



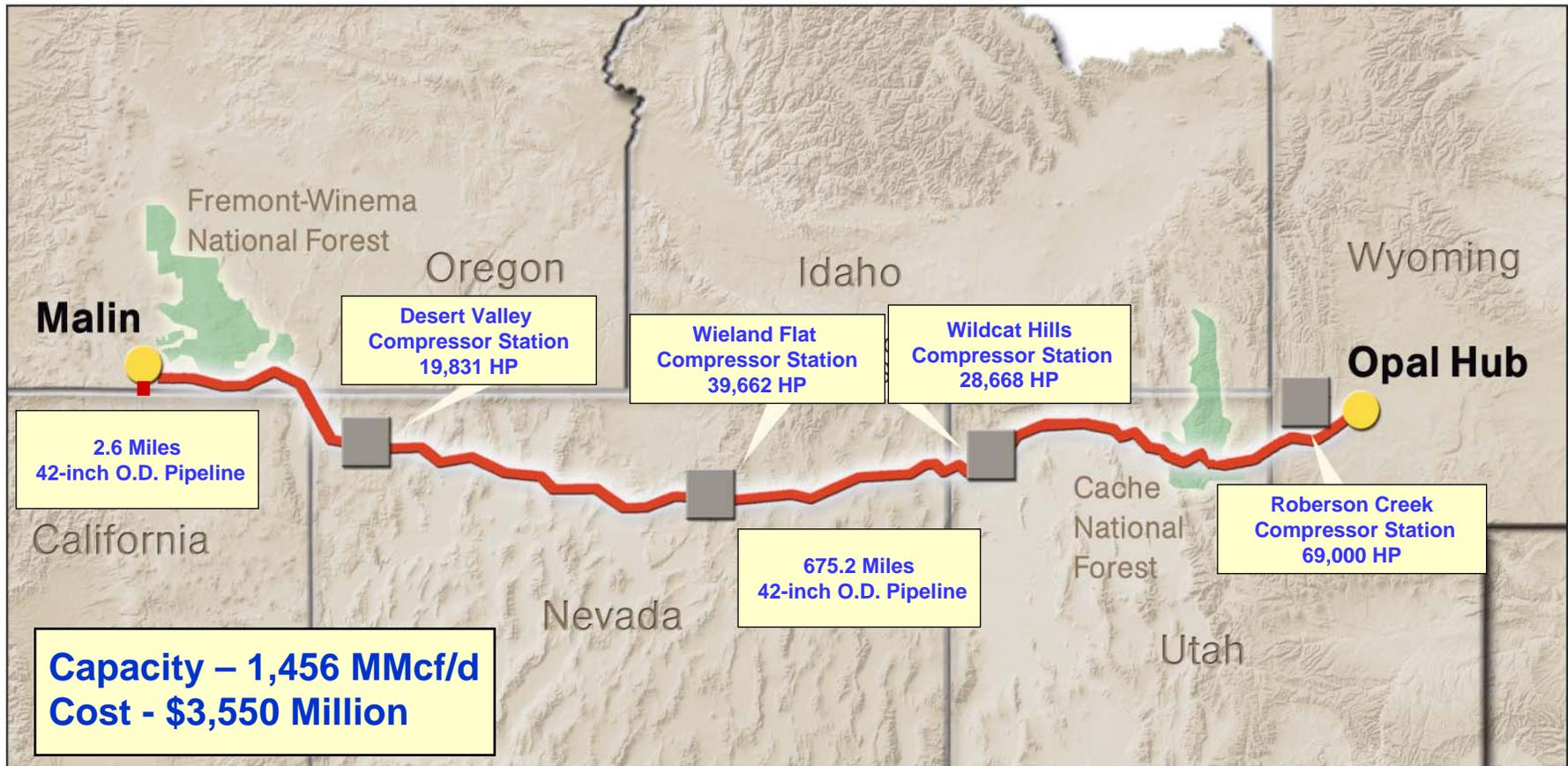
Siting Ruby Pipeline A Federal Perspective



IOGCC – Public Lands Session
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Office of Energy Projects*

Ruby Pipeline Project



Source: Ruby Pipeline's Website as modified by FERC Staff

FERC's Analysis of The Ruby Pipeline Project



⇒ Key Dates and Events

- ❖ **January 27, 2009 – Application filed by Ruby Pipeline**
- ❖ **June 19, 2009 – Notice of Draft Environmental Impact Statement**
- ❖ **September 4, 2009 – Preliminary Determination Issued by FERC**
- ❖ **January 8, 2010 – Notice of Final Environmental Impact Statement**
- ❖ **April 5, 2010 – Order Issuing Certificate Issued by FERC**
- ❖ **April 21, 2010 – Ruby Pipeline Accepts the Certificate**
- ❖ **June 2, 2010 – Order Granting Rehearing Issued by FERC**
- ❖ **July 30, 2010 – Letter Order issued by FERC for Ruby Pipeline to start major construction along all spreads.**
- ❖ **October 6, 2010 – Order Denying Rehearing is Issued by FERC**

How Far Along is the Ruby Pipeline Project?



⇒ Status of Construction

- ❖ Construction continues with the majority of the spreads completed except for clean up and reclamation.
- ❖ Construction continues on the meter and compressor stations.
- ❖ The Malin Lateral is complete.
- ❖ Overall, about 85% of the Ruby Pipeline Project is complete.

⇒ Potential In-Service

- ❖ Ruby Pipeline anticipates requesting an in-service date sometime in July 2011.

Ruby Pipeline Project—Interagency Coordination



⇒ 8 Cooperating Agencies

- ❖ Including several land managing agencies (BLM, USFS, Reclamation, USFWS)
- ❖ COE and NRCS also with permitting/administrative responsibilities
- ❖ Major role for BLM
 - ⇒ Issued Right-of-way Grant for over 50% of the route
 - ⇒ Coordinated the other federal land management agencies' permits according to the Mineral Leasing Act
- ❖ Goal—FERC FEIS to satisfy the NEPA requirements of the cooperating agencies (Goal met!)
- ❖ FERC schedule incorporated other agencies' roles and timing requirements (environmental review, permitting, legal)
 - ⇒ Extended the timing of NEPA review and certain required consultations
 - ⇒ Project must comply with federal land Resource Management Plans, Visual Impacts Assessments, Wilderness Study Areas, etc.

Ruby Pipeline Project—Major Issues



⇒ Environmental

- ❖ Potential impacts on sagebrush habitat (critical habitat component)
- ❖ Greater sage-grouse (petitioned for federal listing)
- ❖ Groundwater use (limited resource in much of Nevada)
- ❖ Raptors (compliance with the Migratory Bird Treaty Act)

⇒ Alternatives

- ❖ FEIS evaluated 15 major route alternatives and 16 route variations
- ❖ Sheldon Route Alternative (collocated with highway, but impacted federal wildlife refuge)
- ❖ Black Rock Alternative (avoided some habitat, but about 42 miles longer)

⇒ Consultations

- ❖ Endangered Species Act (Section 7)
- ❖ National Historic Preservation Act (Section 106)
- ❖ Tribal and Government-to-Government consultations

Ruby Pipeline Project—Lower Throughput and Cost Overruns



- ⇒ **Ruby's Filings in Docket Nos. CP09-54-008 and 009**
 - ❖ **Requests changes to its rates to deal with a predicted 30% drop in initial throughput and \$590 million in cost overruns.**
 - ❖ **Requests to deduct less fuel from its shippers to compensate for lower-than-expected flows in the first three to six months after the pipe begins operation.**
 - ❖ **Shippers on Ruby will provide in-kind fuel to the pipeline to run its gas compressors.**
 - ❖ **Ruby is asking FERC to allow it to reduce the initial rate of fuel it retains from shippers from 0.552% to 0.05 because it does not need the fuel to run the compressors.**
 - ❖ **Ruby originally assumed it would have a 90% throughput load factor but now expects it will have less than 60% at first.**
 - ❖ **Request to allow Ruby to raise its initial transportation rates to compensate for increased construction costs.**
 - ❖ **Ruby has raised its cost estimates by about \$590 million to a total of \$3.55 billion.**
 - ❖ **Based on the revised costs and anticipated cost of service, the updated Project recourse rate for firm long term transportation service will be a monthly reservation rate of \$34.5826 per Dth and a commodity charge of \$0.0100 per Dth delivered.**

Ruby Pipeline Project—Lower Throughput and Cost Overruns (Continued)



⇒ Lower Throughput

- ❖ Slumping production in the region and gas-on-gas competition from Canada are to blame for the drop in throughput.
- ❖ Ruby originally assumed it would have a 90% throughput load factor but now expects it will have less than 60% at first.
- ❖ Long-term gas demand in the area is strong, but near-term utilization will likely be “significantly lower” than it originally anticipated.
- ❖ Drop in Western Gas production due to a shift in drilling activity on plays in other areas, such as the Eagle Ford Shale in Texas, the Bakken shale in North Dakota, and the Marcellus Shale in the Northeast.

⇒ Cost Overruns

- ❖ Ruby blames the new costs in part on permitting delays
- ❖ The delay forced Ruby to construct its project during the fall and winter months during which the costs have been significantly higher.
- ❖ Construction then was deferred again to avoid interfering with sage grouse breeding.
- ❖ Delays finalizing permits related to cultural resources were “particularly problematic.”

Ruby Pipeline Project—Route Alternatives and Variations



- FERC’s draft EIS recommended 3 route alternatives and 15 route variations to accommodate specific landowner and agency concerns which Ruby adopted prior to the issuance of the final EIS:
 - ❖ “Terrace Basin Route Alternative”: 22.6 miles rerouted in Utah per the request of the BLM to avoid sensitive salt desert scrub vegetation and an area with potential wilderness characteristics.
 - ❖ “Willow Creek Route Alternative”: 61.4 miles rerouted in Nevada per the request of the BLM to provide greater collocation with existing corridors (an abandoned AT&T cable ROW and the Jungo-Tuscarora Road).
 - ❖ “Southern Langell Valley Route Alternative”: 29.4 miles rerouted in Oregon as per the request of the BLM and Klamath Tribes to avoid sensitive archaeological areas. Reroute also avoids Wetland Reserve Program land.
 - ❖ The 15 minor route variations are each about a mile or a little longer; many were a direct result of landowner concerns. Several addressed siting and constructability issues raised by Brigham City (Utah) elected officials.
- Subsequent to the issuance of the final EIS, the Summit Lake Paiute Tribe identified a “Traditional Cultural Property” (TCP) crossed by the original route. Based on input from the Tribe and the BLM, FERC approved a construction variance that rerouted the pipeline, thus avoiding the TCP.

Ruby Pipeline Project—Ruby's Response to Environmental Concerns



- Ruby made some voluntary commitments to address environmental concerns:
 - ❖ developed Conservation Agreements with the FWS to address and minimize impacts on migratory birds and endangered species;
 - ❖ developed a Conservation Agreement with the BLM and various state agencies to address and minimize impacts on sage grouse and pygmy rabbits;
 - ❖ entered into a voluntary tribal monitoring arrangement that provided for the hiring of Native Americans as cultural monitors during construction;
 - ❖ worked with the Klamath Tribes to avoid sacred rock stacks discovered before and after the final EIS was issued;
 - ❖ sponsored the production of ethnographic studies for numerous Native American tribes, as well as providing funding directly to the Summit Lake Paiute Tribe to conduct its own study.
 - ❖ worked with landowners in the Cache Valley area of Utah (mountains north of Salt Lake City).
- There was a lot of early opposition to the project from folks in this Cache Valley area; however, Ruby's land agents worked with the landowners, concerned citizens, and organized opposition to the extent that FERC received little to no comments or objections once the draft and final EIS's were issued.