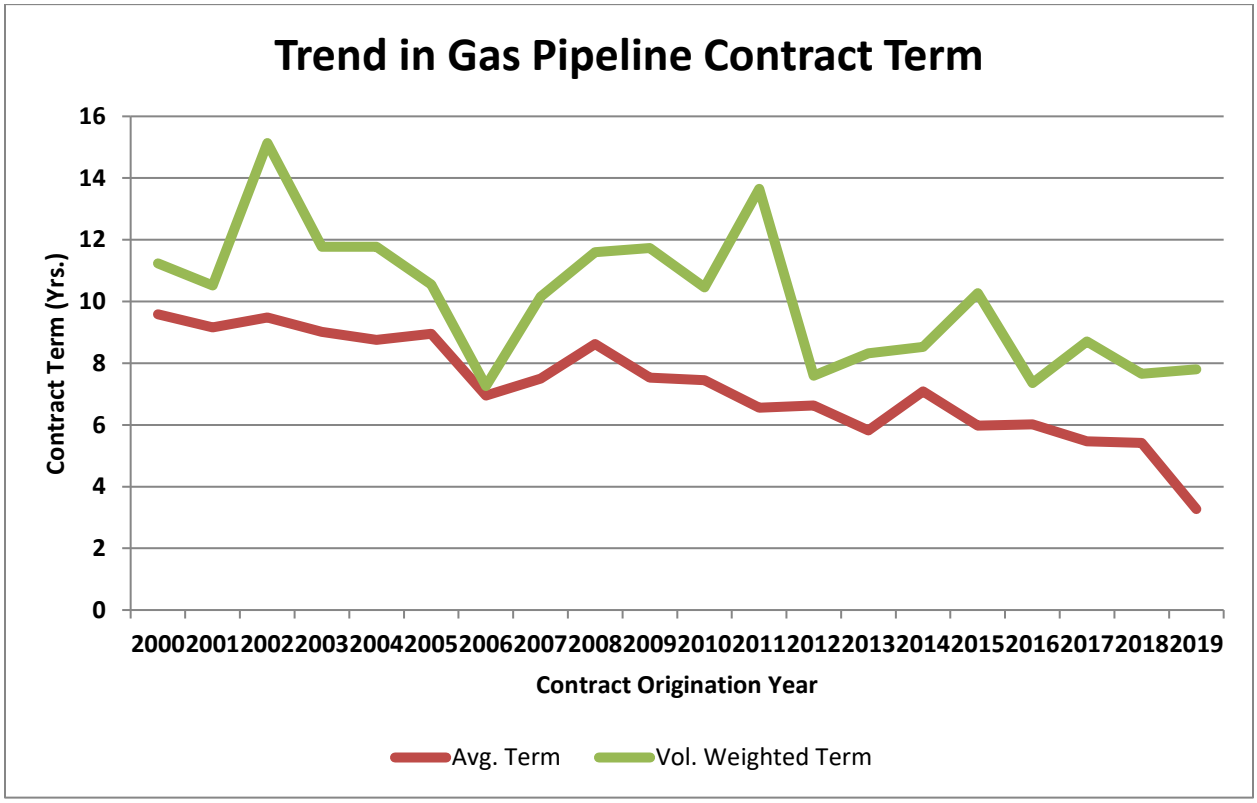
commitments from 2017-2020 in exchange for firm contracts from 2021-2030.[12] TGT required SWN to commit all of its production to TGT in exchange for the restructured volume commitments. With the sharp decline in production from this supply region forecasted to continue to decline, and one major producer exclusively committed to its competitor, FEP has excess capacity and few prospects for recovering a return on its investment. FEP is facing a contract expiration cliff, with earnings before interest, taxes, and depreciation & amortization ("EBITDA") for this asset estimated at less than $10 million after the initial contracts expire versus $150 million before the contract expiration cliff. These examples demonstrate not only the competition pipelines face in today's market, but also how quickly the competitive landscape can change.



Changes in supply and demand fundamentals and increased competition have resulted in increased pressure on pipeline rates as well as contract volumes, terms, and conditions. Pipelines

[12] https://www.swn.com/investors/Press_Releases/2017/SWNPressRelease10022017.pdf. *Texas Gas Transmission, LLC*, 161 FERC ¶ 61,121 (2017).

now rely increasingly on discounted and negotiated rate contracts to attract new shippers and maintain existing shippers. Further, the market determines the value of pipeline transportation services on basis differentials between liquid points, and not the pipeline's cost of service maximum tariff rate, unless the basis differential exceeds the pipeline's maximum tariff rate, in which case the market only pays the maximum tariff rate. Sixty-three percent of the long-term negotiated rate contracts across the Kinder Morgan footprint are below the maximum rate. Contract term length is also trending downward in recent years as shown in the following graph:



These discounted arrangements represent yet another distinction between natural gas pipelines and electric transmission companies.

As a final example, another emerging trend is increased competition from shippers developing pipeline infrastructure. LNG export project developer Tellurian, which announced approximately $7 billion dollars of potential pipeline projects to provide access to approximately

8 BCF/ of Haynesville, Permian, and Appalachia supply for export, is a case study in this kind of competition. In all of the examples in this section, Kinder Morgan continues to vigorously compete, explore new and valuable services for its customers, and operate its assets in the most efficient and optimal manner. Our request simply is that the Commission seriously consider this asymmetric risk when reviewing its ROE policies and when executing on those policies when reviewing just and reasonable rates.

B. Regulatory uncertainty at the local, state, and federal level, including shifts in Commission policies, exacerbates asymmetric risk.

At the beginning of 2018, FERC issued several orders that further unsettled the interstate natural gas pipeline sector generally and MLPs in particular. These included the Notice of Inquiry on Certification of New Interstate Natural Gas Facilities,[13] the Final Rule on Rate Changes Relating to Federal Income Tax Rate,[14] Rate Changes Relating to Federal Income Tax Rate,[15] and the Notice of Proposed Rulemaking on Public Utility Transmission Rate Changes to Address Accumulated Deferred Income Taxes.[16] These orders and initiatives created risk and uncertainty at the very moment that stability and certainty are needed to encourage investment in our nation's energy infrastructure. In the three days following the Commission order removing the ability of pipelines owned by MLPs to recover an income tax allowance, the major energy infrastructure companies (publicly traded C-Corps. and MLPs) experienced over $25 billion in market value destruction.[17] Kinder Morgan, Inc., which had moved away from the MLP structure years before, experienced nearly a 10% decline in share price in the days following the announcement.

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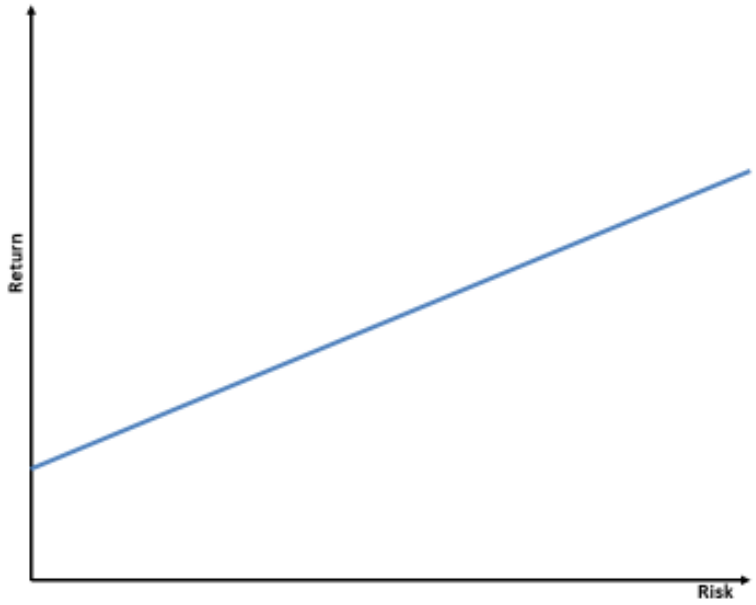
[13] 163 FERC ¶ 61,042 (2018).
[14] *Interstate and Intrastate Natural Gas Pipelines; Rate Changes Relating to Federal Income Tax Rate*, Order No. 849, 83 *Fed. Reg*. 36,672, 164 FERC ¶ 61,031 (2018), *reh'g denied*, Order No. 849-A, 167 FERC ¶ 61,051 (2019).
[15] 162 FERC ¶ 61,226 (2018).
[16] 165 FERC ¶ 61,117 (2018).
[17] *See* Stephen Cunningham, et al., "Pipeline Stocks Plunge After FERC Kills Key Income-Tax Allowance," Bloomberg (Mar. 15, 2018), https://www.bloomberg.com/news/articles/2018-03-15/pipeline-stocks-plunge-after-ferc-kills-key-income-tax-allowance.

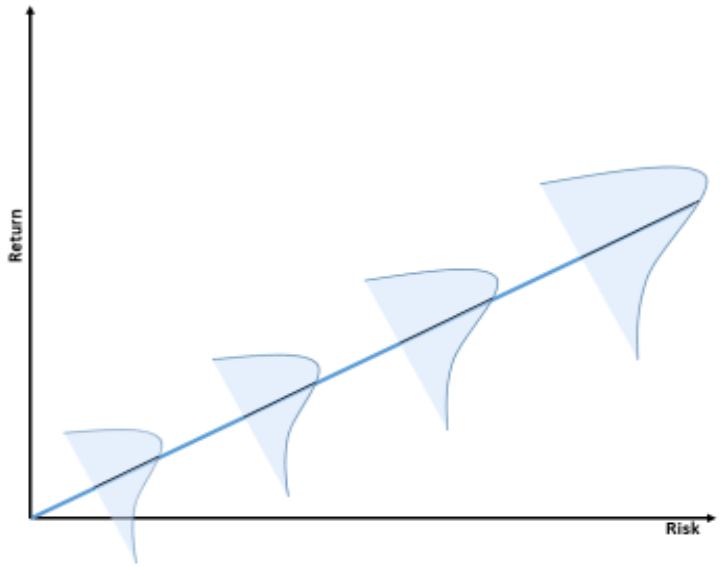
Kinder Morgan navigated the extensive, expensive, and resource-intensive Form 501-G process by working closely with its customers, as it has done since its inception. Kinder Morgan initiated settlement discussions on two of its largest natural gas pipelines—Tennessee and El Paso. To the Commission's credit, it gave Kinder Morgan and its customers the opportunity to negotiate successful resolutions by either postponing the obligation to file a Form 501-G (Tennessee) or postponing action pending good-faith negotiations (El Paso). A FERC-initiated Section 5 proceeding against Bear Creek Storage Company was resolved quickly. The Commission has yet to act on two Kinder Morgan pipelines, both of which are under Section 4 and Section 5 moratoria agreed upon with customers as a fundamental feature to earlier settlements.

The impact of regulatory risk on natural gas pipeline investments is real and significant, and should inform the Commission's ROE policy and implementation through Section 4 and 5 proceedings. In examining the impact, it is helpful to begin with the textbook relationship between risk and return:



Increased risk requires opportunities for the investor to earn higher returns under this traditional model. As explained by Howard Marks in *The Most Important Thing Illuminated*, increased risk does not guarantee higher returns. Greater uncertainty simply guarantees the risk of occurrence (with a higher probability) of a particularly bad outcome. Therefore, the investor is incentivized to put money into a risky investment only if the greater possible downside is coupled with a greater possible upside.

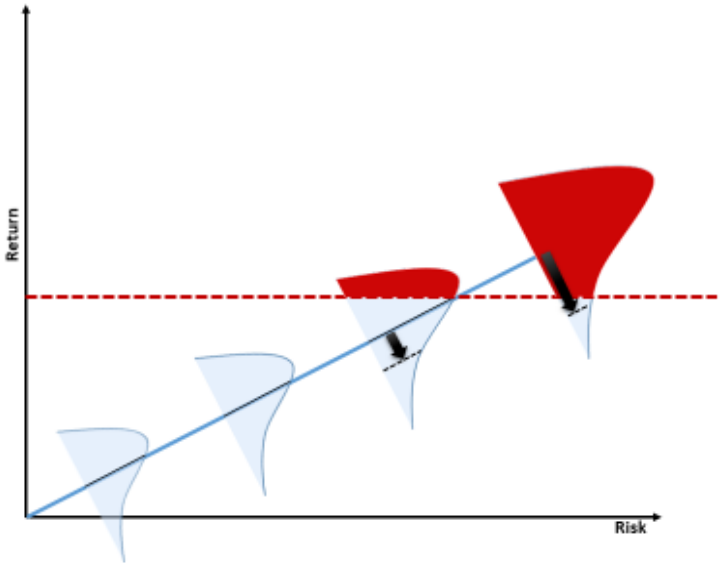
Marks illustrates the relationship like this:



This revised framework demonstrates a more realistic correlation between risk and return. An investor might experience astronomical returns or astronomical losses with riskier investments.

This analytical framework gets distorted if there is a cap placed on the upside returns. This distortion is amplified when that cap is lowered or threatened to be lowered. Investors in the regulated space understand the tradeoffs of regulated industries and the limitations associated with just and reasonable returns. But when the Commission annually directs several pipelines to show

cause as to why their rates which previously have been determined to be just and reasonable may no longer be through a mechanical review of pipeline returns on equity using Form 2 data, the fundamentals that those investors evaluated in order to make their investments change and the possibility of earning higher returns for this risk evaporates. This following graph illustrates this point.



The more the Commission cuts pipeline returns on equity (illustrated by the dotted red line), the more asymmetric risk it introduces into the system (limited upside vs. unlimited downside), repelling rather than attracting capital, and creating more risk at a lower return. Further, this reduction in potential upside also shifts the average expected return towards the lower end of the return distribution (illustrated by the dotted blue line). This asymmetric risk is not encompassed in any of the return methodologies used, or proposed to be used, by the Commission. The Commission should approach the determination of returns in a pragmatic manner that recognizes and accounts for all forms of risk. Kinder Morgan is not arguing for the Commission

to stop fulfilling its statutory obligation to protect the consumer; rather, the Commission should allow the interstate natural gas pipeline business to return to a more stable period, prior to 2009 when Section 5 proceedings were initiated because of customer complaints, rather than through an annual "draft" system.

To be clear, Kinder Morgan understands that the Commission is bound by law to ensure that rates do not become unjust and unreasonable and, that if it determines through an evidentiary hearing that rates are no longer just and reasonable, the Commission must further ensure that any new proposed rates are, themselves, just and reasonable. But initiating Section 5 proceedings absent a customer complaint (and before even contacting the target pipeline to ensure the Commission fully understands that pipeline's particular supply and demand dynamics) disrupts investor and customer expectations, which were formed and acted upon pursuant to that pipeline's filed rate.

There is no economic evidence that the Commission needs to take an activist role in driving down pipeline rates of return. Most customers on interstate natural gas pipelines are sophisticated consumers of natural gas and many even have the choice to use other fuels. The integrated, open access nature of the interstate natural gas pipeline grid allows customers more choice in gas sales contracts as well as among natural gas transporters. The consumer can initiate a complaint itself, choose not to continue to contract with that pipeline, or request a negotiated or discounted rate to protect itself against rate increases. The open access market created by the Commission is fungible enough to protect the consumer from excessive charges and the market will signal to the customer when the customer needs to react. Indeed, Kinder Morgan prides itself on customer service and works closely with its customers to tailor its rates and services through negotiations, discounts, and special tariffs to meet the needs of its customers. A lack of customer complaints is direct

evidence that customers are receiving the services they need at a value they deem appropriate and reasonable.

C. Interstate pipelines face counterparty risks, due in part to the Commission's successful restructuring that unlocked interstate pipelines for producers and marketers, and in part to the Commission's policies, which disproportionately restrict an interstate pipeline's ability to obtain adequate credit support from shippers on existing capacity.

Restructuring has expanded access to interstate pipelines and resulted in a more diverse customer base. Natural gas pipelines link natural gas production areas and storage facilities with existing and expanding markets, and provide transportation service to a variety of shippers, including producers, marketers, and developers of LNG export terminals. As a general matter, shippers such as producers and marketers that are dependent on commodity price have a higher risk profile than entities regulated by their local government. In the past, shippers consisted of the major oil companies of the world such as ExxonMobil and Conoco. The post-restructuring market includes smaller and mid-size producers. These producers are more dependent on commodity price and have a higher risk profile than the major producers. Other shippers, such as marketers and LNG export developers, often have such sensitivities to commodity risks as well. For example, on Ruby Pipeline, LLC ("Ruby"), which entered service in 2011, Berry Petroleum Company ("Berry") was an anchor shipper and held three firm transportation contracts. In 2016, Berry and its corporate parent company, oil and gas producer Linn Energy, LLC, filed for Chapter 11 bankruptcy following the global fall in commodity prices.[18] In its subsequent bankruptcy proceedings, Berry rejected its contracts with Ruby, and Ruby's only recourse was to file a claim

[18] *See* https://www.reuters.com/article/us-linn-energy-bankruptcy-idUSKCN0Y22L7. "Like many others in our industry, Linn has been impacted by continued low commodity prices. We believe that these steps will provide us the financial flexibility to successfully manage in the current commodity price environment," Chief Executive Officer Mark Ellis said in a statement.

in the bankruptcy proceeding. Ruby's claim valued the loss of the contract at slightly more than $45 million. Ruby received slightly less than $15 million, resulting in a loss of more than $30 million.[19]

This increased counterparty risk can be exacerbated by the Commission's policy on credit. The Commission's general policy limits pipelines to collateral or security worth three months of reservation charges for shippers with existing capacity if those shippers fail to meet the creditworthiness requirements provided in pipelines' tariffs.[20] Despite the pipelines' counterparty credit risk having increased with the more diverse shipper base, pipelines remain unable to seek additional credit or collateral from these riskier counterparties. The Commission should consider these changes in counterparty risk (as well as its creditworthiness policies) when evaluating returns on equity for interstate natural gas pipelines.

D. Interstate natural gas pipelines face long term risk created by growing support for energy decarbonization.

Another emerging uncertainty facing the natural gas pipeline industry is the growing support for energy decarbonization and the use of intermittent resources such as wind and solar. This uncertainty creates a risk for both project development and for the terminal value of assets that the Commission should recognize when developing an ROE for an interstate natural gas pipeline.

As the Commission well knows, pipeline projects are being challenged on environmental grounds with greater frequency and at multiple stages of the permitting and certificating process.

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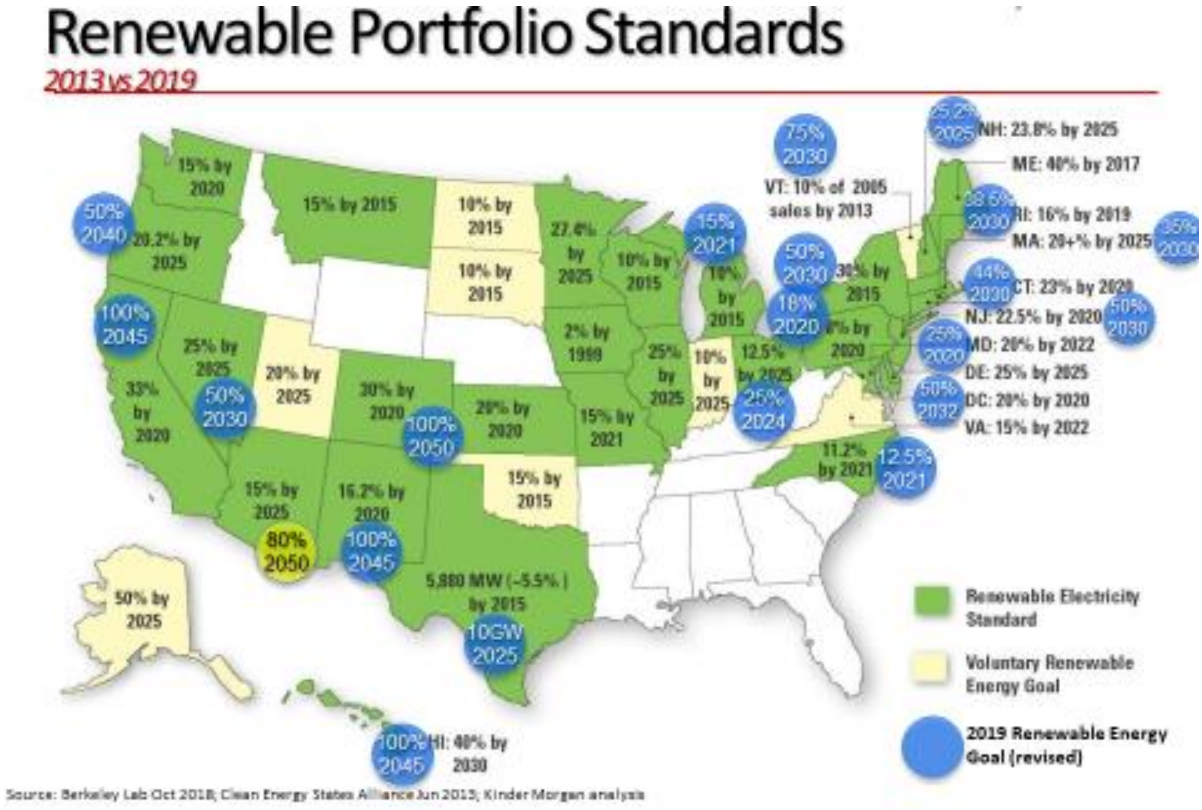
[19] In a more recent example, Vanguard Natural Resources Inc. ("Vanguard") filed a petition on March 31, 2019 under Chapter 11 with nearly $1.2 billion in debt. Vanguard's predecessor previously filed under Chapter 11 in February 2017. Vanguard is a shipper on Wyoming Interstate Company, L.L.C. *See* Olivia Pulsinelli, *Houston Energy Co. Files Second Chapter 11 Bankruptcy in Two Years*, Houston Business Journal, Apr. 2, 2019, https://www.bizjournals.com/houston/news/2019/04/02/houston-energy-co-files-second-chapter-11.html.

[20] *Policy Statement on Creditworthiness for Interstate Natural Gas Pipelines and Order Withdrawing Rulemaking Proceeding*, FERC Stat. & Regs., Regulation Preambles 2001-2005 ¶ 61,191 at P 11 (June 16, 2005).

Kinder Morgan takes its public and environmental responsibilities and obligations extremely seriously. For every project, Kinder Morgan undertakes extensive, multi-disciplined analysis to develop economic and environmentally responsible solutions to serve its customers. This occurs before the projects go through FERC's extensive and rigorous environmental review processes. Notwithstanding these safeguards, projects continue to be challenged at every point along the project development timeline at the local, state, and federal levels. These challenges come with the territory and Kinder Morgan does its best to plan for and navigate them, responding to the needs of its customers while being sensitive and receptive to other stakeholder concerns and proposed solutions. But risks driven by environmental concerns remain and continue to grow, putting pressure on the ability to attract capital without correspondingly sufficient returns.

Another element to project risk is evaluating the terminal value of an asset. Terminal value is the value of a project at the end of a defined period of time. This value has changed as uncertainty related to the economic life of natural gas infrastructure emerges with the introduction of renewables as a source for power generation. The following map articulates renewable portfolio standard policies and helps illustrate uncertainty related to the economic life of natural gas infrastructure:



The map demonstrates the increasing number of states that have renewable portfolio standards or renewable portfolio goals. Renewables will continue to gain momentum.[21] Regardless, natural gas has an essential role to play in the clean energy future. There are also many near term advantages for the interstate pipelines as generators adjust to legislation requiring 100% clean energy. Indeed, in New York State, a major market for one of the Kinder Morgan natural gas pipelines, legislators recently agreed to pass legislation seeking to reach a net zero position on greenhouse gas emissions by 2050.[22] Generators will need more gas infrastructure as well as more innovative services and facilities to answer the legal requirement for diversity in the generation

[21] *See generally* Energy Information Administration, Annual Energy Outlook 2019 (Jan. 24, 2019), available at https://www.eia.gov/outlooks/aeo/.

[22] *New York to Approve One of the World's Most Ambitious Climate Plans,* https://www.nytimes.com/2019/06/18/nyregion/greenhouse-gases-ny.html (June 18, 2019).

mix.[23] Nonetheless, there are also enthusiastic views of the future of interstate natural gas pipelines – informed by the benefits of natural gas as a dynamic, clean-burning, and versatile fuel, and the economic challenges facing nuclear and coal facilities.

These divergent viewpoints create uncertainty. Will the pipeline be able to recover its investment, let alone earn a return on that investment? Kinder Morgan believes that there is a strong need, benefit, and future for natural gas infrastructure and transportation service, especially in a future with greater penetration of intermittent generation resources. But uncertainty around how, when, and where that penetration will occur increases risk and, as discussed above, this greater risk requires that pipelines be provided the opportunity to earn greater returns.

IV. IN LIGHT OF THE RISKS DESCRIBED ABOVE, ADOPTION OF THE PRESCRIPTIVE METHODS PROPOSED IN THE COAKLEY BRIEFING ORDER AND NOI WOULD NOT ALLOW PIPELINES TO EARN A SUFFICIENT RATE OF RETURN.

Prescriptive or formulaic methodologies are unlikely to produce a rate of return on equity that meets the *Hope* and *Bluefield* standards of capital attraction and credit maintenance. As noted in detail above in Section III. of these comments, investors in interstate pipelines demand higher returns than investors in the regulated utilities discussed in *Coakley*, in order to account for the numerous and substantial risks reflective of today's competitive interstate natural gas pipeline industry detailed above. Accordingly, in determining which methodologies to consider for purposes of determining the rate of return on equity for ratemaking purposes, the Commission must account for these risks and avoid prescriptive, rigid approaches in favor of flexibility and a case-by-case approach to best ensure that the requirement of *Hope* and *Bluefield* can be met.

[23] As coal and nuclear facilities retire, reliable base load generation facilities, such as gas fired combined cycle units, will be needed. *The Role of Natural Gas in the Transition to a Lower-Carbon Economy,* Prepared by Black & Veatch Management Consulting, LLC for The INGAA Foundation, May 2019, at 16-17.

Fundamentally, "in order to attract capital, riskier investments have to offer the prospect of higher returns, or higher promised returns, or higher expected returns."[24] The Court in *Hope* recognized this concept when it stressed the regulator's obligation to view returns from the investor or company point of view and the need to factor in the capital costs of doing business. These include "service on debt and dividends on the stock."[25] As the Commission noted, "in determining what ROE to award a utility, *we must look to how investors analyze and compare their investment opportunities*."[26] Because investors do not use just one method to make investment decisions, the Commission concluded that the cost of equity estimates based on all four of the methods it selected are a reasonable measure of investor expectations since they are among the information that investors rely upon to make investment decisions.[27]

As an initial matter, the Commission itself recognized that additional evidence may be necessary at times to determine if a rate of return on equity is sufficient to meet *Hope's* capital attraction standard. In *Martha Coakley v. Bangor Hydro-Elect, Co.*,[28] the Commission expressed concerns that its prescribed method of determining the rate of return on equity by using the midpoint of the proxy group of its discounted cash flow model would not be sufficient to ensure that the selected rate of return on equity meets the capital attraction requirement given the "anomalous" capital market conditions including bond yields that were at historic lows. As a

[24] Marks, Howard, The Most Important Thing Illuminated: Uncommon Sense for the Thoughtful Investor (Columbia Business School Publishing 2013) at p. 41. *See also Coakley Briefing Order* at P 33.
[25] *Hope*, 320 U.S. at 603. In *Hope*, the Court was concerned that a regulated entity must be able to "maintain its credit and to attract capital." *Id*. Although the standard of maintain credit is not discussed in these comments, the standard must also be considered in assessing whether the rates for services are just and reasonable. In a particular case, maintaining credit may be critical to the financial integrity of the entity. As such, any evidence that would bear on the adequacy of a rate of return on equity maintaining credit to protect the financial integrity of the entity should be permitted consistent with *Hope*.
[26] *Coakley Briefing Order* at P 33 (emphasis added).
[27] *Coakley Briefing Order* at P 35. The Commission, however, did not explain why the use of only the four methods and the manner it uses them to construct a proxy group would actually be a reasonable approximation of investors' conclusions and expectations.
[28] 147 FERC ¶ 61,234 (2014) at PP 144-45 & n.285; *see also Coakley Briefing Order* at P 4.

result, the Commission found it necessary to consider additional record evidence. We agree. A flexible approach permits the Commission to ensure the capital attraction standard has been met.

Unfortunately, the ratemaking process the Commission actually employs does not determine ultimately whether the rate of return on equity selected will in fact meet the capital attraction standard. The Commission determines the "appropriate" return on equity to use in the calculation of the return allowance to be included in the total cost of service. The rate of return on equity is used with the debt cost and the preferred equity cost along with capital structure to determine an overall rate of return. This overall rate of return is applied to the rate base to calculate the return allowance which is included in the total cost of service.

It is the impact of the final rates rather than the use of any individual formula or methodology that ultimately determines whether the end result is just and reasonable under the NGA.[29] From the investors' point of view, as noted in *Hope*, there must be sufficient revenue to cover debt service and returns on the stock. Ultimately, regulated rates must "reasonably be expected to maintain financial integrity, attract necessary capital, and fairly compensate investors for the risks they have assumed, and yet provide appropriate protection to the relevant public interests, both existing and foreseeable."[30]

To ascertain the actual views and expectations of investors as required by *Hope*, it is necessary to consider investors' views directly, in addition to the models provided in financial theory. As the Commission has recognized, these models have inherent limitations and errors.[31] The views of research analysts and investors, therefore, should be accorded substantial weight. As

[29] *See Hope*, 320 U.S. at 602; *Jersey Cent. Power & Light Co. v. FERC*, 810 F2d 1168, 1176 (D.C. Cir. 1987).
[30] *Jersey Cent. Power & Light Co.*, 810 F.2d at 1177 (quoting *Permian Basin Area Rate Cases*, 390 U.S. 747, 792 (1968)).
[31] *Coakley Briefing Order* at P 38.

a practical matter, it is impossible to survey all current and potential investors of a company to solicit their views and expectations. One source of information on the views of investors is the information provided by investor research analysts.[32] These research analysts offer and provide industry research reports which include sophisticated and detailed data and commentary on individual pipeline companies to investors. The reports are supported by rigorous analysis,[33] as well as frequent communication with pipeline company management and investors.[34] At a minimum, their reports are a ubiquitous source of information that shape investor expectations directly and, in some cases, are a direct reflection of investor expectations. As discussed below, to meet the capital attraction test, any policy adopted to determine the appropriate rate of return for pipelines must be flexible.

Research analysts change their focus based on economic circumstances. Prior to the erosion of the master limited partnership model (a structure that required most of the cash flow to be paid out in distributions), research analysts were likely to estimate total potential returns to investors using a dividend yield plus growth formula.[35] Today, many companies no longer have the full payout feature associated with the master limited partnership model and have different alternatives for free cash flow. One of these alternatives is debt reduction which results in equity investors owning a larger interest in the company.[36] Another alternative is a company purchasing its own

[32] *See Portland Gas Transmission System*, 150 FERC ¶ 61,107 at P 215 (2015) ("major investment advisory services such as S&P have many subscribers, and thus their opinions are highly relevant to a determination of how investors evaluate the risks of any particular investment").
[33] *See, e.g., Midstream Monthly Outlook May 2019*, Wells Fargo Securities, LLC, (May 6, 2019).
[34] Kinder Morgan routinely engages in this important dialogue with research analysts and institutional investors during investor calls, investor conferences analyst days and "road" shows. *See, e.g., Kinder Morgan Inc (KMI) – KMI Analyst Day Takeaways*, Citi Research, a division of Citigroup Global Markets Inc., (Jan. 23, 2019). It is our understanding that this is a part of the normal course of business for publically traded entities in the natural gas interstate pipeline business.
[35] *See Midstream Monthly Outlook May 2019*, Wells Fargo Securities, LLC, Exhibit 21 – Evolving Midstream Playbook (May 6, 2019).
[36] *See id.* at Exhibits 3, 21 & 29; *Master Limited Partnerships: Transcript from Fireside Chat "What Brings Back the Retail Investor?"* at 10, UBS Securities LLC (May 2, 2019).

stock, which reasonably may be expected to create greater shareholder value.[37] Therefore, research analysts are more likely to include cash used for share buybacks and debt paydown in addition to dividends when estimating total returns. [38]

Research analysts are also more likely to triangulate among multiple valuation methodologies, such as dividend (or distribution) discount model (often referred to as the "DDM"), enterprise value dividend by earnings before interest, taxes, and depreciation & amortization (often referred to as "EV/EBITDA") and distributable cash flow per share multiples and sum-of-the-parts valuation, instead of just yield-based valuation.[39] Additionally, analysts will craft their return calculations to incorporate the specific circumstances of each company.[40] This approach better reflects the changes in our industry as well as current market practices. These changes include (1) an "emphasis on growing distributable cash flow per unit" rather than dividends, (2) "capital spending discipline" that uses internally generated cash flows and targets higher returns given alternative uses of cash, rather than relying on external funding, (3) "maximizing returns on invested capital" by optimizing the asset base, and (4) a trend towards "lower leverage, higher coverage" to reduce the risk of future dividend cuts and the need for external equity capital.[41]

[37] *See Midstream Monthly Outlook May 2019*, Wells Fargo Securities, LLC, Exhibit 21 – Evolving Midstream Playbook (May 6, 2019).
[38] *Id. See also Weekender: Will Yield Make a Comeback?,* Wells Fargo Securities, LLC (May 29, 2019); *Master Limited Partnerships: Transcript from Fireside Chat "What Brings Back the Retail Investor?",* UBS Securities LLC (May 2, 2019); *Midstream Monthly Outlook June 2019*, Wells Fargo Securities, LLC (June 5, 2019); *Midstream Monthly Outlook May 2019*, Wells Fargo Securities, LLC, Exhibit 21 – Evolving Midstream Playbook (May 6, 2019).
[39] *See id.*
[40] *See Midstream Monthly Outlook May 2019*, Wells Fargo Securities, LLC (May 6, 2019): *U.S. MLPs/U.S. Diversified Natural Gas Energy Infrastructure Weekly* Barclays Bank PLC, (Mar. 25, 2019); *Kinder Morgan Inc (KMI) – KMI Analyst Day Takeaways*, Citi Research, a division of Citigroup Global Markets Inc. (Jan. 23, 2019).
[41] *See id.*

Most research analysts now use and rely to various degrees on the "DDM," EV/EBITDA models, price/distributable cash flow models and sum-of-the-parts models to value enterprises.[42] In addition, other factors are examined such as free cash flow, coverage ratios, leverage ratios, capital expenditures, sources and uses of cash, projects, and regulatory risk.[43] Interestingly, the Commission's proposed ROE methodologies appear either not to be relied upon by the investment community or to be used to estimate an ROE. Instead, research analysts use financial models that focus on determining future stock price or enterprise value to estimate investor returns rather than by calculating a rate of return on equity.[44] The models used in the proposed methodology in the *Coakley Briefing Order* estimate a theoretical cost of equity, but do not directly incorporate the views and expectations of investors as to the return they require in order to invest in the equities of a stock, i.e., to attract capital. However helpful these models may be, they do not directly assess modern investor expectations. As such, the Commission's approach on ROE cannot be purely formulaic but must be flexible enough to allow consideration of other relevant financial models relied upon by investors in order to ensure that the capital attraction requirement is met.

With the significant consolidation of the interstate natural gas pipeline industry, only a few traded companies hold the majority of interstate natural gas pipelines.[45] These holding companies

[42] *See Midstream Monthly Outlook May 2019*, Wells Fargo Securities, LLC, Comp Tables – Ratings and Assumptions & Evaluation Metrics (May 6, 2019); *U.S. MLPs/U.S. Diversified Natural Gas Energy Infrastructure Weekly*, Barclays Bank PLC, MLP Valuation (Mar. 25, 2019).

[43] *See Midstream Monthly Outlook May 2019*, Wells Fargo Securities, LLC, Exhibit 5 – Risks to Our Outlook, Comp Tables – Summary Comparative Table & Sources and Uses of Cash (2019E) (May 6, 2019); *U.S. MLPs/U.S. Diversified Natural Gas Energy Infrastructure Weekly*, Barclays Bank PLC, at p. 6-7 and MLP Valuation (Mar. 25, 2019).

[44] *See Midstream Monthly Outlook May 2019*, Wells Fargo Securities, LLC, Comp Tables – Ratings and Assumptions & Evaluation Metrics (May 6, 2019); *Kinder Morgan Inc (KMI) – KMI Analyst Day Takeaways*, Citi Research, a division of Citigroup Global Markets Inc., at 2 (Jan. 23, 2019); *U.S. MLPs/U.S. Diversified Natural Gas Energy Infrastructure Weekly*, Barclays Bank PLC, MLP Valuation (Mar. 25, 2019).

[45] *Composition of Proxy Groups for Determining Gas and Oil Pipeline Return on Equity*, 123 FERC ¶ 61,048 at PP 7 & 9 (2008) (Commission noted "most gas pipelines are wholly-owned subsidiaries and their common stocks are not publicly traded" and "Mergers and acquisitions have reduced the number of publicly traded corporations with natural gas pipeline operations.").

may also own, in whole or in part, other types of midstream businesses, such as gathering and intrastate, in the United States or in Canada or non-pipeline businesses.[46] Interstate pipelines emphasize maintaining capital spending at or below cash flows to permit internal financing instead of relying as much on external funding for investment capital. As the holding companies rely more and more on internally generated cash flows to fund future investments, the companies themselves have become the most important investors in their individual subsidiaries. Ultimately, an investor is someone who chooses to deploy capital, regardless of whether the choice is between two companies or two projects. Senior management of these companies are the investors that ultimately select which projects will go forward and have become an important component of the investment community as they allocate a significant percentage of overall capital for interstate natural gas pipelines. Thus, the Commission must be cognizant of this type of investor and, consistent with *Hope*, ensure that the rate of return on equity selected in the ratemaking process is sufficient to attract capital of the internal investor and ultimately the shareholders. Again, this indicates that the methods the Commission employs must be flexible enough to allow evidence about whether a return on equity is sufficient to attract the capital of the internal investor and shareholders.

Failure to meet the capital attraction test will eventually have negative impacts upon natural gas consumers. If the rates of return on equity for interstate natural gas pipelines are insufficient to attract capital, distortions in the allocation of resources can occur. External and internal investors may choose to invest in other companies or assets with greater returns, which could

[46] *See id.* at P 9. (Commission stated most of the remaining corporations are engaged in such significant non-pipeline business that their pipeline business accounts are significantly less than 50 percent of their assets or operating income.)

ultimately reduce the amount of interstate pipeline capacity available to the market and in turn, lead to higher prices or reduced gas services.[47]

The natural gas industry has previously been challenged by a regulatory regime that did not permit adequate returns. Before the enactment of the Natural Gas Policy Act of 1978 ("NGPA"),[48] the wellhead price of natural gas dedicated to interstate commerce was regulated by the Federal Power Commission, while the wellhead price in the intrastate market remained unregulated.[49] The regulated price was inadequate in the interstate market and ultimately deterred exploratory and developmental drilling, decreasing the total quantity of gas available to the market (i.e., the price was inadequate to attract capital).[50] This decrease disproportionately impacted the interstate gas supply because producers who had the option to sell gas in the growing intrastate market at higher unregulated prices increasingly did so, including new production.[51]

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[47] *See New England Energy Market Outlook – Demand for Natural Gas Capacity and Impact of the Northeast Energy Direct Project*, at 5, ICF International (2015) (Commissioned by Kinder Morgan, Inc., the study finds, in part, that pipeline capacity constraints will raise natural gas and electric prices to increase. *See also* Mark Harrington, *National Grid stops processing new natural gas service applications*, Newsday, May 16, 2019, https://www.newsday.com/business/national-grid-pipeline-new-applications-1.31163881 (natural gas utility suspended receipt of new applications of service due to shortage of pipeline capacity); *About the Westchester Natural Gas Moratorium*, Consolidated Edison, Inc., https://www.coned.com/en/save-money/convert-to-natural-gas/westchester-natural-gas-moratorium/about-the-westchester-natural-gas-moratorium (company explains its moratorium on new service interconnections due to interstate pipeline constraints); Colin A. Young, *Natural Gas Hookups off limits in more Mass. Towns*, Boston Business Journal, Feb. 19, 2019, https://www.bizjournals.com/boston/news/2019/02/19/natural-gas-hookups-off-limits-in-more-mass-towns.html (article describes moratoriums on new gas hook ups due to inadequate natural gas infrastructure including interstate natural gas pipelines).

[48] 15 U.S.C. §§ 3301-3432 (2018).

[49] *See* Richard J. Pierce, Jr., Natural Gas Regulation, Deregulation, and Contracts, 68 Va. L. Rev. 63, 67-69 (1982) ("Pierce").

[50] *Id.* at 69.

[51] *Id.*; *see also Egan Hub Partners, L.P.*, 73 FERC ¶ 61,334, at 61,930 (1995) (NGPA was passed to reduce the restraints on the flow of gas between interstate and interstate markets to remedy supply and demand imbalances. When the NGPA was promulgated in 1978, substantial amounts of gas were locked into the intrastate market in the face of nationwide supply shortages.); *Public Service Co. of New Mexico*, 25 FERC ¶ 61,469, at 62,053 n.123 (1983) (Price controls in the regulated interstate market made that market unattractive to producers who sold their reserves in the unregulated intrastate markets. One of Congress' primary objectives in enacting the NGPA was to put an end to that dual market) (internal citations omitted). *Maryland People's Counsel v. FERC*, 761 F.2d 768, 770 (D.C. Cir. 1985) (Because producer prices were fixed at below market, a large discrepancy developed between the price for interstate gas and the price for unregulated intrastate gas resulting in the withholding of gas from the interstate market).

As a result, shortages occurred in the interstate market and, by 1977, relatively little new gas was reaching the interstate market, resulting in the total interstate supply only meeting approximately seventy-five percent of the interstate demand.[52] In response, the gas intensive industries relocated to where they could access intrastate gas.[53] The burden of the interstate shortage fell most heavily on residential consumers.[54]

Similarly, to the extent the Commission fails to provide a rate of return on equity that will produce rates that will generate sufficient revenues to attract capital, natural gas consumers whose gas is delivered by the interstate network may suffer the consequences. Implementing the requirements of *Hope*, as evidenced by history, creates an excellent policy underpinning to help avoid these consequences.

V. CONCLUSION

For all of the foregoing reasons, Kinder Morgan respectfully requests that the Commission (1) recognize that interstate natural gas pipelines and electric utilities operate under different regulatory structures that create different degrees of business risks; (2) facilitate consideration of the asymmetric risks faced by the regulated natural gas pipeline industry in order to meet the standards for capital attraction as required by *Hope* and *Bluefield*; and (3) maintain a flexible framework to approach ROE on a case-by-case basis for interstate natural gas pipelines.

[52] Pierce at 70.
[53] *Id.*
[54] *Id.* at 70 n.28 (citing Breyer & MacAvoy, The Natural Gas Shortage and the Regulation of Natural Gas Producers, 86 Harv. L. Rev. 941, 941-42 n.5 (1973)).

Respectfully submitted,

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On Behalf of the Kinder Morgan Natural Gas Entities

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Document Content(s)

PL19-4 KM Comments 2019-06-26.PDF.....1-30