# 111TH CONGRESS 1ST SESSION S.672

To amend the Natural Gas Act, the Natural Gas Policy Act of 1978, and the Federal Power Act to modify provisions relating to enforcement and judicial review and to modify the procedures for proposing changes in natural gas rates.

### IN THE SENATE OF THE UNITED STATES

March 24, 2009

Ms. CANTWELL introduced the following bill; which was read twice and referred to the Committee on Energy and Natural Resources

# A BILL

- To amend the Natural Gas Act, the Natural Gas Policy Act of 1978, and the Federal Power Act to modify provisions relating to enforcement and judicial review and to modify the procedures for proposing changes in natural gas rates.
  - 1 Be it enacted by the Senate and House of Representa-
  - 2 tives of the United States of America in Congress assembled,

#### **3** SECTION 1. SHORT TITLE.

- 4 This Act may be cited as the "Natural Gas and Elec-
- 5 tricity Review and Enforcement Act".

#### 1 SEC. 2. NATURAL GAS ACT.

2 (a) IN GENERAL.—Section 20 of the Natural Gas Act
3 (15 U.S.C. 717s) is amended by adding at the end the
4 following:

## 5 "(e) CEASE-AND-DESIST PROCEEDINGS.—

6 "(1) IN GENERAL.—If the Commission deter-7 mines that any entity may be violating, may have 8 violated, or may be about to violate any provision of 9 this Act, or any regulation promulgated by, or any 10 restriction, condition, or order made or imposed by, 11 the Commission under this Act, and if the Commis-12 sion finds that the alleged violation or threatened 13 violation, or the continuation of the violation, is like-14 ly to result in significant harm to natural gas con-15 sumers or significant harm to the public interest, the 16 Commission may issue a temporary order requiring 17 the respondent—

18 "(A) to cease and desist from the violation19 or threatened violation;

20 "(B) to take such action as is necessary to
21 prevent the violation or threatened violation;
22 and

23 "(C) to prevent, as the Commission deter24 mines to be appropriate—

25 "(i) significant harm to natural gas26 consumers;

1	"(ii) significant harm to the public in-
2	terest; and
3	"(iii) frustration of the ability of the
4	Commission to conduct the proceedings or
5	to redress the violation at the conclusion of
6	the proceedings.
7	"(2) TIMING OF ENTRY.—An order issued
8	under this subsection shall be entered only after no-
9	tice and opportunity for a hearing, unless the Com-
10	mission determines that notice and hearing prior to
11	entry would be impracticable or contrary to the pub-
12	lic interest.
13	"(3) Effective date.—A temporary order
14	issued under this subsection shall—
15	"(A) become effective upon service upon
16	the respondent; and
17	"(B) unless set aside, limited, or sus-
18	pended by the Commission or a court of com-
19	petent jurisdiction, remain effective and en-
20	forceable pending the completion of the pro-
21	ceedings.
22	"(f) PROCEEDINGS REGARDING DISSIPATION OR
23	Conversion of Assets.—
24	"(1) IN GENERAL.—In a proceeding involving
25	an alleged violation of a regulation or order promul-

1	gated or issued by the Commission in accordance
2	with section 4A, if the Commission determines that
3	the alleged violation or related circumstances are
4	likely to result in significant dissipation or conver-
5	sion of assets, the Commission may issue a tem-
6	porary order requiring the respondent to take such
7	action as is necessary to prevent the dissipation or
8	conversion of assets.
9	"(2) TIMING OF ENTRY.—An order issued
10	under this subsection shall be entered only after no-
11	tice and opportunity for a hearing, unless the Com-
12	mission determines that notice and hearing prior to
13	entry would be impracticable or contrary to the pub-
14	lic interest.
15	"(3) Effective date.—A temporary order
16	issued under this subsection shall—
17	"(A) become effective upon service upon
18	the respondent; and
19	"(B) unless set aside, limited, or sus-
20	pended by the Commission or a court of com-
21	petent jurisdiction, remain effective and en-
22	forceable pending the completion of the pro-
23	ceedings.
24	"(g) Review of Temporary Orders.—

1	"(1) APPLICATION FOR REVIEW.—At any time
2	after a respondent has been served with a temporary
3	cease-and-desist order pursuant to subsection (e) or
4	order regarding the dissipation or conversion of as-
5	sets pursuant to subsection (f), the respondent may
6	apply to the Commission to have the order set aside,
7	limited, or suspended.
8	"(2) NO PRIOR HEARING.—If a respondent has
9	been served with a temporary order entered without
10	a prior hearing of the Commission—
11	"(A) the respondent may, not later than
12	10 days after the date on which the order was
13	served, request a hearing on the application;
14	and
15	"(B) the Commission shall hold a hearing
16	and render a decision on the application at the
17	earliest practicable time.
18	"(3) JUDICIAL REVIEW.—
19	"(A) IN GENERAL.—An entity shall not be
20	required to submit a request for rehearing of a
21	temporary order prior to seeking judicial review
22	in accordance with section 19(a).
23	"(B) TIMING OF REVIEW.—Not later than
24	10 days after the date on which a respondent
25	was served with a temporary cease-and-desist

1	order entered with a prior hearing of the Com-
2	mission, or 10 days after the date on which the
3	Commission renders a decision on an applica-
4	tion and hearing under paragraph (1) with re-
5	spect to any temporary order entered without a
6	prior hearing of the Commission—
7	"(i) a respondent may obtain a review
8	of the order in a United States circuit
9	court having jurisdiction over the circuit in
10	which the respondent resides or has a prin-
11	cipal place of business, or in the United
12	States Court of Appeals for the District of
13	Columbia Circuit, for an order setting
14	aside, limiting, or suspending the effective-
15	ness or enforcement of the order; and
16	"(ii) the court shall have jurisdiction
17	to enter such an order.
18	"(C) NO PRIOR HEARING.—A respondent
19	served with a temporary order entered without
20	a prior hearing of the Commission may not
21	apply to the applicable court described in sub-
22	paragraph (B) except after a hearing and deci-
23	sion by the Commission on the application of
24	the respondent under paragraphs (1) and (2).

1	"(4) Procedures.—Section 19(b) shall apply
2	to—
3	"(A) an application for review of an order
4	under paragraph (1); and
5	"(B) an order subject to review under
6	paragraph (3).
7	"(5) NO AUTOMATIC STAY OF TEMPORARY
8	ORDER.—The commencement of proceedings under
9	paragraph (3) shall not, unless specifically ordered
10	by the court, operate as a stay of the order of the
11	Commission.
12	"(h) Regulations and Orders.—The Commission
13	may promulgate such regulations and issue such orders
14	as the Commission determines to be necessary to carry
15	out this section.".
16	(b) Procedure for Proposing Changes in Nat-
17	URAL GAS RATES.—Section 5(a) of the Natural Gas Act
18	(15 U.S.C. 717d(a)) is amended—
19	(1) in the first sentence—
20	(A) by striking "Whenever" and inserting
21	the following:
22	"(1) IN GENERAL.—If";
23	(B) by striking "had" and inserting
24	"held";

1	(C) by striking the colon and inserting a
2	period; and
3	(D) by striking "Provided, however, That
4	the" and inserting the following:
5	"(2) LIMITATION.—Notwithstanding paragraph
6	(1), the"; and
7	(2) by adding at the end the following:
8	"(3) Procedures.—
9	"(A) COMPLAINTS; MOTIONS.—Any com-
10	plaint or motion of the Commission to initiate
11	a proceeding under this subsection shall iden-
12	tify—
13	"(i) any proposed changes to the rate,
14	charge, classification, rule, regulation,
15	practice, or contract; and
16	"(ii) the reasons for the proposed
17	changes.
18	"(B) HEARINGS.—If, after review of a mo-
19	tion or complaint and answer under this sub-
20	section, the Commission decides to hold a hear-
21	ing, the Commission shall—
22	"(i) by order, establish the time and
23	place of the hearing; and
24	"(ii) specify the issues to be adju-
25	dicated in the hearing.

1	"(4) Refund effective date.—
2	"(A) IN GENERAL.—In accordance with
3	subparagraphs (B) and (C), the Commission
4	shall establish a refund effective date for any
5	proceeding initiated under this subsection.
6	"(B) COMPLAINTS.—In the case of a pro-
7	ceeding initiated by a complaint, the refund ef-
8	fective date shall be—
9	"(i) not earlier than the date on which
10	the complaint is submitted to the Commis-
11	sion; and
12	"(ii) not later than 150 days after the
13	date on which the complaint was submitted
14	to the Commission.
15	"(C) Commission motion.—In the case of
16	a proceeding initiated on motion of the Com-
17	mission, the refund effective date shall be—
18	"(i) not earlier than the date on which
19	the Commission publishes notice of the in-
20	tention of the Commission to initiate the
21	proceeding; and
22	"(ii) not later than 150 days after the
23	date on which the notice under clause (i)
24	is published.

1	"(5) Preferential proceedings.—On initi-
2	ation of a proceeding under this subsection, the
3	Commission shall—
4	"(A) give the proceeding the same pref-
5	erence provided under section 4(e); and
6	"(B) act on the complaint or motion as
7	soon as practicable after the complaint or mo-
8	tion is initiated.
9	"(6) Failure to issue decision.—If no final
10	decision is issued by the date that is 180 days after
11	the date on which a proceeding is initiated under
12	this subsection, the Commission shall state in writ-
13	ing—
14	"(A) the reasons why the Commission has
15	failed to issue a decision; and
16	"(B) the best estimate of the Commission
17	for the date by which the Commission expects
18	to issue a decision.
19	"(7) BURDEN OF PROOF.—In any hearing
20	under this subsection, the burden of proof to show
21	that any rate, charge, classification, rule, regulation,
22	practice, or contract is unjust, unreasonable, unduly
23	discriminatory, or preferential shall be on—
24	"(A) if the proceeding is initiated by the
25	

1	"(B) if the proceeding is initiated by a
2	complaint, the complainant.
3	"(8) Issuance of refunds.—
4	"(A) IN GENERAL.—At the conclusion of
5	any hearing under this section, the Commission
6	may order, for the period beginning on the re-
7	fund effective date and ending on a date 15
8	months after the refund effective date, refunds
9	of any amounts paid in excess of the amounts
10	that would have been paid under the just and
11	reasonable rate, charge, classification, rule, reg-
12	ulation, practice, or contract that the Commis-
13	sion orders that would be in effect after the
14	hearing.
15	"(B) EXCEPTION.—Notwithstanding sub-

15 (B) EXCEPTION.—Notwithstanding sub-16 paragraph (A), the Commission may order re-17 funds of any or all amounts paid for the period 18 beginning on the refund effective date and end-19 ing on the date on which the hearing con-20 cludes—

21 "(i) if the proceeding is not concluded
22 by the date that is 15 months after the re23 fund effective date; and

24 "(ii) if the Commission determines at25 the conclusion of the proceeding that the

1	proceeding was not resolved within the 15-
2	month period primarily because of dilatory
3	behavior by the natural gas company.
4	"(C) INTEREST.—Refunds under this sub-
5	section shall be issued in an amount determined
6	by the proceeding, plus interest, to the persons
7	that paid the rates or charges.".
8	SEC. 3. NATURAL GAS POLICY ACT OF 1978.
9	Section 504 of the Natural Gas Policy Act of 1978
10	(15 U.S.C. 3414) is amended by adding at the end the
11	following:
12	"(d) CEASE-AND-DESIST PROCEEDINGS.—
13	"(1) IN GENERAL.—If the Commission deter-
14	mines that any entity may be violating, may have
15	violated, or may be about to violate any provision of
16	this Act, or any regulation promulgated by, or any
17	restriction, condition, or order made or imposed by,
18	the Commission under this Act, and if the Commis-
19	sion finds that the alleged violation or threatened
20	violation, or the continuation of the violation, is like-
21	ly to result in significant harm to natural gas con-
22	sumers or significant harm to the public interest, the
23	Commission may issue a temporary order requiring
24	the respondent—

1	"(A) to cease and desist from the violation
2	or threatened violation;
3	"(B) to take such action as is necessary to
4	prevent the violation or threatened violation;
5	and
6	"(C) to prevent, as the Commission deter-
7	mines to be appropriate—
8	"(i) significant harm to natural gas
9	consumers;
10	"(ii) significant harm to the public in-
11	terest; and
12	"(iii) frustration of the ability of the
13	Commission to conduct the proceedings or
14	to redress the violation at the conclusion of
15	the proceedings.
16	"(2) TIMING OF ENTRY.—An order issued
17	under this subsection shall be entered only after no-
18	tice and opportunity for a hearing, unless the Com-
19	mission determines that notice and hearing prior to
20	entry would be impracticable or contrary to the pub-
21	lic interest.
22	"(3) Effective date.—A temporary order
23	issued under this subsection shall—
24	"(A) become effective upon service upon
25	the respondent; and

petent jurisdiction, remain effective and enforceable pending the completion of the proceedings.

6 "(e) PROCEEDINGS REGARDING DISSIPATION OR
7 CONVERSION OF ASSETS.—

8 "(1) IN GENERAL.—In a proceeding involving 9 an alleged violation of a regulation or order promul-10 gated or issued by the Commission in accordance 11 with section 4A of the Natural Gas Act (15 U.S.C. 12 717c), if the Commission determines that the alleged 13 violation or related circumstances are likely to result 14 in significant dissipation or conversion of assets, the 15 Commission may issue a temporary order requiring 16 the respondent to take such action as is necessary 17 to prevent the dissipation or conversion of assets.

18 "(2) TIMING OF ENTRY.—An order issued
19 under this subsection shall be entered only after no20 tice and opportunity for a hearing, unless the Com21 mission determines that notice and hearing prior to
22 entry would be impracticable or contrary to the pub23 lic interest.

24 "(3) EFFECTIVE DATE.—A temporary order
25 issued under this subsection shall—

1

2

3

4

1	"(A) become effective upon service upon
2	the respondent; and
3	"(B) unless set aside, limited, or sus-
4	pended by the Commission or a court of com-
5	petent jurisdiction, remain effective and en-
6	forceable pending the completion of the pro-
7	ceedings.
8	"(f) Review of Temporary Orders.—
9	"(1) APPLICATION FOR REVIEW.—At any time
10	after a respondent has been served with a temporary
11	cease-and-desist order pursuant to subsection (d) or
12	order regarding the dissipation or conversion of as-
13	sets pursuant to subsection (e), the respondent may
14	apply to the Commission to have the order set aside,
15	limited, or suspended.
16	"(2) NO PRIOR HEARING.—If a respondent has
17	been served with a temporary order entered without
18	a prior hearing of the Commission—
19	"(A) the respondent may, not later than
20	10 days after the date on which the order was
21	served, request a hearing on the application;
22	and
23	"(B) the Commission shall hold a hearing
24	and render a decision on the application at the
25	earliest practicable time.

(3)	JUDICIAL REVIEW.—
-----	-------------------

2	"(A) IN GENERAL.—An entity shall not be
3	required to submit a request for rehearing of a
4	temporary order prior to seeking judicial review
5	in accordance with section $506(a)(2)$ .

"(B) TIMING OF REVIEW.—Not later than 6 7 10 days after the date on which a respondent was served with a temporary cease-and-desist 8 9 order entered with a prior hearing of the Com-10 mission, or 10 days after the date on which the 11 Commission renders a decision on an applica-12 tion and hearing under paragraph (1) with respect to any temporary order entered without a 13 prior hearing of the Commission— 14

"(i) a respondent may obtain a review 15 16 of the order in a United States circuit 17 court having jurisdiction over the circuit in 18 which the respondent resides or has a prin-19 cipal place of business, or in the United 20 States Court of Appeals for the District of Columbia Circuit, for an order setting 21 22 aside, limiting, or suspending the effective-23 ness or enforcement of the order; and

24 "(ii) the court shall have jurisdiction25 to enter such an order.

1	"(C) NO PRIOR HEARING.—A respondent
2	served with a temporary order entered without
3	a prior hearing of the Commission may not
4	apply to the applicable court described in sub-
5	paragraph (B) except after a hearing and deci-
6	sion by the Commission on the application of
7	the respondent under paragraphs $(1)$ and $(2)$ .
8	"(4) Procedures.—Section $506(a)(4)$ shall
9	apply to—
10	"(A) an application for review of an order
11	under paragraph (1); and
12	"(B) an order subject to review under
13	paragraph (3).
14	"(5) NO AUTOMATIC STAY OF TEMPORARY
15	ORDER.—The commencement of proceedings under
16	paragraph (3) shall not, unless specifically ordered
17	by the court, operate as a stay of the order of the
18	Commission.
19	"(g) Regulations and Orders.—The Commission
20	may promulgate such regulations and issue such orders
21	as the Commission determines to be necessary to carry
22	out this section.".
23	SEC. 4. FEDERAL POWER ACT.
24	(a) Regulation of Electric Utility Companies
25	ENGAGED IN INTERSTATE COMMERCE.—Section 202 of

1 the Federal Power Act (16 U.S.C. 824a) is amended by2 adding at the end the following:

3 "(h) Emergency Authority.—

"(1) IN GENERAL.—Subject to paragraphs (2) 4 5 and (3), if necessary in the case of an emergency to 6 ensure continued reliability of service to electric con-7 sumers or to protect electric customers from poten-8 tial abuse of market power or market manipulation 9 in wholesale markets regulated by the Commission, 10 the Commission, upon petition or upon a motion of 11 the Commission, and before providing public notice 12 and an opportunity for comment, shall have emer-13 gency authority to change or suspend temporarily 14 the rates, terms, or conditions of service on file with 15 the Commission pursuant to this Act.

"(2) DURATION.—A temporary change or suspension under paragraph (1) may remain in effect
for a period of not more than 30 days unless the
Commission, during that period—

20 "(A) provides formal public notice and an
21 opportunity for comment in accordance with
22 section 206; and

23 "(B) determines that the a change or sus24 pension shall remain in effect pursuant to that
25 section.

"(3) EFFECTIVE DATE.—Any temporary change
or suspension of a filed rate, term, or condition of
service under paragraph (1) shall take effect only
upon the date of issuance by the Commission of
written public notice stating the findings of the
Commission in support of the temporary change or
suspension.".

8 (b) LICENSEES AND PUBLIC UTILITIES; PROCE9 DURAL AND ADMINISTRATIVE PROVISIONS.—Section 314
10 of the Federal Power Act (16 U.S.C. 825m) is amended
11 by adding at the end the following:

12 "(e) CEASE-AND-DESIST PROCEEDINGS.—

13 "(1) IN GENERAL.—If the Commission deter-14 mines that any entity may be violating, may have 15 violated, or may be about to violate any provision of 16 this Act, or any regulation promulgated by, or any 17 restriction, condition, or order made or imposed by, 18 the Commission under this Act, and if the Commis-19 sion finds that the alleged violation or threatened 20 violation, or the continuation of the violation, is like-21 ly to result in significant harm to electricity con-22 sumers or significant harm to the public interest, the 23 Commission may issue a temporary order requiring 24 the respondent—

1	"(A) to cease and desist from the violation
2	or threatened violation;
3	"(B) to take such action as is necessary to
4	prevent the violation or threatened violation;
5	and
6	"(C) to prevent, as the Commission deter-
7	mines to be appropriate—
8	"(i) significant harm to electricity
9	consumers;
10	"(ii) significant harm to the public in-
11	terest; and
12	"(iii) frustration of the ability of the
13	Commission to conduct the proceedings or
14	to redress the violation at the conclusion of
15	the proceedings.
16	"(2) TIMING OF ENTRY.—An order issued
17	under this subsection shall be entered only after no-
18	tice and opportunity for a hearing, unless the Com-
19	mission determines that notice and hearing prior to
20	entry would be impracticable or contrary to the pub-
21	lic interest.
22	"(3) Effective date.—A temporary order
23	issued under this subsection shall—
24	"(A) become effective upon service upon
25	the respondent; and

1	"(B) unless set aside, limited, or sus-
2	pended by the Commission or a court of com-
3	petent jurisdiction, remain effective and en-
4	forceable pending the completion of the pro-
5	ceedings.
6	"(f) PROCEEDINGS REGARDING DISSIPATION OR
7	Conversion of Assets.—
8	"(1) IN GENERAL.—In a proceeding involving
9	an alleged violation of a regulation or order promul-
10	gated or issued by the Commission in accordance
11	with section 222, if the Commission determines that
12	the alleged violation or related circumstances are
13	likely to result in significant dissipation or conver-
14	sion of assets, the Commission may issue a tem-

sion of assets, the Commission may issue a temporary order requiring the respondent to take such
action as is necessary to prevent the dissipation or
conversion of assets.

18 "(2) TIMING OF ENTRY.—An order issued 19 under this subsection shall be entered only after no-20 tice and opportunity for a hearing, unless the Com-21 mission determines that notice and hearing prior to 22 entry would be impracticable or contrary to the pub-23 lic interest.

24 "(3) EFFECTIVE DATE.—A temporary order
25 issued under this subsection shall—

1	"(A) become effective upon service upon
2	the respondent; and
3	"(B) unless set aside, limited, or sus-
4	pended by the Commission or a court of com-
5	petent jurisdiction, remain effective and en-
6	forceable pending the completion of the pro-
7	ceedings.
8	"(g) Review of Temporary Orders.—
9	"(1) Application for review.—At any time
10	after a respondent has been served with a temporary
11	cease-and-desist order pursuant to subsection (e) or
12	order regarding the dissipation or conversion of as-
13	sets pursuant to subsection (f), the respondent may
14	apply to the Commission to have the order set aside,
15	limited, or suspended.
16	"(2) NO PRIOR HEARING.—If a respondent has
17	been served with a temporary order entered without
18	a prior hearing of the Commission—
19	"(A) the respondent may, not later than
20	10 days after the date on which the order was
21	served, request a hearing on the application;
22	and
23	"(B) the Commission shall hold a hearing
24	and render a decision on the application at the
25	earliest practicable time.

#### "(3) JUDICIAL REVIEW.—

1

2	"(A) IN GENERAL.—An entity shall not be
3	required to submit a request for rehearing of a
4	temporary order prior to seeking judicial review
5	in accordance with section 313(a).

6 "(B) TIMING OF REVIEW.—Not later than 7 10 days after the date on which a respondent was served with a temporary cease-and-desist 8 9 order entered with a prior hearing of the Com-10 mission, or 10 days after the date on which the 11 Commission renders a decision on an applica-12 tion and hearing under paragraph (1) with respect to any temporary order entered without a 13 14 prior hearing of the Commission—

"(i) a respondent may obtain a review 15 16 of the order in a United States circuit 17 court having jurisdiction over the circuit in 18 which the respondent resides or has a prin-19 cipal place of business, or in the United 20 States Court of Appeals for the District of Columbia Circuit, for an order setting 21 22 aside, limiting, or suspending the effective-23 ness or enforcement of the order; and

24 "(ii) the court shall have jurisdiction25 to enter such an order.

1	"(C) NO PRIOR HEARING.—A respondent
2	served with a temporary order entered without
3	a prior hearing of the Commission may not
4	apply to the applicable court described in sub-
5	paragraph (B) except after a hearing and deci-
6	sion by the Commission on the application of
7	the respondent under paragraphs $(1)$ and $(2)$ .
8	"(4) PROCEDURES.—Section 313(a) shall apply
9	to—
10	"(A) an application for review of an order
11	under paragraph (1); and
12	"(B) an order subject to review under
13	paragraph (3).
14	"(5) NO AUTOMATIC STAY OF TEMPORARY
15	ORDER.—The commencement of proceedings under
16	paragraph (3) shall not, unless specifically ordered
17	by the court, operate as a stay of the order of the
18	Commission.
19	"(h) Regulations and Orders.—The Commission
20	may promulgate such regulations and issue such orders
21	as the Commission determines to be necessary to carry
22	out this section.".