



FEDERAL ENERGY REGULATORY COMMISSION

January 15, 2009

Commissioner Marc Spitzer

Docket Nos. RP04-274-000, RP04-274-007 and RP04-274-009

Item No. G-1

Statement of Commissioner Marc Spitzer on Kern River Return on Equity

"This is a significant Order that articulates Commission policy on natural gas infrastructure and applies such policy in a discrete case. I appreciate this well-written document for its analysis of the settlement agreement before the Commission, the historical treatment of several complex and contentious issues and the more prosaic balancing of competing interests between pipeline investors and shippers. This Order reaches the correct conclusions on all counts.

FERC policy accommodates business reality that pipeline investment now takes the form of tax-efficient enterprises. The distinct but related questions of income tax allowance and inclusion of subchapter K entities in the DCF proxy group are finally laid to rest. Equally significant, our analysis in this Order establishes that the Commission will rigorously examine the facts of each case, including proposed settlements, to protect the interests of pipeline shippers.

For the foregoing reasons I support the Order."