



FEDERAL ENERGY REGULATORY COMMISSION

November 19, 2009

Chairman Jon Wellinghoff

Item Nos. G-3, G-4 and G-5

Docket Nos. RP10-147-000, RP10-148-000 and RP10-149-000

Statement of Chairman Jon Wellinghoff on Natural Gas Pipeline Rate Investigations

"Our mission statement is straightforward: to assist consumers in obtaining reliable, efficient and sustainable energy services at a reasonable cost.

In March 2008, the Commission revised the Form 2 required of interstate pipelines to better reflect the current market and cost information needed for regulatory oversight of rates and terms of service. The changes were intended to better facilitate the ability to make a meaningful assessment of the pipeline's cost of service and current rates. In April 2009, the pipelines filed the revised Form 2 for the first time.

We have reviewed those filings. Analysis and consideration of the Form 2 data is an important starting point for any Commission action under section 5. However, the review of Form 2 data is not the full story, and must be considered in conjunction with other factors, such as the costs and risks of litigation, the level of infrastructure investments, and the existence of a rate moratorium or come-back provision.

After careful consideration of this information, it appears that Natural Gas Pipeline, Northern Natural and Great Lakes may be substantially over-recovering their cost-of-service. As a result, we are instituting section 5 proceedings to determine whether the rates charged by these pipelines are just and reasonable. Because the Commission lacks refund authority under section 5, it is appropriate to expedite resolution of these proceedings. Therefore, we direct that an initial decision be issued within 47 weeks of the designation of a presiding judge, consistent with the ALJ's track II time frame for hearings. The expedited schedule is not intended to foreclose the pipeline, its customers and Commission litigation staff from reaching a reasonable settlement."

