

NEWS

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NGSA Calls for Deferment and Technical Conference on Cost-tracker *Not the Right Means for Pipeline Modernization Cost Recovery*

(Washington, D.C.) -- In reply comments filed at the Federal Energy Regulatory Commission (FERC), the Natural Gas Supply Association (NGSA) requested a technical conference and reiterated its concerns with a potential new surcharge mechanism that would permit interstate natural gas pipelines to recover the capital costs of pipeline modernization without going through the Commission's existing Section 4 rate case process.

Dena E. Wiggins, president and CEO of NGSA said, "We have major concerns with the proposed surcharge mechanism, which sidesteps the Section 4 rate case process that currently provides strong protections for pipeline shippers. Our alarm is further reinforced by comments filed by the pipelines requesting greater flexibility and discretion in the interpretation of 'eligible' costs even before the appropriate agencies have spelled out their compliance requirements."

NGSA Executive Vice President Pat Jagtiani said, "FERC should defer action on the surcharge until regulations have been issued by the Pipelines and Hazardous Materials Safety Administration (PHMSA) and the Environmental Protection Agency that detail their requirements for modernization. Then a technical conference is in order so that the Commission doesn't issue policy in a vacuum."

NGSA pointed out that the surcharge mechanism represents a major policy reversal in pipeline rate regulation that is inconsistent with decades of regulation under the Natural Gas Act. In its [initial Jan. 26 comments](#), NGSA asked FERC to abandon exploration of the modernization surcharge and instead adhere to its well-established framework for pipeline cost recovery in the context of a Section 4 proceeding. NGSA's [reply comments are posted here](#) on www.ngsa.org.

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The Natural Gas Supply Association (NGSA) represents integrated and independent companies that supply natural gas. Established in 1965, NGSA encourages the use of natural gas within a balanced national energy policy and promotes the benefits of competitive markets, thus encouraging increased supply and the reliable and efficient delivery of natural gas to U.S. customers. For more information, please visit www.ngsa.org and www.naturalgas.org.

Markets Matter: Representing America's Major Producers and Suppliers of Natural Gas Since 1965