State of West Virginia
Office of the Attorney General
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October 6, 2026

Secretary Debbie-Anne Reese
Federal Energy Regulatory Commission
888 First Street NE
Rm 1A
Washington, DC 20426

Submitted Electronically via FERC Online Portal

Re: Comments of the Attorneys General of West Virginia, Alabama, Alaska, Arkansas, Florida, Georgia, Idaho, Indiana, Iowa, Kansas, Kentucky, Louisiana, Mississippi, Missouri, Montana, Nebraska, North Dakota, Ohio, Oklahoma, Pennsylvania, South Carolina, South Dakota, Tennessee, Texas, Utah and Wyoming on "Revisions to the Blanket Certificate Program" (FERC Docket No. RM25-12-001).

Dear Secretary Reese:

The United States is "blessed with an abundance of energy and natural resources that have historically powered our Nation's economic prosperity."[1] Natural gas is one of those resources; it is a "key driver of economic growth" that provides "clean, reliable, and affordable energy" and "saves American households and businesses billions of dollars per year."[2] Our nation produces roughly a quarter of the world's natural gas—more than enough to satisfy our domestic consumption.[3] And America's nearly three million miles of pipeline infrastructure ensures that this vital resource can reach communities all across the country when they need it.[4] Accordingly,

[1] Unleashing American Energy, Exec. Order No. 14154, 90 Fed. Reg. 8353, 8353 (Jan. 20, 2025).

[2] *Why Natural Gas is a Natural Advantage for America*, U.S. CHAMBER OF COM. (Jan. 5, 2024), https://perma.cc/6Z42-RBEG.

[3] *See* ENERGY INST., *Statistical Review of World Energy* (2025), https://perma.cc/BWV5-UBCH.

[4] *Natural Gas is the Foundation of America's Energy Future*, AM. GAS ASS'N: TRUE BLUE BLOG (Apr. 18, 2025), https://perma.cc/H5EJ-H7BH.

regulatory initiatives that facilitate the expansion and maintenance of that pipeline infrastructure provide immense benefits.

Consider West Virginia. Natural gas production is a lifeblood of its economy. The Mountain State is the nation's fourth-largest energy producer (and a net energy exporter) and nearly three-fifths of its substantial output comes from natural gas.[5] Indeed, natural gas is *directly* responsible for more than $6 billion of economic activity,[6] *indirectly* responsible for billions more,[7] supports more than 70,000 jobs,[8] and is the genesis of hundreds of millions of annual severance tax dollars that fund infrastructure, schools, and other essential government services.[9] A regulatory environment that facilitates the efficient production, transportation, and interstate export of natural gas is therefore undeniably in the interest of West Virginia and its citizens.

The Commission's Proposed Rule, "Revisions to the Blanket Certificate Program," 91 Fed. Reg. 31371 (May 27, 2026), does just that. For more than 40 years, the Blanket Certificate Program[10] has helped "increase flexibility and reduce regulatory and administrative burdens" associated with the production and interstate transportation of natural gas.[11] A blanket certificate allows regulated entities to engage in certain "routine activity" on a "self-implementing basis,"[12] either automatically (in quotidian cases) or after providing notice to the Commission and other interested stakeholders (in cases where additional scrutiny may be warranted).

The Proposed Rule would expand the universe of routine activity in several respects. It updates both the cost threshold for qualifying projects and the inflation adjustment mechanism, accounting for durable changes in the cost of constructing natural gas pipelines and related infrastructure. It allows regulated entities two years (rather than one) to bring facilities covered by a blanket certificate into service, aligning that timeframe with prevailing practice elsewhere in the Natural Gas Act. It permits the use of incremental rates when a project will primarily benefit a subset of customers to avoid unwarranted subsidization. It allows qualifying mainline projects

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[5] *West Virginia: Analysis*, U.S. ENERGY INFORMATION ADMINISTRATION, https://perma.cc/5LSG-YANK (last updated Mar. 19, 2026).

[6] U.S. Bureau of Econ. Analysis, *Gross Domestic Product: Oil and Gas Extraction in West Virginia*, FED. RSRV. BANK OF ST. LOUIS, https://perma.cc/FSF8-GFZZ (last updated Sept. 30, 2025).

[7] PWC, *Impacts of the Oil and Natural Gas Industry on the US Economy in 2021*, at B-1, B-51 (2023), https://perma.cc/5R7L-NWSZ (estimating the total economic impact of the oil and natural gas industry in West Virginia at nearly $13 billion).

[8] *Id*.

[9] W. VA. TAX DIV., *Severance Taxes – Tax Data, Fiscal Years 2015 through 2026*, at 4 (n.d.), https://tax.wv.gov/ResearchAndGovernment/Research/SeveranceTaxHistoryAndData/Pages/SeveranceTaxHistoryAndData.aspx *report archived at* https://perma.cc/Y9PA-4HC7.

[10] *See* Interstate Pipeline Certificates for Routine Transactions, 47 Fed. Reg. 24254 (June 4, 1982).

[11] *Columbia Gas Transmission, LLC*, 177 FERC ¶ 61,105, at P 8, 2021 WL 5411368, at *2 (2021). *See also* Revisions to the Blanket Certificate Regulations and Clarification Regarding Rates, 71 Fed. Reg. 63680, 63691 (Oct. 31, 2006) (explaining that use of the "streamlined blanket certificate program" is designed to "decrease" the "overall burden" on natural gas producers).

[12] *Columbia Gas Transmission, LLC v. 1.01 Acres, More or Less in Penn Twp.,* 768 F.3d 300, 305 (3d Cir. 2014). *See* 18 C.F.R. § 157.208.

(those that fall under the cost threshold) to proceed automatically, in the same manner as other cost-qualifying projects. And it would remove the cost cap entirely for certain "within the fence line" expansions, as well as for certain classes of facility, such as new receipt points, that are similarly situated to other facilities the Commission has long exempted from the cost cap.

These changes are all consistent with the manifest purpose of the Blanket Certificate Program, which rests on the foundation that qualifying activities will either have a de minimis impact on ratepayers and existing operations *or* involve investments that are "so well understood as an established industry practice that little scrutiny is required to determine their compatibility with the public convenience and necessity."[13] The Proposed Rule does not transform the Blanket Certificate Program into something new; it adapts its rationale to modern conditions. Because these changes will inure to the benefit of the natural gas producers and exporters who help power our nation's economy, the States of West Virginia, Alabama, Alaska, Arkansas, Florida, Georgia, Idaho, Indiana, Iowa, Kansas, Kentucky, Louisiana, Mississippi, Missouri, Montana, Nebraska, North Dakota, Ohio, Oklahoma, Pennsylvania, South Carolina, South Dakota, Tennessee, Texas, Utah, and Wyoming (the "Supporting States") strongly support the Proposed Rule.

This comment highlights some of the many reasons why the Supporting States support the Rule. It also responds to the comment of another coalition of States, led by Washington and Massachusetts (the "Opposed States"), that opposes it.[14] The Opposed States claim the Proposed Rule will raise energy rates, increase pollution, and cause "other harms," all while failing to ensure that the infrastructure upgrades the Rule permits be "consistent with the public interest."[15] Simply put, the Opposed States are wrong. Easing regulatory burdens and making it easier to produce and transport natural gas will not exacerbate the "growing energy affordability crisis"[16]—it is part of the solution. And the robust environmental protections—both in the Natural Gas Act and elsewhere (such as the Clean Air Act, the Endangered Species Act, etc.)—that already apply here are not being subverted. Thus, adoption of the Proposed Rule will not "unfairly burden"[17] everyday Americans. Instead, it will help ensure a future in which affordable and abundant energy is available to all Americans.

DISCUSSION

I. The Proposed Rule modernizes the Blanket Certificate Program while remaining faithful to its longstanding rationale.

A. The Natural Gas Act (NGA), 15 U.S.C. § 717 *et seq*., governs the sale and transportation of natural gas in interstate commerce. Section 7 of the Act requires natural gas companies to obtain a "certificate of public convenience and necessity" before engaging in any "construction or

[13] 47 Fed. Reg. at 24255.

[14] States of Washington & Massachusetts et al., Motion to Intervene and Comments on Proposed Revisions to the Blanket Certificate Program (July 27, 2026), Doc. Accession No. 20260727-5257 (hereinafter "Opposed States Comment").

[15] Opposed States Comment at 1.

[16] *Id*.

[17] *Id*.

extension of any facilities" used in the interstate transportation of gas. 15 U.S.C. § 717f(c)(1)(A); *see also* 71 Fed. Reg. at 63681 ("A natural gas company must obtain a certificate of public convenience and necessity pursuant to section 7(c) of the Natural Gas Act … to construct, acquire, alter, abandon, or operate jurisdictional gas facilities or to provide jurisdictional gas services."). As a default, obtaining the requisite certificate requires a hearing, 15 U.S.C. § 717f(c)(1)(B), resulting in a lengthy process that often takes 18 to 24 months to resolve (and sometimes longer).[18] That said, Congress did not prescribe the specific procedural manner in which FERC must implement the NGA. Instead, it imbued the Commission with broad authority to administer the NGA, promulgate rules and regulations, and attach reasonable terms and conditions to NGA certificates. *See* 15 U.S.C. §§ 717f(e), 717o.

The Blanket Certificate Program was established (more than 40 years ago) to "make the certificate process more efficient." 47 Fed. Reg. at 24254. The program provides the Commission an "administratively efficient means" to "authorize a generic class of routine activities" without conducting a "full, case-specific … section 7 certificate proceeding." 71 Fed. Reg. at 63681. As outlined in the Commission's original promulgation, the types of activities falling within the program's ambit include those that have "relatively little" impact on "ratepayers … or … pipeline operations" as well as "minor investments in facilities" that are "so well understood as an established industry practice" that "little scrutiny is required to determine their compatibility with the public convenience and necessity." 47 Fed. Reg. at 24255. Thus, at bottom, the Blanket Certificate Program permits a "class of transactions … that the Commission has [already] determined to be in the public convenience and necessity," 71 Fed. Reg. at 63682, to be undertaken without the expensive and lengthy hearing process[19] that often governs the construction or expansion of new pipeline facilities.

There are two tiers of authorization provided by a blanket certificate. The first encompasses activities subject to automatic authorization. 18 C.F.R. §§ 157.203(b), 157.208(a). Under this tier, certificate holders can engage in various "miscellaneous rearrangements"—e.g., install, operate, or remove temporary compressor facilities,[20] acquire, construct, replace, modify, or operate delivery points,[21] engage in remediation and maintenance of an existing underground storage facility,[22] and abandon supply facilities dormant for more than one year[23]—so long as the

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[18] Paul W. Parfomak, CONG. RSCH. SERV., R45239, *Interstate Natural Gas Pipeline Siting: FERC Policy and Issue for Congress* at 14 (2022), https://perma.cc/3U7R-SWD2.

[19] It is worth noting that the *initial issuance* of a blanket certificate comes only after the Commission has conducted a Section 7 hearing. 18 C.F.R. § 157.204(b). This initial hearing process ensures that the Commission has faithfully discharged the oversight obligation imposed by the NGA.

[20] 18 C.F.R. § 157.209(a).

[21] 18 C.F.R. § 157.211(a)(1).

[22] 18 C.F.R. § 157.213(a).

[23] 18 C.F.R. § 157.216(a)

cost of doing so does "not exceed [a] cost limitation" the Commission sets by regulation. 18 C.F.R. § 157.208(a).[24]

The second tier covers activities that require prior notice. 18 C.F.R. § 157.203(c). In general, activities require prior notice when they are more costly than those permitted under automatic authorization but still within the overall cost limitation established by regulation. 18 C.F.R. § 157.208(b). Prior notice is also required for somewhat more substantial rearrangements, such as acquiring, constructing, modifying, replacing, or operating "mainline" natural gas facilities,[25] activities involving certain delivery points (such as those that supply gas to end users),[26] the construction, modification, replacement, or operation of facilities that transport synthetic or revaporized liquefied natural gas (LNG),[27] and efforts that increase the maximum storage capacity in an underground storage facility.[28] In short, prior notice covers "activities that are not minor enough to qualify for automatic authorization under the Commission's blanket certificate regulations but that are still expected to have relatively minimal impact on the environment, ratepayers, and pipeline operations." *Columbia Gas*, 177 FERC ¶ 61,105, at P 8, 2021 WL 5411368, at *2.

The principal procedural distinction between the two authorization tiers is that prior-notice projects must be filed with the Commission and thus are by default subject to the public notice-and-protest process before authorization to proceed becomes effective. And that is no small difference; the impact of an unresolved protest is significant.

By regulation, "any person or the Commission's staff may file a protest." 18 C.F.R. § 157.205(e)(1). In *the absence* of a protest, "authorization to conduct an activity proposed under a blanket certificate is automatic." *Columbia Gas*, 177 FERC ¶ 61,105, at P 6, 2021 WL 5411368, at *2. But the filing of a nonfrivolous protest—one not withdrawn or dismissed within a specified period—transforms a blanket certificate activity into an "application for case-specific authorization under section 7" of the NGA, i.e., a traditional section 7 application. *Id.*; *see* 18 C.F.R. § 157.205(f).

Thus, the prior-notice tier helps ensure that there is "a greater degree of review" for activities "in which various interested parties might have a concern." 47 Fed. Reg. at 24255; *see also* 71 Fed. Reg. at 63682 (prior public notice "to affected landowners and the public" is intended to facilitate "a reasonable opportunity to review the potential impacts of proposed projects prior to construction"). The existence of this tier thus plays a crucial role in ensuring that the Commission is properly discharging the statutory duties set forth in the NGA when it authorizes activities via a blanket certificate. *See*, *e.g.*, 91 Fed. Reg. at 31382 (explaining that "the protest mechanisms built

[24] Although the cost limitation usually constrains automatically authorized activity, there are some exceptions. For example, activities involving delivery points can proceed under automatic authorization regardless of cost. *See* 18 C.F.R. § 157.211(a)(1).

[25] 18 C.F.R. § 157.210.

[26] 18 C.F.R. § 157.211(a)(2).

[27] 18 C.F.R. § 157.212.

[28] 18 C.F.R. § 157.214(a).

into the prior notice procedures, ensure that nearby residents and landowners, pipeline customers, and Commission staff have an opportunity to evaluate … individual projects").

B. Central to the operation of the Blanket Certificate Program is the regulatory cost limitation. The Commission publishes a table that delimits how much an operator can spend on a project while remaining within the ambit of the program. 18 C.F.R. § 157.208(d). This "per-project cost limitation" was initially calibrated to ensure that activities authorized by blanket certificates were "routine." 47 Fed. Reg. at 24258–59. The cost limitation had a built-in inflation calculation method based on the GDP price deflator. *Id*. at 24270. That inflation adjustment notwithstanding, the Commission has intervened on prior occasions to adjust the program's cost limitation to account for real-world changes to construction costs. *See*, *e.g.*, 71 Fed. Reg. at 63685. In 2006, for instance, the Commission increased the cost limitation beyond the normal inflation-adjustment to account, at least in part, for price increases associated with components (such as steel) that had "risen far faster than any measure of overall inflation." *See id*. at 63685 n. 25.

That 2006 intervention (Order 686) is notable for another reason. In addition to raising the cost limitation beyond the inflation-adjusted track set at the program's outset in 1982, the Commission also extended the reach of the program to mainlines, storage field facilities, and LNG facilities which were, at that point, beyond its ambit. 71 Fed. Reg. at 63681; *see also id*. at 63682 (explaining that prior to Order 686 such facilities had been "deliberately excluded" from the blanket certificate program). The inclusion of mainlines brought "projects designed to increase [a] pipeline's capacity" such as "compression and looping projects" within the ambit of the Blanket Certificate Program for the first time. 91 Fed. Reg. at 31381. The Commission explained that the impact of this expansion was tempered by placing these newly-covered activities in the prior notice tier. "[R]equiring prior public notice for blanket projects involving these previously excluded facilities" was an intentional choice that ensured the Commission acted "consistent with its statutory obligation to affirm that each new project or service is required by the public convenience and necessity." 71 Fed. Reg. at 63682. That said, the Commission also cited its "lack of experience under the blanket program in supervising mainline, LNG and synthetic gas, and storage facility projects" as a reason why requiring prior notice was "prudent." *Id*.

C. Like the changes wrought via Order 686, the Proposed Rule *updates* the Blanket Certificate Program without fundamentally altering its character. The Proposed Rule does not, as some opponents suggest, "dramatically"[29] or "substantially"[30] expand the program. Indeed, the notion that the Proposed Rule is out-of-step with either the rationale underlying the program or its historical structure (or both) flows from an overly crabbed conception of the role blanket certificates play in the NGA's regulatory framework. *See*, *e.g.*, Opposed States Comment at 3 (contending that the Blanket Certificate Program was created to "serve a narrow administrative purpose"); Env't Def. Fund, Motion to Intervene and Initial Comments on Blanket Certificate Cost Limitations at 1 (Sept. 24, 2025), Doc. Accession No. 20250924-5114 (claiming the Program was

[29] Earthjustice, Natural Resources Defense Council, et al., Comments of the Public Interest Organizations on Proposed Revisions to the Blanket Certificate Program at 2 (July 27, 2026), Doc. Accession No. 20260727-5251.

[30] Delaware Riverkeeper Network, Comments on Notice of Proposed Rulemaking, "Revisions to Blanket Certificate Program" at 3 (July 27, 2026), Doc. Accession No. 20260727-5201.

"historically narrowly tailored"). In short, opponents of the Proposed Rule treat blanket certificates as *an exception* to the regular operation of the NGA.

But that's neither legally nor factually accurate. Legally, Congress gave the Commission wide latitude in how it implements the NGA. *See Minisink Residents for Env't Pres. & Safety v. FERC*, 762 F.3d 97 (D.C. Cir. 2014). The "broad discretion" extended to FERC, *Appalachian Voices v. FERC*, 139 F.4th 903, 913 (D.C. Cir. 2025), is exemplified by the extension of capacious rulemaking authority—FERC has the power to "perform any and all acts" and to "prescribe, issue, make, amend, and rescind such orders, rules, and regulations as it may find necessary or appropriate" to implement the NGA, 15 U.S.C. § 717o. The creation of the Blanket Certificate Program, then, was (and remains) an ordinary and unremarkable exercise of the Commission's power to "classify persons and matters within its jurisdiction and prescribe different requirements for different classes of persons or matters." *Id*.

Factually, data compiled by the Commission illustrates that activity undertaken under the auspice of a blanket certificate is commonplace, not exceptional. In both 2021 and 2024 there were more prior-notice blanket filings than traditional section 7 applications.[31] And that relative balance only tips further in favor of blanket certificates once activity undertaken via automatic authorization is factored in. As the Proposed Rule itself notes, FERC expects to receive 176 annual reports recounting activities engaged in via automatic authorization, 91 Fed. Reg. at 31387, and "many" of these "less significant actions" can be aggregated in a "single filing/response," 89 Fed. Reg. at 55235.

Against this backdrop, the impact of the Proposed Rule is placed in proper context. As discussed in greater detail below, the various proposed changes are fully consistent with both the longstanding structure and purpose of the Blanket Certificate Program and the NGA itself. In 2006—the last time it was updated—the Commission found that the Program could be "enlarged" in a manner "consistent" with its "statutory obligation" of ensuring that "each … project" "is required by the public convenience and necessity." 71 Fed. Reg. at 63682. What was true then remains true now.

II. The increased cost limitations and a proposal to modify the Blanket Certificate Program's inflation adjustment mechanism appropriately account for modern construction conditions.

A. The Commission's finding that, in recent years, "the costs to construct natural gas infrastructure have increased at a higher rate than the Commission's annual adjustment to the cost limits" (which are designed to account for inflation), 91 Fed. Reg. at 31375, is undeniably accurate. Even a cursory review of pertinent statistics is illuminating: The price increases associated with

[31] *See* Commission Information Collection Activities (FERC-537); Comment Request; Extension, 86 Fed. Reg. 27589, 27590 (May 21, 2021) (estimating there were 43 "Interstate Certificate and Abandonment Applications," i.e., traditional section 7 applications, and 51 prior-notice blanket certificate applications); Commission Information Collection Activities (FERC-537); Comment Request; Extension, 89 Fed. Reg. 55235, 55236 (July 3, 2024) (estimating 43 traditional applications compared to approximately 64 prior-notice blanket filings).

many critical pipeline construction components—such as carbon steel pipe & tube,[32] milled steel products,[33] gas compressors and pumps,[34] fabricated structural metal,[35] and ready-mix concrete[36]—all substantially outpaced generalized inflation over the past decade.[37] Moreover, although a broad escalation in construction-material costs extends back at least a decade, it has been especially pronounced since 2020. Indeed, the price of construction materials "surged upward" in mid-2020 and price levels have remained high in the years since.[38] The impact of this price surge has been especially durable with respect to the cost of steel and steel inputs.[39]

The impact of these price increases on pipeline construction costs is readily apparent. Consider some examples from the past decade in and around West Virginia. When Columbia Gas filed its application to build the Mountaineer Xpress Project in April 2016, the estimated aggregate cost was $2.06 billion; a little over two years later, in July of 2018, Columbia's cost estimate had risen by nearly 50%—to more than $3 billion. *Columbia Gas Transmission, LLC*, 164 FERC ¶ 61,137 at P 3, 2018 WL 4094493, at *1 (2018). Over the same two-year period, general inflation increased prices by less than 5%.[40] And when TC Energy (Columbia Gas's corporate successor)

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[32] U.S. Bureau of Lab. Stat., *Producer Price Index by Industry: Iron and Steel Pipe and Tube Manufacturing from Purchased Steel: Pipe and Tube, Carbon*, FED. RSRV. BANK OF ST. LOUIS, https://perma.cc/5TJ6-AV2E (last updated Sept. 10, 2026) (showing a price increase from August 2016 to August 2026 of approximately 110%).

[33] U.S. Bureau of Lab. Stat., *Producer Price Index by Commodity: Metals and Metal Products: Steel Mill Products*, FED. RSRV. BANK OF ST. LOUIS, https://perma.cc/84PN-N97N (last updated Sept. 10, 2026) (showing a price increase from August 2016 to August 2026 of approximately 116%).

[34] U.S. Bureau of Lab. Stat., *Producer Price Index by Industry: Air and Gas Compressor Manufacturing: Air and Gas Compressors and Vacuum Pump*, FED. RSRV. BANK OF ST. LOUIS, https://perma.cc/A8WL-SFJQ (last updated Sept. 10, 2026) (showing a price increase from August 2016 to August 2026 of approximately 88.3%).

[35] U.S. Bureau of Lab. Stat., *Producer Price Index by Commodity: Metals and Metal Products: Fabricated Structural Metal*, FED. RSRV. BANK OF ST. LOUIS, https://perma.cc/7TE6-5SML (last updated Sept. 10, 2026) (showing a price increase from August 2016 to August 2026 of approximately 84.2%).

[36] U.S. Bureau of Lab. Stat., *Producer Price Index by Commodity: Nonmetallic Mineral Products: Ready-Mix Concrete*, FED. RSRV. BANK OF ST. LOUIS, https://perma.cc/7M4K-NNYQ (last updated Sept. 10, 2026) (showing a price increase from August 2016 to August 2026 of approximately 55.5%).

[37] In contrast to the numbers above, generalized inflation over the past decade increased prices by approximately 39%. *Compare Consumer Price Index—August 2026*, U.S. Bureau of Lab. Stat., https://tinyurl.com/3kfxcw6y (last updated Sept. 11, 2026) *with Consumer Price Index—September 2016*, U.S. Bureau of Lab. Stat., https://tinyurl.com/3ew3wcze (last updated Oct. 21, 2016). Factoring in rate of change and discounting the increase associated with/attributable to generalized inflation, the current price of carbon steel pipe & tube is approximately 52% higher in real terms relative to its 2016 price level. The corresponding inflation-discounted price increases for the other categories mentioned above are as follows: milled steel products (55%), gas compressors and pumps (35%), fabricated structural metal (32%), ready-mix concrete (11%).

[38] *See* U.S. Bureau of Lab. Stat., *A Look at the Price of Construction* (Aug. 26, 2021), https://tinyurl.com/5jdawenk.

[39] *See* U.S. Bureau of Lab. Stat., *The Impact of COVID on the Price of Steel in Three Phases* at 14, BEYOND THE NUMBERS, NO. 4 (2025), https://tinyurl.com/ycyyd5fb; *see also* note 33, *supra*.

[40] *See* U.S. Bureau of Econ. Analysis, *Gross Domestic Product: Implicit Price Deflator*, FED. RSRV. BANK OF ST. LOUIS, https://perma.cc/JEL6-MK5S (last updated Sept. 30, 2026) (showing an approximately 4.5% increase in the price level between the second quarter of 2016 and the third quarter of 2018).

provided an update on Mountaineer Xpress in the first quarter of 2019, its projected cost had risen by an additional $500 million.[41]

Similar stories can be told about the Mountain Valley and Atlantic Coast pipelines. When it was announced in 2015, the Mountain Valley Pipeline's developers estimated the project would cost between $3 and $3.5 billion.[42] By the time it became operational in July 2024, its developers reported an "estimated total project cost" of more than $8 billion.[43] And although it was never built, the estimated cost of the Atlantic Coast Pipeline jumped from $4.5–$5 billion when it was proposed in 2014 to $8 billion when it was cancelled in 2020.[44] The magnitude of these cost increases—both actual and estimated—easily outpaced generalized inflation.[45]

Nor have the cost conditions associated with pipelines improved in recent years. The estimated construction price-per-mile hit a record level—nearly $11 million/mile—in 2023,[46] receded briefly in 2024,[47] then soared even higher—to more than $12 million/mile—in 2025.[48] Indeed, as the Commission has recognized, the increase in the cost per mile since 2006 is enormous—well over 256%. 91 Fed. Reg. at 31375. But the inflation adjustment built into the Blanket Certificate Program has raised the cost limitation by only about 50%. *Id*.

The mismatch between the facts on the ground and the current size of the cost limitation makes the adjustment provided for in the Proposed Rule obviously justified. It is undeniable that the cost architecture associated with constructing, maintaining, and modifying pipeline facilities is vastly different than it was in 2006. Moving the threshold as proposed—$86 million for prior notice, $30 million for automatic authorization, and $17 million for storage testing—does not risk "fundamentally changing the nature of the program."[49] On the contrary, given the significant rise in construction costs, *not raising* the cost limitation would fundamentally alter the nature of the Blanket Certificate Program by appreciably shrinking its applicable scope. As the Commission has aptly explained, the increases in the cost limitation set forth in the Proposed Rule are necessary to "*maintain* the blanket certificate program's general framework and principles." 91 Fed. Reg. at

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[41] *See* TC ENERGY CORP., 2019 ANNUAL INFORMATION FORM (FORM 40-F, EXHIBIT 13.1) at p. 8 (Feb. 12, 2020), https://tinyurl.com/jkutt2kd.

[42] *See* EQT GP HOLDINGS, LP, AMENDMENT NO. 1 TO REGISTRATION STATEMENT (FORM S-1/A) at p. 103 (Apr. 1, 2015), https://tinyurl.com/5awstw7r.

[43] *See* EQT CORP., ANNUAL REPORT (Form 10-K), at p. 130 (Feb. 19, 2025), https://tinyurl.com/f4u22wce.

[44] *See* DUKE ENERGY CORP., CURRENT REPORT (FORM 8-K) at p. 2 (Sept. 2, 2014), https://tinyurl.com/2mp94ynj; DOMINION ENERGY, INC., CURRENT REPORT (FORM 8-K), EX. 99.1 (July 5, 2020), https://tinyurl.com/yfd5p84f.

[45] *See* note 37, *supra*.

[46] Christopher E. Smith, *Land pipeline construction costs hit record $10.7 million/mile*, OIL & GAS JOURNAL (Oct. 2, 2023), https://perma.cc/E7LN-76H7.

[47] Christopher E. Smith, *Cheaper labor helps reduce pipeline construction costs*, OIL & GAS JOURNAL (Oct. 9, 2024), https://perma.cc/PHD3-5733.

[48] Christopher E. Smith & Laura Bell-Hammer, *Pipeline construction costs reach record $12.1 million/mile*, OIL & GAS JOURNAL (Oct. 6, 2025), https://perma.cc/2FBM-CNCX.

[49] Comments of the Public Interest Organizations, *supra* note 29, at 3 (cleaned up).

31375 (emphasis added); *see also id.* at 31373 (recognizing that industry commenters have asked for the cost limitation to be increased so that "pipeline companies can complete projects under the blanket certificate program that are similar in scale and nature to those that fell within the cost limits as of 2006."). Thus, an increase in the cost limitation is needed to "continue to meet the Commission's goals for the blanket program." *Id*. at 31375.

At bottom, because the Blanket Certificate Program is essential to the efficient operation of the interstate natural gas market, the Supporting States strongly support the proposed increases to the cost limitation, which will allow operators to undertake routine construction and maintenance activities in an efficient manner.

B. The Supporting States also support the Commission's decision to replace the current annual inflation-adjustment mechanism (the GDP deflator) with a "price tracker" focused "more narrowly on gas utility construction costs." 91 Fed. Reg. at 31375. The data outlined above—as well as the factual material included elsewhere in the record, *see*, *e.g.*, Interstate Nat. Gas Ass'n of Am., Emergency Petition to Temporarily Waive Regulations to Raise Blanket Certificate Limits under CP25-208 at 10–11 (Apr. 14, 2025), Doc. Accession No. 20250414-5240—clearly illustrates that a generalized measure of inflation has failed to fully account for the material change in the cost of constructing pipeline facilities. Replacing the GDP deflator with a Handy-Whitman Index, as the Commission proposes, 91 Fed. Reg. at 31376, is an excellent starting point.

That said, the convergence of year-over-year volatility in the price of pipeline construction inputs with a more sensitive inflation-adjustment mechanism creates a potential for disruption that is essentially impossible when the Commission's annual adjustment is tied to the GDP deflator. In short, it is possible for the price level associated with pipeline construction inputs to temporarily dip—as happened in 2024. *See* p. 9 & note 47, *supra*.[50] A sufficient drop in the price level can send a Handy-Whitman Index downward.[51] And while it may be unlikely for a Handy-Whitman Index to trend downward year-over-year, it is far from unprecedented.[52]

At present, the Proposed Rule does not account for the possibility that the relevant Handy-Whitman Index will go negative. *See* 91 Fed. Reg. at 31390. As drafted, the Rule directs the Commission, via the mandatory "shall," to adjust the cost limitation so that the table outlining the limitation "reflect[s] the year-over-year (January to January) average index change of the Handy-Whitman Index for Gas Compressors and Gas Transmission Line Pipe for all regions for the

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[50] *See also* 71 Fed. Reg. at 63685 n.25 (noting that "although steel prices have run up over the past several years, in looking back to 1982, there were periods during which steel prices fell substantially").

[51] *See* A. Sheriff et al., *FECM/NETL Natural Gas with Hydrogen Pipeline Cost Model (2024): Description and User's Manual* at 27, U.S. DEPT. OF ENERGY, NATIONAL ENERGY TECHNOLOGY LABORATORY (May 24, 2024), https://perma.cc/DP8B-85UU (showing that a Handy-Whitman Index which dropped from 604 in 2008 to 525 in 2011, an approximately 13% decrease).

[52] *See* SOUTH CAROLINA ELEC. & GAS CO., V.C. SUMMER NUCLEAR STATION UNITS 2 & 3, *Quarterly Report to the South Carolina Office of Regulatory Staff* at 5 & app. 4, chart C. (Sept. 30, 2012), https://perma.cc/92YB-EEXR (reporting a year-over-year decrease in a Handy-Whitman Index of -0.17%); *see also* Interstate Nat. Gas Ass'n of Am., Comments on the Proposed Rulemaking at 15 (July 27, 2026), Doc. Accession No. 20260727-5256 (asserting that Handy-Whitman indices are "highly volatile" and "regularly go[] negative year-to-year"); *id*. (representing that the Handy-Whitman index has "decrease[d] on nine separate occasions").

previous calendar year." *Id*. Thus, as drafted, in a year when the relevant Handy-Whitman Index were to go negative, the cost limitation applicable to blanket certificates would *decrease*.

A decrease in the applicable cost limitation would be contrary to the express purpose for which the annual adjustment was incorporated into the Blanket Certificate Program—to account for inflation. *See* 47 Fed. Reg. at 24270; 71 Fed. Reg. at 63686. But a temporary dip in the price level of construction inputs does not mean that overall inflation has abated.[53] And the potential for disruption and uncertainty is self-evident: One of the key metrics for determining if an activity can proceed under blanket certificate authorization is its cost. *See* p. 6, *supra*. And now that the Proposed Rule permits projects to be brought into service over a two-year period, *see* 91 Fed. Reg. at 31379–80, it is unclear if a downward year-over-year adjustment to the cost limitation could cause a project that qualified for automatic authorization at the time it began to fall outside the regulatory limit.

To avoid the pitfalls flowing from a downward adjustment of the cost limitation, the Supporting States support the modification proposed by INGAA: Rather than using the year-over-year result of the relevant Handy-Whitman Index, the Commission should make annual adjustments using the "greater of the [relevant] Handy-Whitman Index three-year rolling average" and "the GDP deflator." Comments of the Interstate Nat. Gas Ass'n of Am., *supra* note 52, at 9. Adopting this approach will ensure that inflation is accounted for while still using a measure more responsive to spikes in construction costs that threaten the otherwise regular operation of the Blanket Certificate Program in the manner the Commission has intended since 1982. Alternatively—at a minimum—the Commission should establish a "zero floor" backstop, providing that if the Handy-Whitman Index goes negative in the relevant measuring period, the otherwise automatic annual adjustment to the cost limitation will not be applied.

III. Two decades of experience support permitting qualifying mainline projects to proceed under automatic authorization.

A. Since the fall of 2006, the Commission has allowed mainline projects to be authorized by the Blanket Certificate Program. *See* 71 Fed. Reg. at 63681 (codified at 18 C.F.R. § 157.210); *see also* pp. 5–6, *supra*. In the twenty years since Order 686 was promulgated, Section 157.210 has been frequently invoked by operators. Indeed, operators began invoking Section 157.210 less than a year after Order 686 was finalized. *See*, *e.g.*, MoGas Pipeline LLC; Notice of Request Under Blanket Authorization, 72 Fed. Reg. 56732 (Oct. 4, 2007) (prior-notice request to construct and operate a "4,920 horsepower mainline natural gas compressor station"); Kinder Morgan Interstate Gas Transmission LLC; Notice of Request Under Blanket Authorization, 73 Fed. Reg. 2476 (Jan. 15, 2008) (prior-notice request to "construct and operate mainline pipeline looping and ancillary facilities"). Such invocations have occurred with regularity in the years since. *See*, *e.g.*, Equitrans, L.P.; Notice of Request Under Blanket Authorization, 75 Fed. Reg. 6200 (Feb. 8, 2010) (prior-notice request by Equitrans to "modify and replace segments of its mainline system at fifty-three locations" primarily in West Virginia); Equitrans, L.P.; Notice of Request Under Blanket

[53] The absence of inflation—deflation—is exceedingly rare at the economy-wide level. During and in the immediate wake of the Great Recession, from March 2008 to 2009, the United States experienced mild deflation. U.S. Bureau of Lab. Stat., *Consumer prices down in March 2009* (April 16, 2009), https://perma.cc/XMK2-FEAC. Before that, the last time United States experienced general year-over-year deflation was in 1955. *Id*.

Authorization, 79 Fed. Reg. 32938 (June 9, 2014) (prior-notice request to "uprate approximately 74 miles of existing pipeline in West Virginia and Pennsylvania, and to install additional compression at the existing Blacksville Compressor Station" located in Blacksville, West Virginia, the latter project being intended to "add approximately 100 million cubic feet per day (MMcf/d) of new capacity on its Mainline System"); Notice of Request Under Blanket Authorization: Equitrans, LP, 83 Fed. Reg. 27324 (June 12, 2018) (prior-notice request "to install five miles of 12-inch-diameter pipeline to provide 85,000 dekatherms per day of increased capacity" at a pipeline project located in Harrison County, West Virginia); Eastern Gas Transmission and Storage, Inc.; Notice of Request Under Blanket Authorization and Establishing Intervention and Protest Deadline, 89 Fed. Reg. 26139 (Apr. 15, 2024) (prior-notice request to "install a 7,700 horsepower gas-fired, turbine-driven compressor unit" along with "additional upgrades" at three compressor stations located in Pennsylvania, Ohio, and West Virginia). And while many of these invocations have proceeded without protest, others have not (which, as discussed above, triggers additional oversight and review by the Commission). *See*, *e.g.*, *El Paso Nat. Gas Co., L.L.C.*, 187 FERC ¶ 61,041, 2024 WL 2272626 (2024); *Fla. Gas Transmission Co.*, LLC, 190 FERC ¶ 61,166, 2025 WL 881625 (2025).

Twenty years of practice has armed the Commission with the experience necessary to conclude that there are mainline projects that should be allowed—so long as the other regulatory criteria (such as cost) are met—to proceed via automatic authorization. After all, there are many projects involving mainline assets that, for one reason or another, fall comfortably within the realm of routine activity. *See*, *e.g.*, Eastern Shore Natural Gas Company; Notice of Request Under Blanket Authorization and Establishing Intervention and Protest Deadline, 90 Fed. Reg. 13357, 13358 (Mar. 21, 2025) (request for authorization to "maintain approximately 5.5 miles of 10-inch-diameter pipeline looping" so that the operator could "remain in compliance with Pipeline and Hazardous Materials Safety Administration pipeline integrity management regulations"); Southern Star Central Gas Pipeline, Inc.; Notice of Request Under Blanket Authorization, 82 Fed. Reg. 21217 (May 5, 2017) (request to "construct, relocate, own, and operate a total of 6.76 miles" of pipeline and "subsequently … abandon the equivalent segment" being replaced); National Fuel Gas Supply Corporation; Notice of Request Under Blanket Authorization, 80 Fed. Reg. 221 (Jan. 5, 2015) (request to replace roughly 14 existing miles of pipeline with the same amount of new pipeline in order to "increase [the] overall integrity, reliability and efficient operation of [the operator's] pipeline system"). With two decades of regulatory review under its belt, "prudence" no longer demands that the Commission insist on prior-notice review of all mainline projects. *Cf.* 71 Fed. Reg. at 63682. When such projects fall within the parameters of the cost limitation, it is reasonable for the Commission to extend such projects the same presumption afforded to other qualifying projects—that they fit within the class of activities that are "so well understood as an established industry practice that little scrutiny is required to determine their compatibility with the public convenience and necessity." 47 Fed. Reg. at 24255.

B. The Opposed States argue otherwise, claiming that "automatic approval of new or expanded mainline facilities would violate Section 7" of the NGA. Opposed States Comment at 10. But the statute they cite in support, 15 U.S.C. §717f(c)(1)(B), does not do the work they think it does. If that section *required* the Commission to hold a hearing, then the entire Blanket Certificate Program would be inconsistent with the NGA and therefore unlawful. Of course, no court has ever suggested as much. And for good reason: As outlined above, Congress has extended

to the Commission broad authority to "classify persons and matters within its jurisdiction" and "prescribe different requirements for different classes of persons or matters." 15 U.S.C. § 717o. Furthermore, the Commission has oft rejected claims predicated on the notion that blanket certificates are inconsistent with the NGA. *See*, *e.g.*, *Mountain Valley Pipeline, LLC Equitrans, L.P.*, 163 FERC ¶ 61,197 at PP 84 & 85, 2018 WL 3032149, at *22-23 (2018) (characterizing arguments that the Commission's "blanket authority … is … incompatible with the requirements of the NGA" as an "impermissible collateral attack on the blanket certificate program" and expressly stating that "the blanket certificate program is consistent with the NGA").

The Opposed States further contend that the NGA requires the Commission to review and specifically authorize any "expanded or new facilities." Opposed States Comment at 11. According to the Opposed States, "new" facilities cannot fall within the ambit of an already issued blanket certificate. *Id*. But that does not comport with reality, as exemplified by several of the examples cited above. Consider National Fuel Gas Supply's 2015 request. 80 Fed. Reg. at 221. There, National Fuel primarily sought permission to "construct and operate approximately 13.6 miles of 16-inch diameter pipeline, 0.6 miles of 20-inch diameter pipeline." *Id*. While that pipeline was "new" in some sense—the construction inputs were literally new—context makes clear that the pipe was a replacement: National Fuel contemporaneously asked to "abandon approximately 13.3 miles of 16-inch diameter bare steel pipeline and 0.6 miles of 20-inch diameter bare steel pipeline," *id.*—almost exactly the same dimensions as the new pipe they sought permission to build. The idea that a replacement pipeline with virtually identical dimensions to its predecessor incarnation is somehow not "covered" by an existing blanket certificate beggars belief. *Contra* Opposed States Comment at 12 ("These are not mere replacements with incidental increases in capacity."). And yet that is the position the Opposed States have staked out.

C. The Opposed States also claim that "automatically authorizing mainline facilities also eliminates environmental review." Opposed States Comment at 11. But that contention is overwrought for two reasons. *First*, the entire Blanket Certificate Program rests on a categorical environmental assessment—undertaken when the program was established in 1982, updated when it was revised in 2006, and which is in the process of being updated again as part of this very rulemaking.[54] *Second*, Commission authorization to proceed under a blanket certificate (automatic or otherwise) does not relieve an operator of its compliance obligations with other relevant federal environmental protections. Indeed, "environmental compliance" is one of the "standard conditions" that applies to "any activity authorized under a blanket certificate." 18 C.F.R. § 157.206(b). Section 157.206 requires operators to comply with a dozen federal statutes or executive orders, including the Clean Air Act, Clean Water Act, and Endangered Species Act. *Id*. at 157.206(b)(2)(i), (ii), (vi). Moreover, the Commission has made clear that the list included in Section 157.206 is "not intended to be exhaustive" and that the Commission "expects certificate

[54] *See* 71 Fed. Reg. at 63691 (explaining that "[i]n 1982, in promulgating the blanket certificate program, the Commission prepared an [environmental assessment] in which it determined that, subject to compliance with the standard environmental conditions, projects under the blanket program would not have a significant environmental impact" and further noting that the 2006 update "strengthen[ed] the standard environmental conditions applicable to all blanket projects"); *see also* 47 Fed. Reg. at 24261–64. And the Commission has directed its staff to "prepare a National Environmental Policy Act document to assess the environmental impacts of projects that may be constructed pursuant to the automatic authorization[s]" permitted by adoption of the Proposed Rule. 91 Fed. Reg. at 31387.

holders to be in compliance with all applicable law." 47 Fed. Reg. at 24263.[55] A blanket certificate is *not* a free pass to bypass or ignore federal environmental law.[56]

The Opposed States' myopic focus on National Environmental Policy Act (NEPA) review does not change that. As noted, the Commission *has* complied and *is* complying with NEPA via its categorical assessments of the type of projects authorized under blanket certificates. But, beyond that, NEPA—unlike the substantive protections listed in Section 157.206—"imposes no substantive environmental obligations or restrictions." *Seven County Infrastructure Coalition v. Eagle County*, 605 U.S. 168, 173 (2025). "The goal of" NEPA is simply to "inform agency decisionmaking." *Id*. The Proposed Rule has honored that goal. And despite the Opposed States' histrionics, the robust environmental protections provided by *substantive* federal statutes remain in full effect. Expanding the class of activities subject to automatic authorization does nothing to change that.

IV. Exempting receipt points and within-the-fenceline compressor expansions from the cost limitation is consistent with the Blanket Certificate Program's overall purpose.

A. The Blanket Certificate Program's cost limitation applies to and governs the authorization of activities related to "eligible facilit[ies]." 18 C.F.R. § 157.208(a). But some pipeline installations are exempt from the definition of "eligible facility" and therefore from the cost limitation. 18 C.F.R. § 157.202(b)(2)(ii). "Delivery points" are an example of an excluded class of installation. 18 C.F.R. § 157.202(b)(2)(ii)(E). Accordingly, delivery points have their own rules governing automatic authorization and prior notice that do not depend on the cost limitation. *See* 18 C.F.R. § 157.211; *see also* 91 Fed. Reg. at 31380 (explaining that delivery points are not eligible facilities and are instead "subject to a different provision of the blanket certificate regulations and are not subject to the cost limits").

The Proposed Rule recognizes that receipt points and delivery points are "essentially identical." 91 Fed. Reg. at 31380. That is, they consist of "the same facilities … a tap, meter, and appurtenant facilities such as a heater and gas conditioning equipment." *Id*.[57] This similarity means both that "the cost of a receipt point and its potential environmental impacts are the same

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[55] Including, for instance, the body of law enforced by the Pipeline and Hazardous Materials Safety Administration (PHMSA), namely the Natural Gas Pipeline Safety Act and Hazardous Liquid Pipeline Safety Act as amended and recodified in Chapter 601 of Title 49. Those laws expressly require PHMSA to establish standards that are "designed to meet the need for" both pipeline safety and "protecting the environment." 49 U.S.C. § 60102(b)(1)(B)(ii); *see also id*. § 60102(b)(2)(A)(iii) (requiring consideration of "environmental information" when setting standards).

[56] Nor does it excuse compliance with otherwise applicable *state* environmental statutes, *see*, *e.g.*, W. Va. Code § 22-5-11(a) (requiring permit when constructing, modifying, or relocating a stationary source of air pollution); W. Va. Code § 22-11-8 (requiring permits for discharges into state waters), or cooperative federalist regimes (such as the Clean Air Act and Clean Water Act) that assign substantial regulatory responsibility to state regulators, *see*, *e.g.*, 42 U.S.C. § 7407(a); W. Va. Code § 22-5-1; 33 U.S.C. § 1341(a)(1); W. Va. Code § 22-1-6(d)(7).

[57] "Delivery point" is defined as "a tap and/or metering and appurtenant facilities, such as heaters, minor gas conditioning, treatment, odorization, and similar equipment, necessary to enable the certificate holder to deliver gas to any party." 18 C.F.R. § 157.202(b)(10).

as those for a delivery point" and that the Commission has "no basis to differentiate" between the two. *Id*. Given that delivery points have been excluded from the cost limitation and separately authorized to be built without regard to cost since at least 1999, *see* FERC Order No. 603, 64 Fed. Reg. 26572, 26606, 26608–09 (May 14, 1999), the Commission's conclusion that the "construction of a receipt point is so well-understood as an established industry practice" that cost limitation need not apply, 91 Fed. Reg. at 31380, is firmly grounded in nearly three decades of regulatory experience. Concomitantly, the Proposed Rule's synchronization of the treatment of receipt and delivery points is fully consistent with the longstanding structure of the Blanket Certificate Program.

It is also a change that will greatly benefit producing States, like West Virginia, whose natural gas production substantially exceeds in-state consumption. Receipt points are the facilities by which natural gas enters the interstate transmission system. *See* 18 C.F.R. § 157.202(b)(2)(i). West Virginia has experienced significant growth in its natural gas industry over the past decade; continued growth depends in no small part on infrastructure expansions that ensure West Virginia producers can "get gas to market outside [the immediate] region."[58] Indeed, the addition of projects like the Mountaineer XPress, alongside other "midstream infrastructure development," has helped West Virginia's gas production become "more accessible to industrial users and utilities in the Mid-Atlantic" and become more readily transportable to "downstream processing hubs along the Gulf Coast."[59] By eliminating an unnecessary regulatory impediment at the point where locally produced gas enters the interstate pipeline network, the Proposed Rule will help West Virginia producers make fuller use of the growing "pipeline takeaway capacity" and thus continue to unlock West Virginia's "wealth of natural gas and gas liquids deposits" and the corresponding economic benefits that flow therefrom.[60]

Nor are the benefits of increasing takeaway capacity confined to producing States. Infrastructure upgrades that allow gas from supply-rich regions to reach consumers elsewhere are one of the most effective ways to combat rising energy prices. This is borne out in recent statistics. As a 2026 analysis from the U.S. Energy Information Administration (EIA) explains: "Pipeline connections from Appalachia into the Northeast provide New England with access to … relatively low-priced natural gas" which, in turn, has helped energy prices (including the price of electricity) there "remain[] relatively low."[61] And the opposite is also true: In 2022, EIA cited "pipeline constraints" that "limited the amount of natural gas that could be delivered to power plants" as one of the key factors responsible for the then "high … electricity prices" New England was

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[58] Eric Bowen et al., *Fossil Fuel Opportunities for West Virginia: 2017 Update* at 18, BUREAU OF BUS. & ECON. RSCH., W. VA. UNIV. (2017), https://perma.cc/V4AP-6LQG.

[59] Brian Lego et al., *West Virginia Economic Outlook 2022–2026* at ch. II, BUREAU OF BUS. & ECON. RSCH., W. VA. UNIV. (2021), https://perma.cc/NL5X-QKNP; *see also Natural Gas/Marcellus Shale*, W. VA. OFF. OF ENERGY, https://perma.cc/MM9P-MS2T (last visited Oct. 2, 2026) (recognizing that "[n]ew pipeline projects have come online in recent years to move natural gas from the Marcellus [Shale natural gas]-producing areas of West Virginia to markets in the Northeast, Midwest, and Gulf Coast").

[60] Lego et al., *supra* note 59, at ch. II.

[61] *New England natural gas prices have been trading near record discounts to Henry Hub*, U.S. ENERGY INFO. ADMIN. (Sept. 9, 2026), https://perma.cc/2FGY-FETR.

experiencing.[62] Moreover, EIA estimates that if pipeline infrastructure were frozen at or near current levels, the benchmark price of natural gas would rise by nearly 11% by 2050.[63] The impact of such an increase would be substantial given the "outsized influence" that "[p]rice changes for natural gas have … on wholesale electricity prices."[64]

In short, it is undeniable that regional variations in the price of electricity often "reflect transportation and/or transmission constraints"—including "pipeline capacity constraints"—between geographic regions.[65] Accordingly, facilitating infrastructure upgrades that allow West Virginia's abundant supply[66] to reach interstate markets advances consumer as well as producer interests. And the Opposed States' suggestion that the Proposed Rule will "compound the rising energy prices that consumers already face"[67] gets things exactly backwards. As the Commission declared in a press release about the Proposed Rule, the rule is designed to "speed up construction of [the] infrastructure on which Americans rely for affordable and reliable energy."[68] Thus, the Proposed Rule is a key part of *the solution* to bringing down energy prices in America.

B. As the foregoing indicates, an increase in takeaway capacity can be a major boon to the economy of natural-gas producing States. A variety of infrastructure upgrades can result in increased takeaway capacity, but compression upgrades are one of the most obvious and common pathways.[69]

The Proposed Rule permits "compression projects that increase capacity" to proceed under prior-notice procedures "regardless of cost." 91 Fed. Reg. at 31382. The Commission explained that "[p]roviding for the prior notice authorization of expansions of existing compressor stations

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[62] *New England natural gas and electricity prices increase on supply constraints, high demand*, U.S. ENERGY INFO. ADMIN. (Feb. 3, 2022), https://perma.cc/F9RB-3GX8.

[63] *Exploration of the No Interstate Natural Gas Pipeline Builds case* at 2, U.S. ENERGY INFO. ADMIN. (March 2022), https://perma.cc/E6ZM-6RN5.

[64] *U.S. wholesale day-ahead electricity prices rose in 2025 with higher natural gas prices*, U.S. ENERGY INFO. ADMIN. (Feb. 2, 2026), https://perma.cc/6ZTH-YNM8.

[65] *Daily natural gas and power price differences in Mid-Atlantic region reflect constraints*, U.S. ENERGY INFO. ADMIN. (April 2, 2012), https://perma.cc/6FP5-2N7T.

[66] *See U.S. natural gas production to reach record highs in 2026 and 2027*, U.S. ENERGY INFO. ADMIN. (Feb. 13, 2026), https://perma.cc/HMK5-E6S2.

[67] Opposed States Comment at 2.

[68] Press Release, FED. ENERGY REGUL. COMM'N, *FERC Unleashes Natural Gas Permit Reforms, Accelerating Infrastructure Upgrades for Affordable, Reliable Energy Nationwide* (May 21, 2026), https://perma.cc/L34B-SXHC.

[69] *See*, *e.g.*, *Over half of U.S. natural gas pipeline projects in 2012 were in the Northeast*, U.S. ENERGY INFO. ADMIN. (Mar. 25, 2013), https://perma.cc/97TS-UYGJ (explaining that "pipelines can significantly boost capacity … by uprating, or adding more horsepower to compressor stations, or by adding short pieces of pipe that nevertheless play a key role in removing bottlenecks on constrained parts of the grid"); *The least U.S. interstate natural gas pipeline capacity on record was added in 2022*, U.S. ENERGY INFO. ADMIN. (Mar. 2, 2023), https://perma.cc/MNT3-ZCV3 (noting that in years prior to 2022 "looping and compressor station projects … designed to accommodate growing Appalachia production" had added "interstate pipeline capacity"); *New infrastructure boosts West Virginia, southern Pennsylvania natural gas production*, U.S. ENERGY INFO. ADMIN. (July 30, 2013), https://perma.cc/HMN5-A888 (highlighting projects, including multiple new compressor stations, that "provided increased access to markets").

within the fence line of the station limits impacts on landowners while still allowing pipeline companies to expand their systems using the expedited blanket certificate procedures." *Id*. It further noted that "[b]ecause [such] projects would be subject to notice and protest procedures, such projects would not lack transparency, oversight, or scrutiny." *Id*.

The Opposed States claim this change is "arbitrary" and "inconsistent" with the NGA. Opposed States Comment at 13. They claim compression projects are "likely to significantly impact rates" and also assert that the "Commission's determination that [compression] projects with in the fence line do not cause environmental harm is wrong." *Id*. at 14. According to the Opposed States, "without a cost limit … the types of projects" that fall within the ambit of the Blanket Certificate Program "would include [projects that] are likely to significantly impact rates, air quality, our climate, environmental justice, public health, reliability, and safety." *Id*. at 17. Such projects, they claim, are "inconsistent with the purpose of the blanket certificate program." *Id*.

The Opposed States' arguments miss the mark. At the threshold, while the cost limitation is frequently a useful proxy for determining when some activity is appropriately authorized via blanket certificate, it is not an indispensable facet of the Blanket Certificate Program. Since the program's inception, there have been authorized activities—such as the construction and operation of sales taps—that were not subject to the cost limitation. *See*, *e.g.*, 47 Fed. Reg. at 24267; *see also* Interstate Pipeline Certificates for Routine Transactions, 47 Fed. Reg. 38871, 38876–77 (Sept. 3, 1982). And, over time—as the example of delivery points illustrates—additional activities have been authorized without regard for the cost limitation. *See* p. 14, *supra*.

That is because, at bottom, the rationale underlying the program is that some activities will have *either* a minimal impact on ratepayers and existing operations *or* involve investments that are so well understood that little scrutiny is required. *See* p. 2, *supra*. While the cost of a project can be a proxy well-suited to determining when an activity falls within one of those categories, it is not the *only* effective way to make that determination. In some cases, the physical characteristics and nature of the project itself may be sufficient to establish that the justifying rationale of the program has not been transgressed. And in others, the procedural safeguards provided by prior notice ensure that the constraints inherent to the Blanket Certificate Program are preserved. That is, when a within-the-fenceline compression project is likely to result in a material impact on ratepayers or raise some concern warranting additional scrutiny (such as potential environmental impact), the project can be the subject of a protest, either by an interested stakeholder or the Commission's staff. *See* 91 Fed. Reg. at 31382.

Both constraints do work here. Within-the-fenceline compressor projects are, by virtue of being confined to a location where an operator is already engaged in regulated activity, less likely to raise significant land-use or adjacent landowner concerns not already considered and addressed when the original blanket certificate was issued. And the additional scrutiny provided by prior notice procedures, as well as the expanded Section 380.12(k) reporting requirement, ensure that such projects will "not lack transparency, oversight, or scrutiny." 91 Fed. Reg. at 31382.

On the contrary, the Proposed Rule ensures that these compressor projects will be the subject of a targeted review that alleviates the environmental concerns the Opposed States have

raised. Section 380.12 requires operators to "identify the effects of [a] project on the existing air quality and noise environment and describe proposed measures to mitigate th[ose] effects." 18 C.F.R. § 380.12(k). It further requires operators to, among other things, "[d]escribe the existing air quality," "[q]uantitatively describe existing noise levels at noise-sensitive areas," "include the results of a sound level survey at the site property line and nearby noise-sensitive areas," "[e]stimate the impact of the project on air quality, including how existing regulatory standards would be met," "[f]or major sources of air emissions (as defined by the Environmental Protection Agency), provide copies of applications for permits to construct (and operate, if applicable)" and "[d]escribe measures and manufacturer's specifications for equipment proposed to mitigate impact to air and noise quality, including emission control systems, installation of filters, mufflers, or insulation of piping and buildings, and orientation of equipment away from noise-sensitive areas." *Id*. The Opposed States' contention that the Proposed Rule represents the Commission shirking its "obligation to assess the safety and potential risks" of compressor projects, Opposed States Comment at 16, cannot be squared with the significant disclosure requirement the Rule imposes. The Commission's commitment to the faithful execution of its oversight responsibilities—including those involving environmental oversight—is further reinforced by the express removal of both mainline facilities and compressor projects from the "categorical exclusion" that blanket certificate projects usually enjoy. *See* 91 Fed. Reg. at 31385.

The Opposed States are also wrong to suggest that, in the absence of an applicable cost limitation, operators will undertake expensive compressor projects that necessarily fall outside the bounds of the Blanket Certificate Program. To be sure, some compressor projects will be expensive. *See*, *e.g.*, 91 Fed. Reg. at 31374 (recognizing that the cost of increasing the horsepower of compression has risen by 172% from 2006 to 2024); *see also* pp. 7–8 & note 34 (providing inflation data regarding gas compressors), *supra*. But that does not take them outside the ambit of the program. Cost is only a proxy; it is a measure, not an end. Since the inception of the program there have been classes of routine activities "in which various interested parties might have a concern" and thus must be subject to a "greater degree of review" before authorization is granted. 47 Fed. Reg. at 24255. Those activities are appropriately the subject of prior notice review. *Id*. And *if* some interested party (or the Commission itself) determines that a prior-notice project is so costly that it will have a material impact on ratepayers, then ordinary operation of the protest system ensures that such a project will not receive blanket authorization.

Ultimately then, the Opposed States' generalized charge that the Proposed Rule will permit the authorization of projects in a manner "inconsistent" with the NGA rings hollow. The Blanket Certificate Program is designed to expedite approval of projects that are very likely to satisfy the "public convenience and necessity" requirement that is the touchstone of the Commission's regulatory authority. For projects under the cost limitation threshold, satisfaction is presumed. For others—like those involving within-the-fenceline compressors—there are factors that place a thumb on the scale in favor of authorization, but not enough to dispense with oversight entirely. Requiring such projects to proceed via prior notice ensures that they receive sufficient scrutiny such that the purposes of the Blanket Certificate Program are vindicated *and* helps identify any projects which may truly fall outside the program's ambit (and thereby facilitates the more comprehensive evaluation warranted by the NGA). This two-tiered structure has been in place since the program was first established more than 40 years ago. Extending its framework to

encompass compressor projects is thus entirely consistent with the NGA as it has been applied for decades.

V. The Proposed Rule's remaining revisions appropriately update the Blanket Certificate Program while preserving its existing safeguards.

The Proposed Rule adopts several other modernizing changes that easily garner the Supporting States' support.

A. The Proposed Rule now permits projects implemented under the Blanket Certificate Program be brought into service over two years rather than one. The one-year implementation period was a relic of the Commission's earlier practice; "[w]hen the one-year deadline was established, the timeframe aligned with the Commission's practice in section 7 proceedings." 91 Fed. Reg. at 31379. But in recent years, the Commission has "consistently given applicants two or three years to place their facilities into service." *Id*.; *see also id*. at 31379 n.132 (collecting examples).

Extending the implementation window thus aligns the program with prevailing custom and practice. Two decades ago, pipeline projects moved faster—construction was "sometimes" completed in "as little as 6 months" and "typically" within 18—than they have in recent years.[70] And even a decade ago, "most modification projects"—i.e., "lateral, expansion, reversal, or conversion projects"—were "completed one year from filing with [the Commission]."[71] Now, even relatively small projects take an average of "28 months" from submission to completion of construction.[72] Expanding the implementation period thus ensures the program continues to function in a manner consistent with its original intent.

The Commission correctly rejects the suggestion that "extending the in-service deadline would improperly enlarge the scope of the blanket program." 91 Fed. Reg. at 31380. As the Proposed Rule notes, the various mechanisms (cost limitation, the prohibition against segmentation, and the requirement, when applicable, of prior notice, etc.) that "maintain the program's general framework and principles" will continue to function effectively over a two-year implementation window. *Id*.

B. The Proposed Rule makes two changes designed to help streamline abandonments. *First*, it changes the determination of eligibility for abandonment by reference to "actual cost" rather than "the cost of modern-day replacement." 91 Fed. Reg. at 31380; *see* 18 C.F.R. § 157.216. *Second*, it allows for automatic authorization for abandonment of storage wells when that abandonment "does not alter the physical parameters of a storage field." 91 Fed. Reg. at 31381.

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[70] James Tobin, *Natural Gas Transportation – Infrastructure Issues and Operational Trends* at 8, U.S. ENERGY INFORMATION ADMINISTRATION (October 1, 2001), https://perma.cc/7Z5L-FH8K.

[71] John Moore, Statement on the Sustainable FERC Project at 21 (Feb. 11, 2015), https://perma.cc/G27V-KJ5U.

[72] *Hitting the Mark: Benchmarking Interstate Timelines*, ARBO ANALYTICS (Apr. 18, 2025), https://perma.cc/3CLZ-WQ8N.

Both changes are designed to "reduce regulatory burden" or otherwise "streamline" the procedure that governs activities the Commission has deemed "routine." *Id*. at 31380, 31381.

Both changes are welcome. The requirement that abandonments be measured by the hypothetical cost of reconstructing the facility being retired—not the cost or impacts of the abandonment activity actually being authorized—was an anomaly that exists nowhere else in the NGA. That mismatch is especially striking because, as the Commission recognizes, abandoning pipeline typically involves "little construction or environmental disturbance." 91 Fed. Reg. at 31380. And the Proposed Rule extends automatic authorization to the abandonment of storage wells *only* when there is a similarly minimal physical disturbance. *Id.* at 31381; *cf.* 18 C.F.R. § 157.213(a) (providing for automatic authorization of activities related to the "remediation and maintenance of an existing underground storage facility" so long as "compliance with environmental and safety provisions is not affected"). These changes, therefore, are well in line with the overarching purpose of the Blanket Certificate Program as they facilitate a less burdensome regulatory process for routine and relatively minor activities.

C. The Proposed Rule also permits operators to request incremental rates for prior-notice projects. 91 Fed. Reg. at 31377–78. As the rule indicates, this change is in service of the "Commission's overall policy goal of ensuring that only those customers who benefit from a project bear its cost." *Id*. at 31378; *see*, *e.g.*, *Midcoast Interstate Transmission, Inc. v. FERC,* 198 F.3d 960, 964–65 (D.C. Cir. 2000) ("Under [its] Pricing Policy, when [the Commission] grants a certificate of public convenience and necessity, it either sets an incremental rate to be paid by consumers served by the new facilities or establishes a presumption that the facilities will be of sufficient benefit to existing customers to permit the pipeline to roll their cost into its system-wide rates."). Operators seeking an incremental rate must "provide supporting statements and exhibits to substantiate" their request,[73] and that request must be submitted at the time their prior-notice application is submitted so that "Commission staff and interested parties [have] an opportunity to protest." 91 Fed. Reg. at 31378. And then the operator must "submit a section 4 filing to implement a tariff record prior to the project going into service." *Id*. Ultimately, the "tariff record would then be approved" via the same process that is "used for individual section 7 certificate proceedings." *Id*.

Allowing operators to request incremental pricing does not change the overall shape and structure of the Blanket Certificate Program. Yes, a de minimis impact on ratepayers is one proxy the Commission has used to determine that an activity or project falls within the program's ambit. *See* p. 3, *supra*. But it is not the *only* effective proxy for determining that an activity or project is sufficiently routine. *See* e.g., pp. 17–18, *supra*. And, at bottom, the purpose of the Blanket Certificate Program is to provide "streamlined procedures which increase flexibility and reduce regulatory burden for a generic class of routine activities." 91 Fed. Reg. at 31372 (cleaned up).

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[73] The Proposed Rule incorporates procedural requirements designed to ensure that incremental rates are approved only when warranted by the circumstances. Accordingly, a blanket certificate project proposing to charge an incremental rate will be subject to 18 C.F.R. § 154.309, which requires the keeping of separate books and an accounting of the costs and revenues attributable to the project. 91 Fed. Reg. at 31378 n.110. The Proposed Rule also requires operators to identify the "purpose and beneficiaries" of blanket-certificate projects, which will assist the Commission in resolving potential cost-allocation issues in future section 4 or section 5 rate proceedings. *Id*. at 31378.

So long as a project or activity falls within that *class*, the inaptness of any particular proxy is not disqualifying.

There will undoubtedly be some routine projects whose benefits flow primarily to some concentrated subset of ratepayers. Given the Commission's well-established policy of minimizing the subsidization of projects by ratepayers when they do not benefit, *Certification of New Interstate Nat. Gas Pipeline Facilities*, 88 FERC ¶ 61227, at 61746, 1999 WL 718975, at *15 (1999) ("Existing customers of [an] expanding pipeline should not have to subsidize a project that does not serve them."), allowing incremental rates serves an important policy objective without transforming the fundamental nature of the Blanket Certificate Program. A routine project is no less routine simply because it benefits a subset of customers rather than ratepayers as a whole.

To be sure, the Commission declined to permit incremental rates when it last made substantial changes to the Blanket Certificate Program in 2006. *See* 71 Fed. Reg. at 63686. But it did not decline because incremental rates were incompatible with the program. Instead, the Commission explained that it was concerned that the "additional time necessary" to review a request for an incremental rate would "inevitably stretch the span between notice of a project and commencement of construction," and the Commission chose to prioritize the "benefit of … expedited project authorization" over the anti-subsidization benefit that permitting incremental rates provides. *Id*.

Time—and additional experience—explains the Commission's decision to change course. In 2006, the anti-subsidization policy objective was barely more than five years old. *See Midcoast Interstate Transmission*, 198 F.3d at 965 (discussing, in January of 2000, the Commission's then "new policy statement" on incremental rates). Since then, the Commission has had an "additional 20 years' worth of experience developing its precedent and expertise" with respect to incremental rates. 91 Fed. Reg. at 31378. Critically, with its expertise on the subject finely honed, the Commission "now believe[s]" that its review of such requests "can be completed within the 60-day notice period." *Id*. In other words, the Commission no longer has to choose between two competing policy objectives; it can satisfy one without compromising its commitment to the other. It is, of course, entirely reasonable for an agency to "change its past practices" when there are "advances in knowledge in its given field or as its relevant experience and expertise expands." *Nuclear Energy Inst., Inc. v. EPA*, 373 F.3d 1251, 1296 (D.C. Cir. 2004). Ultimately, this material change in circumstances—and the Commission's articulation of the same—provides a reasoned basis for this change in practice and answers any contention that the Commission's deviation from its 2006 determination regarding the availability of incremental rates was arbitrary or capricious. *See F.C.C. v. Fox Television Stations, Inc.*, 556 U.S. 502, 514–16 (2009).

The Opposed States hang their hats on the "implicit acknowledge[ment]" that the availability of incremental rates necessarily means that "some … projects will have [a] more than … de minimis rate impact." Opposed States Comment at 7. While that is true, it is beside the point. As discussed above, a de minimis impact on rates is not a *requirement* for activity to fall within the ambit of the Blanket Certificate Program; it is a *proxy* that will often (but not always) indicate that an activity is routine. *See* p. 17, *supra*. Throughout their comment, the Opposed States treat various proxies (the cost limitation, the availability of incremental rates, etc.) as if they are ends in and of themselves. But they are not; they are merely useful measures that help the

Commission determine when an activity falls within the program's ambit. The presence of the sort of concentrated cost increase that could justify an incremental rate does not render a routine activity non-routine.

CONCLUSION

The Proposed Rule adapts the principles that have governed the Blanket Certificate Program for more than forty years to modern conditions. In so doing, the Commission has taken an important step toward unlocking the full and robust potential of American energy abundance while remaining faithful to the regulatory structure of the NGA. The Supporting States strongly support the Proposed Rule and respectfully urge the Commission to adopt it.

Sincerely,



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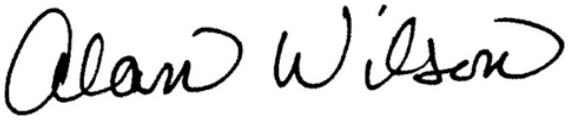
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