Industrial Energy Consumers of America (IECA)

The Voice of the Industrial Energy Consumers

PRESS RELEASE

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FERC PROCESS FOR APPROVING NATURAL GAS PIPELINE RATES DOES NOT ENSURE THAT RATES ARE JUST AND REASONABLE

WASHINGTON, DC – On September 18, the Industrial Energy Consumers of America (IECA) submitted a white paper to the Federal Energy Regulatory Commission (FERC) that illustrates that the process for determining natural gas pipeline rates under Section 4 of the Natural Gas Act (NGA) does not produce just and reasonable rates for shippers and consumers. The White Paper[1] provides five recommendations and urges FERC to act swiftly to change the process to ensure ratepayers are not overpaying and to increase affordability.

Paul N. Cicio, President of IECA, made the following statement:

> IECA is strongly in support of maintaining and expanding our nation's natural gas pipeline infrastructure. We also support pipelines earning a responsible rate of return. However, the white paper provides stunning proof that the FERC process is broken and does not ensure that rates are just and reasonable.
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> For example, for the last five years, the average differential between filed rates and settlement rates is 39% and a stunning 52% for the last two years. This means that in the last two years, pipelines have filed rates that are over 50% higher than the rates that these pipelines considered sufficient to cover their costs and provide an acceptable return on their investment. This also means that customers were forced to pay rates over 50% higher than they should have been paying for the considerable period of time between the effective date of the suspended rates and the effective date of settlement rates.

[1] IECA Sends FERC White Paper on "Ensuring Just and Reasonable Natural Gas Pipeline Rates" and Urges FERC Action to Implement Five Recommendations, https://www.ieca-us.org/wp-content/uploads/09.18.26_Ensuring-Just-and-Reasonable-Natural-Gas-Pipeline-Rates-White-Paper.pdf

The Industrial Energy Consumers of America is a nonpartisan association of leading manufacturing companies with $1.3 trillion in annual sales, over 12,000 facilities nationwide, and with more than 1.9 million employees. One hundred percent of IECA members are manufacturing companies whose competitiveness is largely determined by the cost and reliability of natural gas and electricity. IECA's sole mission is to reduce and avoid energy costs and increase energy reliability through advocacy in Congress and regulatory agencies, such as the Federal Energy Regulatory Commission (FERC). IECA membership represents a diverse set of industries including chemicals, plastics, steel, iron ore, aluminum, paper, food processing, fertilizer, insulation, glass, industrial gases, pharmaceutical, consumer goods, building products, automotive, independent oil refining, and cement.