

***Resolution Supporting Two-Year Extension of the Current Funding Mechanism for
the Gas Research Institute***

WHEREAS, The Executive Committee of the National Association of Regulatory Utility Commissioners (NARUC), convened at its 1992 Winter Meeting in Washington, D.C., resolved that: prompt action by the gas industry was needed to solve the Gas Research Institute (GRI) funding problem which resulted from the withdrawal of contributions of certain industry members; and, the Federal Energy Regulatory Commission (FERC) should explore means to assure continued funding for GRI; *and*

WHEREAS, The gas industry identified a compromise funding mechanism designed to collect 50% of GRI's revenue through demand/reservation surcharges and 50% through a volumetric surcharge and the mechanism incorporated several features to mitigate the impact of any potential cost shifting to core customers; *and*

WHEREAS, NARUC convened at its 104th Annual Convention in Los Angeles, California, adopted a resolution recommending that the 50% demand/50% volumetric surge formula be adopted by FERC as the approved 1994-1995 funding mechanism for the GRI; *and*

WHEREAS, By an Order issued on March 22, 1993, the FERC accepted a settlement agreement providing that the GRI funding mechanism for 1994 and 1995 would collect approximately 50% of revenue from demand surcharges and 50% from a volumetric surcharge; *and*

WHEREAS, The FERC's Order also requires GRI to reevaluate the settlement funding mechanism by March 1, 1995 to determine whether it is the appropriate funding mechanism for post-1995; *and*

WHEREAS, Currently available revenue data indicates that the interim GRI funding mechanism has performed as predicated with approximately 50 percent of 1994 GRI revenue being derived from the demand surcharges and 50 percent from the volumetric surcharge; *and*

WHEREAS, However, to date there is insufficient revenue data to determine if the current funding mechanism will be appropriate when Order 636 is fully implemented; *and*

WHEREAS, GRI has petitioned the FERC requesting that FERC extend the settlement funding mechanism two years to fund the 1996 and 1997 research and development programs and that all terms of the settlement remain in effect through 1997; *now, therefore, be it*

RESOLVED, That the Executive Committee of National Association of Regulatory Utility Commissioners (NARUC) convened at its 1995 Winter Meeting in Washington,

D.C., recognizes the benefits of the GRI's programs and activities, and supports the continued funding of GRI; *and be it further*

RESOLVED, That the NARUC Executive Committee recommends to the FERC that GRI's proposal to extend the current funding mechanism for an additional two years (1996 and 1997) be adopted.

Sponsored by the Committee on Gas
Adopted March 1, 1995