

April 6, 2009

The Honorable Jeff Bingaman
Chairman
Senate Energy and Natural Resources Committee
U.S. Senate
Washington, D.C. 20510

Dear Chairman Bingaman:

We the undersigned entities strongly urge you to support legislation that would amend Section 5 of the Natural Gas Act to bring parity to the manner in which natural gas and electric consumers are treated when it comes to the ability of the Federal Energy Regulatory Commission (FERC) to review and timely set just and reasonable rates. This issue was recently addressed in legislation introduced by Senator Cantwell, S. 672 – *The Natural Gas and Electricity Review and Enforcement Act*.

Simply put, the current system is broken – it favors pipelines over consumers by allowing pipelines to keep overcharges rather than giving consumers their money back when their rates are shown to be excessive.

Under the Federal Power Act, if a complaint is filed and FERC rules that the rate the customers have paid was unjust and unreasonable, FERC has the authority to order refunds from and after the date the complaint case was filed. By contrast, FERC does not have the same authority under the Natural Gas Act. Under Section 5 of the Natural Gas Act, FERC can only rule that a rate reduction take effect prospectively *after* FERC's order is issued, which more often than not occurs years after a complaint is filed. Given the time and expense of a complaint proceeding and the pipeline's obvious and strong incentive to delay the proceeding (since no refunds can be ordered under Section 5), the absence of a refund-effective date provision in Section 5 of the Natural Gas Act completely undermines its effectiveness. FERC Chairman Wellinghoff, past Chairman Kelliher and all the sitting Commissioners themselves have openly acknowledged this disparity and the need for Congress to pass legislation to address it.

A recent study from the Natural Gas Supply Association analyzes the FERC filings of 32 of the nation's pipelines (80% of the market) and documents approximately \$3.7 billion in overcharges from pipelines from 2003-2007. It makes no sense to allow pipelines to continue to keep billions of dollars of consumer's money, especially in the current economic climate. Instead of going to the pipelines' shareholders, these dollars should be rightfully returned to consumers.

Natural gas is critical to our economy. Industries employing millions of people all across the country rely upon natural gas for their products and processes, and millions of

consumers depend on natural gas to meet their daily needs. It is critical that the price those consumers are paying is fair, just and reasonable, and this includes the price of interstate transportation. We urge you to include this issue as part of the current comprehensive energy package being considered before your committee.

Sincerely,



The American Public Gas Association



The American Public Power Association



Process Gas Consumers



Industrial Energy Consumers of America



National Farmers Union



The Consumer Federation of America



The American Forest and Paper Association



Public Citizen



The American Iron and Steel Institute



The Renewable Fuels Association



The American Coalition for Ethanol



The Iowa Association of Municipal Utilities



The Illinois Public Energy Agency



The Illinois Municipal Utilities Association



The Minnesota Municipal Utilities Association



Kansas Municipal Utilities



The Public Energy Authority of Kentucky



The Municipal Gas Authority of Georgia



The Florida Municipal Natural Gas Association



The Louisiana Municipal Gas Authority

