



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

Item C-1: Millennium Pipeline Company, LLC (CP98-150-006 *et al.*)

"The Millennium pipeline project was proposed to meet the rising demand for natural gas in New York City and the surrounding area. The project was originally proposed in 1997, and amended in 2000.

The Commission authorized the original project in 2002. The original Millennium pipeline was never built, for various reasons. Nonetheless, demand for natural gas supplies in New York City has continued to rise. In fact, since our 2002 order, natural gas demand in New York City has risen over 7% percent, while supplies have remained flat. However, by 2008, the expected in-service date for the Millennium project, demand is expected to increase by about 15 percent over the 2002 level.

The capacity of the new Millennium pipeline we certificate today is much less than the original project we approved in 2002, while the costs are much greater. That will have consequences for the New York City metropolitan area. Natural gas supplies will be less, and prices will likely be higher.

It is important to recognize the relationship between energy infrastructure and prices. Energy infrastructure is the ability to produce energy supplies and move them to where they are needed to meet the needs of consumers and our economy. To the extent our energy infrastructure is inadequate, the natural and predictable result will be reduced supplies and higher prices.

Consumers and businesses bear the cost of an inadequate energy infrastructure. The fact that these costs are largely hidden does not mean they are not real. Nevertheless, I am heartened that these individual pipelines have collaborated to overcome various challenges to bring additional gas supplies to the New York City area."