



Federal Energy Regulatory Commission
June 15, 2006
Open Commission Meeting
Statement of
Commissioner Suedeem Kelly

C-3: Revisions to the Blanket Certificate Regulations and Clarification Regarding Rates (RM06-7-000)

"I support this NOPR because I believe it is a reasoned response to a reasonable request. Recognizing there have been some fundamental changes in the natural gas industry since the 1982 promulgation of the blanket certificate program, this NOPR expands the program without undermining its very purpose: that is, to expedite the processing of adding and improving gas facilities and services, while ensuring that there are no adverse impacts on existing rates, services, or the environment.

What I particularly like about the NOPR is its proposal to require prior notice for all of the new types of projects that would be included in the expanded program. This means not only that all stakeholders would have an opportunity to review the potential impacts of each proposed project, but they would have a longer time period in which to do just that. The NOPR would also provide more time for landowner notification, as well as additional information to be provided to landowners.

I also believe the proposed increased blanket cost caps are reasonable. In my view, the increased cost caps will not—and should not—result in projects larger in scope than originally envisioned by the blanket certificate program. Rather, the cost caps reflect the realities of slightly increased gas utility construction materials costs, and should ensure that the nature of the blanket certificate program remains unchanged: that is, to allow a generic class of minor projects to go forward without case-specific review, based on the expectation that the projects will have minimal adverse impacts.

No doubt, this NOPR proposes changes in the way the Commission has conducted its blanket certificate program for the last 24 years. I believe they are changes for the better. Having said that, I strongly encourage comments on the NOPR, to let us know whether you believe that it is consistent both with our mandate under the Natural Gas Act, and with current Commission policy.

Finally, on a matter entirely separate from the NOPR, there is no question that the sooner a project sponsor can induce customers to sign up for firm service, the sooner a project can be expected to move forward; accordingly, I agree that, in certain circumstances, a company may offer rate incentives to obtain such early project commitments, and that the Commission's existing policies allow project sponsors to offer rate incentives under these circumstances. I also caution, as does this order, that the risk of undue discrimination would be reduced to the extent that the rate incentives offered are clearly defined in the announcement of the open season, publicly verifiable, and equally available to all potential shippers."