

Resolution Supporting GRI's Post-1997 Funding Mechanism

WHEREAS, The Gas Research Institute (GRI) has traditionally been funded through Federal Energy Regulatory Commission (FERC)-approved surcharges applied to the tariff rates of interstate natural gas pipelines; *and*

WHEREAS, Over the past 20 years, GRI's research program has demonstrated value to all gas consumers and the industry and FERC has consistently found that GRI's R&D program delivers timely benefits to the gas consumers; *and*

WHEREAS, An interim funding mechanism was established for 1994 and 1995 via a FERC-approved Settlement and Agreement (S&A) to fund GRI through the gas industry transition toward becoming a more competitive business environment; *and*

WHEREAS, NARUC adopted resolutions in March 1995 and February 1996 supporting extension of the S&A through 1997 (with modifications in 1997); *and*

WHEREAS, FERC has extended the S&A through December 31, 1997; *and*

WHEREAS, In the evolving, more competitive gas industry, all segments of the industry are unbundling services and it is not practical for GRI to rely on one segment of the industry for full collection of its funding; *and*

WHEREAS, GRI has worked with the gas industry to develop a new funding mechanism to be effective January 1, 1998, the terms of which will be filed with FERC in November 1996; *and*

WHEREAS, The National Association of Regulatory Utility Commissioners (NARUC) continues to support cooperative R&D and recognizes that a well-managed cooperative research program, such as GRI's, enables the gas industry to serve all customers with the highest degree of reliability, maximum economic efficiency and minimum impact on the environment and should continue; *and*

WHEREAS, GRI's proposed new funding mechanism continues to provide a fully comprehensive cooperative research program funded through two FERC-approved funding mechanisms; of which, one is a discountable commodity surcharge billed to shippers on interstate pipelines and the other is a discountable charge billed directly to LDCs on all volumes delivered to the city-gate; *now therefore, be it*

RESOLVED, By the National Association of Regulatory Utility Commissioners (NARUC), convened at its 108th Annual Convention in San Francisco, California, that NARUC recognizes that, though most benefits of research will continue to flow ultimately to gas consumers, it is no longer feasible for GRI to rely on only one segment of the industry to bear the risk of funding collections; *and be it further*

RESOLVED, That NARUC is convinced GRI's R&D program is in both the public interest and the gas consumer interest, and NARUC urges FERC to support a stable, long-term funding mechanism necessary to provide a reliable funding base for GRI's R&D program, and that adequately addresses discounting; *and be it further*

RESOLVED, That NARUC urges FERC to approve GRI's proposed funding mechanism as will be filed in November 1996 as an initial post-1997 funding mechanism while a permanent approach is pursued and NARUC urges the GRI Board of Directors to create a Joint Board/Advisory Council task force to expeditiously pursue a permanent mechanism.

Sponsored by the Committee on Gas
Adopted November 20, 1996