

Resolution Supporting Development Of A Tool Kit To Address Natural Gas Price Volatility

WHEREAS, The "Gas Bubble" of the 1980's and 1990's disappeared prior to the winter of 2000-2001, leading to high natural gas prices and significant price volatility; and

WHEREAS, Natural gas prices are currently in the range of \$5 per thousand cubic feet in most wellhead markets; and

WHEREAS, The demand for natural gas will increase by approximately 50% over the next two decades, and, as demand grows, sources of supply must expand accordingly; and

WHEREAS, In the absence of additional access to adequate land areas and gas supplies, demand-side management, conservation and other measures, natural gas price volatility likely will continue; and

WHEREAS, Natural gas price increases will ultimately be borne by retail gas consumers for whom State commissions have the responsibility of assuring reasonably-priced gas utility services; and

WHEREAS, An informational packet for commissions was prepared in October 2000 by the National Regulatory Research Institute, the U.S. Department of Energy, the National Association of Regulatory Utility Commissioners' (NARUC's) Committee on Gas and its Staff Subcommittee on Gas, to deal with the anticipated natural gas price spikes in the winter of 2000-2001; now therefore be it

RESOLVED, That the Board of Directors of the National

Association of Regulatory Utility Commissioners (NARUC) convened in its July 2003 Summer Meetings in Denver, Colorado, supports the revisiting and developing of a tool kit by NARUC's Natural Gas Task Force, for the use of State commissions in addressing high natural gas prices and high price volatility.

Sponsored by the Committee on Gas

Adopted by the NARUC Board of Directors July 30, 2003