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President

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January 19, 1977

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Honorable Harley O. Staggers
U.S. House of Representatives
Washington, D. C. 20515

Dear Mr. Staggers:

Attached is a copy of the letter of today to Representative John D. Dingell, Chairman of the House Subcommittee on Energy and Power, and Senator Adlai E. Stevenson, Chairman of the Senate Subcommittee on Oil and Natural Gas Production and Distribution, urging immediate steps to alleviate the current and future natural gas shortages facing the nation. We are therein requesting a sharply accelerated legislative schedule both to address today's emergency and to enable the immediate development of vital new supplies of natural gas. Copies are being forwarded to members of the Democrat and Republican leadership of both the House and the Senate.

Early attention to this timely and vital issue is in the public interest. If there is additional information we might provide you or your staff, please call on us.

Very truly yours,

George H. Lawrence

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Attachment

George H. Lawrence
President

January 18, 1977

Honorable John D. Dingell
Chairman, Subcommittee on Energy
and Power
House Interstate and Foreign
Commerce Committee
U.S. House of Representatives
Washington, D. C. 20515

Honorable Adlai E. Stevenson
Chairman, Subcommittee on Oil and
Natural Gas Production and
Distribution
Senate Commerce Committee
U.S. Senate
Washington, D. C. 20510

Dear Chairmen Dingell and Stevenson:

The American Gas Association on January 13 announced support for immediate passage of emergency natural gas legislation. We take this as a step to provide--hopefully within a matter of days--the maximum legal and regulatory flexibility for all gas companies to exercise all possible steps to best alleviate emergency situations wherever they exist.

We emphasize that in the public interest such legislation must not become a vehicle for any delay in proceeding on a parallel emergency time-frame to consider, report out and bring to a floor vote a bill to remove the Federal field price controls on new natural gas. Further, this emergency legislation must not become the vehicle for some form of Federally mandated interconnections and allocations between gas companies; this can only be counter productive in that instead of providing the maximum flexibility referred to above, this would force each company to resort to maximum legal recourse to protect its own priority consumers.

The suggested emergency legislation contemplates a simple bill of the type introduced last session which would provide for extension of the emergency purchasing authority from non-jurisdictional sources at prices exempt from FPC jurisdiction for a period of 180 days. Qualifying purchasers would be any pipeline company with a curtailment plan on file with the FPC and which is curtailing pursuant to that plan; to be more restrictive is to bog down the FPC in proceedings as to who qualifies and deprives all companies of optimum interchange capability and flexibility to respond to other companies' emergency needs. The emergency period would extend through September 1977 to cover the summer period for replenishing storage.

We would further emphasize these points regarding the emergency legislation:

- (1) The extent of accessible intrastate supplies available to the interstate market today is not known--primarily because of present severe weather conditions in producing areas. However,

Chairmen Dingell and Stevenson

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since there is more likely to be early weather relief in the producing states of the Southwest than in the Northern tier states, this can especially be a factor in refilling storage this spring when interstate supplies will be at their lowest and in alleviating summer curtailments which could well be necessary to refill storage. In any event, we view such brief emergency legislation as providing the best set of circumstances under which immediate voluntary industry efforts can be successful. And we repeat, it is such voluntary efforts which offer the best hope for relieving the truly human need emergencies which could arise.

- (2) While the FPC decision of last Friday with respect to emergency sales is an encouraging step which should bring more gas interstate, it is expected to be challenged in Court, as have previous FPC emergency sale decisions. The recommended emergency legislation would both clarify and expand the Commission's authority to permit such emergency measures.

Finally, we would emphasize that the same reasons which prompt A.G.A.'s support for emergency legislation are even more persuasive in prompting the need for the immediate deregulation of new gas because this is what will add new gas supplies. This is a step which is vital to consumers and the economy and which can wait no longer. The emergency provisions add no new gas whatsoever; they are simply a vehicle to permit the FPC and natural gas companies to have the optimum short-term flexibility in moving existing supplies to points of critical shortage, hopefully to avert human need emergencies and avoidable plant closings and job losses this winter.

Therefore, we most respectfully urge each of you as Chairmen of your respective energy subcommittees to proceed forthwith on parallel courses (a) to report out and seek floor passage of emergency only legislation by February 1, and (b) to report out and seek floor passage of legislation to remove Federal field price controls on all new natural gas by March 1 to permit the essential exploration and production incentives for vital new supplies to begin working. We submit that this is not an unrealistic timetable. The issues are well known to your subcommittees and to all members of both full Commerce Committees. Indeed, they are well known to virtually all members of Congress.

The facts in support of such an accelerated legislative timetable are compelling. We appreciate your consideration of this request.

Very truly yours,



George H. Lawrence

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cc: Members House and Senate Commerce Committees