



Congress of the United States House of Representatives

February 26, 2021

Richard Glick
Chairman
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Dear Chairman Glick,

We support the Federal Energy Regulatory Commission's (FERC) recent announcement that the Office of Enforcement is examining wholesale natural gas and electricity market activity during last week's extreme cold weather to determine if any market participants engaged in market manipulation or other violations.

I represent the 18th Congressional District in Illinois, a mostly rural district located in central and west central Illinois. Given our climate and location, my constituents are seasoned experts when it comes to cold weather, snow, and ice, and have the infrastructure in place to withstand these elements. However, the recent increases in daily natural gas prices to levels never seen before will have a severe impact on my constituents. Unfortunately, I have heard from many cities, municipalities, towns, schools, businesses, and residents over the last week shocked and panicked by the steep spike in natural gas prices. This is especially difficult during an already financially challenging time given the global pandemic.

While this list is not extensive, included below are a few of these examples, of which I am happy to provide further details on upon request:

Village of Riverton, IL – During the period of Friday, February 12, 2021, through Sunday, February 21, 2021, Panhandle Eastern Pipe Line and Natural Gas Pipeline among other interstate pipelines implemented operational flow orders (OFO) and hourly restrictions on the flow of natural gas on their pipelines. As colder temperatures descended on the entire Midwest during February, the daily price of natural gas began to slightly increase on February 6, 2021, as interstate pipelines began to implement OFOs and hourly restrictions forcing customers to purchase gas in the daily market in order to cover their increasing daily usage and avoid extremely high penalties. On February 11, 2021, IMGA placed the Village of Riverton's daily order for natural gas with their supplier to cover usage for February 13, 2021, through February 16, 2021. Unfortunately, the holiday weekend caused the market to trade for four days rather than the normal three days. On the morning of February 13, 2021, suppliers began trading daily volumes in the daily market and the price of natural gas skyrocketed. The daily PEPL price was \$225.00 per dekatherm. The Village of Riverton has been hit with a gas bill of \$726,344.14 for those days in question. Their whole gas bill for the previous 365 days prior to that was just over \$940,000.00.

Village of Morton, IL – The Village of Morton owns their non-profit public natural gas utility and serves approximately 5,450 residential customers and 700 commercial/industrial customers. Currently, they use approximately 1.15 million dekatherms of natural gas annually at an approximate cost of \$4.3 million. Recent polar vortex weather events that impacted gas supply were in 2014 when the peak price went to \$32.86/dth for one day only and in 2019 when there was no significant price increase. Last week, for Morton and other public utilities using Panhandle Eastern Pipeline, the price of \$224.56/dth was an approximate 8,000% increase. The Village of Morton now faces an estimated \$4.6 million natural gas invoice for February gas usage due in mid-March 2021. This is more than the normal annual total purchased gas costs. If costs are passed on to customers, estimated monthly bills are expected to be 5 times more than January 2021.

Pittsfield, IL – On March 20, 2021, the city of Pittsfield will have \$1,400,000 deducted from its natural gas fund. Currently, the city's gas fund has less than \$100,000 following January's payment made on February 20, 2021. This \$1.4 million debt is the city's cost for one week of natural gas from the afternoon of February 12, 2021, through February 19, 2021, amounting to a 7,400% increase in natural gas pricing, which will unfortunately have to be passed on to consumers. This unprecedented spike in cost will have devastating effects on the city and its businesses and residents. For 2020-2021, the city's annual natural gas budget is \$1,863,864 and the city's total budget is \$9,099,489. The additional \$1.4 million debt, which occurred over a 6-day period, amounts to 75.11% of the city's annual gas budget and 15.5% of the annual budget. When made aware on February 13, 2021, of the increased natural gas prices, the city was forced to work with schools and business on closure protocols in an effort to conserve natural gas.

Again, I appreciate and support your investigation into this matter to ensure transparency and the integrity of the marketplace. If I can be of any further assistance, please reach out to me directly or to my staff.

Sincerely,



Darin LaHood
Member of Congress

CC:

Commissioner Neil Chatterjee
Commissioner James Danly
Commissioner Allison Clements
Commissioner Mark C. Christie