



**Federal Energy Regulatory Commission**  
**December 21, 2006**  
**Open Commission Meeting**  
**Statement of**  
**Chairman Joseph T. Kelliher**

**Item G-1: Panhandle Complainants v. Southwest Gas Storage Company (RP07-34-000)**

"I called this order to discuss the general approach to natural gas pipeline and storage rates reflected in this order, and steps we are taking to support complainants.

In this case, storage customers filed a complaint that Southwest Gas Storage was earning unjust and unreasonable rates for storage service. We set the complaint for hearing.

As a general matter, I prefer to rely on complaints to address gas rates outside of section 4 rate proceedings. That is how we proceed with respect to electric rates, and I think it is the correct course on gas rates as well.

However, if we are going to rely on complaints to review gas rates outside of section 4 rate cases, it is necessary that complainants have access to public information that proves to be a sufficient basis for a complaint. In a section 5 proceeding, the complainant has the burden of proof. It is necessary they have access to the information they need to meet that burden.

Form 2 provides public information on gas rates. In all likelihood, a section 5 complaint would be based on Form 2 data. In other cases, such as National Fuel earlier this year, pipelines have challenged section 5 complaints based on Form 2 data, arguing that Form 2 data is an insufficient basis for a section 5 complaint. We rejected that argument.

In my view, it is absolutely necessary that Form 2 data prove to be a sufficient basis for section 5 complaints. That was our holding in National Fuel. However, the fact that this defense is even raised is disturbing. I believe the time has come to revisit Form 2 and assure that it provides the data complainants need. If Form 2 is inadequate in any respect, we must strengthen it.

The Commission has been conducting a review of Form 2 data, examining the breadth of data collected by the form and assessing the need for clarifications, corrections, deletions, or additional information. I expect that we will soon take steps to strengthen Form 2, in order to improve the ability of complainants to meet their burden under section 5."