

Resolution Supporting a New GRI Funding Mechanism

WHEREAS, The Gas Research Institute (GRI) has traditionally been funded through FERC-approved surcharges applied to the tariff rates of natural gas sales or transportation by interstate pipelines; *and*

WHEREAS, GRI's RD&C program continues to deliver timely benefits to the gas industry and its customers and the National Association of Regulatory Utility Commissioners (NARUC) continues to recognize the need for cooperative R&D; *and*

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

WHEREAS, On March 1, 1995, the NARUC adopted a resolution recommending the FERC extend the term of the S&A for two additional years, through the end of 1997; *and*

WHEREAS, The FERC issued an order in 1995 extending the term of the S&A through 1997; *and*

WHEREAS, The terms of the S&A require GRI to refund moneys to certain entities based on their level of discounting relative to the national average; *and*

WHEREAS, The S&A also requires GRI to collect 50% of its revenue from demand surcharges and 50% from a commodity surcharge; *and*

WHEREAS, The gas industry is experiencing many changes including increased discounting, decontracting and capacity relinquishment making the current funding mechanism no longer capable of fully funding the FERC-approved GRI research program; *and*

WHEREAS, The refund provision and the 50/50 revenue balancing provision restrict GRI from maximizing its revenue collection; *now, therefore, be it*

RESOLVED, That the Executive Committee of the National Association of Regulatory Utility Commissioners (NARUC), convened at its 1996 Winter Meeting in Washington, D.C., recognizes that the current GRI funding mechanism should be changed effective January 1, 1997, and remain in effect for one year because it is no longer effective in the changed business environment of the gas industry and will no longer fully fund the FERC-approved GRI RD&C program; *and be it further*

RESOLVED, That the Executive Committee encourages FERC to modify the current GRI funding mechanism for a transitional period by requiring refunds only in those situations where GRI overcollects its FERC-authorized revenue requirement and by eliminating the 50/50 revenue balancing provisions of the S&A and the other provisions of the S&A will remain in force; *and be it further*

RESOLVED, That at the termination of the transitional period, the Executive Committee supports the approval of a FERC-authorized GRI funding mechanism that will provide a stable funding base for GRI's RD&C program.

*Sponsored by the NARUC Committee on Gas
Adopted February 28, 1996*