

May 24, 2012

The Honorable Maria Cantwell
U.S. Senator
311 Hart Senate Office Building
Washington, DC 20510

Dear Senator Cantwell,

We the undersigned organizations appreciate your leadership on Section 5 reform and urge you to utilize your position on the Senate Energy Committee to address this pressing jobs and consumer-protection issue. As you are well aware, in spite of the historically low commodity price of natural gas, consumers of natural gas from industrial enterprises to individual homeowners continue to pay unjust and unreasonable rates for the transportation of natural gas through interstate pipelines.

This very significant over-recovery is not the exception to the rule; it continues to be the reality with which customers of interstate pipeline have struggled for years. The Natural Gas Supply Association (NGSA) releases annual reports on pipeline over-recovery. Over the last several reports, the margin of over-recovery has increased from \$3.7 billion (from the 2009 report), to \$4.1 billion (from the 2010 and 2011 reports), to \$4.2 billion (from this year's report). This demonstrates that interstate pipelines continue to increase their margin of over-recovery at the expense of job-creating businesses and families struggling to make ends meet.

Just as Congress fixed the Federal Power Act (FPA) to provide refunds to electric customers charged unjust and unreasonable rates, Congress should now provide FERC with that same refund authority under Section 5 of the Natural Gas Act (NGA). Only by providing FERC with the authority to hold interstate pipelines which overcharge consumers for natural gas accountable can businesses and consumers be protected from pipeline profit padding in contravention of the NGA.

And yet, despite the lack of "any credible public policy reason" against reform, in the words of FERC Chairman Wellinghoff, the interstate pipelines continue to over-recover in contravention of the NGA's "just and reasonable" standard. Since pipelines are unable to argue that they are not over-recovering their costs and also unable to argue against reform on the merits, their statements and lobbying efforts rely on a concerted campaign of obfuscation and red-herring arguments.

Given the reality of continued pipeline over-recovery and the absence of any sound reason for not reforming NGA Section 5, we urge you to use your position on the Senate Energy Committee to address the pressing need for reform of Section 5.

We thank you for your leadership on this important issue and look forward to working with you on natural gas issues.

Sincerely,

American Public Gas Association

American Forest & Paper Association

American Public Power Association

Industrial Energy Consumers of America

Kitchen Cabinet Manufacturers Association

Midwest Region Gas Task Force Association

Northern Municipal Distributors Group

Process Gas Consumers Group