

September 22, 2015

The Honorable Norman Bay  
Chairman  
Federal Energy Regulatory Commission  
888 First Street, NE  
Washington, DC 20426

***RE: Interstate Natural Gas Pipeline Rate Review Needed Every Three Years***

Dear Chairman Bay:

The undersigned entities strongly urge you to resume mandatory three year reviews of natural gas pipeline rates. One of the Federal Energy Regulatory Commission's (FERC) most fundamental responsibilities is to ensure that rates charged by interstate natural gas pipelines are just and reasonable as required by the Natural Gas Act.

FERC Order 636 ended the mandatory three year reviews of pipeline rates in 1992, as a part of the broader move towards deregulation. Pipelines now only go before the FERC if they need a rate increase to cover increased costs or if challenged by a customer through an expensive and lengthy process that can cost the consumer millions of dollars per rate case and can take upwards of two years to be resolved. The burden should be on the pipeline companies to regularly prove that their rates are just and reasonable as a matter of course of business. Given that pipelines are monopolies, this is not asking much. As a result of the existing process, many pipelines have not had their rates examined by the FERC for many years, leaving customers vulnerable to overcharges.

Furthermore, today the FERC is infrequently reviewing natural gas pipelines' rates to ensure that they are just and reasonable despite the fact that pipeline customers are being overcharged. A 2015 study released by the Natural Gas Supply Association analyzed the cost recovery of 32 major natural gas pipelines that represent 80 percent of the market. The study shows that from 2009 to 2013 pipelines over-collected approximately \$3.0 billion more than they would have collected on a very generous average 12 percent return on equity allowed by FERC.<sup>1</sup>

For further information, please contact Paul Cicio at the Industrial Energy Consumers of America by calling 202-223-1661.

Sincerely,

Ag Processing Inc  
Association of Businesses Advocating Tariff Equity  
American Forest & Paper Association (AF&PA)  
American Foundry Society  
American Public Gas Association (APGA)  
Blair Rubber Company  
Custom Glass Machinery Ltd  
Dow Corning Corporation  
East-Lind Heat Treat, Inc.  
Eastman Chemical Company  
Evonik Corporation  
Georgia Association of Manufacturers

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<sup>1</sup> "Interstate Natural Gas Pipeline Cost Recovery Analysis," Natural Gas Supply Association, 2015.

Gerda  
Glass Packaging Institute (GPI)  
Glass Manufacturing Industry Council  
Guardian Industries  
Hyload Inc.  
Illinois Industrial Energy Consumers  
Indiana Industrial Energy Consumers, Inc. (INDIEC)  
Industrial Energy Consumers of America (IECA)  
Industrial Minerals Association – North America  
International Diatomite Producers Association  
Kimberly-Clark Corporation  
Lehigh Hanson  
Linde, LLC  
National Industrial Sand Association  
Northwest Industrial Gas Users  
Olin Corporation  
Owens-Illinois, Inc.  
Republic Paperboard Co., LLC  
SGL Carbon, LLC  
Steel Manufacturers Association  
USG Corporation  
WestRock Company  
Wisconsin Industrial Energy Group  
W.R. Grace and Company

cc: The Honorable Cheryl A. LaFleur  
The Honorable Philip D. Moeller  
The Honorable Tony Clark  
The Honorable Colette D. Honorable