

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE RESOLUTION

No. 211

Session of
1982

INTRODUCED BY J. L. WRIGHT, CESSAR, POTT, ITKIN, TRELLO, BURD, MANDERINO, GEORGE, LETTERMAN, FEE, MRKONIC, OLASZ, DUFFY, DAWIDA, GAMBLE, GREENWOOD, BURNS, TELEK, CLYMER, BELARDI, McVERRY, PISTELLA, MURPHY, GRABOWSKI, PETRONE, SEVENTY, COWELL, BELFANTI, HEISER, MARMION, RASCO, HAYES, TADDONIO, SIEMINSKI, GRUPPO, PETRARCA, WASS, BOWSER, STEVENS, COSLETT AND SERAFINI, SEPTEMBER 13, 1982

AS AMENDED, HOUSE OF REPRESENTATIVES, SEPTEMBER 21, 1982

In the House of Representatives, September 13, 1982

1 WHEREAS, The House memorializes United State Congress to
2 consider changes to control increases in natural gas prices; and

3 WHEREAS, The Natural Gas Policy Act of 1978, 15 U.S.C. §3301
4 et seq., provided for the immediate deregulation of new "deep"
5 gas, and for the phased deregulation of "new, non-deep" gas
6 ending in 1985; and

7 WHEREAS, The policies of the Natural Gas Policy Act and the
8 administrative and regulatory actions of the Federal Energy
9 Regulatory Commission (FERC), which administers that act, have
10 been successful in providing economic incentives to producers of
11 gas to develop new and additional sources of gas; and

12 WHEREAS, The demand for natural gas has been reduced by both
13 conservation efforts and economic conditions; and

14 WHEREAS, Many gas contracts between producers and pipeline
15 companies include clauses known as "take or pay" clauses which

1 require companies to pay for gas for which they have contracted
2 even if such gas is unmarketable; and

3 WHEREAS, The use of escalator clauses in contracts between
4 natural gas producers and pipeline companies allows natural gas
5 to seek a parity with oil prices which are under foreign
6 control; and

7 WHEREAS, Removal of Federal controls has caused rapid
8 escalations in price while parity is being achieved; and

9 WHEREAS, There is the belief that substantial amounts of
10 older, cheaper gas are being withheld from the market place
11 which exacerbates the price increases; and

12 WHEREAS, The Federal Energy Regulatory Commission (FERC) has
13 announced an interest in deregulating additional classes of
14 natural gas in the near future; and

15 WHEREAS, State public utility commissions, such as the
16 Pennsylvania Public Utility Commission (PUC), are precluded from
17 controlling the increases approved by Federal Energy Regulatory
18 Commission (FERC); and

19 WHEREAS, The recent upsurge in gas prices will be a severe
20 hardship for the consumers and industries of Pennsylvania and
21 other states of the Northeast, which are dependent upon large
22 quantities of natural gas; ~~therefore be it~~ AND <—

23 WHEREAS, DECONTROL IS CAUSING COMMERCE AND INDUSTRY TO PAY <—
24 CONSIDERABLY MORE FOR NATURAL GAS FOR HEAT AND PROCESS USES,
25 RESULTING IN DECREASED REVENUES AND INVESTMENT IN THE
26 COMMONWEALTH; AND

27 WHEREAS, DECONTROL WILL CAUSE NATURAL GAS PRICES TO RISE
28 ABOVE THAT OF OIL, PROMPTING NATURAL GAS USERS TO SWITCH TO OIL
29 AS AN ENERGY SOURCE AND THUS GREATLY INCREASING FOREIGN OIL
30 PAYMENTS; AND

1 WHEREAS, THE FEDERAL ENERGY REGULATORY COMMISSION (FERC) HAS
2 BEEN GRANTING INCREASES IN RECENT RATE CASES THAT SERVE TO
3 ADMINISTRATIVELY ACCELERATE THE DECONTROL OF NATURAL GAS;
4 THEREFORE BE IT

5 RESOLVED, That the House of Representatives of the
6 Commonwealth of Pennsylvania hereby memorialize Congress to
7 increase State input in the regulatory process and to provide
8 that at least one member of the Federal Energy Regulatory
9 Commission (FERC) shall be selected from a state which consumes
10 large amounts of natural gas but has no significant gas
11 production; and be it further

12 RESOLVED, That Congress adopt legislation amending the
13 Natural Gas Policy Act to prohibit inclusion of contract
14 clauses, such as "take or pay" clauses, indefinite price
15 escalators, or favored nations' clauses, and require publication
16 or public access to contracts between producers and pipeline
17 companies; and be it further

18 RESOLVED, That Congress initiate hearings and investigations
19 to determine whether or not producers are in fact withholding
20 older, cheaper gas from the market in order to sell more
21 expensive types of deregulated gas; and be it further

22 RESOLVED, THAT THE HOUSE OF REPRESENTATIVES HEREBY STRONGLY <—
23 URGES THE FEDERAL ENERGY REGULATORY COMMISSION (FERC) TO DESIST
24 FROM GRANTING RATE INCREASES WHICH HAVE THE SAME EFFECT AS
25 ACCELERATING THE DEREGULATION PROCESS; AND BE IT FURTHER

26 RESOLVED, That Congress should pass a resolution indicating
27 that the Federal Energy Regulatory Commission should not
28 accelerate the deregulation process through commission
29 initiative; and be it further

30 RESOLVED, That the Senate should give consideration to the

1 importance of membership on the Federal Energy Regulatory
2 Commission from natural gas consuming states; and be it further
3 RESOLVED, That Congress consider any other proposals designed
4 to protect the public interest as it relates to natural gas; and
5 be it further
6 RESOLVED, That a copy of this resolution shall be transmitted
7 to the President of the Senate and the Speaker of the House of
8 Representatives; and presented to the Chairman and members of
9 the Federal Energy Regulatory Commission (FERC).