

***Resolution Supporting a National Collaborative  
Research and Development Program***

**WHEREAS**, The Committee on Gas of the National Association of Regulatory Utility Commissioners (NARUC) has had and continues to have an active interest in the research and development programs of the natural gas industry; *and*

**WHEREAS**, Prior to 1998 a significant amount of research for the natural gas industry was provided by the Gas Technology Institute through a cost recovery mechanism approved by the Federal Regulatory Commission and collected by the interstate pipeline industry; *and*

**WHEREAS**, The cost recovery mechanism resulted in a charge of \$0.0174 per dekatherm (or \$0.0179 per Mcf) to all qualifying natural gas customers; *and*

**WHEREAS**, A decision by the Federal Energy Regulatory Commission in 1998 resulted in the termination of that mechanism over a period of seven years, ending in the year 2004; *and*

**WHEREAS**, The cost recovery mechanism has been incrementally decreased in each year since 1998 and will cease to provide any research revenues beyond the year 2004; *and*

**WHEREAS**, The FERC-approved funds during the 1998-2004 period were targeted specifically to: enhance environmental quality, enhance health and safety, lower operating and maintenance costs, improve reliability and integrity, increase efficiency, and increase gas supply from emerging resources; *and*

**WHEREAS**, Since 1998, the Gas Technology Institute has provided an opportunity for the natural gas industry to voluntarily invest research dollars in programs which are tailored specifically for State and regional LDC customer requirements for distribution cost reduction and increased-efficiency end-use applied R&D through a program known as the “delta program”; *and*

**WHEREAS**, The “delta program” has complemented the FERC-approved program by focusing on research programs which are of specific interest to the individual investors, while the FERC program has focused on the more national and basic research issues; *and*

**WHEREAS**, As the FERC-approved funding comes to an end in 2004 there is recognition that a new mechanism is in the public interest which will assure the continued emphasis on national and basic research projects; *and*

**WHEREAS**, The Gas Technology Institute has made application to the FERC for a 2005 Collaborative Research, Development and Demonstration Program on behalf of the gas industry which would address transmission and distribution cost reduction, gas utilization, and gas supply research projects; *and*

**WHEREAS**, Such program would be funded through a voluntary \$0.0056 per dekatherm (or \$0.0058 per Mcf) surcharge on specified interstate pipeline volumes and would support a \$48 million annual RD&D program; *and*

**WHEREAS**, When implemented, it would complement the GTI “delta program” in that it would provide the continued national and basic research programs made possible by the previous FERC mechanism, and would continue to provide LDCs an opportunity to invest in individual projects that would benefit their own customers; *and*

**WHEREAS**, The two program mechanisms would be developed in such a manner that the total charge to customers will not exceed \$0.0174 per dekatherm; *now therefore be it*

**RESOLVED**, That the Board of Directors of the National Association of Regulatory Utility Commissioners (NARUC) convened at its 2004 Summer Meetings in Salt Lake City, Utah, recognizes the benefits of both the GTI “delta program” and the proposed FERC Collaborative program and supports the funding for both programs; *and be it further*

**RESOLVED**, That the NARUC recommends to the Federal Energy Regulatory Commission the approval of the 2005 Collaborative Research, Development and Demonstration Program.

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*Sponsored by the Committee on Gas*

*Adopted by the NARUC Board of Directors July 14, 2004*