

United States Senate

WASHINGTON, DC 20510

March 25, 2014

The Honorable Cheryl La Fleur
Acting Chairman
Federal Energy Regulatory Commission
888 First Street, NW
Washington, DC 20426

The Honorable Philip D. Moeller
Commissioner
Federal Energy Regulatory Commission
888 First Street, NW
Washington, DC 20426

The Honorable Tony Clark
Commissioner
Federal Energy Regulatory Commission
888 First Street, NW
Washington, DC 20426

The Honorable John R. Norris
Commissioner
Federal Energy Regulatory Commission
888 First Street, NW
Washington, DC 20426

Dear Acting Chair LaFleur and Commissioners Moeller, Clark and Norris,

We write today to urge the Commission to review recent increases in natural gas prices in New England to ensure that they reflect supply and demand and are not being increased by speculation or manipulation. We further request the Commission's recommendations for ways to reduce natural gas price volatility in our region. As you know, high energy prices during the prolonged and extremely cold winter have put a significant strain on businesses and consumers throughout New England. Rising and fluctuating prices for natural gas have cut into businesses' bottom lines and increased costs for families heating their homes.

Natural gas has become an increasingly important method of power generation in New England. According to the U.S. Energy Information Administration (EIA), natural gas use for electricity generation in the region increased from less than 20 percent in 2001 to over 50 percent in 2012. This shift, coupled with limited pipeline capacity, has contributed in part to the recent increases in spot prices for businesses. Recognizing this trend, New England's governors recently committed to cooperate on the need to increase natural gas pipeline capacity in the region.

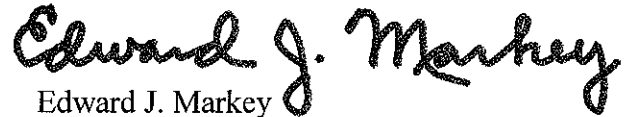
While such efforts are critical for New England's long-term energy future, we must ensure that the current natural gas markets are functioning properly. Unfortunately, wild fluctuations and record prices for the price of natural gas over the last two winters have eroded end-users' confidence in these markets. According to EIA, New England's average spot price for early 2014 was a record \$22.53 per million British thermal unit (MMBTu) – over fifty percent higher than this timeframe a year ago and far above the national average. Severe price increases like those we have seen in New England can hurt families and cripple businesses, especially manufacturers that rely on natural gas for power generation. As these businesses plan for the future, we must ensure that the price for natural gas and electricity is transparent and reflects market fundamentals.

We appreciate your attention to this matter, and look forward to working with you as you review the recent price increases in New England.

Sincerely,



Jeanne Shaheen
United States Senator



Edward J. Markey
United States Senator



Jack Reed
United States Senator



Sheldon Whitehouse
United States Senator



Richard Blumenthal
United States Senator



Angus S. King
United States Senator