Legislative Research Department October 2, 1975

M I N U T E S

SPECIAL COMMITTEE ON NATURAL GAS

September 12, 1975

Members Present

Representative Harold Dyck, Chairman
Senator Ross Doyen, Vice-Chairman
Senator George Bell
Senator Paul Burke
Senator Jack Janssen
Senator Vincent Moore
Senator John Simpson
Representative Richard Brewster
Representative Keith Farrar
Representative Ben Foster
Representative Walter Graber
Representative William Southern

Staff Present

J. Russell Mills, Jr., Legislative Research Department
William G. Wolff, Legislative Research Department
Don Hayward, Revisor of Statutes Office
Dr. Robert J. Robel, Chairman, Governor's Advisory Council on Energy and Natural Resources

Conferees Present

Grover E. McKee, Director of Economic Development, Wichita
Kenneth D. Smith, Executive Vice-President, American Dehydrators Association
Carl C. Nordstrom, Executive Vice-President, Kansas Association of Commerce and Industry
Sard Fleeker, Acting General Counsel, Kansas State Corporation Commission
R. E. (Bob) King, Industrial Division, Kansas Department of Economic Development
Don Schnacke, KIOGA

Morning Session

Chairman Harold Dyck called the Special Committee on Natural Gas to order at 10:00 a.m., Friday, September 12, 1975. Chairman Dyck also introduced to the Committee Colonel Lamar "Bud" Weaver, Director of the Kansas Energy Office, and Dr. Robert J. Robel, Chairman of the Governor's Advisory Council on Energy and Natural Resources.

The first conferee was Mr. Kenneth D. Smith, Executive Vice-President of the American Dehydrators Association. Mr. Smith read a prepared statement concerning the alfalfa dehydration industry and the industry's present economic situation (Attachment No. 1). Mr. Smith stated that in Kansas there are 40 alfalfa dehydrating plants which employ nearly 1,200 persons and whose annual sales amount to nearly $20 million. He also stated that natural gas is essential to the survival of this industry. Mr. Smith stated that approximately 10 mcf of natural gas is needed to produce one ton of dehydrated alfalfa.

Vice-Chairman Doyen inquired whether it would be better to let the alfalfa dry for two to three hours before beginning the dehydration process. Mr. Smith mentioned that the U.S. Department of Agriculture and the American Dehydrators Association are jointly sponsoring a research project to determine the nutrient value of field wilted alfalfa as compared to dehydrated alfalfa. Mr. Smith stated that field wilting may be a feasible method of energy conservation as it can reduce natural gas usage by as much as 50%. Mr. Smith stated that alfalfa dehydration is placed in FPC priority category 2, 3, or 6. In response to a question by Senator Moore, Mr. Smith indicated that, of the 140 million tons of hay produced in the United States, approximately 1% is dehydrated. Mr. Smith concluded with the statement that his industry feels it is imperative that a high priority be established for the use of natural gas for agricultural processes including alfalfa dehydration.

The next conferee was Mr. R. E. (Bob) King, Director of the Industrial Division of the Kansas Department of Economic Development. Mr. King stated that the possibility of natural gas curtailments could lead to a situation which could severely depress business in Kansas. He noted that KDED is attempting to encourage Kansas industries to find alternate sources of energy. However, he feels that natural gas has been used so widely that it will be difficult to find an effective substitute for this cheap fuel. Mr. King did indicate that some Kansas industries are already changing to alternate fuel. For example, several years ago, Hesston Corporation changed to an electrical heating system using an air recovery system. The effects of this change are still being studied.

Mr. King stated that Kansas presently has three large industrial areas: Wichita, Topeka, and Kansas City. The lack of industrial development in the western part of the state results from the fact that many of the desirable factors which attract industry are lacking in this part of the state. Mr. King stated that he personally would like to see more economic development in the western part of the state; however, it appears to be a standard practice that industry does not develop west of Highway 81. He stated that KDED is attempting to locate alternate forms of energy which could be used to induce industries to locate in the underdeveloped areas of the state.

Senator Janssen stated that he feels cooperation between KDED and the independent gas producers is most important because industries will locate in areas where natural gas is more readily available.

Senator Doyen suggested that perhaps some industries could be closed down from November until April by giving the employees compensatory time. In this manner, vital fuel would be available during the crucial period from November until the end of March. Mr. King was not aware of any organization now using this system, but did feel that it merited investigation. Mr. King stated that the current trend is for industries to construct smaller plants in the smaller communities. In these cases KDED attempts to serve as an advisor in the absence of such bodies as chambers of commerce.

The next conferee was Mr. Carl Nordstrom, Executive Vice-President of the Kansas Association of Commerce and Industry. Mr. Nordstrom read a letter which was written to Senator Janssen in response to several inquiries concerning the natural gas problem in Kansas (Attachment No. II). Mr. Nordstrom stated that due to the limited energy supply in Kansas, KACI is advocating natural gas regulation only so far as to determine priority of use. Such action has been taken nationally and KACI believes this is a sound solution. KACI also feels that any other type of natural gas regulation would be a mistake.

In response to a question by Dr. Robel, Mr. Nordstrom recommended that the state should set priorities and guidelines similar to those which have been set by the Federal Power Commission. However, Mr. Nordstrom stated that it was a primary concern of his association that the state avoid those types of regulations of natural gas which would work to decrease rather than increase the available supply. Chairman Dyck stated that KACI had been quite active in scheduling several seminars and conferences dealing with energy topics and especially energy conservation measures.

At this point, staff members distributed a packet of materials to Committee members concerning natural gas and briefly

summarized each document. The packet of materials contained the following:

(1) Federal Power Commission News Release for August 20, 1975, which contains a state-by-state summary of gas curtailments (Attachment No. III).

(2) Louisiana Department of Conservation News letters dated August 29, and September 5, 1975 (Attachment No. IV).

(3) A paper by Dr. Robel entitled "Natural Gas Supplies and Kansas Agriculture" (Attachment No. V).

(4) The emergency regulations of the Kansas Energy Office (Attachment No. VI).

(5) FCP Form 16 "Report of Gas Supply and Requirements" submitted by City Service Gas Company (Attachment No. VII).

(6) FPC Form 16 submitted by Northern Natural Gas (Attachment No. VIII).

(7) FPC Form 16 submitted by Kansas-Nebraska Natural Gas Company (Attachment No. IX).

(8) FPC Form 16 submitted by Arkansas-Louisiana Gas Company (Attachment No. X).

(9) FPC Form 16 submitted by PanHandle Eastern Pipeline Company (Attachment No. XI).

(10) A letter by Governor Robert Bennett dated August 25, 1975 which was sent to several natural gas producers. (Attachment XII).

The next conferee was Mr. Sard Fleeker, Acting General Counsel of the Kansas State Corporation Commission, who discussed the Commission's regulatory authority in the field of natural gas. Mr. Fleeker stated that he believes existing statutes give KCC the authority to impose curtailment regulations through their power of tariff approval. He stated that there are presently 19 distribution companies and 20 municipal companies subject to KCC jurisdiction. He also noted that Gas Service Company and Union Gas Company have filed curtailment plans with the KCC which closely follow the Cities Service curtailment plan filed with the FPC.

Senator Moore inquired whether reserves which have been dedicated to the interstate market could be transferred to the intrastate market when the producers' contracts expire. Mr. Fleeker believed that this gas would then be available to either market.

Dr. Robel, however, remarked that the FPC has taken the position that, once reserves are dedicated to the interstate market, they cannot be rededicated to the intrastate market. Senator Moore stated that perhaps the FPC should be challenged in court over this postion. Mr. Fleeker remarked that in the past the federal courts have generally supported most of the FPC's rulings.

Chairman Dyck asked for a motion to approve the minutes of the August 11 meeting. Senator Moore requested that a change be made on page 7 of the minutes to reflect that Mr. Williamson did say that KPL was selling two million mcf on firm contract and six million mcf on interruptible contract to Anadarko for transmission to the Butler County refineries.

Representative Graber moved to approve the minutes with a second by Representative Southern including the amendment stated by Senator Moore. The minutes were approved as amended. The meeting was adjourned until 1:30 p.m.

Afternoon Session

Mr. Grover McKee, Director of Economic Development for Wichita, Kansas read a prepared statement (Attachment No. 13). Mr. McKee discussed the natural gas situation in Wichita and recommended the Committee give consideration to the following possible courses of action:

1. Legislation which encourages and permits sizeable quantities of fuel to be economically transported to and through the state with specified Kansas fuel designations, i.e., coal slurry pipelines.

2. Creation by legislative action of a state power authority by which private, municipal, and rural cooperative power distributors can construct and finance central energy facilities;

3. Statewide conservation and fuel consumption standards.

In response to several questions by Senator Simpson, Mr. McKee stated that the recent natural gas purchases in Wichita amount to approximately 10 million mcfd. A non-profit corporation, the Wichita Industrial Energy Corporation, was organized to purchase this gas at the wellhead and in turn sell it to the Wichita gas utility. Mr. McKee stated that the gas producers were reluctant to deal directly with the city and, therefore,

the Wichita Industrial Energy Corporation was organized to purchase the gas at the wellhead. Mr. McKee stated that the Industrial Energy Corporation sells the gas to the Wichita gas utility at cost. Wichita is installing a collector system of pipelines in the Spivey field to gather the gas which will then be transported to Wichita through the Anadarko lines.

Mr. McKee stated that the Industrial Energy Corporation was not formed to initiate new business in Wichita but had as its primary goal the provision of natural gas to existing Wichita industries in order to prevent their shutdown. He stated that this service could be extended, however, to meet the needs of new businesses if necessary. Mr. McKee stated that some 50 to 60,000 jobs were in jeopardy because of the projected natural gas curtailments in the Wichita area. Mr. McKee stated that, even with this new gas, the Wichita gas utility may be forced to curtail some industries on peak days on a voluntary basis.

Senator Janssen expressed concern that the areas near Wichita may be short of gas this winter. Mr. McKee stated that the Wichita Economic Development Corporation has been negotiating with several towns in the area to provide gas to them. Senator Janssen noted that natural gas curtailments would have as drastic an effect on an industry employing 10 people as on one that employed 10,000 people.

Senator Bell inquired what price Wichita was paying for this gas? Mr. McKee replied that the Wichita Industrial Energy Corporation was paying $1.85 per mcf at the wellhead plus a .03¢ per year escalation adjustment for the life of production. The Wichita gas utility plans to sell this gas for $2.35 per mcf.

A general discussion concerning natural gas conservation methods then took place. Dr. Robel stated that conservation measures to reduce consumption of this scarce commodity must be seriously considered. Chairman Dyck noted that it is extremely difficult for the Committee to take any action until the federal congress makes a decision on S 692 and other natural gas bills currently being debated in Washington.

Don Schnacke of KIOGA briefly addressed the Committee with regard to recent FPC actions. Mr. Schnacke also recommended that S.B. 564 not be recommended by this Committee. He did, however, recommend that the Committee consider the concept of making intrastate pipelines serve as common carriers and legislation authorizing the automatic pass-through of natural gas price increases. Mr. Schnacke also expressed the opinion that KDED had done very little to stimulate natural gas production in Kansas. He stated that KDED should feel a responsibility to stimulate natural gas production in the state and to assist communities such as Wichita to locate an adequate supply of gas.

Following a general discussion of possible legislative alternatives, the Committee instructed staff to prepare two bills: one to authorize the Kansas Corporation Commission to establish curtailment schedules for intrastate gas, and one bill to set up end-use priorities of natural gas with the state. Chairman Dyck stated that the Committee would examine these bills at the October 20 and 21 Committee meeting.

Staff distributed an article from the Oil and Gas Journal of September 8, 1975 which discussed the recent FPC ruling to permit certain industrial and commercial users to buy natural gas at free market prices from distant-state producers and move it in interstate lines (Attachment No. 14). Mr. George Sims also submitted a list of recommendations of possible legislative action for the Committee's consideration (Attachment No. 15). The meeting was adjourned.

Prepared by J. Russell Mills, Jr.

Approved by Committee on:

10-20-75
(Date)

STATEMENT FOR LEGISLATIVE COMMITTEE
ON NATURAL GAS

I am Kenneth D. Smith, Executive Vice President of the American Dehydrators Association. The American Dehydrators Association is a trade association which represents the alfalfa dehydrators in the United States. This includes the dehydrators in the state of Kansas who operate approximately 40 dehydrating plants.

Dehydrated alfalfa is produced by cutting the standing alfalfa, hauling it immediately to a dehydrating plant, and artificially removing the water in a rotary type drum dryer. This rapid drying process preserves the nutrients which were in the alfalfa as it was standing in the field.

Dehydrating alfalfa has several advantages over the more traditional method of harvesting alfalfa by suncuring it in the field. These are:

1. Alfalfa dehydrators are better able to control the cutting cycle and are, therefore, able to harvest the alfalfa at a more optimum nutrient level.

2. Dehydrated alfalfa is not subject to weather damage after it has been cut whereas suncured alfalfa may have considerable leaching of nutrients as a result of rain.

3. Dehydrated alfalfa suffers no loss of nutrients during transportation and processing because it contains sufficient moisture to prevent leaf shatter and wastage as frequently occurs in the sun drying process.

4. Dehydrated alfalfa is not subject to the losses which occur from molding and heat damage which frequently occur in stacked and baled hay.

The above advantages of alfalfa dehydration result in a high quality ingredient for the formula feed industry. They also result in more alfalfa being harvested from the land than in the suncured process, and quite frequently, more of the harvested material is able to be utilized. For example, Dr. Kent Nelson, University of Iowa, says that in purchasing baled hay for the University dairy herd, they have to purchase 2500 pounds of hay to assure one ton of usable product.

A dehydrator in Colorado who produces both suncured alfalfa pellets and dehydrated alfalfa pellets maintains that over one harvesting season he will obtain one-half to one ton more product from the land which is being used to produce dehydrated alfalfa as compared to that used for producing suncured alfalfa.

From the foregoing comments, it can be seen that there are two basic purposes for dehydrating alfalfa. One is to increase the productivity of the land, and the other is to maintain the value of the produce at a higher level than if it were suncured.

It requires approximately 10 MCF of natural gas to produce one ton of dehydrated alfalfa. The cost of natural gas for dehydration may be calculated quite simply by multiplying 10 times the MCF price of natural gas. It is conceivable that the price of natural gas could raise to the point where it is not economically justifiable to produce dehydrated alfalfa. In fact, prices are currently approaching levels where dehydrators are looking very closely at field wilting as a method for conserving natural gas.

Field wilting can best be described as partial suncuring, but the alfalfa lays on the ground for only a few hours rather than one to three days as is normal for suncuring. The wilting process can save up to 50% on natural gas utilization, and still produce a product which we believe is of equal quality to direct cut dehydrated alfalfa. A large research project is presently being conducted by the USDA and the ADA to determine the nutrient value of wilted and direct cut dehydrated alfalfa.

The contention of the alfalfa dehydrating industry is that alfalfa dehydration and other agricultural uses of natural gas should have a high priority in order to assure the availability of natural gas as long as it is economically feasible. There is a priority schedule at the Federal level which

by varying interpretations puts alfalfa dehydration in priority category 2, 3, or 6. In some instances, even being in category 2 would not be adequate because some pipelines have curtailed all categories except number 1.

It is not reasonable to allow gas companies to expand their residential business and provide all the gas their residential customers may use, no matter how wastefully, while curtailing the supply of natural gas for the production of food and other life essentials.

There are approximately 221 alfalfa dehydrating plants in the United States. These plants employ close to 6,000 persons and have an annual gross sales volume of over $100 million dollars. Kansas dehydrators employ close to 1200 persons and have annual sales near $20,000,000.00.

The agricultural processing sector is generally considered to have a production multiplier of 2.5 which means that as production in this sector increases by $1, production throughout the economy will increase by $2.50. Agricultural processing has an employment multiplier in the range of 2.75 to 3. The employment multiplier is defined as the change in employment due to a one unit change in the labor force.

It can readily be seen that the effect on the economy and employment would be substantial if the alfalfa dehydrating industry is phased out because of a lack of natural gas. We believe it is imperative that a high priority be established both at the federal and state levels for the use of natural gas for agricultural processes including alfalfa dehydration.

KDS;mjb

ATTACHMENT NO. 2

Kansas Association of Commerce and Industry

A consolidation of the Kansas State Chamber of Commerce/Associated Industries of Kansas/Kansas Retail Council

WILLIAM W. MARTIN, Topeka, President
HARRISON F. JOHNSON, Independence, Chairman of the Board
WILLIAM J. BUSCH, Wichita, Senior Vice President
MAURICE E. FAGER, Topeka, Financial Vice President
CARL C. NORDSTROM, Topeka, Executive Vice President
CLINTON C. ACHESON, Topeka, Secretary

500 First National Tower
One Townsite Plaza
Topeka, Kansas 66603
A/C 913 357-6321

September 12, 1975

Senator Jack W. Janssen
State Capitol Building
Topeka, Kansas 66612

Dear Senator Janssen:

Thank you for your interest in our viewpoints on the natural gas issues before your Interim Committee on Energy and Natural Resources.

Today, there exists ample evidence that we can no longer take unlimited energy for granted. Rather, we are now in a position of inadequate domestic supply. The future outlook for energy is characterized not only by increased demand, but by increasing foreign dependence, environmental conflicts, increasing costs and uncertainty.

Government and industry have a responsibility to inform the general public as to the economic factors, alternatives, and social decisions involved in providing adequate energy supplies, and the need to develop new sources of supply, new techniques, and facilities.

You have asked several questions concerning supplies and use of natural gas in Kansas. One observation is that the diffuse and often conflicting approaches to individual energy issues used in the past can no longer be tolerated. There needs to be full recognition that all energy-related matters must be analyzed as parts of a total and unified subject, which has as its foundation well-defined energy policy, and which recognizes the interplay of economic and environmental concerns.

In other words, it is difficult to answer questions about natural gas alone, without some indication of policies to be pursued with relation to other sources of energy. It is imperative that governmental decision-making be speeded up and simplified. For example, the legislature first must decide such basic issues as whether the state will promote or impede construction of nuclear energy as a supplemental source. Will the state give precedence to environmental concerns or energy development projects? Will the state support national deregulation of gas to maximize output? Will the state support incentives for exploration?

All of your questions deal with priority of natural gas use. If we are to assume that we are to answer these questions in the present context of limited energy, with no state push for expanded sources

of supply, then we are forced to this answer: The first step for state government is to avoid regulation of gas, except for determination of priority of use. Such a step has been taken federally, and the state, in a period of dealing with limited energy supply, should do likewise with reference to intrastate gas.

To regulate beyond this would only lead Kansas down the path of mistakes and misjudgments made in the past by the federal government.

Thank you, Senator, for requesting our thoughts on this vital issue. If there is any way KACI may be of assistance to you or your committee in its deliberations, don't hesitate to let us know.

Sincerely,

CARL C. NORDSTROM
Executive Vice President

bd

Attachment III

FEDERAL POWER COMMISSION

NEWS RELEASE WASHINGTON, D.C. 20426

IMMEDIATE RELEASE
AUGUST 20, 1975
Gas Curtailments

No. 21657

FPC RELEASES STATE-BY-STATE SUMMARY OF GAS CURTAILMENTS

The FPC today released a preliminary report prepared by its staff presenting a state-by-state summary of actual natural gas curtailments last winter compared with those projected for the coming winter.

The report, by FPC's Bureau of Natural Gas, shows actual curtailments as filed with the FPC (Form No. 16) by interstate pipeline companies of firm and interruptible delivery obligations to their customers for the November 1, 1974, through March 31, 1975, period. Projected curtailments are shown for the corresponding period of the 1975-1976 winter.

The summary also includes the difference between actual and projected curtailments. The FPC on June 6 (News Release 21454) released statistical information on curtailments by major companies. However, that release did not contain the state-by-state breakdown.

The staff summary notes that the projected information is based on an occurrence of normal weather and supply-demand factors projected as of April 1975.

Printouts of the FPC Form 16, Schedule No. 1A, information is available for public inspection in the Commission's Office of Public Information. Arrangements can be made through that office to purchase copies of the printouts or of the computer tape.

-FPC-

For further information
call 275-4006 (Area Code 202)

DC-114

PRELIMINARY COMPARISON OF ACTUAL (1974-75) AND PROJECTED (1975-76) NATURAL GAS CURTAILMENTS BY STATES

For Winter Period November 1 through March 31 (Volumes in Bcf)

State	Actual Winter 1974-75 Bcf	Projected Winter 1975-76 Bcf	Increase or (Decrease) Bcf
Alabama			
Firm Curt.	22	30	8
Interruptible	11	14	3
Total	33	44	11
Arizona			
Firm Curt.	27	33	6
Interruptible	-	-	-
Total	27	33	6
Arkansas			
Firm Curt.	75	73	(2)
Interruptible	4	4	-
Total	79	77	(2)
California			
Firm Curt.	77	165	88
Interruptible	-	-	-
Total	77	165	88
Colorado			
Firm Curt.	-	13	13
Interruptible	13	21	8
Total	13	34	21
Connecticut			
Firm Curt.	4	5	1
Interruptible	-	-	-
Total	4	5	1
Delaware			
Firm Curt.	1	2	1
Interruptible	-	-	-
Total	1	2	1
Florida			
Firm Curt.	12	14	2
Interruptible	5	45	40
Total	17	59	42
Georgia			
Firm Curt.	6	8	2
Interruptible	13	17	4
Total	19	25	6
Idaho			
Firm Curt.	6	6	-
Interruptible	1	1	-
Total	7	7	-

State	Actual Winter 1974-75 Bcf	Projected Winter 1975-76 Bcf	Increase or (Decrease) Bcf
Illinois			
Firm Curt.	37	43	6
Interruptible	4	7	3
Total	41	50	9
Indiana			
Firm Curt.	67	91	24
Interruptible	2	1	(1)
Total	69	92	23
Iowa			
Firm Curt.	8	9	1
Interruptible	-	-	-
Total	8	9	1
Kansas			
Firm Curt.	46	50	4
Interruptible	3	4	1
	49	54	5
Kentucky			
Firm Curt.	17	23	6
Interruptible	-	-	-
Total	17	23	6

State	Actual Winter 1974-75 Bcf	Projected Winter 1975-76 Bcf	Increase or (Decrease) Bcf
Louisiana			
Firm Curt.	109	131	22
Interruptible	-	1	1
Total	109	132	23
Maryland			
Firm Curt.	16	20	4
Interruptible	-	-	-
Total	16	20	4
Massachusetts			
Firm Curt.	7	7	-
Interruptible	-	-	-
Total	7	7	-
Michigan			
Firm Curt.	9	22	13
Interruptible	2	2	-
Total	11	24	13
Minnesota			
Firm Curt.	7	5	(2)
Interruptible	-	-	-
Total	7	5	(2)

FEDERAL POWER COMMISSION

CURTAILMENTS OF INTERSTATE PIPELINE COMPANIES BASED ON FORM 16 REPORTS

SUMMARY BY STATE OF ACTUAL CURTAILMENTS FOR 1974-1975 WINTER COMPARED WITH PROJECTED CURTAILMENTS FOR 1975-1976 WINTER

BUREAU OF NATURAL GAS
STAFF REPORT

Washington, D. C.
August, 1975

Preliminary Comparison of Actual Curtailment for 1974-1975 Winter With Projected Curtailment for 1975-1976

On June 6, 1975, in news release No. 21454, the Federal Power Commission released statistical information regarding the requirements and curtailments as submitted by major interstate natural gas pipeline companies. The staff report attached thereto covered actual curtailments for the 12-month period ending March 31, 1975, and projections for the year ending March 31, 1976.

The information was taken from FPC Form No. 16, Report of Gas Supply, Requirements, and Curtailments. At page 3 of its accompanying report, staff indicated that summaries of the Schedule 1-A of FPC Form No. 16 data are being computerized and printouts will be available at a later date. Preliminary printouts are now available, and are the basis for the information regarding curtailments by state which is attached as Appendix A. The results of this analysis are considered preliminary to the extent that review of the raw data is not complete, and revised reports may be forthcoming if necessary.

The attached summary by states shows actual curtailments as filed in FPC Form No. 16 by the interstate pipeline companies of firm and interruptible delivery obligations to their customers for the winter period November 1, 1974, through March 31, 1975. The projected curtailments are shown for a corresponding period for the 1975-1976 winter. The difference between the actual and projected curtailments is also shown.

The figures provided herein represent the best information available at this time relating to the natural gas curtailments by interstate pipelines for the forthcoming winter heating season. It should be noted that the projected data are based on occurrence of normal weather, and supply-demand factors projected as of April, 1975, when the Form 16 Reports were prepared by the pipeline companies.

Printouts of the FPC Form 16, Schedule No. 1-A, data are available to the general public as is the computer tape containing that information. A copy of existing printouts is available in the Commission's Office of Public Information. Arrangements can be made through that office to purchase copies of the printouts or copies of the computer tape.

The following detailed reports are now available:

1) Summary report-requirements, curtailments, deliveries by company/state.

2) Summary report-requirements, curtailments, deliveries by state/company.

3) Detail report-requirements, curtailments, deliveries by company/state/customer.

4) Detail report-requirements, curtailments, deliveries by state/company/customer.

5) Tapes of entire data.

State	Actual Winter 1974-75 Bcf	Projected Winter 1975-76 Bcf	Increase or (Decrease) Bcf
Mississippi			
Firm Curt.	51	64	13
Interruptible	2	2	-
Total	53	66	13
Missouri			
Firm Curt.	33	35	2
Interruptible	11	13	2
Total	44	48	4
Montana			
Firm Curt.	-	-	-
Interruptible	-	-	-
Total	-	-	-
Nebraska			
Firm Curt.	4	4	-
Interruptible	3	3	-
Total	7	7	-
Nevada			
Firm Curt.	7	12	5
Interruptible	-	-	-
Total	7	12	5

State	Actual Winter 1974-75 Bcf	Projected Winter 1975-76 Bcf	Increase or (Decrease) Bcf
New Hampshire			
Firm Curt.	-	-	-
Interruptible	-	-	-
Total	-	-	-
New Jersey			
Firm Curt.	32	46	14
Interruptible	-	-	-
Total	32	46	14
New Mexico			
Firm Curt.	8	8	-
Interruptible	-	-	-
Total	8	8	-
New York			
Firm Curt.	41	93	52
Interruptible	-	-	-
Total	41	93	52
North Carolina			
Firm Curt.	30	46	15
Interruptible	-	-	-
Total	30	46	15

Appendix A

State	Actual Winter 1974-75 Bcf	Projected Winter 1975-76 Bcf	Increase or (Decrease) Bcf
North Dakota			
Firm Curt.	-	-	-
Interruptible	-	-	-
Total	-	-	-
Ohio			
Firm Curt.	118	152	34
Interruptible	3	3	-
Total	121	155	34
Oklahoma			
Firm Curt.	5	5	-
Interruptible	-	-	-
Total	5	5	-
Oregon			
Firm Curt.	1	1	-
Interruptible	-	-	-
Total	1	1	-
Pennsylvania			
Firm Curt.	65	106	41
Interruptible	-	-	-
Total	65	106	41

State	Actual Winter 1974-75 Bcf	Projected Winter 1975-76 Bcf	Increase or (Decrease) Bcf
Rhode Island			
Firm Curt.	2	2	-
Interruptible	-	-	-
Total	2	2	-
South Carolina			
Firm Curt.	6	8	2
Interruptible	9	15	6
Total	15	23	8
South Dakota			
Firm Curt.	-	-	-
Interruptible	-	-	-
Total	-	-	-
Tennessee			
Firm Curt.	30	25	(5)
Interruptible	8	9	1
Total	38	34	(4)
Texas			
Firm Curt.	7	14	7
Interruptible	-	-	-
Total	7	14	7

Appendix A

State	Actual Winter 1974-75 Bcf	Projected Winter 1975-76 Bcf	Increase or (Decrease) Bcf
Utah			
Firm Curt.	-	-	-
Interruptible	-	-	-
Total	-	-	-
Virginia			
Firm Curt.	18	26	8
Interruptible	-	-	-
Total	18	26	8
Washington			
Firm Curt.	7	6	(1)
Interruptible	-	-	-
Total	7	6	(1)
West Virginia			
Firm Curt.	12	17	5
Interruptible	-	-	-
Total	12	17	5
Wisconsin			
Firm Curt.	-	7	7
Interruptible	-	-	-
Total	-	7	7
Wyoming			
Firm Curt.	2	3	1
Interruptible	-	-	-
Total	2	3	1

Source: FPC Form 16

Attachment IV

R. T. SUTTON
COMMISSIONER

DEPARTMENT OF CONSERVATION
BATON ROUGE 70804

P. O. BOX 44275

MEMORANDUM

NO. 66

September 5, 1975

TO: CONGRESSIONAL DELEGATION

FROM: RAY T. SUTTON, COMMISSIONER

RE: ENERGY LEGISLATION AND OTHER RELATED MATTERS

HIGHLIGHTS OF CURRENT REPORT

-- FPC Grants Small Producers Higher Contractual Rates -- The FPC has granted small producer contractual rates to up 130% of national or area rates available to large producers. Page 3

-- House Merchant Marine Consideration of the Coastal Zone Management Program -- The House Merchant Marine Subcommittee on Oceanography held a final hearing on legislation to provide additional Federal assistance to coastal states. Page 8

-- House Judiciary Subcommittee Consideration of Petroleum Industry Joint Ventures -- The Subcommittee on Monopolies and Commercial Law held a hearing to consider the need to limit or prevent joint ventures among petroleum companies. Page 10

-- Ways and Means Committee Begins Consideration of General Tax Reforms -- The Ways and Means Committee began general tax reform legislative consideration, indicating it will not take up the issue of windfall profits legislation at this time. Page 11

-- Extension of the Emergency Petroleum Allocation Act -- Anticipating a Presidential veto of S. 1849, the Senate plans to attempt an override next Wednesday. Page 11

HIGHLIGHTS OF CURRENT REPORT

-- FEA Issues Several Notices, Including Its Intent to Issue Entitlement Notices for July and August -- The FEA has decided to issue entitlement notices for the months of July and August, in spite of likely court action if a Presidential veto of the Emergency Petroleum Allocation Extension Act is sustained. Page 12

-- FEA Issues Notice of Proposed Rulemaking and Public Hearing to Amend Rules for the Crude Oil Buy/Sell Program -- The FEA has issued a notice of proposed rulemaking and public hearing to amend the allocation and price rules for the crude oil buy/sell program. Page 13

-- House Consideration of the Energy Conservation Oil Policy Act -- Further consideration of H.R. 7014 will be delayed until House consideration of the expected Presidential veto of S. 1849. Page 13

-- Legislation Introduced -- A summarized list of energy bills introduced since our last memorandum is provided. Page 14

FPC Grants Small Producers Higher Contractual Rates. On August 28, the FPC issued Opinion No. 742 (R-393) allowing small producers blanket certification for sales involving contractual rates up to 130% of FPC-determined base ceiling rates applicable to comparable large producer sales. The opinion for the Commission was written by Commissioner Don Smith, concurred in by Commissioner Springer, with Chairman Nassikas dissenting.

A small producer is defined as one whose jurisdictional sales do not exceed 10 million Mcf in a calendar year when aggregated with all jurisdictional sales of that producer's affiliates, if any.

The background for this policy emanates from FPC Order No. 428, issued on March 18, 1971, wherein the Commission provided that small producers, after once obtaining a blanket certificate covering all existing and future sales nationwide, would thereafter be relieved of all filings under the Natural Gas Act except for abandonment applications and an annual statement showing total jurisdictional sales. This exemption was to continue as long as the producer's jurisdication sales did not exceed the 10 million Mcf threshhold in a calendar year. This action by the FPC was to encourage small producers to increase their exploratory efforts and to increase their sales to interstate pipelines. It was the decision of the Commission at that time that the procedural delays and uncertainties of sale by sale certification proceedings acted as a disincentive to small producers to make sales in interstate commerce. At the same time, the Commission intended that regulation over such sales would not be abrogated by the FPC through such procedures, due to the fact that regulation would be effected at the pipeline level by reviewing the purchased gas costs of each pipeline with respect to small producer sales to each jurisdictional pipeline.

Subsequently, the U.S. Circuit Court of Appeals for the D.C. Circuit reversed Order No. 428 on the ground that the FPC abdicated its statutory responsibility to assure that all rates of any natural gas company are just and reasonable. The rationale of this court decision was based on the fact that the Commission's responsiblity to regulate such sales could not be met by the FPC's intent to indirectly control small producer rates through regulation or pipelines or larger producers.

On June 10, 1974, the U.S. Supreme Court partially reversed the D.C. Circuit and affirmed FPC Order No. 428 but remanded the case because Order No. 428 clearly did not satisfy the statutory requirement that all rates to gas sold in interstate commerce be just and reasonable. The Supreme Court also concluded that the FPC lacked authority to rely exclusively on market prices as the final measure of "just and reasonable" rates. The Supreme Court, in reversing the D.C. Circuit decision, also expressed the opinion that the insuring of just and reasonable rates by means of indirect regulation might not be administratively unfeasible, but left that issue for the Commission to consider upon remand. Further, the Supreme Court, upon remand, held that the procedures outlined in Order No. 428 provided no guidance to pipelines and large producer purchasers as to the level of their potential exposure to non-allowance of a portion of purchase gas costs paid to small producers.

Thereafter, on September 9, 1974, the FPC issued a notice of proposed rulemaking in a proceeding bearing Docket No. R-393, proposing to establish a just and reasonable rate differential for sales made by small producers pursuant to blanket certificate procedures set forth in Order No. 428, above the base rate (exclusive of provisions for production, severance, or similar tax reimbursement, gathering allowances, or quality adjustments) established for large producers in a Commission order of general applicability. The Commission explained in the notice the cost and non-cost considerations which in its tentative views supported the establishment of a differential for small producers.

A host of initial and reply comments were filed by large producers, small producers, producer associations, interstate pipelines, gas distributors, consumer groups, Federal office holders, and several members of the Congress, the latter requesting the opportunity to cross-examine all witnesses the Commission would rely upon with respect to small producer costs. In an opinion issued June 21, 1974, in another docket, the Commission held that there was no need for a formal hearing with oral cross-examination in rate cases, which the Commission contended could be determined through the rulemaking procedure. In Opinion No. 742, issued in the subject proceeding, the majority adopted its June 21 position and denied the request for cross-examination in the subject proceedings.

In Opinion No. 742, the majority concluded that the risk increase, higher equity financing and greater debt cost for small producers justifies an allowance for overall rate of return higher than the 15% found appropriate for the nationwide rate established in Opinion No. 699, and its progeny. The majority justified its position in this regard as a means of encouraging new entrants into the industry, admitting however that the 20% rate of return determined to be necessary to achieve this end was arrived at largely as a "matter of judgment." Applying a 20% rate of return, based upon the discounted cost factor (DCF) approach utilized in nationwide rates for new gas (Opinion No. 699-H), results in an increase of the higher range rate of 51.46¢ to 67.7¢, or a 31.5% increase. Using that calculation, the majority then recognized that producer ratemaking does not yield precise absolutes and rounded off that differential to an increment of 30%, or 130%, of the nationwide or other base rates as a proper allowance for small producers. It should be noted that in its initial notice of proposed rulemaking, issued in the subject proceeding, a small producer differential was suggested of 150%.

In comments filed by the New York Public Service Commission, it was suggested that a specific rate differential in cents per Mcf should be established, in lieu of a percentage differential. In this connection, New York questioned the need for giving small producers a multiple of the base rate to the extent it would include non-cost allowances for incentives or revenues for reinvestment. Stated another way, New York was contending that much of what the Commission desired to afford the small producer was accounted for in the nationwide rate established under Order No. 699 and its progeny. In dealing with this contention, the FPC majority stated that while non-cost factors are taken into consideration in determining the base rate in area or national rate cases, they are not always severable from cost factors. Further, the majority responded, contingent

escalations, a non-cost incentive used in some area rate cases, are of little importance now in light of the determination in Opinion No. 699 to establish a national new gas ceiling in lieu of various area ceilings previously in effect. Moreover, the majority said one of the important advantages of the percentage approach is that it can be applied to each rate case of general applicability decided in the past as well as in the future. Again, dealing with the contentions of the New York Public Service Commission, the majority held that it would not review the small producer percentage differential as often as the nationwide rate determination; hence, the percentage approach was more appropriate.

Interestingly, the majority stated that the record thus far compiled does not provide an adequate statistical base from which to quantify variances of the direct costs of small producers from the average direct costs for the industry, as a whole, which formed the basis for the Opinion No. 699 nationwide rate. Nonetheless, the majority went on to discuss in considerable detail various factors supporting a higher rate for small producers, including the fact that the productivity factor for small producers is probably lower than for large producers. In its justification for the assumption of this probability, the Commission points to the fact that average productivity offshore, where small producers have fewer interests, is significantly higher than onshore. Further, in the onshore areas, the majority contended that small producers frequently operate properties on farmout arrangements with large producers, engaging in the further assumption that such properties are more "marginal" than average. Continuing with this rationale of assumptions, the majority held that small producers ordinarily do not have the resources to finance deeper and more expensive wells from which the larger remaining undiscovered reservoirs are to be found.

Some other considerations mentioned by the majority in Opinion No. 742, were an assumed capital structure of 76% common equity and 24% long-term debt, with an assumed cost of 6.25% to long-term debt and 17.3% to common equity. Assuming this, the majority felt that most small producers are probably nearer the 100% equity financed level with supplemental debt financing being principally short-term with a substantially higher cost than the 6.25% rate. In dealing with this assumption, the majority held "while generally it is assumed that the equity investor's risk declines as the equity ratio is increased, the effect has a marginal range within which to operate, given the already high ratio assumed for the industry as a whole, and the effect is more than outweighed by the increased risk of the small producer ventures." All of these factors, the majority concluded, justify an allowance greater than the 15% permitted in Opinion No. 699.

Other factors suggesting a higher rate for small producers, according to the majority, include: (1) they are involved principally in exploratory, wildcat drilling and have a higher dry hole ratio than the industry as a whole; (2) they predominate in farmout arrangements with concomitant overriding royalty charges; and (3) they have limited risk spreading capability and a relatively weaker credit standing. The assessment of these risks, the majority held, was a key factor in establishing a rate of return and suggest that the small producers are entitled to a higher rate than applicable to the industry as a whole.

In explaining how the rate differential would be applied, the majority stated that the differential should be multiplied by the applicable base ceiling established in an area or national rate order. The resulting rate would then be subject to gathering charges, quality adjustments, tax reimbursement, Btu adjustment and any other adjustments to the extent applicable to the sale as permitted under the particular order or general applicability. However, the majority made clear that the 130% differential will not apply to the minimum rate levels which were established in area rate cases. "We are not concerned here with contracts where the small producer is limited to a price below that authorized by this order as just and reasonable. Our purpose is to establish a just and reasonable rate ceiling, not a floor, for small producers."

In comments filed in response to the notice of rulemaking, by pipelines, United Gas Pipeline contended that where a small producer is collecting a rate under an existing contract, it should be required to reduce the rate under Section 5. Otherwise, United said, the pipeline would be penalized ad infinitum for paying an above ceiling rate. El Paso contended that pipeline purchasers should not be required to absorb purchased gas costs with respect to above ceiling purchases from small producers under existing contracts because rules have changed since Order No. 428 was issued. In response to these contentions, the majority stated that it does not intend to require small producers to make refunds of above ceiling rates for sales made pursuant to a temporary or permanent certificate under Order No. 428. The Section 5 question, however, will be decided in individual pipeline cases of in the RM76-5 rulemaking proceeding initiated along with issuance of this opinion.

In conclusion, the majority dismissed contentions by large producers of discrimination, taking the position that if a large producer is faced with a specific problem, relative to risk and operating differentials, it can seek appropriate relief from the Commission on an individual basis.

Chairman Nassikas, in his dissent, felt that the establishment of a differential for small producers "is repugnant to the concept expressed in the national opinions that the base rate should be uniform except in those cases where the seller can demonstrate that the individual circumstances require a different result." For this reason, Chairman Nassikas would permit small producers to demonstrate that their circumstances are truly unique and require a departure from the uniform national rate.

Chairman Nassikas also expressed that the majority's position will not encourage small producers to dedicate additional supplies to the interstate markets, and, moreover, will end the concept of indirect regulation of small producers recently approved by the Supreme Court, as discussed above. In this latter connection, Chairman Nassikas went on to state that if small producer rates are to be established on the basis of alleged cost factors, the concept of indirect regulation at the pipeline level is no longer applicable since a "just and reasonable" rate will have presumably been established at the small producer level.

Relative to the procedure adopted by the majority, in granting a blanket differential, Chairman Nassikas contended that it was not supported by

"substantial evidence," and is based solely on the assertion that small producers should be allowed a 20% rate of return. This in turn was based on an analysis of the capital structure of large producers. However, the Chairman emphasized that there is no evidence indicating the capital structure of the typical small producer of the level of risks incurred by them as against risks of large producers.

Chairman Nassikas expressed a preference for the continuation of indirect regulation of small producer rates at the pipeline level by reviewing all small producer sales in excess of the generally applicable just and reasonable rate to determine the rates which the pipelines would be justified in paying. In so doing, he would apply the criteria which the FPC informed the Supreme Court it would use in prescribing small producer rates, that is, producer costs, the pipeline's need for gas, the availability of other supplies, the amount of gas dedicated under the contract and rates of recent small producer sales previously approved for flow through. "These criteria provide greater flexibility than the unwarranted differential proposed by the majority, and they will allow the Commission to adapt its regulations to prescribe rates based on an evidentiary record without excessive charges to consumers."

Without addressing the merits of the position taken by the majority, or the Chairman in his dissent, it occurs to us that this move on the part of the majority will clearly fall upon troubled times before the courts, for there is little doubt that consumer advocates and others will contest the decision and procedure before the courts. Given the numerous restraints imposed upon recent FPC moves to increase the quantity of gas dedicated to interstate pipelines by the D.C. Circuit Court of Appeals, coupled with the majority's own admission that the establishment of a blanket differential for small producers is based largely upon certain assumption made without the benefit of record evidence, the procedure is bound to cause considerable trepidation among producers and pipelines to enter into contracts taking advantage of the cost differential afforded by the procedure, at least until it has been thoroughly tested in the courts.

Another factor that occurs to us, which could cause trouble for the procedure or differential afforded, is the considerable emphasis placed upon what the majority contends is a need for improving the position of small producers, as offset against large producers, through the pricing mechanism. Without taking issue with the merits of such an outcome, one is forced to question whether this is a proper role for the Federal Power Commission, or a proper interpretation of the "just and reasonable" concept, established as a guideline under the Natural Gas Act as interpreted by the courts. In its comments in response to the notice of rulemaking, the New York Public Service Commission signalled an attitude of contest over an approach to producer pricing on the basis of such considerations or criteria.

Our observations notwithstanding, there is not likely to be a stampede of small producer sales to interstate pipelines in the immediate future, as a result of the rendition of this opinion. Quite to the contrary, the concurrent issuance of a notice of proposed rulemaking (RM76-5)

proposing to prospectively require small producers who are making jurisdictional sales at a rate in excess of the ceiling established in Opinion No. 742 to reduce such rates to that ceiling, is bound to discourage those sales that have been occurring in response to Order No. 428 and Opinion No. 472.

House Merchant Marine Consideration of the Coastal Zone Management Program. On September 3, the House Merchant Marine and Fisheries Subcommittee on Oceanography held a final hearing on proposed legislation to strengthen the Coastal Zone Management program. Appearing before the Subcommittee were Russell Train, FEA Administrator and Murry Berger, President of the National Fisheries Institute.

In opening remarks, Subcommittee Chairman Murphy noted that coastal communities which may be affected by future offshore oil and gas development have urged Congress to provide them with time to establish coastal zone management programs and additional Federal assistance in meeting the onshore impact of future OCS development. Chairman Murphy said that the legislation under consideration by the Subcommmittee included H.R. 3981, and the Senate-passed S. 586. (For a summary of S. 586 and a copy of this legislation as it passed the Senate, see our Memorandum No. 62.) The major provisions contained within H.R. 3981 include the following: (1) annual grants up to 100% of the costs incurred would be provided to coastal states for planning and control of adverse economic, environmental, and social impacts due to facility siting or energy development and production. Two hundred million dollars would be authorizes for fiscal year 1976 and each of the four succeeding fiscal years to finance these grants; (2) grants up to 90% of the costs incurred by coastal states to further interstate coordination of coastal zone planning including the formation of interstate compacts. Five million dollars would be authorized for fiscal year 1976 and each of the four succeeding fiscal years for this program; (3) 66 2/3% of the costs incurred by the coastal states would be provided for short-term research and training assistance, authorization of payment to Federal agencies for the provision of such assistance, and the hiring of private contracts. Five million dollars would be authorized for this program from fiscal year 1976 through each of the four succeeding years; (4) applicants for licenses, permits, or leases for energy resource development or production or facility siting would have to certify that the conduct of their proposed activities would be in conformance with any approved state management program; (5) the scope of the existing Coastal Zone Management Act would be extended to include beaches and islands, requiring a state coastal zone management plan to include plans for the protection of access to public beaches and other coastal areas of environmental, historic and recreational value; (6) certification procedures of the present Coastal Zone Management Act would be amended to include leasing operations as well as permitting and licensing activities; and (7) the legislation would extend the Coastal Zone Managemen Act through fiscal year 1980, and authorize Federal appropriations for these additional years.

In his testimony before the Subcommittee, Russell Train said that the Administration recognizes the need for the development of the OCS with careful

R. T. SUTTON
COMMISSIONER

DEPARTMENT OF CONSERVATION
BATON ROUGE 70804

P. O. BOX 44275

MEMORANDUM

NO. 65

August 29, 1975

TO: CONGRESSIONAL DELEGATION

FROM: RAY T. SUTTON, COMMISSIONER

RE: ENERGY LEGISLATION AND OTHER RELATED MATTERS

HIGHLIGHTS OF CURRENT REPORT

-- Lou Harris Poll Reflects Public Support for Decontrol -- Support for deregulation of all oil produced in this country has now risen to a decisive 54-22% majority. Page 3

-- President Ford Holds Meeting with Governors to Discuss Natural Gas Curtailments This Coming Winter and Proposals for Dealing with Its Consequences -- On August 28, Governors in attendance recommend to the President legislative sanction of 180-day emergency purchase procedures and deregulation of natural gas wellhead pricing. Page 5

-- FPC Issues Order in Docket No. RM75-25 -- FPC issues Order No. 533, on August 28, establishing rules for direct field purchases of natural gas by high priority industrials at unregulated prices. Page 10

-- FPC Releases Staff Comments in 1975-1976 Biennium National Rate Proceedings -- Rates for 1975-1976 biennium suggested to range from 85.3¢ to $1.70. Page 10

-- FPC Reports Slight Increase in Exploratory and Developmental Gas Well Footage in First Quarter of 1975 -- Gas well footage drilled in the first quarter of 1975 was only slightly above the level in the same quarter last year while the number of gas wells drilled actually declined by 1.4%. Page 15

HIGHLIGHTS OF CURRENT REPORT

-- FEA Issues Old Oil Entitlements List for Month of June -- Old oil supply ratio declines to .360078% while value of entitlement increases to $7.82. Page 16

-- FEA Postpones Hearings on Modification of State Set-aside Program -- Postponement of August 12 hearing is indefinite, pending consideration of requests for regional hearings. Page 17

-- President Ford Agrees to Delay Veto of S. 1849, Extending Price Controls -- President and Democratic leadership agreed to try once more for compromise of oil price decontrol issues. Page 17

-- Resolution to Accelerate and Coordinate Consideration Legislation Rejected -- Of the some 1,000 energy bills introduced in the 94th Congress, only two have become law. Page 18

"Clearly, sizable numbers of Americans now believe that they would cut back the use of their cars if the price of gasoline were to rise further. And the higher the rise, the more the curtailment of use of their automobiles would take place. However, past experience in asking comparable questions about potential behavior in the face of price changes would suggest counting only those car owners who say they would use their cars 'a lot less often' or 'not at all' as the likely magnitude of cut-back in use of their autos. In this case, here is the likely cut in use of cars if the price of gasoline were to rise to different levels:

LIKELY CUT IN USE OF CARS AT KEY
LEVELS OF PRICE RISE IN GASOLINE

At price rise of:	No. Who Would Cut Back Use Of Car %
10¢ a gallon	11
20¢ a gallon	31
30¢ a gallon	49
40¢ a gallon	61
50¢ a gallon	63

"The biggest cut-back in use of cars would take place when the price of gasoline rose from 10 to 20 cents a gallon, jumping from 11 to 31 per cent.

"At least in terms of the road they want to go down on energy, the American people appear now to be prepared to allow the price of oil and natural gas to rise by deregulation of domestic production and they are counting on the price mechanism to curtail consumption sufficiently to finally cope with the oil shortage."

President Ford Holds Meeting with Governors to Discuss Natural Gas Curtailments This Coming Winter and Proposals for Dealing with Its Consequences. On August 28, President Ford met with a number of the nation's Governors to discuss projected curtailments of natural gas supplies during the coming winter heating season and options that might be available to ameliorate the impact upon those consumers to be most effected, with particular emphasis upon the potential for industrial shutdowns, resulting unemployment and economic dislocations.

Shortly following the commencement of the August recess, indications were to the effect that certain of the President's advisors were contending that the Administration should consider and offer certain proposals or "initiatives" that would be reasonably designed to aid in reducing the impact of

projected natural gas shortages for this winter. At the same time, certain factions within the FEA were "pushing" legislative recommendations to the President, presumably designed to implement some or all of the recommendations of the FEA "Interagency Natural Gas Task Force Committee," headed by Mr. Bruce Pasternak, a member of Mr. Eric Zausner's staff. The legislative proposals receiving the broadest interest and concern were four in number.

First, proposed legislation was drafted to afford legislative sanction to the 180-day emergency procedure, originally implemented by the FPC. Initially, the Federal Power Commission, in an attempt to induce producers to increase sales to interstate pipelines, permitted those pipelines to make emergency purchases from the producers at higher than historically-based cost prices, for periods not to exceed 60 days, so as to mitigate against the impact of curtailments during the times of relative shortage. Subsequent thereto, the FPC extended the period for which such emergency purchases could be made to 180 days. At that time, the Consumer Federation of America brought suit against the FPC, challenging the extension of the emergency purchase period from 60 to 180 days, contending that this was tantamount to deregulation in violation of the Natural Gas Act, as interpreted by the courts. In a recent decision of the U.S. Circuit Court of Appeals for the District of Columbia, the position of the Consumer Federation was upheld.

In another suit, brought by Cong. John E. Moss, the D.C. Circuit recently held that pregranted abandonment of sales under the FPC's optional pricing procedures was unlawful and in violation of Section 7(b) of the Natural Gas Act. The rationale of the Court in that decision was that the FPC could not determine whether permitting a producer to abandon sales to an interstate pipeline , prospectively, for the reason that the FPC could not determine, prospectively, whether such an abandonment was in the public interest. These two decisions have had the practical effect of denying the interstate pipelines access to a meaningful percentage of the available new gas supplies. Both of these court decisions are currently pending upon writ application to the U.S. Supreme Court and are not likely to be acted upon in time to have any impact upon the supply of new gas for the coming winter heating season. It should be noted that just prior to the recess, FPC Chairman Nassikas directed such a legislative proposal to Vice President Rockefeller, as President of the Senate, which was introduced by Senators Magnuson and Hollings as an accommodation to the Chairman. The Nassikas bill was referred to the Senate Commerce Committee, as the Committee having jurisdiction over natural gas legislation.

The second proposal that was said to be under consideration was one providing a legislative sanction to a procedure proposed by the Federal Power Commission in RM75-25 (see our Memorandum No. 50) which would permit certain high priority users to purchase gas at market prices in the field, onshore, working out an agreement with interstate pipelines for the transportation of that gas. (Comments were filed in this rulemaking procedure

by the State of Louisiana.) Also since the commencement of the August recess, and without regard to the Governors meeting with President Ford, the FPC has issued an order in this rulemaking proceeding, which will be discussed elsewhere in this memorandum.

Another proposal presumed to have been under consideration dealt with legislation designed to afford the FEA with broad discretionary powers in allocating propane and butane, and to control their prices, which powers the FEA will lose should the Emergency Petroleum Allocation Act expire on August 31 by Presidential veto and the failure of the Congress to override that veto. Presumably the proponents of this legislative "initiative" felt such powers essential to protect propane and butane users and to deal with potential shortages of these products.

The legislative proposal receiving the greatest attention was one designed to afford the FEA with standby powers and authorities to deal with natural gas shortages in times of emergency. Among those powers would be authority to mandate and order interconnections between pipelines and the allocation of available supply between those pipelines. Stated another way, the FEA would receive the power and authority to order a pipeline to divert some of its gas supply to another pipeline suffering levels of curtailment greater than the pipeline surrendering the increment diverted. Within the definition of pipeline, intrastate pipelines were included. The controversial nature of these latter proposals, with their expected reactions, led the proponents of such legislation to back off or "retreat." Therefore, at the meeting of the Governors and President Ford, no positive or affirmative proposals were made by the Administration. Rather the Governors were invited to make their comments and suggestions as how to deal with the shortages to be expected this winter, and in the future. (See an editorial appearing in The Washington Post on August 27, attached as Appendix "A".)

Initially, fifteen Eastern seaboard and Midwestern Governors were invited to meet with the President, however, concern was raised that the producing states should be represented in such a forum, therefore, the FEA condescended to invite the Governors of Louisiana, Oklahoma and Texas.

The Governors attending this conference held a caucus prior to meeting with the President at the National Governor's Conference headquarters here in Washington. During the course of the briefing and discussions at this caucus, a general consensus was developed as to what the Governors would recommend to President Ford, at the subsequent meeting. Following is a general discussion of that consensus.

General support for legislation sanctioning the 180-day emergency purchase procedure was noted, however, such legislation should not be considered by the Congress as a substitute for needed comprehensive natural gas legislation. Secondly, the Governors proposed to recommend to the President a natural gas measure, originally suggested by Gov. David Boren of Oklahoma, when testifying before the Senate Commerce Committee in March on S. 692, which proposal has since been unanimously

endorsed by the Midwestern Governor's Conference recently concluded. Generally speaking, the Boren proposal would call for the suspension of FPC wellhead price controls on new gas sales for five years, with existing contracts to remain in force, unless and until they expired during that five-year term. The proposal would further require or dictate the sanctity of any and all contracts entered into during that five-year period, no matter what their term. It is contended that such a proposal would provide the necessary incentive to producers to develop and bring on new supplies, while at the same time easing the impact on consumers through the rolling in of higher prices for new gas dedications with flowing lower-priced old gas supplies. At the end of the five-year period, a determination would be made whether the suspension of price controls had achieved the desired supply response, with those controls to be reimposed should the "trial period" fail to produce results.

The only dissent from this consensus position was that of Gov. Milton Shapp of Pennsylvania. It should be noted, however, that Gov. Byrne of New Jersey was not present at the caucus, and therefore did not have the opportunity to vote on these proposals. It is not known whether Gov. Byrne expressed an opinion as to these proposals during the course of the conference with the President.

Little or no discussion was had during the course of the Governors caucus, or the conference with the President, relative to the RM75-25 type procedure.

Discussion was had at the caucus, and in conference with the President, relative to the wisdom and workability of allocating available natural gas supplies between pipelines, interstate to interstate and intrastate to interstate. With the exception of Gov. Byrne, there appeared to be little or no support among the Governors in question for the allocation of supplies between pipelines, regions of the country, etc. At the subsequent conference, President Ford, supported by FPC Chairman Nassikas and Frank Zarb, took the rather firm position that diversion of intrastate gas to the interstate market, was <u>not</u> a solution to the problem; would create as many, if not more, dislocations than it solved; and, more importantly, would simply be unworkable. The FPC has consistently taken this position in testifying before various Committees of the Congress.

President Ford evidenced an intention to make recommendations to the Congress, relative to these discussion, and to give particular attention to the "Boren" proposal for a moratorium on the imposition of FPC well-head price controls.

In the context of S. 692 and the various substitutes offered therefore, it is obvious that the Boren proposal is now a viable contender and yet another option that will be available to the Congress upon its return from the August recess for it has now received the endorsement of at least half the nation's Governors.

Due to representations made by the FEA, in Administration press releases and at briefings conducted by the Administration for the Governors and their staffs, relative to what regions or states will be most impacted by the shortages this winter, we feel it essential to provide the delegation with projected curtailments, state by state, which were published by the FPC on August 20.

Early following the commencement of the recess, the Administration issued a press release listing the ten states to be most severly impacted by shortages this winter. Among those ten states listed, eight were on the Eastern seaboard, plus California and Ohio. Presumably, the data leading to these conclusions were based upon the impact on those states, in terms of the percentage of volumes to be curtailed from full requirements.

The Administration press release went further to state that the only states that would be spared from shortages this winter were the producing states of Louisiana, Oklahoma and Texas. This latter statement is simply not correct.

The Federal Power Commission does not break down its projected curtailments, state by state, on the basis of percentage of full or contract requirements. Rather, the FPC curtailment projections are based on volumes curtailed. Following is a list of the ten states that will suffer the largest volumes of curtailed deliveries for the coming winter heating season, which reflects that Louisiana ranks third among all states in the nation in terms of total volumes to be curtailed this winter by interstate pipelines. This is particularly significant when it is realized that only approximately one-third of Louisiana's requirements are supplied by interstate systems. It is also significant to note that several other principal producing states (P) rank in the top ten in curtailed volumes.

PROJECTED CURTAILMENTS
WINTER 1975-76 (Bcf)

STATE	Firm	Interruptible	Total
1. California (P)	165	0	165
2. Ohio	152	3	158
3. Louisiana (P)	131	1	132
4. Pennsylvania	106	0	106
5. New York	93	0	93
6. Indiana	91	1	92
7. Arkansas (P)	73	4	77
8. Mississippi (P)	64	2	66
9. Florida	14	45	59
10. Kansas (P)	50	4	54

It should be clearly understood that the foregoing figures, relative to curtailments projected to occur in producing states do not include curtailments occuring on intrastate systems within those same states.

FPC Issues Order in Docket No. RM75-25. On August 28, the FPC issued Order No. 533, in Docket No. RM75-25.

On April 4, 1975, the FPC issued a notice of rulemaking in this docket, soliciting comments upon a proposal to permit direct and indirect customers who use natural gas for residential, commercial, feedstock, and process fuel, and are subject to curtailment to negotiate with producers for the acquisition of gas produced onshore, at market prices, and arrange by agreement with interstate pipelines to transport that gas through whatever excess capacity such pipelines might have. Comments were filed by the State of Louisiana in this proceeding, following the notice of rulemaking. (See our Memorandum No. 50).

Generally speaking, the order issued by the FPC states simply that it will consider applications for certification of such arrangements on a case by case basis, but is limited to industrial users.

Without regard to the legal and practical problems that such a practice and procedure might produce, the conditions imposed upon such arrangements by the FPC, render it difficult to see how producers will be able to accommmodate the limitations imposed upon such arrangements. For example, such arrangements will not permit direct sale purchasers to receive, or the producer to deliver, volumes of gas in excess of the level of curtailment being realized by that purchaser, which fluctuates of course from day to day. Producers simply cannot, from a technical standpoint, vary the flow from a given well on a day by day basis. Following is a direct quote taken from Order No. 533. "We recognize that our decision to certificate only the transportation of direct sale gas used to offset curtailed volumes may present some practical problems. Producers may be unwilling to make direct sales of volumes which fluctuate to the levels of curtailment. There may be practical problems in transporting and delivering direct sales volumes which replace, but do not exceed, a direct sale customer's level of curtailment." Such concessions are, to say the least, an understatement.

Relative to the legal problems presented by this overall procedure, it is interesting to note that FPC Chairman Nassikas sent to the Congress, just prior to the recess, a bill designed to afford legislative sanction to these procedures, however, it was not introduced due to the time of its arrival.

FPC Releases Staff Comments in 1975-1976 Biennium National Rate Proceedings. On August 4, 1975, the FPC released staff comments relative to the determination of a just and reasonable rate for application during the 1975-1976

biennium for sales of gas dedicated to interstate commerce since January 1, 1973. The delegation will recall that two delays have been occasioned in the filing of these comments.

In its initial solicitation of comments from the staff, the FPC requested separate comments from the agency's Bureau of Natural Gas and its Office of Economics.

Depending on assumptions regarding productivity and Federal income tax allowances, the Bureau of Natural Gas (BNG) estimated nationwide costs of new gas ranging from 85.3¢ to $1.63 per Mcf for 1975, and from 88.7¢ to $1.70 per Mcf for 1976. Relative to productivity assumptions, two were used, i.e., 454 Mcf per foot based on productivity experience for the 12-year period, 1963 through 1974, and 375 Mcf per foot based on the 9-year average for the years 1966 through 1974. Federal income tax assumptions were at a level of no income taxes, 24% and 48%.

In the case of all assumptions made by the BNG, a rate of return of 15% was computed on a discounted cost factor (DCF) basis, taking into account an average royalty payment to the lessor or land owner of 16%.

Following is a table setting forth the range of rates calculated and suggested by the BNG, employing the foregoing assumptions and variables.

	1975		1976	
	1963-1974 Productivity (454)	1966-1974 Productivity (375)	1963-1974 Productivity (454)	1966-1974 Productivity (375)
Assuming Federal income tax rate at:				
0%	85.3¢	104.3¢	88.7¢	108.6¢
24%	102.1¢	124.5¢	106.1¢	129.6¢
48%	134.2¢	163.4¢	139.4¢	170.0¢

It is significant to note the substantial difference that occurs when approaching ratemaking on the basis of historical cost data, depending upon the duration or selection of the historical period to be utilized. It is also significant that all of the rates suggested by the BNG, regardless of the assumptions made, exceeds substantially the levels mandated by S. 692, i.e., between 40¢ and 75¢ per Mcf, to remain frozen for five years from the date of enactment.

The BNG explains that the "dramatic" increases from the 51¢ national rate currently in effect were due primarily to declining productivity, a continuation of cost increases, the elimination of percentage depletion and elimination of the negative income component (arising from application of a tax credit for a major share of pre-production costs) from the return calculations in Opinion No. 699-H.

The BNG dealt with the ongoing debate as to the accuracy of reserve estimates, and their effect on rates, in what we consider to be an innovative manner. As a result of differences between offshore additions reported by AGA and offshore figures indicated by pipeline certificate application, coupled with deficiencies in the accuracy of reserve additions data and the technique of employing average experience in past years to estimate future productivity, the BNG elected to use currently available AGA data on reserve additions, which is understated, in combination with the averaging technique, which overstates future expectations when the trend in productivity is down. This approach tends to cancel the effects of both, which, although "imprecise," results in a superior technique to the simple correction of only one of these factors.

Relative to Federal income taxes, the BNG said it was not possible to evaluate the precise impact of the elimination of the oil and gas depletion allowance, in part because of the need to take the investment tax credit and deductions for interest on debt into account. For this reason the BNG employed the 0%, 24%, and 48% range of rates and recommended that parties submit evidence in this proceeding respecting the rate impact of the tax legislation on actual tax liability, so as to permit a more precise approach to the selection of the rate to be adopted.

The estimates of the Office of Economics (OEC) are based on a new costing approach separating exploratory productivity and developmental productivity, together with other distinctions, which we find quite difficult to understand. Nonetheless, the OEC estimates the nationwide cost of new gas in 1976 in a range of 46.6¢ to 62.6¢. Alternatively, the OEC's calculations use two values for productivity, i.e., a high and a low average for 1970 through 1974, two values for lease acquisition costs including and <u>excluding</u> offshore costs, and two rates of annual take, i.e., one constant and one variable. As was the case with the BNG calculations and recommendations, the OEC adopted a 15% return, based on the DFC methodology. In conclusion, the OEC recommended a continuation of the base rate established on Opinion No. 699-H (currently 51¢ per Mcf) for the 1975-1976 biennium.

The novel methodology employed by the OEC admittedly provides for no Federal income tax. Further, the OEC cost analysis does not contain schedules reflecting the computation of return on investment and does not indicate the extent to which return is included. In addition, there is no indication that the OEC unit cost totals include any increment for the payment of royalties by the producer.

The OEC study contains a summary schedule showing the costs, utilizing its various options and alternative assumptions, which reflect totals that do not appear to bear any relationship to the ultimate conclusions reached by the OEC. At a minimum, it is not explained what elements of cost account for the differences between the totals shown in those tabulations and OEC's estimated unit cost totals ranging from 46.62¢ to 52.98¢ for the alternative excluding offshore lease acquisition costs, and from 55.51¢ to 62.55¢ for the alternative including offshore lease acquisition costs.

The Commission has directed that comments in reply to the staff presentations, and in reply to initial comments submitted on or before May 30, 1975, be filed by September 11, 1975.

Initial comments were filed in late May and early June by a number of producers, pipelines and distributors in this rulemaking proceeding.

Summarizing those comments, the producer group recommended establishment of a national rate in the $1.49 to $1.55 per Mcf range based on the commodity value of natural gas at the wellhead, the price level of the high 10% of intrastate contracts executed during the period January 1, 1974, through January 31, 1975, and estimated nationwide new gas costs. Pipeline parties, although not suggesting a specific price ceiling, generally urged the Commission to set "realistic" rates giving consideration to non-cost factors, particularly intrastate prices and commodity value. The American Gas Distributors (AGD) recommended the establishment of separate rates for offshore and onshore production, with onshore rates to be based on both cost and non-cost factors. The United Distribution Companies (UDC) submitted a number of studies relating to intrastate price levels, productivity of new gas well drilling, and cost of finding and developing new gas supplies, among other things. The UDC determined new gas costs in the range of $1.25 to $1.53 per Mcf excluding data for Alaska, the Gulf of Mexico, the Texas Permian Basin and Appalachia. Another study showed that higher field prices up to $1.60 per Mcf for new gas would be more economical for consumers than the costs accompanying ever-increasing curtailments.

In comments filed to date, the only other party besides the OEC to oppose an increase in the national rate for the 1975-76 biennium was the American Public Gas Association (APGA) which took the position that the FPC should take action to reduce unregulated intrastate rates because of the "disciminatory impact on interstate markets," relying on a 1914 decision of the U.S. Supreme Court, dealing with railroad rates.

Relative to this entire dialogue, the FPC invited comments on the question of "what weight, if any should be given to current prices in the intrastate market which now absorbs about 40% of all gas sold by producers."

In requesting comments on this question, the Commission explained that, in addition to use of costs and other relevant non-cost factors in determining the just and reasonable rate, it was also considering the use of "representative intrastate market price evidence to the extent that the intrastate market is workably competitive." The Commission further stated that the economic theory of workably competitive markets, i.e., that the price which results from the interaction of supply and demand is a cost-based price, "suggests the possiblity of looking to field prices in the intrastate market for evidence of the cost of production in that market." While few, if any, markets are entirely free of competitive imperfections, the FPC added, "nevertheless, the preponderance of evidence regarding the competitive nature of the gas producing business may provide a premise for accepting market prices in the unregulated sector as generally indicative

of current costs of production." Further, the FPC asked that the comments on intrastate prices consider, among other things, "the current state of the intrastate field market for gas and its effeciency in adjusting to the major changes that have occured in domestic and world energy markets during the past two years."

The parties submitting comments, relative to this intrastate rate issue, included the producer group (some 32 companies) and a few individual producers, the Interstate Natural Gas Association of America (INGAA) and several individual pipelines, the United Distribution Companies (UDC), the Associated Gas Distributors (AGD), the State of New Mexico, the New York Public Service Commission, the Office of Consumer Affairs of HEW, and a few others. Except for the New York Public Service Commission and the Office of Consumer Affairs, the comments strongly urged that substantial weight be given to intrastate prices in arriving at a just and reasonable new gas rate for the 1975-1976 biennium. AGD, however, favored consideration of intrastate prices only in the determination of rates for onshore sales. New York agreed with the AGD position on this issue and expressed skepticism regarding the effectiveness of relying on intrastate prices to regulated rates for any onshore sales where the instrastate market is able to absorb virtually all of the new supply.

A review of these supplemental comments also reflects an updated analysis of the Form 45 data, establishing a weighted average price of $1.17 for intrastate sales by independent producers, pipeline producers, and pipeline producing affiliates. The highest priced and the high price (by volume) for the 376 contracts reported in 1975 were $2.44 and $1.89 per Mcf, respectively, compared with $1.91 and $1.45 per Mcf, respectively, under the 1148 contracts reported having initial deliveries in 1974. These studies also reflected a decline in the average term of contracts between 1974 and 1975. Most interestingly, clear indications exist that there is a levelling off and some softening of prices in the intrastate markets, on a national basis, as supply and demand tend to come into better balance.

There were also comments, relative to the intrastate markets, by several members of the academic community studying the available data which conclude generally that the intrastate market, through the interaction of supply and demand, behaves in the "classic manner of a workably competitive market."

Also among supplemental comments filed in late July, the United Distribution Companies submitted a study estimating the cost of finding and developing offshore supplies on leases in the Gulf of Mexico. The study developed a range of offshore unit costs from $1.02 to $1.49 per Mcf for large fields (reserves less than 400 Bcf), and from $2.49 to $3.83 per Mcf for smaller fields, depending also upon rate of return level (15% or 17%) and inclusion or exclusion of a Federal income tax allowance. This particular study is interesting when consideration is given to the consistently employed distinction between what should be done to alleviate the crisis, in terms of wellhead pricing, between onshore and offshore prospects.

It has always been understood and accepted that offshore exploration and development costs are higher than onshore, which, of course, compounds the effect of the field size on unit prices.

In light of the hard evidence, logic and reason, one can only conclude that such distinctions are based upon a combination of the anti-major oil company sentiments, which companies are considered to dominate the OCS, coupled with the want of intrastate competition in the Federal domain area, rendering that gas "captive" to the interstate market. These are simply not sound economic or practical distinctions, if more gas is what we want.

We will attempt to analyze the reply comments after they are filed and report to the delegation accordingly.

FPC Reports Slight Increase in Exploratory and Developmental Gas Well Footage in First Quarter of 1975. On August 8, 1975, the FPC released a report entitled "Gas Supply Indicators," which is the tenth in a series of quarterly reports providing current information on industry trends affecting gas supply, particularly that available for interstate markets. This report is prepared by the FPC's Office of Economics, covers the first quarter of 1975 and shows that after achieving record highs in 1973 and 1974, the effort to find new supplies of natural gas has been levelling off since mid-1974. Gas well footage drilled in the first quarter of 1975 was only slightly above the level in the same quarter last year and the number of gas wells drilled actually declined by 1.4%.

These quarterly reports contained statistical data relative to what the FPC classifies as "gas supply indicators" and include marketed production of gas; producer sales to interstate pipelines; number of active drilling rigs; exploratory and development drilling; and new contract annual sales by producers to interstate pipelines. The report also reflects weighted average initial rates paid by interstate pipelines for natural gas under long-term and short-term emergency contracts.

Following are some of the disclosures appearing in the quarterly report:

1. Exploratory and developmental gas well footage increased 4% and 2%, respectively, compared with the first quarter of 1974.

2. The number of gas wells drilled in the first quarter declined 1% while the number of oil wells increased 44%.

3. Offshore, exploratory gas footage drilled during the first quarter declined by 11.5%, while development footage increased by 48.2%. About 75% of offshore exploratory drilling took place off Texas and 95% of developmental drilling was in offshore Louisiana.

4. Total wells drilled (oil, gas and dry) and total footage increased 22% and 16%, respectively.

5. Active rotary rigs increased 19%.

6. Marketed production and producer sales to interstate pipelines decreased 10% and 8%, respectively.

7. The weighted average of all new contract rates (long and short-term) authorized or allowed the first quarter of 1974 increased to 54.66¢ per Mcf from 49.83¢ per Mcf in the same quarter of 1974, but declined from 58.74¢ in the fourth quarter of 1974.

8. Estimated annual sales by producers, exempting small producers, under new long -term and limited-term contracts increased by 160% in the first quarter of 1975 over the same period last year. Estimated annual sales under long-term contract increased over 250%, while limited-term emergency sales declined95%.

9. The weighted average initial prices paid by interstate pipelines in new long-term contracts authorized under the area and nationwide rate orders was 51.48¢ per Mcf in the first quarter compared with 24.52¢ per Mcf in the same quarter last year.

FEA Issues Old Oil Entitlements List for Month of June. On August 12, 1975, the FEA issued its entitlement notice under the old oil allocation program for the month of June, which was in turn published in the Federal Fegister on Monday, August 18, 1975.

For the month of June, the adjusted national old oil supply ratio is calculated to be .360078.

Attached as Appendix "B" is the appendix notice, appearing in the Federal Register for August 18, which lists the name of each refiner to which entitlements have been issued, the number of entitlements issued to each such refiner, and the number of barrels of old oil included in each such refiner's adjusted crude oil receipts.

The price at which entitlements shall be sold and purchased for the month of June is fixed at $7.82, which is characterized as the exact differential as reported for the month of June between the weighted average costs to refiners of old oil and of new, released, stripper well and imported crude oil.

The listing of entitlement issuances contained in the Appendix reflects relief granted in decisions and orders issued by FEA's Office of Exceptions and Appeals. The following refiners are not shown in the listing due to their having been exempted from the entitlement purchase requirements of the program under exception decisions: Famariss, Fletcher, Good Hope, Husky, J & W, Midland, Navajo, Oil Shale, OKC, Pasco, Powerine, Rock Island, Thagard and Young.

Attachment V

For D--- for your information

NATURAL GAS SUPPLIES AND
KANSAS AGRICULTURE [1]
by
R. J. ROBEL, Chairman
Governor's Advisory Council
on Energy and Natural Resources

I wish I could be optimistic regarding supplies of inexpensive natural gas for agricultural uses in Kansas. I would very much like to tell you that everything is under control, and that you can expect unlimited supplies of inexpensive natural gas for the production of anhydrous ammonia fertilizers for your crops, ample supplies of inexpensive natural gas to power your irrigation pumps, for drying your grain, and to produce the electricity you use for all sorts of agricultural activities. However, I cannot in good faith give you those false assurances. Instead, I would like at this time to review the overall energy situation, and then focus on the natural gas picture in Kansas.

It has been almost two years since the OPEC cartel imposed the oil embargo on the industrial nations. We muddled through the fuel shortage during the winter of 1973-74. . . thanks to mild weather. We got through the harvest season of 1974 without great disruptions. We are still getting by, but, today this Nation faces an energy situation more serious than we had during the period immediately prior to and following the oil embargo. Today, 22 months after the OPEC imposed petroleum shortage, we still do not have a national energy policy for this country. Instead we see the development of regulations and decisions which may in fact worsen our energy problem rather than resolve it. Our current energy problem is fundamentally one of petroleum and natural gas, with a complex mixture of politics and economics. Our energy problem is a simple imbalance between production and consumption.

---

[1]Presented on 3 September 1975 at the Colby Branch Agricultural Experiment Station, Colby, Kansas in conjunction with the Branch Station's Field Day.

We are becoming more and more dependent on expensive imported crude oil and refined products to make up the difference between our domestic production and domestic consumption. Today the crude oil production in the United States amounts to approximately 8.4 million barrels per day, 11 percent <u>less</u> than the 9.4 million barrels per day which was produced in the summer of 1973. In the summer of 1973, 38 percent of the petroleum available in this country was imported, in mid August 1975, 44 precent of the petroleum available in this country was imported. Increased prices of foreign oil coupled with our greater reliance on foreign supplies, has resulted in higher energy prices for every segment of our society, a serious balance of payments problem for this nation, and a greater vulnerability to actions by foreign powers and cartels. We now pay $75 million per day for foreign petroleum; that amounts to more than $25 billion per year.

We all know gasoline, diesel fuel, heating oils, and other petroleum products are more costly now than they were prior to the embargo. But few people understand why. Here is a breakdown of average gasoline prices in this country during June 1973 (pre-embargo), and July 1975 (post-embargo).

Costs of Gasoline (cents per gallon)

	June '73	July '75
Transportation to refinery and refining	5.3	5.5
Wholesaling costs (jobbers, etc.)	6.9	6.9
Retailing costs (local gas station)	7.0	9.0
State and Federal taxes	11.7	11.7
Crude oil	9.0*	25.2**
	39.9¢/gal.	58.3¢/gal.

*based on 70% domestic crude @ $4.15 per barrel and 30% imported crude @ $2.95 per barrel.

**based on 56% domestic crude @ $8.27 per barrel and 44% imported crude @ $13.56 per barrel.

It should be pointed out that small companies relying solely on local old

domestic crude oil ($5.25 per barrel) for refining can still sell gasoline for as low as 37¢ per gallon and make a profit while companies relying solely on imported crude oil ($13.56 per barrel) must sell gasoline for at least 65¢ per gallon to even break even. Other fuels have shown similar increases in price. We will continue to see the cost of fuel rise as our local petroleum production decreases and we rely more on imported fuels.

Conservation Efforts

During the oil embargo, there was a national plea for energy conservation. From November 1973 until April or May 1974, the nation reponded quite well, we used less energy. However, the response was of short duration. The conservation ethic was lost in March 1974 probably coincidental with the lifting of the OPEC oil embargo. Consumption from July 1974 to now, has been equal to or greater than our consumption during comparable periods of the previous years. That increased consumption coupled with our 6% annual decrease in domestic production causes us greater concern each day.

We all recall the stories of refinery storage tanks overflowing, of the increased reserve stocks of fuel oils and gasoline, Yes, our reserve stocks did increase when people used less. The refinery system in this country is designed to refine crude oil, not store the products. Thus when consumption decreases, stocks do build up, and storage tanks do overflow. Let's look more closely at the current status of these "increased stocks". I am afraid our past "extra inventories" gave false assurance to the average public. For example, in mid August 1974, we had 226 million barrels of gasoline in storage: we had only 203 million barrels in storage in August 1975 (23 million barrels less). The following is a comparison between our August 1974 inventories and our August 1975 inventories, and remember, our 1973-74 stocks were dangerously low.

Petroleum Inventories (million barrels)

Products	15 August 1975 levels minus 14 August 1974 levels	Percent Changes
Gasoline	-23.2	-10.3%
Distillate fuel oil	-15.5	- 8.2%
Residual fuel oil	- 0.1	- 0.1%
Jet fuel	- 2.3	- 7.0%

Relative to reserve petroleum stocks, this nation is in a worse position now than it was last year right after the oil embargo.

The petroleum situation is not encouraging. Politicians and average citizens alike must accept these facts: (1) domestic production of oil is decreasing at a rate of 6% per year, (2) our domestic consumption of petroleum has not decreased, (3) we are importing more oil now than we did prior to the oil embargo, and (4) our reserve stocks of petroleum products are lower now than they were a year ago.

The Natural Gas Situation --- Less Encouraging

If you feel I have presented a gloomy picture of the petroleum situation, let me just briefly review an even more serious situation, the supplies of natural gas. You might not be aware of the natural gas usage in Kansas, but most of you have heard of the large Hugoton gas field in southwestern Kansas. The Hugoton field produces about 70% of the natural gas produced in Kansas. Natural gas is used in many industrial processes, it is used to manufacture anhydrous ammonia fertilizers, to dry grain, heat homes and produce electricity. For years, natural gas has been a very cheap fuel. Its price has been held at a level so low as to encourage wasteful use. The current price of interstate natural gas -- (51¢ per MCF) is approximately equal to crude oil at $2.25 per barrel. The reserves of natural gas have declined rapidly due to high consumption, and lack of successful exploratory activity.

In 1959, our proven natural gas reserves in Kansas were 20.2 trillion cubic feet. Five years later, our proven reserves were 18.0 trillion cubic feet, and by 1969, our reserves had declined to 14.5 trillion cubic feet. At the end of 1973, our known natural gas reserves were down to only 11.7 trillion cubic feet--and we are withdrawing from those reserves at a rate of almost 1 trillion cubic feet per year. Last year, we punched a great many holes in the Kansas landscape in search of new natural gas reserves.....but we didn't find much. Only one significant pool was discovered, and that pool probably contains less than 1 trillion cubic feet of new natural gas. Natural gas will be in short supply in the future.

Our three major suppliers of natural gas anticipate supply problems in 1975. Kansas industrial consumers have already experienced summer curtailments of natural gas; the major natural gas suppliers predict 1975 curtailments will be twice what they were in 1974. In general, large industrial users in Kansas are receiving not more than 40% of their needs. We can expect natural gas shortages in Kansas this winter. Our major suppliers of natural gas will not have sufficient amounts of natural gas for our use this winter, in fact, they will be 54 billion cubic feet short of being able to supply our needs between November and March 1975-76. To replace that 54 billion cubic foot shortfall in Kansas will require about 400 million gallons of fuel oil. In Kansas, the curtailment of natural gas supplies this winter will be concentrated on the large low-priority users, primarily industry and our electric generating plants. Since these users will need to replace their normal supply of inexpensive natural gas energy with a more expensive fuel such as fuel oil, you can expect as a direct result of these curtailments, manufactured products and electricity will be more costly.

We do not expect Priority 1 users of natural gas in Kansas (residential and small commercial consumers) to be curtailed this winter. However, some curtailment of Priority 2 consumers is anticipated by some companies (currently

natural gas used for irrigation has a Priority 2). Several suppliers indicate that severe curtailments of Priority 3-9 users are planned for this winter and next summer. You should be aware that agriculture is considered an industry, and various agricultural activities will be subject to natural gas curtailments depending on their priority ranking. The recent Federal Power Commission ruling which proposes to allow high priority industrial consumers to purchase intrastate gas in producing states for use in another state, could decrease the supplies of natural gas available for our use in Kansas.

Unless federal policies and economic conditions change drastically in the very near future, you can expect ever decreasing supplies of natural gas. No matter what, natural gas prices will be higher in the future. I feel safe in predicting that, 10 years from now, natural gas prices will be at least 7 to 10 times what they are now. Currently, the average wellhead price of natural gas in the Hugoton Field is about 23¢ per MCF; market price of intrastate natural gas is currently $1.40 to $1.90 per MCF, and synthetic natural gas is expected to cost $2.00 to $3.00 per MCF to produce. Based on the current market price of crude oil ($11.00 to $13.50 per barrel), the equivalent amount of energy in the form of natural gas should cost between $1.90 and $2.30 per MCF. I believe the wellhead price of natural gas will approach the $1.50 to $2.50 per MCF in the not too far distant future.

In summary, natural gas is in short supply, and will continue to be so in the foreseeable future. This shortage will effect your agricultural operations, both in terms of supply and costs. I strongly recommend that you plan now for reduced use of natural gas in your agricultural operations. Reduced use will prolong our limited supplies of natural gas, and will also benefit you financially.

Thank you.

Attachment VI

Purpose: The purpose of these rules and regulations is to establish a system of priorities for the allocation of available energy resources, other than agricultural fertilizers, and the curtailment of the consumption of such energy resources during any energy emergency as proclaimed by the governor pursuant to Section 6 of Chapter 394 of the 1975 Kansas Session Laws. These rules and regulations shall apply to all suppliers and consumers of such energy resources not subject to regulation as to allocation or curtailment by any federal agency. (Authorized by K. S. A. 1975 Supp. 74-6807, E-_________-_________, effective August 21, 1975.)

Emergency Regulations

Definitions:

1. Kansas Energy Office: An office created by the 1975 Kansas Legislature pursuant to Chapter 394 of the 1975 Kansas Session Laws.

2. Director: The Director of The Kansas Energy Office.

3. Available Energy Resources: Those energy resources, other than agricultural fertilizers, commonly in use at the time of an energy emergency as declared by the governor pursuant to Section 6 of Chapter 394 of The 1975 Kansas Session Laws.

4. Energy Emergency: Whenever it appears from an evaluation of conditions in the state by the governor that the supply of energy resources, other than agricultural fertilizers, is inadequate to meet the demand for such energy resources in the state or any geographic areas of the state and that the public health, safety and welfare are threatened thereby, the governor may proclaim that an energy emergency exists within the state, subject to six (6) members of the state finance council approving such proclamation. The emergency proclamation of the governor shall recite his findings, shall declare that an energy emergency exists, shall specify the area of the state in which such emergency exists, and shall specify the period of time during which a system of priorities for the allocation of available energy resources, other than agricultural fertilizers, and/or the curtailment of consumption of such energy resources may be imposed. Such period of time may be extended or reduced after a reevaluation of conditions within the state and a further proclamation of findings by the governor which require such extension or reduction.

5. Allocation: Allotment or division of available energy resources according to certain priorities set forth below. (Authorized by K.S.A. 1975 Supp. 74-6807, E-________-________, effective August 21, 1975.)

Priorities for Allocation of available energy resources, other than agricultural fertilizers, in the event of an energy emergency declared by the Governor pursuant to Section 6 of Chapter 394 of the 1975 Kansas Session Laws

(a) First Priority shall be given to emergency services and the protection of public health, safety and welfare including maintenance of gas and electrical services for hospitals, juvenile and adult correctional institutions, nursing homes, hotels, motels, and residences such as individual homes, apartments and similarly occupied dwelling units, publicly owned water, sewerage and storm water drainage systems, which systems supply services to the aforesaid; and emergency transportation services.

(b) Second Priority shall be given to the maintenance of agricultural operations and the processing of agricultural products, including farming, ranching, dairy, irrigation, and services directly related to agriculture; to the manufacture of ethical drugs and to plant protection.

(c) Third Priority shall be given to exploration, production, processing and refining efforts to attain maximum production or extraction of oil, natural gas or other hydrocarbons.

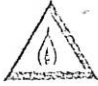
(d) Fourth Priority shall be given to the maintenance of all public services, including facilities and services provided by municipal, cooperative, or investor-owned utilities required for customers who come under Paragraph (b) and (c) next above, or by any state or local government or authority, including transportation facilities or services which serve the public at large, and to educational services and facilities. This priority shall not apply to those publicly owned water, sewer and storm water drainage systems referred to under Paragraph (a) next above, since those are the first priorities.

(e) Fifth Priority shall be given to maintenance of private transportation and to commercial and business activities selling goods and services.

(f) Sixth Priority shall be given to industrial plants, including electrical generating plants to the extent not provided for in Paragraph (d) above, having a present requirement for use of intrastate natural gas for boiler fuel,not possessing present alternate fuel capabilities.

(g) Seventh Priority shall be given to industrial plants, including electrical generating plants to the extent not provided for in Paragraphs (d) and (f) above, having a present requirement for boiler fuel use, in those instances where alternate fuel capabilities now exist, or may be installed with relatively minimal cost and delay. (Authorized by K.S.A. 1975 Supp. 74-6807, E-________________-________________, effective August 21, 1975.)

Attachment VII



CITIES SERVICE GAS COMPANY

FIRST NATIONAL CENTER · OKLAHOMA CITY, OKLAHOMA
PHONE (405) 236-0601

REPLY TO
POST OFFICE BOX 25128
OKLAHOMA CITY, 73125

May 21, 1975

Kenneth F. Plumb, Secretary
Federal Power Commission
Union Center Plaza Building
825 North Capitol Street, N. E.
Washington, D. C. 20426

Dear Mr. Plumb:

Enclosed for filing are the original and three copies of Schedule 1A to FPC Form No. 16 which was submitted by Cities Service Gas Company on May 1, 1975. A copy of this filing is being mailed to the persons designated in the Commission's Order No. 523.

Very truly yours,

Allan W. Wassom

Allan W. Wassom, Manager
Rates & Certificates Department

AWW/rh

Attachments

COMPANY NAME: CITIES SERVICE GAS COMPANY — PERIOD COVERED: APRI[illegible]975 TO MARC[illegible]76

Line	CUSTOMERS OF REPORTING PIPELINE (A)	APR. (C)	MAY (D)	JUN. (E)	JUL. (F)	AUG. (G)	SEP. (H)	OCT. (I)	NOV. (J)	DEC. (K)	JAN. (L)	FEB. (M)	MAR. (N)	ANNUAL TOTAL MMCF (O)	[illegible]STEM COIN PEAK DAY MMCF (P)
		PROJECTED AVERAGE MMCFD													
1	KANSAS														
2	RESALE														
3	GAS SERVICE COMPANY														
4	DELIVERIES - FIRM	270.4	194.2	168.4	177.7	176.1	175.0	206.0	306.5	405.8	454.7	427.5	361.1	101431.8	729.5
5	CURTAILMENTS - FIRM	68.3	59.5	44.5	47.2	46.4	45.1	57.7	69.1	92.8	103.9	100.5	86.1	25161.1	156.0
6	REQUIREMENTS - FIRM	338.7	253.7	212.9	224.9	222.5	228.1	263.7	375.6	498.6	558.6	528.0	447.2	126592.9	885.5
7	BURLINGAME CITY OF														
8	DELIVERIES - FIRM	.3	.1	.0	.1	.1	.0	.1	.3	.5	.5	.5	.4	107.5	.8
9	CURTAILMENTS - FIRM	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
10	REQUIREMENTS - FIRM	.3	.1	.0	.1	.1	.0	.1	.3	.5	.5	.5	.4	107.5	.8
11	CHANUTE CITY OF														
12	DELIVERIES - FIRM	2.8	1.6	1.0	.7	.8	1.1	1.6	3.3	5.1	6.1	5.6	4.5	1045.7	9.8
13	CURTAILMENTS - FIRM	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
14	REQUIREMENTS - FIRM	2.8	1.6	1.0	.7	.8	1.1	1.6	3.3	5.1	6.1	5.6	4.5	1045.7	9.8
15	COMMERCIAL PIPELINE														
16	DELIVERIES - FIRM	1.5	.9	.6	.6	.6	.6	1.0	1.7	2.4	2.8	2.6	2.1	529.5	5.0
17	CURTAILMENTS - FIRM	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
18	REQUIREMENTS - FIRM	1.5	.9	.6	.6	.6	.6	1.0	1.7	2.4	2.8	2.6	2.1	529.5	5.0
19	ESKRIDGE CITY OF														
20	DELIVERIES - FIRM	.3	.2	.0	.1	.1	.1	.1	.3	.6	.7	.7	.5	109.2	1.2
21	CURTAILMENTS - FIRM	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
22	REQUIREMENTS - FIRM	.3	.2	.0	.1	.1	.1	.1	.3	.6	.7	.7	.5	109.2	1.2
23	GARNETT CITY OF														
24	DELIVERIES - FIRM	.9	.6	.5	.4	.4	.4	.6	1.1	1.5	1.8	1.6	1.3	337.9	3.0
25	CURTAILMENTS - FIRM	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
26	REQUIREMENTS - FIRM	.9	.6	.5	.4	.4	.4	.6	1.1	1.5	1.8	1.6	1.3	337.9	3.0
27	GREELY GAS COMPANY														
28	DELIVERIES - FIRM	4.3	2.8	2.1	2.4	2.0	2.1	2.8	5.2	7.7	8.9	8.3	6.7	1683.1	16.2
29	CURTAILMENTS - FIRM	.2	.3	.2	.4	.2	.2	.2	.1	.4	.3	.4	.3	103.1	.6
30	REQUIREMENTS - FIRM	4.5	3.1	2.3	2.8	2.2	2.3	3.0	5.3	8.1	9.2	8.7	7.0	1786.2	16.8
31	HAUCKE PIPE LINE CO.														
32	DELIVERIES - FIRM	.5	.2	.2	.2	.1	.2	.3	.5	.8	.9	.8	.7	161.4	1.8
33	CURTAILMENTS - FIRM	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
34	REQUIREMENTS - FIRM	.5	.2	.2	.2	.1	.2	.3	.5	.8	.9	.8	.7	161.4	1.8
35	HOWARD CITY OF														
36	DELIVERIES - FIRM	.3	.3	.2	.1	.2	.1	.2	.3	.4	.5	.5	.4	113.6	.9
37	CURTAILMENTS - FIRM	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
38	REQUIREMENTS - FIRM	.3	.3	.2	.1	.2	.1	.2	.3	.4	.5	.5	.4	113.6	.9
39	HUMBOLDT CITY OF														
40	DELIVERIES - FIRM	.5	.2	.1	.2	.1	.2	.3	.6	.9	1.1	1.0	.8	177.2	1.9
41	CURTAILMENTS - FIRM	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
42	REQUIREMENTS - FIRM	.5	.2	.1	.2	.1	.2	.3	.6	.9	1.1	1.0	.8	177.2	1.9
43	IOLA CITY OF														
44	DELIVERIES - FIRM	1.6	1.0	.6	.5	.5	.6	.9	1.9	2.9	3.5	3.2	2.6	605.8	6.8
45	CURTAILMENTS - FIRM	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
46	REQUIREMENTS - FIRM	1.6	1.0	.6	.5	.5	.6	.9	1.9	2.9	3.5	3.2	2.6	605.8	6.8
47	KANSAS POWER AND LIGHT														
48	DELIVERIES - FIRM	20.5	13.9	11.6	11.2	10.3	11.9	15.4	23.8	31.9	36.2	34.2	25.5	7507.2	53.7
49	CURTAILMENTS - FIRM	4.8	4.1	3.4	3.0	2.7	3.4	4.4	5.7	7.5	8.4	7.9	1.6	1744.5	11.6
50	REQUIREMENTS - FIRM	25.3	18.0	15.0	14.2	13.0	15.3	19.8	29.5	39.4	44.6	42.1	27.1	9251.7	65.3
51	KANSAS PUBLIC SERVICE														
52	DELIVERIES - FIRM	11.3	7.0	5.0	5.1	5.0	5.6	7.7	13.1	18.7	21.7	20.4	16.5	4178.3	34.0
53	CURTAILMENTS - FIRM	.5	.5	.3	.5	.5	.4	.7	.8	1.1	1.3	1.2	.8	259.4	3.2
54	REQUIREMENTS - FIRM	11.8	7.5	5.3	5.6	5.5	6.0	8.4	13.9	19.8	23.0	21.6	17.3	4437.7	37.2
55	NEODESHA CITY OF														
56	DELIVERIES - FIRM	.7	.3	.1	.1	.2	.2	.4	.8	1.3	1.4	1.3	1.0	237.4	3.0
57	CURTAILMENTS - FIRM	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
58	REQUIREMENTS - FIRM	.7	.3	.1	.1	.2	.2	.4	.8	1.3	1.4	1.3	1.0	237.4	3.0
59	OSAGE CITY CITY OF														
60	DELIVERIES - FIRM	.6	.3	.3	.2	.1	.2	.3	.8	1.2	1.5	1.4	1.1	239.0	2.2
61	CURTAILMENTS - FIRM	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
62	REQUIREMENTS - FIRM	.6	.3	.3	.2	.1	.2	.3	.8	1.2	1.5	1.4	1.1	239.0	2.2
63	PEOPLES NATURAL GAS CO.														
64	DELIVERIES - FIRM	12.5	10.8	11.7	14.0	13.6	12.1	9.6	17.0	15.8	15.5	15.0	13.5	4520.2	18.6
65	CURTAILMENTS - FIRM	5.6	4.2	3.1	3.4	3.1	3.2	2.8	9.2	12.1	13.9	12.6	8.7	2457.9	17.6
66	REQUIREMENTS - FIRM	18.1	15.0	14.8	17.4	16.7	15.3	12.4	26.2	27.9	29.4	27.6	22.2	7418.0	36.2
67	SOUTHEASTERN KANSAS GAS CO.														
68	DELIVERIES - FIRM	.7	.4	.2	.3	.3	.2	.4	.8	1.2	1.4	1.3	1.0	253.8	2.6
69	CURTAILMENTS - FIRM	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
70	REQUIREMENTS - FIRM	.7	.4	.2	.3	.3	.2	.4	.8	1.2	1.4	1.3	1.0	253.8	2.6
71	TRI CITY GAS COMPANY														
72	DELIVERIES - FIRM	.6	.4	.2	.2	.1	.1	.3	.7	1.0	1.2	1.2	.9	215.3	1.8
73	CURTAILMENTS - FIRM	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
74	REQUIREMENTS - FIRM	.6	.4	.2	.2	.1	.1	.3	.7	1.0	1.2	1.2	.9	215.3	1.8
75	UNION GAS SYSTEM INC.														
76	DELIVERIES - FIRM	18.4	11.4	7.4	8.1	7.6	6.1	12.5	21.3	30.7	35.8	33.2	27.0	6750.7	49.7
77	CURTAILMENTS - FIRM	.6	.5	.4	.5	.5	.3	1.1	1.1	1.3	1.8	1.5	1.2	329.7	2.0
78	REQUIREMENTS - FIRM	19.0	11.9	7.8	8.6	8.1	6.4	13.6	22.4	32.0	37.6	34.7	28.2	7080.6	51.7
79	UNION GAS SYSTEM INC.														
80	DELIVERIES - FIRM	28.2	29.5	32.3	31.7	31.6	31.5	29.1	26.7	22.4	23.2	23.5	24.0	10185.3	23.5
81	CURTAILMENTS - FIRM	8.9	7.6	4.8	5.5	5.6	5.6	8.1	10.5	14.8	13.9	13.7	13.2	3417.4	14.3
82	REQUIREMENTS - FIRM	37.1	37.1	37.1	37.2	37.2	37.1	37.2	37.2	37.2	37.1	37.2	37.2	13602.7	37.6
83	UNDER 100,000 MCF/YEAR														
84	DELIVERIES - FIRM	3.0	1.6	.9	.9	.9	.9	1.7	3.5	5.4	6.4	5.8	4.6	1089.6	10.9
85	CURTAILMENTS - FIRM	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
86	REQUIREMENTS - FIRM	3.0	1.6	.9	.9	.9	.9	1.7	3.5	5.4	6.4	5.8	4.6	1089.6	10.9
87															
88	TOTAL RESALE														
89	DELIVERIES - FIRM	379.9	277.7	243.4	254.8	250.7	255.2	291.3	430.2	558.2	625.8	589.6	456.2	141879.7	976.9
90	CURTAILMENTS - FIRM	88.9	76.7	56.7	60.5	59.0	62.2	75.0	96.5	130.0	143.5	137.8	111.9	33513.0	205.3
91	REQUIREMENTS - FIRM	468.8	354.4	300.1	315.3	309.7	317.4	366.3	526.7	688.2	769.3	727.4	568.1	175392.7	1182.2
92															
93	DIRECT SALES														
94	ACME BRICK COMPANY														
95	DELIVERIES - FIRM	.3	.2	.2	.2	.3	.3	.3	.1	.2	.2	.1	.1	77.1	.1
96	CURTAILMENTS - FIRM	.2	.2	.2	.2	.1	.1	.2	.3	.2	.3	.4	.3	77.9	.4
97	REQUIREMENTS - FIRM	.5	.4	.4	.4	.4	.4	.5	.4	.4	.5	.5	.4	155.0	.5
98	ACME BRICK COMPANY														
99	DELIVERIES - FIRM	.2	.2	.2	.3	.4	.2	.2	.2	.2	.1	.2	.2	75.7	.0
100	CURTAILMENTS - FIRM	.2	.2	.2	.1	.1	.2	.2	.2	.3	.3	.2	.2	76.0	.4
101	REQUIREMENTS - FIRM	.4	.4	.4	.4	.4	.4	.4	.4	.5	.4	.4	.4	151.7	.4
102	AMER. PETRO. CO OF TEXAS														
103	DELIVERIES - FIRM	1.2	1.7	1.7	1.8	1.8	1.3	1.4	1.4	1.1	.9	.7	1.2	492.8	.1
104	CURTAILMENTS - FIRM	1.3	1.3	1.1	.9	.8	.7	.9	1.3	2.2	2.3	2.0	2.1	515.5	2.1
105	REQUIREMENTS - FIRM	2.5	3.0	2.8	2.7	2.6	2.0	2.3	2.7	3.3	3.2	2.7	3.3	1008.3	2.2
106	APCO OIL CORPORATION														
107	DELIVERIES - FIRM	3.8	4.5	4.0	4.3	4.1	4.3	4.0	3.7	2.7	2.1	2.4	2.8	1264.7	.1
108	CURTAILMENTS - FIRM	3.9	2.0	2.7	2.0	2.0	2.3	2.8	3.6	5.1	5.4	5.1	5.5	1318.6	6.1
109	REQUIREMENTS - FIRM	7.7	6.3	6.7	6.3	6.1	6.6	6.8	7.3	7.8	7.5	7.5	8.3	2583.3	6.2
110	ASH GROVE CEMENT COMPANY														
111	DELIVERIES - FIRM	4.5	4.7	5.2	6.0	5.0	5.8	5.0	4.2	2.7	2.2	.7	3.1	1503.7	.2
112	CURTAILMENTS - FIRM	4.7	3.9	3.6	2.9	2.4	2.9	3.5	4.3	5.4	5.6	1.7	5.3	1406.0	4.4
113	REQUIREMENTS - FIRM	9.2	8.6	8.8	8.9	7.4	8.7	8.5	8.5	8.1	7.8	2.4	8.4	2909.7	4.6

REPORT OF GAS SUPPLY AND REQUIREMENTS - SCHEDULE NO. 1A
REQUIREMENTS OF CUSTOMERS OF REPORTING PIPELINE

COMPANY NAME: CITIES SERVICE GAS COMPANY

PERIOD COVERED: APR. 1975 TO MARCH ... 1976

	CUSTOMERS OF REPORTING PIPELINE (A)	PROJECTED AVERAGE MMCFD APR. (C)	MAY (D)	JUN. (E)	JUL. (F)	AUG. (G)	SEP. (H)	OCT. (I)	NOV. (J)	DEC. (K)	JAN. (L)	FEB. (M)	MAR. (N)	ANNUAL TOTAL MMCF (O)	SYSTEM COIN PEAK DAY MMCF (P)
1	BEECH AIRCRAFT CORP.														
2	DELIVERIES - FIRM	.7	.5	.6	.5	.6	.7	.6	.7	.6	.5	.5	.5	202.2	.1
3	CURTAILMENTS - FIRM	.6	.5	.4	.2	.3	.3	.4	.6	.8	1.2	1.0	1.0	227.6	2.5
4	REQUIREMENTS - FIRM	1.3	1.0	1.0	.7	.9	1.0	1.0	1.3	1.4	1.7	1.5	1.5	429.8	2.6
5	THE BOEING COMPANY														
6	DELIVERIES - FIRM	2.0	1.2	.9	.8	.9	.8	1.2	1.7	1.7	1.9	1.7	1.4	507.4	.2
7	CURTAILMENTS - FIRM	2.1	1.0	.6	.4	.5	.5	.8	1.9	3.4	4.9	4.0	2.5	682.5	4.0
8	REQUIREMENTS - FIRM	4.1	2.2	1.5	1.2	1.4	1.3	2.0	3.6	5.1	6.8	5.7	3.9	1189.9	4.2
9	BUILDEX, INC.														
10	DELIVERIES - FIRM	1.0	1.1	1.2	1.4	1.4	1.4	1.2	1.1	.7	.6	.6	.8	383.4	.1
11	CURTAILMENTS - FIRM	1.1	1.0	.9	.7	.7	.7	.9	1.0	1.4	1.5	1.5	1.3	379.0	2.4
12	REQUIREMENTS - FIRM	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	762.4	2.5
13	CITY OF CHANUTE														
14	DELIVERIES - FIRM	1.0	1.1	1.3	2.2	2.2	1.8	1.3	1.1	.7	.6	.6	.7	450.9	.1
15	CURTAILMENTS - FIRM	.9	.9	1.2	1.3	1.2	1.2	.9	1.1	1.5	1.5	1.5	1.2	442.3	3.0
16	REQUIREMENTS - FIRM	1.9	2.0	2.5	3.5	3.4	3.0	2.2	2.2	2.2	2.1	2.1	1.9	893.2	3.1
17	CITIES SERVICE HELEX														
18	DELIVERIES - FIRM	61.2	69.5	67.4	67.2	64.2	52.4	61.4	64.3	69.3	55.3	66.1	57.4	23039.8	69.7
19	CURTAILMENTS - FIRM	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
20	REQUIREMENTS - FIRM	61.2	69.5	67.4	67.2	64.2	52.4	61.4	64.3	69.3	55.3	66.1	57.4	23039.8	69.7
21	CITIES SERVICE OIL COMPANY														
22	DELIVERIES - FIRM	1.8	1.8	1.7	1.7	1.6	1.7	1.7	1.6	1.6	1.8	1.8	1.7	622.7	1.5
23	CURTAILMENTS - FIRM	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.2	.0
24	REQUIREMENTS - FIRM	1.8	1.8	1.7	1.7	1.6	1.7	1.7	1.6	1.6	1.8	1.8	1.7	622.9	1.5
25	CITIES SERVICE OIL COMPANY														
26	DELIVERIES - FIRM	4.3	4.2	4.2	3.8	4.3	4.3	4.3	4.0	4.1	4.4	4.7	4.2	1552.2	2.9
27	CURTAILMENTS - FIRM	.0	.0	.0	.0	.0	.0	.0	.0	.0	.2	.0	.0	8.0	1.1
28	REQUIREMENTS - FIRM	4.3	4.2	4.2	3.8	4.3	4.3	4.3	4.0	4.1	4.6	4.7	4.2	1560.2	4.0
29	C. S. OIL CO.														
30	DELIVERIES - FIRM	2.1	2.1	2.2	2.5	2.4	2.0	2.1	3.8	1.7	1.3	1.4	1.5	754.1	.2
31	CURTAILMENTS - FIRM	2.1	1.7	1.4	1.1	1.1	1.0	1.5	3.8	3.0	3.1	3.1	2.7	785.3	5.0
32	REQUIREMENTS - FIRM	4.2	3.8	3.6	3.6	3.5	3.0	3.6	7.6	4.7	4.4	4.5	4.2	1543.4	5.2
33	THE COOP. FARM CHEM. ASSN.														
34	DELIVERIES - FIRM	47.7	47.4	47.5	46.9	47.3	34.6	47.0	51.2	51.8	42.1	42.3	45.0	16801.5	37.2
35	CURTAILMENTS - FIRM	3.1	2.7	2.5	2.0	2.0	2.0	2.4	3.0	4.0	4.8	4.2	3.7	1100.3	7.7
36	REQUIREMENTS - FIRM	50.8	50.1	50.0	48.9	49.3	36.6	49.4	54.2	55.8	46.9	46.5	48.7	17901.8	44.9
37	THE EMPIRE DISTRICT ELEC.														
38	DELIVERIES - FIRM	12.0	9.7	12.5	16.7	18.6	14.2	10.2	10.8	6.3	8.6	9.5	7.4	4170.2	.8
39	CURTAILMENTS - FIRM	12.2	7.9	8.7	8.1	8.9	7.3	7.1	10.8	12.0	22.0	21.7	12.9	4269.6	24.0
40	REQUIREMENTS - FIRM	24.2	17.6	21.2	24.8	27.5	21.5	17.3	21.6	18.3	30.6	31.2	20.3	8439.8	24.8
41	FMC CORP.														
42	DELIVERIES - FIRM	1.3	1.4	1.5	1.5	1.5	1.5	1.2	1.0	1.0	.8	.8	1.0	438.1	.2
43	CURTAILMENTS - FIRM	1.4	1.2	.9	.7	.8	.7	.9	1.1	1.8	1.8	1.8	1.6	450.9	2.6
44	REQUIREMENTS - FIRM	2.7	2.6	2.4	2.2	2.3	2.2	2.1	2.1	2.8	2.6	2.6	2.6	889.0	2.8
45	FARMLAND INDUSTRIES, INC.														
46	DELIVERIES - FIRM	27.1	27.2	27.5	28.0	27.9	27.7	27.6	27.1	26.3	26.1	26.3	25.6	9856.9	25.0
47	CURTAILMENTS - FIRM	2.2	2.1	1.9	1.4	1.4	1.6	1.8	2.2	3.0	3.2	3.1	2.7	812.1	4.8
48	REQUIREMENTS - FIRM	29.3	29.3	29.4	29.4	29.3	29.3	29.4	29.3	29.3	29.3	29.4	28.3	10709.0	29.8
49	CITY OF GARNETT														
50	DELIVERIES - FIRM	.1	.2	.2	.3	.3	.4	.1	.2	.1	.1	.0	.1	70.5	.0
51	CURTAILMENTS - FIRM	.2	.1	.2	.3	.2	.2	.2	.1	.2	.3	.3	.2	68.6	.3
52	REQUIREMENTS - FIRM	.3	.3	.4	.6	.5	.6	.3	.3	.3	.4	.3	.3	139.5	.3
53	THE GOODYEAR TIRE & RUBBER CO.														
54	DELIVERIES - FIRM	2.8	2.9	2.8	3.1	3.3	3.3	2.9	2.7	2.0	1.6	1.8	2.1	959.1	.3
55	CURTAILMENTS - FIRM	2.9	2.3	2.0	1.5	1.6	1.7	2.0	2.8	3.8	4.1	4.0	3.8	989.6	[illegible]
56	REQUIREMENTS - FIRM	5.7	5.2	4.8	4.6	4.9	5.0	4.9	5.5	5.8	5.7	5.8	5.9	1948.7	7.2
57	THE GOODYEAR TIRE & RUBBER CO.														
58	DELIVERIES - FIRM	.5	.3	.3	.2	.2	.3	.4	.6	.6	.7	.8	.7	166.9	.5
59	CURTAILMENTS - FIRM	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	1.0	.1
60	REQUIREMENTS - FIRM	.5	.3	.3	.2	.2	.3	.4	.6	.6	.7	.8	.7	167.9	.6
61	GULF OIL CORP.														
62	DELIVERIES - FIRM	1.5	1.4	1.4	1.9	1.8	1.7	1.2	1.2	1.1	1.0	1.1	1.2	492.8	.1
63	CURTAILMENTS - FIRM	1.5	1.1	.9	.8	.9	.9	.7	1.2	2.0	2.5	2.4	2.0	523.1	3.7
64	REQUIREMENTS - FIRM	3.0	2.5	2.3	2.7	2.7	2.6	1.9	2.4	3.1	3.5	3.5	3.2	1015.9	3.8
65	HUMBOLDT BRICK & TILE CO.														
66	DELIVERIES - FIRM	.2	.1	.2	.1	.4	.3	.2	.2	.2	.1	.1	.1	78.1	.1
67	CURTAILMENTS - FIRM	.2	.2	.1	.2	.1	.2	.2	.2	.3	.4	.4	.3	80.3	.5
68	REQUIREMENTS - FIRM	.4	.3	.3	.3	.5	.5	.4	.4	.5	.5	.5	.4	159.4	.6
69	CITY OF IOLA														
70	DELIVERIES - FIRM	.0	.0	.0	1.5	1.5	.4	.0	.0	.0	.0	.0	.0	102.9	.0
71	CURTAILMENTS - FIRM	.0	.0	.0	.8	.9	.2	.0	.0	.0	.0	.0	.0	59.2	.1
72	REQUIREMENTS - FIRM	.0	.0	.0	2.3	2.4	.6	.0	.0	.0	.0	.0	.0	162.1	.1
73	KS. GAS & ELEC. CO.														
74	DELIVERIES - FIRM	27.2	23.5	26.1	52.5	46.0	43.0	39.0	33.0	18.8	16.1	23.5	20.7	11271.3	2.1
75	CURTAILMENTS - FIRM	28.0	19.4	17.9	25.0	21.9	22.9	27.1	33.0	36.1	40.9	53.1	36.3	11027.[illegible]	56.5
76	REQUIREMENTS - FIRM	55.2	42.9	44.0	77.5	67.9	65.9	66.1	66.0	54.9	57.0	76.6	57.0	22257.3	58.6
77	KANS. GAS & ELEC. CO.														
78	DELIVERIES - FIRM	3.5	8.0	8.2	10.4	9.8	10.0	8.6	7.9	5.4	2.3	2.6	4.4	2481.3	.7
79	CURTAILMENTS - FIRM	3.6	6.6	5.7	5.0	4.8	5.1	6.1	7.8	10.3	6.0	6.2	7.7	2277.3	17.2
80	REQUIREMENTS - FIRM	7.1	14.6	13.9	15.4	14.6	15.1	14.7	15.7	15.7	8.3	8.8	12.1	4758.6	17.9
81	KANS. POWER & LIGHT CO.														
82	DELIVERIES - FIRM	55.1	53.6	67.4	98.0	96.2	83.4	70.0	58.0	37.1	35.9	39.3	37.3	22331.4	4.5
83	CURTAILMENTS - FIRM	56.7	44.4	46.8	47.4	46.5	42.3	48.7	58.0	70.9	91.8	89.2	65.2	21606.0	120.8
84	REQUIREMENTS - FIRM	111.8	98.0	114.2	145.4	142.7	125.7	118.7	116.0	108.0	127.7	128.5	102.5	43937.4	125.3
85	KANS. STATE PENITENTIARY														
86	DELIVERIES - FIRM	.4	.3	.2	.2	.2	.3	.4	.5	.4	.3	.3	.3	115.6	.1
87	CURTAILMENTS - FIRM	.4	.3	.3	.2	.2	.2	.2	.4	.6	.8	.8	.7	150.3	.9
88	REQUIREMENTS - FIRM	.8	.6	.5	.4	.4	.5	.6	.9	1.0	1.1	1.1	1.0	269.9	1.0
89	LINCOLN GRAIN INC.														
90	DELIVERIES - FIRM	.3	.2	.2	.1	.2	.1	.1	.4	.6	.4	.5	.4	105.7	.1
91	CURTAILMENTS - FIRM	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.6	.0
92	REQUIREMENTS - FIRM	.3	.2	.2	.1	.2	.1	.1	.4	.6	.4	.5	.4	106.3	.1
93	LONE STAR CEMENT CORP.														
94	DELIVERIES - FIRM	3.6	4.7	5.0	5.7	5.4	5.1	4.6	3.8	2.9	1.8	2.0	2.7	1446.5	.2
95	CURTAILMENTS - FIRM	3.6	3.8	3.4	2.7	2.6	2.7	3.2	3.9	5.5	4.8	4.7	4.5	1388.7	6.5
96	REQUIREMENTS - FIRM	7.2	8.5	8.4	8.4	8.0	8.0	7.8	7.7	8.4	6.6	6.7	7.2	2835.2	6.7
97	MID-AMER. REFIN. CORP.														
98	DELIVERIES - FIRM	.6	.7	.7	.9	.9	.9	.6	.6	.5	.4	.4	.4	229.1	.1
99	CURTAILMENTS - FIRM	.6	.6	.5	.4	.5	.4	.5	.6	.9	.9	.9	.8	227.9	1.4
100	REQUIREMENTS - FIRM	1.2	1.3	1.2	1.3	1.4	1.3	1.1	1.2	1.4	1.3	1.3	1.2	457.0	1.5
101	THE MONARCH CEMENT CO.														
102	DELIVERIES - FIRM	3.4	4.2	4.7	5.7	5.1	5.5	5.6	4.3	2.3	2.1	1.7	2.2	1423.9	.3
103	CURTAILMENTS - FIRM	3.6	3.4	3.2	2.8	2.4	2.9	3.8	4.2	4.4	5.4	3.7	3.7	1332.8	8.1
104	REQUIREMENTS - FIRM	7.0	7.6	7.9	8.5	7.5	8.4	9.4	8.5	6.7	7.5	5.4	5.9	2756.7	8.4
105	NAT. ALFALFA DEHY. & MILLING														
106	DELIVERIES - FIRM	.0	.7	.5	.3	.5	.7	.6	.5	.0	.0	.0	.0	121.1	.1
107	CURTAILMENTS - FIRM	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.1
108	REQUIREMENTS - FIRM	.0	.7	.5	.3	.5	.7	.6	.5	.0	.0	.0	.0	121.1	.0
109	CITY OF NEODESHA														
110	DELIVERIES - FIRM	.3	.2	.3	.7	.6	.5	.4	.4	.2	.3	.3	.2	126.5	.2
111	CURTAILMENTS - FIRM	.2	.2	.3	.3	.3	.3	.3	.4	.6	.6	.6	.3	134.7	.8
112	REQUIREMENTS - FIRM	.5	.4	.6	1.0	.9	.8	.7	.8	.8	.9	.9	.5	261.8	1.0
113	CITY OF OSAGE CITY														
114	DELIVERIES - FIRM	.2	.2	.2	.4	.4	.4	.2	.1	.2	.1	.1	.1	74.2	.1

REPORT OF GAS SUPPLY AND REQUIREMENTS - SCHEDULE NO. 1A
RECUIREMENTS OF CUSTOMERS OF REPORTING PIPELINE

COMPANY NAME: CITIES SERVICE GAS COMPANY

PERIOD COVERED: AP[illegible] 1975 TO MARC[illegible], 1976

Line	CUSTOMERS OF REPORTING PIPELINE (A)	PROJECTED AVERAGE MMCFD APR. (C)	MAY (D)	JUN. (E)	JUL. (F)	AUG. (G)	SEP. (H)	OCT. (I)	NOV. (J)	DEC. (K)	JAN. (L)	FEB. (M)	MAR. (N)	ANNUAL TOTAL MMCF (O)	SYSTEM COIN PEAK DAY MMCF (P)
1	CURTAILMENTS - FIRM	.1	.2	.2	.2	.2	.1	.2	.2	.2	.3	.3	.2	72.8	.6
2	RECUIREMENTS - FIRM	.3	.4	.4	.6	.6	.5	.4	.3	.4	.4	.4	.3	147.0	.5
3	PHILLIPS P. L. CO.														
4	DELIVERIES - FIRM	.1	.2	.2	.2	.1	.1	.1	.2	.1	.1	.1	.1	51.5	.1
5	CURTAILMENTS - FIRM	.2	.1	.2	.2	.1	.1	.1	.0	.2	.2	.1	.2	50.6	.7
6	RECUIREMENTS - FIRM	.3	.3	.4	.4	.2	.2	.2	.2	.3	.3	.2	.3	102.1	.8
7	PHILLIPS P. L. CO.														
8	DELIVERIES - FIRM	.2	.2	.3	.4	.3	.3	.3	.2	.1	.1	.1	.1	53.4	.0
9	CURTAILMENTS - FIRM	.3	.3	.2	.1	.2	.2	.1	.3	.4	.5	.4	.4	56.0	.3
10	RECUIREMENTS - FIRM	.5	.5	.5	.5	.5	.5	.4	.5	.5	.6	.5	.5	189.4	.3
11	PHILLIPS PIPELINE CO.														
12	DELIVERIES - FIRM	.5	.4	.4	.2	.4	.3	.4	.4	.4	.4	.3	.4	118.8	.0
13	CURTAILMENTS - FIRM	.4	.3	.2	.2	.1	.1	.2	.3	.5	.7	.7	.5	137.5	1.1
14	RECUIREMENTS - FIRM	.9	.7	.6	.4	.5	.4	.6	.7	.9	1.1	1.0	.9	256.3	1.1
15	TERRA RESOURCES, INC.														
16	DELIVERIES - FIRM	.2	.3	.3	.4	.3	.3	.2	.2	.2	.1	.2	.2	99.9	.0
17	CURTAILMENTS - FIRM	.3	.2	.2	.1	.2	.2	.3	.3	.4	.5	.4	.3	101.1	.7
18	RECUIREMENTS - FIRM	.5	.5	.5	.5	.5	.5	.5	.5	.6	.6	.6	.5	201.0	.7
19	UNIVERSAL ATLAS CEMENT DIV.														
20	DELIVERIES - FIRM	3.3	4.4	4.8	5.4	5.4	5.0	4.6	4.1	2.8	2.3	2.5	1.6	1412.6	.3
21	CURTAILMENTS - FIRM	3.3	3.7	3.4	2.6	2.6	2.5	3.2	4.1	5.4	5.8	5.7	2.9	1381.7	8.6
22	RECUIREMENTS - FIRM	6.6	8.1	8.2	8.0	8.0	7.5	7.8	8.2	8.2	8.1	8.2	4.5	2794.3	8.9
23	USA, DEPT OF AIR FORCE														
24	DELIVERIES - FIRM	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
25	CURTAILMENTS - FIRM	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
26	RECUIREMENTS - FIRM	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
27	USA, DEPT OF AIR FORCE														
28	DELIVERIES - FIRM	.5	.2	.1	.1	.1	.2	.2	.7	.6	.4	.4	.6	131.2	.1
29	CURTAILMENTS - FIRM	.5	.2	.1	.1	.1	.1	.1	.2	.5	1.1	1.1	.4	129.2	1.0
30	RECUIREMENTS - FIRM	1.0	.4	.2	.2	.2	.3	.3	.9	1.1	1.5	1.5	1.0	260.4	1.1
31	USA, DEPT OF AIR FORCE														
32	DELIVERIES - FIRM	.4	.2	.1	.1	.1	.1	.2	.3	.5	.6	.5	.4	108.0	.8
33	CURTAILMENTS - FIRM	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
34	RECUIREMENTS - FIRM	.4	.2	.1	.1	.1	.1	.2	.3	.5	.6	.5	.4	108.0	.8
35	USA, DEPT OF ARMY														
36	DELIVERIES - FIRM	2.5	1.4	.9	.8	.8	.9	1.0	2.3	3.5	4.3	4.0	2.8	765.5	5.8
37	CURTAILMENTS - FIRM	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
38	RECUIREMENTS - FIRM	2.5	1.4	.9	.8	.8	.9	1.0	2.3	3.5	4.3	4.0	2.8	765.5	5.8
39	USA, DEPT OF ARMY														
40	DELIVERIES - FIRM	.3	.3	.1	.1	.2	.1	.2	.3	.2	.2	.3	.2	69.9	.1
41	CURTAILMENTS - FIRM	.3	.1	.1	.1	.0	.1	.1	.2	.4	.5	.4	.4	92.0	.7
42	RECUIREMENTS - FIRM	.6	.4	.2	.2	.2	.2	.3	.5	.6	.7	.7	.6	161.9	.8
43	USA, DEPT OF JUSTICE														
44	DELIVERIES - FIRM	.3	.4	.4	.5	.4	.4	.4	.5	.4	.3	.3	.4	147.7	.0
45	CURTAILMENTS - FIRM	.5	.4	.3	.3	.3	.2	.3	.5	.7	.9	.8	.6	172.0	1.2
46	RECUIREMENTS - FIRM	.8	.8	.7	.8	.7	.6	.7	1.0	1.1	1.2	1.1	1.0	319.7	1.2
47	USA, VETERANS ADMIN. CENTER														
48	DELIVERIES - FIRM	.4	.2	.2	.2	.2	.1	.3	.2	.3	.2	.3	.2	83.1	.1
49	CURTAILMENTS - FIRM	.2	.2	.1	.0	.1	.1	.2	.4	.5	.6	.6	.5	108.3	.7
50	RECUIREMENTS - FIRM	.6	.4	.3	.2	.3	.2	.5	.6	.8	.8	.9	.7	191.4	.8
51	WESTERN PETRO CHEM. CORP.														
52	DELIVERIES - FIRM	.7	.9	.8	.8	.5	.9	.6	.7	.5	.6	.5	.6	251.5	.1
53	CURTAILMENTS - FIRM	.9	.6	.6	.5	.3	.5	.5	.6	1.1	1.2	1.3	1.0	272.1	1.7
54	RECUIREMENTS - FIRM	1.6	1.5	1.4	1.3	.8	1.4	1.1	1.3	1.6	1.8	1.8	1.6	523.6	1.6
55	CENTRAL TELF. & UTIL. CORP.														
56	DELIVERIES - FIRM	5.5	5.8	7.0	9.0	8.6	6.9	6.7	2.3	.0	.0	.0	.0	1580.3	.0
57	CURTAILMENTS - FIRM	5.6	4.9	4.8	4.3	4.0	3.7	4.5	2.4	.0	.0	.0	.0	1046.9	.0
58	RECUIREMENTS - FIRM	11.1	10.7	11.8	13.3	12.6	10.6	11.2	4.7	.0	.0	.0	.0	2627.2	.0
59	WILLIAMS BROS. P. L. CO.														
60	DELIVERIES - FIRM	.2	.2	.3	.5	.3	.4	.3	.3	.2	.2	.2	.2	58.0	.0
61	CURTAILMENTS - FIRM	.2	.2	.2	.1	.2	.2	.2	.3	.3	.5	.4	.2	98.3	.4
62	RECUIREMENTS - FIRM	.4	.4	.5	.6	.5	.6	.5	.6	.5	.7	.6	.4	156.3	.4
63	UNDER 100,000 MCF/YEAR														
64	DELIVERIES - FIRM	4.5	6.2	7.2	8.3	7.0	6.2	4.6	2.8	.8	5.7	2.6	1.4	1752.0	7.5
65	CURTAILMENTS - FIRM	2.0	1.7	1.4	.9	1.1	1.2	2.4	4.8	6.4	2.6	5.2	5.3	1061.4	3.3
66	RECUIREMENTS - FIRM	6.5	7.9	8.6	9.2	8.1	7.4	7.0	7.6	7.2	8.3	7.8	6.7	2813.4	10.8
67															
68	TOTAL DIRECT SALES														
69	DELIVERIES - FIRM	291.5	300.0	321.3	394.8	381.9	333.7	325.7	307.9	255.7	228.2	247.2	236.7	110599.[illegible]	162.3
70	CURTAILMENTS - FIRM	152.3	122.9	119.6	119.1	114.7	110.8	129.7	162.4	196.7	232.0	235.0	181.4	57243.8	315.4
71	RECUIREMENTS - FIRM	443.8	422.9	440.9	513.9	496.6	444.5	455.4	470.3	452.4	460.2	482.2	418.1	167843.3	477.7
72															
73	TOTAL KANSAS														
74	DELIVERIES - FIRM	671.4	577.7	564.7	649.6	632.6	588.9	617.0	738.1	813.9	854.0	836.8	732.9	252479.2	1139.2
75	CURTAILMENTS - FIRM	241.2	199.6	176.3	179.6	173.7	173.0	204.7	258.9	326.7	375.5	372.8	293.3	90756.8	520.7
76	RECUIREMENTS - FIRM	912.6	777.3	741.0	829.2	806.3	761.9	821.7	997.0	1140.6	1229.5	1209.6	1026.2	343236.0	1659.9
77															
78	MISSOURI														
79	RESALE														
80	GAS SERVICE COMPANY														
81	DELIVERIES - FIRM	323.6	229.6	222.6	270.6	241.5	237.5	239.1	371.6	476.3	526.1	493.5	423.3	122457.1	855.8
82	CURTAILMENTS - FIRM	100.4	78.9	81.5	81.1	84.9	87.6	75.5	109.7	160.1	165.7	157.8	143.1	40431.9	256.7
83	RECUIREMENTS - FIRM	424.0	308.5	304.1	311.7	326.4	325.1	314.6	481.3	636.4	691.8	651.4	566.4	162889.0	1112.5
84	BD. OF PUB. UTIL. OF SPRINGFIELD														
85	DELIVERIES - FIRM	34.7	21.2	16.1	15.0	15.3	14.9	21.8	38.7	57.2	65.9	61.5	50.5	12587.5	113.0
86	CURTAILMENTS - FIRM	2.4	2.0	1.5	1.5	1.4	1.2	1.7	2.1	3.2	3.5	3.2	2.4	791.6	8.7
87	RECUIREMENTS - FIRM	37.1	23.2	17.6	16.5	16.7	16.1	23.5	40.8	60.4	69.4	64.7	52.9	13379.3	121.7
88	GRANBY CITY OF														
89	DELIVERIES - FIRM	.1	.2	.1	.1	.1	.1	.2	.4	.6	.7	.7	.6	119.9	1.3
90	CURTAILMENTS - FIRM	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
91	RECUIREMENTS - FIRM	.3	.2	.1	.1	.1	.1	.2	.4	.6	.7	.7	.6	119.9	1.3
92	MISSOURI PUBLIC SERVICE CO.														
93	DELIVERIES - FIRM	20.9	13.7	11.0	12.1	13.1	12.1	15.0	23.9	32.7	37.7	35.3	26.8	7747.4	59.6
94	CURTAILMENTS - FIRM	4.0	3.4	2.6	3.3	3.3	3.1	3.8	4.4	5.4	6.0	6.0	1.2	1431.7	8.1
95	RECUIREMENTS - FIRM	24.9	17.1	13.6	15.4	16.4	15.2	18.8	28.3	38.1	43.7	41.3	28.0	9179.1	67.7
96	PLATTSBURG CITY OF														
97	DELIVERIES - FIRM	.5	.2	.2	.1	.1	.1	.2	.6	.9	1.1	1.0	.7	173.9	1.7
98	CURTAILMENTS - FIRM	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
99	RECUIREMENTS - FIRM	.5	.2	.2	.1	.1	.1	.2	.6	.9	1.1	1.0	.7	173.3	1.7
100	UNDER 100,000 MCF/YEAR														
101	DELIVERIES - FIRM	.1	.1	.0	.0	.0	.1	.1	.1	.2	.2	.2	.2	47.0	.3
102	CURTAILMENTS - FIRM	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
103	RECUIREMENTS - FIRM	.1	.1	.0	.0	.0	.1	.1	.1	.2	.2	.2	.2	47.0	.3
104															
105	TOTAL RESALE														
106	DELIVERIES - FIRM	380.1	265.0	250.0	257.9	270.1	264.8	276.4	435.3	567.9	631.7	592.2	502.1	143132.6	1031.7
107	CURTAILMENTS - FIRM	106.8	84.3	85.6	85.9	89.6	91.9	81.0	116.2	168.7	175.2	167.0	146.7	42655.4	273.5
108	RECUIREMENTS - FIRM	486.9	349.3	335.6	343.8	359.7	356.7	357.6	551.5	736.6	806.9	759.2	648.8	185788.2	1305.2
109															
110	DIRECT SALES														
111	ASH GROVE CEMENT COMPANY														
112	DELIVERIES - FIRM	1.3	1.7	1.7	2.1	2.1	2.0	1.9	1.1	1.1	.6	.7	.8	542.7	.1
113	CURTAILMENTS - FIRM	1.3	1.4	1.3	1.0	1.1	1.1	1.4	1.2	2.1	1.6	2.0	1.4	512.1	1.5

Attachment VIII

2223 Dodge Street
Omaha, Nebraska 68102
Telephone 402-348-4000

Kenneth F. Plumb, Secretary
Federal Power Commission
825 North Capitol Street, N.E.
Washington, D. C. 20426

Dear Mr. Plumb:

Enclosed are four copies of Northern Natural Gas Company Report F.P.C. Form 16 for Period April 1 to March 31 as required in Orders No. 489 and No. 523.

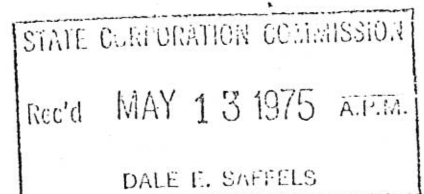
Very truly yours,

NORTHERN NATURAL GAS COMPANY

C. W. Radda
Controller
Transmission Division

EFS:mh

Enclosures



REPORT OF GAS SUPPLY AND REQUIREMENTS - SCHEDULE NO. 1A

Requirements of Customers of Reporting Pipeline*

COMPANY NAME: NORTHERN NATURAL GAS COMPANY — COMPANY CODE 3800 — PERIOD COVERED: April 1, 1975 To March 31, 1976 — September 1, 19__ To August 31, 19__

Line No.	Customers of Reporting Pipeline (a)	Del. Pt. State, County (b)	Projected Average MMcfd** April Sept. (c)	May Oct. (d)	June Nov. (e)	July Dec. (f)	Aug. Jan. (g)	Sept. Feb. (h)	Oct. Mar. (i)	Nov. April (j)	Dec. May (k)	Jan. June (l)	Feb. July (m)	Mar. Aug. (n)	Annual Total MMcf (o)	System Coin. Peak Day MMcf (p)
1	State of Kansas															
2																
3	Kan. Neb. Nat. Gas															
4	Deliveries															
5	Firm		0	0	1	1	1	0	0	0	0	0	0	0	100	
6	Curtailment															
7	Firm														0	
8	Requirements															
9	Firm		0	0	1	1	1	0	0	0	0	0	0	0	100	
10																
11	Kansas Pwr. & Light															
12	Deliveries															
13	Firm		1	1	0	0	0	0	1	2	2	2	2	1	380	3
14	Curtailment															
15	Firm														0	
16	Requirements															
17	Firm		1	1	0	0	0	0	1	2	2	2	2	1	380	
18																
19	Northern Gas Products															
20	Deliveries															
21	Firm		76	72	71	74	59	75	69	73	73	70	78	72	26,886	86
22	Curtailment															
23	Firm														0	
24	Requirements															
25	Firm		76	72	71	74	59	75	69	73	73	70	78	72	26,886	
26																
27	Northern Helex Company															
28	Deliveries															
29	Firm		3	2	3	2	2	2	2	2	2	2	3	2	819	3
30	Curtailment															
31	Firm														0	
32	Requirements															
33	Firm		3	2	3	2	2	2	2	2	2	2	3	2	819	
34																
35																
36																
37																
38																
39																
40																
41																

*Provide information for each customer that normally receives 100,000 Mcf or more per year. The data for the remaining customers may be combined. Provide totals for all customers by states. Use more than one line for customers receiving both firm and interruptible gas and show totals of firm and interruptible volumes.

REPORT OF GAS SUPPLY AND REQUIREMENTS - SCHEDULE NO. 1A
Requirements of Customers of Reporting Pipeline*

COMPANY NAME: NORTHERN NATURAL GAS COMPANY — COMPANY CODE 3800 — PERIOD COVERED: April 1, 1975 To March 31, 1976 — September 1, 19__ To August 31, 19__

Line No.	Customers of Reporting Pipeline (a)	Del. Pt. State, County (b)	April Sept. (c)	May Oct. (d)	June Nov. (e)	July Dec. (f)	Aug. Jan. (g)	Sept. Feb. (h)	Oct. Mar. (i)	Nov. April (j)	Dec. May (k)	Jan. June (l)	Feb. July (m)	Mar. Aug. (n)	Annual Total MMcf (o)	System Coin. Peak Day MMcf (p)
			Projected Average MMcfd**													
1	State of Kansas															
2																
3	Peoples Nat. Gas Div.															
4	Deliveries															
5	Firm		14	10	10	14	21	19	16	19	20	21	18	15	5,960	22
6	Curtailment															
7	Firm														0	
8	Requirements															
9	Firm		14	10	10	14	21	19	16	19	20	21	18	15	5,960	
10																
11	Total Kansas															
12	Deliveries															
13	Firm		94	85	85	91	83	96	88	96	97	95	101	90	34,145	114
14	Curtailment															
15	Firm														0	
16	Requirements															
17	Firm		94	85	85	91	83	96	88	96	97	95	101	90	34,145	

*Provide information for each customer that normally receives 100,000 Mcf or more per year. The data for the remaining customers may be combined. Provide totals for all customers by states.
**Use more than one line for customers receiving both firm and interruptible gas and show totals of firm and interruptible volumes.

KANSAS-NEBRASKA NATURAL GAS COMPANY, INC.
300 NORTH ST. JOSEPH AVENUE
HASTINGS, NEBRASKA 68901
TELEPHONE 403 462-2141

Attachment IX

May 30, 1975

Federal Power Commission
825 North Capitol Street, N.E.
Washington, D. C. 20426

Attention: Mr. Kenneth F. Plumb, Secretary

Re: Report of Supply and Requirements
FPC Form No. 16
JWA-1141

Gentlemen:

In response to Orders No. 489 and 523, we enclose herewith four copies of FPC Form 16 and the new Schedule 1A for the period April 1, 1974 to March 31, 1976. The delay in our filing this report was approved by the granting of a 30-day extension.

A list of the customers, state regulatory commissions, state energy offices, and Federal Energy Administration Office to whom this Form 16 is being furnished as required by Appendix C of Docket No. R-472 is attached.

Should you have any questions concerning any of the material submitted, we will be happy to answer them for you.

Very truly yours,

J. W. Asbury

J. W. Asbury
Vice President - Operations

JWA:nc

Enc.

cc: Hassel Sanders
J. Robert Wilson
S. D. Ford, Jr.
John P. Furman
E. J. Jackson

REPORT OF GAS SUPPLY AND REQ ~ EMENTS - SCHEDULE NO. 1A

REQUIREMENTS, DELIVERIES AND CURTAILMENTS OF REPORTING PIPELINE (By Customers)*

Approve GAO
No. B-18022 ...133)
Expires: 1 ...5

COMPANY NAME: Kansas-Nebraska Natural Gas Company, Inc.

PERIOD COVERED: April 1, 1975 To March 31, 1976 | September 1, 19___ To August 31, 19___

LINE NO.	CUSTOMERS OF REPORTING PIPELINE	DELIV. PT. STATE, COUNTY	Projected ~~XXXXX~~ AVERAGE MMcfd**												ANNUAL TOTAL MMcf	SYSTEM COIN. PEAK DAY MMcf
			APRIL ~~SEPT~~	MAY ~~OCT~~	JUNE ~~NOV~~	JULY ~~DEC~~	AUG. ~~JAN~~	SEPT. ~~FEB~~	OCT. ~~MARCH~~	NOV. ~~APRIL~~	DEC. ~~MAY~~	JAN. ~~JUNE~~	FEB. ~~JULY~~	MARCH ~~AUG~~		
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)
1	State of Kansas															
2	Deliveries for Resale															
3	Central Kansas Power Co.															
4	Firm	(1)	6.6	4.0	3.7	3.8	3.7	4.2	5.2	8.8	11.3	12.0	11.5	10.1	2576	13.9
5	Interruptible		--	--	--	--	--	--	--	--	--	--	--	--	--	--
6	Total		6.6	4.0	3.7	3.8	3.7	4.2	5.2	8.8	11.3	12.0	11.5	10.1	2576	13.9
7																
8	Greeley Gas Company															
9	Firm	(1)	0.6	0.2	0.2	0.2	0.1	0.2	0.4	1.0	1.2	1.4	1.3	1.1	237	1.9
10	Interruptible		--	--	--	--	--	--	--	--	--	--	--	--	--	--
11	Total		0.6	0.2	0.2	0.2	0.1	0.2	0.4	1.0	1.2	1.4	1.3	1.1	237	1.9
12																
13	Peoples Natural Gas Co															
14	Firm	Sherman	5.8	5.2	4.0	4.7	4.8	5.3	6.3	8.2	8.2	8.1	4.6	4.5	2124	8.2
15	Interruptible		0	0	0.9	5.3	4.7	0.4	3.7	2.8	5.7	4.9	0	0	876	4.3
16	Total		5.8	5.2	4.9	10.0	9.5	5.7	10.0	11.0	13.9	13.0	4.6	4.5	3000	12.5
17																
18	Producers Gas Equities															
19	Firm	(1)	16.7	16.0	14.3	15.1	13.0	15.1	15.8	17.0	17.5	17.8	18.0	17.7	5868	18.7
20	Interruptible		0.7	0	1.1	0.1	2.1	0.2	0.3	0	0	0	0	0	166	--
21	Total		17.4	16.0	15.4	15.2	15.1	15.3	16.1	17.0	17.5	17.8	18.0	17.7	6034	18.7
22																
23	Northern Natural															
24	Firm	Kearny	0.8	0.7	1.1	3.3	2.2	1.8	2.0	2.1	3.1	2.6	2.7	2.7	762	2.6
25	Interruptible		--	--	--	--	--	--	--	--	--	--	--	--	--	--
26	Total		0.8	0.7	1.1	3.3	2.2	1.8	2.0	2.1	3.1	2.6	2.7	2.7	762	2.6
27																
28	Other-Kansas															
29	Firm	(1)	0	0	0	0	0	0	0	0.1	0.1	0.1	0.1	0.1	20	0.1
30	Interruptible		--	--	--	--	--	--	--	--	--	--	--	--	--	--
31	Total		0	0	0	0	0	0	0	0.1	0.1	0.1	0.1	0.1	20	0.1

* Provide information for each customer that normally receives 100,000 Mcf or more per year. The data for the remaining customers may be combined. Provide separate totals for all resale customers and for all direct customers. Provide totals for all customers by states.

** Use more than one line for customers receiving both firm and interruptible gas and show totals of firm and interruptible volumes.

(1) Volumes include delivery points in more than one county.

REPORT OF GAS SUPPLY AND REQ~EMENTS - SCHEDULE NO. 1A

REQUIREMENTS, DELIVERIES AND CURTAILMENTS OF REPORTING PIPELINE (By Customers)*

Approve GAO No. B-180228 (R0133) Expires: 12-

COMPANY NAME: Kansas-Nebraska Natural Gas Company, Inc.

PERIOD COVERED: April 1, 1975 To March 31, 1976 | September 1, 19____ To August 31, 19____

LINE NO.	CUSTOMERS OF REPORTING PIPELINE	DELIV. PT. STATE, COUNTY	Projected AVERAGE MMcfd**												ANNUAL TOTAL MMcf	SYSTEM COIN. PEAK DAY MMcf
			APRIL	MAY	JUNE	JULY	AUG.	SEPT.	OCT.	NOV.	DEC.	JAN.	FEB.	MARCH		
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)
1	Total Kansas Deliveries															
2	for Resale															
3	Firm		30.5	26.1	23.2	27.1	23.8	26.6	29.7	37.2	41.4	42.0	38.2	36.2	11587	45.4
4	Interruptible		0.7	0	2.0	5.4	6.8	0.6	4.0	2.8	5.7	4.9	--	--	1042	4.3
5	Total		31.2	26.1	25.3	32.5	30.6	27.2	33.7	40.0	47.1	46.9	38.2	36.2	12629	49.7
6																
7	State of Kansas															
8	Direct Deliveries															
9	Western Alfalfa															
10	Firm	(1)	0	1.7	3.5	3.1	2.4	1.3	0.8	0	0	0	0	0	396	0
11	Interruptible		--	--	--	--	--	--	--	--	--	--	--	--	--	--
12	Total		0	1.7	3.5	3.1	2.4	1.3	0.8	0	0	0	0	0	396	0
13																
14	Colby Power Plant															
15	Firm	Thomas	--	--	--	--	--	--	--	--	--	--	--	--	--	--
16	Interruptible		0.7	0.6	0.8	1.1	1.0	0.9	0.8	0.8	0.8	0.8	0.8	0.7	298	0
17	Total		0.7	0.6	0.8	1.1	1.0	0.9	0.8	0.8	0.8	0.8	0.8	0.7	298	0
18																
19	Co-op Refinery															
20	Firm	Phillips	--	--	--	--	--	--	--	--	--	--	--	--	--	--
21	Interruptible		4.7	6.1	5.8	2.2	5.3	6.2	5.9	4.4	2.1	2.5	2.0	2.8	1522	0.0
22	Total		4.7	6.1	5.8	2.2	5.3	6.2	5.9	4.4	2.1	2.5	2.0	2.8	1522	0.0
23																
24	Hill City Power Plant															
25	Firm	Graham	--	--	--	--	--	--	--	--	--	--	--	--	--	
26	Interruptible		0.3	0.3	0.4	0.6	0.5	0.4	0.3	0.3	0.3	0.3	0.3	0.3	130	0
27	Total		0.3	0.3	0.4	0.6	0.5	0.4	0.3	0.3	0.3	0.3	0.3	0.3	130	0
28																
29	Norton Power Plant															
30	Firm	Norton	--	--	--	--	--	--	--	--	--	--	--	--	--	
31	Interruptible		0.5	0.5	0.6	0.9	0.3	0.6	0.5	0.5	0.5	0.4	0.4	0.4	200	0
32	Total		0.5	0.5	0.6	0.9	0.8	0.6	0.5	0.5	0.5	0.4	0.4	0.4	200	

* Provide information for each customer that normally receives 100,000 Mcf or more per year. The data for the remaining customers may be combined. Provide separate totals for all resale customers and for all direct customers. Provide totals for all customers by states.

** Use more than one line for customers receiving both firm and interruptible gas and show totals of firm and interruptible volumes.

(1) Volumes include delivery points in more than one county.

REPORT OF GAS SUPPLY AND REQUIREMENTS - SCHEDULE NO. 1A

REQUIREMENTS, DELIVERIES AND CURTAILMENTS OF REPORTING PIPELINE (By Customers)*

Approved by GAO No. B-180228 (F
Expires: 12-31-

COMPANY NAME: Kansas-Nebraska Natural Gas Company, Inc.

PERIOD COVERED: April 1, 1975 To March 31, 1976 | September 1, 19___ To August 31, 19___

LINE NO.	CUSTOMERS OF REPORTING PIPELINE (a)	DELIV. PT. STATE, COUNTY (b)	Projected AVERAGE MMcfd** APRIL (c)	MAY (d)	JUNE (e)	JULY (f)	AUG. (g)	SEPT. (h)	OCT. (i)	NOV. (j)	DEC. (k)	JAN. (l)	FEB. (m)	MARCH (n)	ANNUAL TOTAL MMcf (o)	SYSTEM COIN. PEAK DAY MMcf (p)
1	Oakley Power Plant															
2	Firm	Logan	--	--	--	--	--	--	--	--	--	--	--	--	--	--
3	Interruptible		0.4	0.4	0.5	0.5	0.4	0.4	0.4	0.4	0.3	0.3	0.3	0.3	140	0
4	Total		0.4	0.4	0.5	0.5	0.4	0.4	0.4	0.4	0.3	0.3	0.3	0.3	140	0
5																
6	Oberlin Power Plant															
7	Firm	Decatur	--	--	--	--	--	--	--	--	--	--	--	--	--	--
8	Interruptible		0.3	0.3	0.4	0.5	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	124	0
9	Total		0.3	0.3	0.4	0.5	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	124	0
10																
11	Royal Brand Roofing															
12	Firm	Phillips	--	--	--	--	--	--	--	--	--	--	--	--	--	--
13	Interruptible		1.1	1.0	1.1	1.0	0.9	1.2	1.0	1.1	0.9	0.3	1.0	1.1	354	0
14	Total		1.1	1.0	1.1	1.0	0.9	1.2	1.0	1.1	0.9	0.3	1.0	1.1	354	0
15																
16	Stockton Power Plant															
17	Firm	Rooks	--	--	--	--	--	--	--	--	--	--	--	--	--	--
18	Interruptible		0.3	0.3	0.3	0.5	0.4	0.3	0.3	0.3	0.3	0.3	0.2	0.3	115	0
19	Total		0.3	0.3	0.3	0.5	0.4	0.3	0.3	0.3	0.3	0.3	0.2	0.3	115	0
20																
21	Wheatland Electric															
22	Power Plant															
23	Firm	Scott	--	--	--	--	--	--	--	--	--	--	--	--	--	--
24	Interruptible		1.5	1.5	1.7	2.0	1.8	1.1	1.5	1.5	1.8	2.1	1.8	1.8	611	2.2
25	Total		1.5	1.5	1.7	2.0	1.8	1.1	1.5	1.5	1.8	2.1	1.8	1.8	611	2.2
26																
27	Other-Kansas															
28	Firm	(1)	26.0	22.0	23.0	37.0	50.0	40.0	23.0	25.0	29.0	35.0	33.0	28.5	11305	51.1
29	Interruptible		1.3	1.0	1.0	1.1	1.0	0.8	1.1	1.2	1.0	0.9	0.9	0.9	371	0.7
30	Total		27.3	23.0	24.0	38.1	51.0	40.8	24.1	26.2	30.0	35.9	33.9	29.4	11676	51.8

* Provide information for each customer that normally receives 100,000 Mcf or more per year. The data for the remaining customers may be combined. Provide separate totals for all resale customers and for all direct customers. Provide totals for all customers by states.

** Use more than one line for customers receiving both firm and interruptible gas and show totals of firm and interruptible volumes.

1) Volumes include [illegible]

Approved by GAO
No. B-180228 (R0133)
Expires 11-75

REPORT OF GAS SUPPLY AND REQUIREMENTS - SCHEDULE NO. 1A

REQUIREMENTS, DELIVERIES AND CURTAILMENTS REPORTING PIPELINE (By Customers)*

COMPANY NAME: Kansas-Nebraska Natural Gas Company, Inc.

PERIOD COVERED: April 1, 19 75 To March 31, 19 76 | September 1, 19__ To August 31, 19__

Projected ~~ACTUAL~~ AVERAGE MMcfd**

LINE NO.	CUSTOMERS OF REPORTING PIPELINE (a)	DELIV. PT. STATE, COUNTY (b)	APRIL ~~SEPT~~ (c)	MAY ~~OCT~~ (d)	JUNE ~~NOV~~ (e)	JULY ~~DEC~~ (f)	AUG. ~~JAN~~ (g)	SEPT. ~~FEB~~ (h)	OCT. ~~MARCH~~ (i)	NOV. ~~APRIL~~ (j)	DEC. ~~MAY~~ (k)	JAN. ~~JUNE~~ (l)	FEB. ~~JULY~~ (m)	MARCH ~~AUG~~ (n)	ANNUAL TOTAL MMcf (o)	SYSTEM COIN. PEAK DAY MMcf (p)
1	Central Kansas Power															
2	Firm	(1)	--	--	--	--	--	--	--	--	--	--	--	--	--	--
3	Interruptible		10.5	11.6	13.7	10.6	10.9	11.6	11.2	10.2	7.8	4.7	8.0	7.9	3613	0.5
4	Total		10.5	11.6	13.7	10.6	10.9	11.6	11.2	10.2	7.8	4.7	8.0	7.9	3613	0.5
5	Curtailment	(2)				5.2	4.7				1.0	6.0	5.3	3.5	780	
6																
7	Total Kansas Direct															
8	Deliveries															
9	Firm		26.0	23.7	26.5	40.1	52.4	41.3	23.8	25.0	29.0	35.0	33.0	28.5	11701	51.1
10	Interruptible		21.6	23.6	26.3	21.0	23.4	23.8	23.3	21.0	16.1	12.9	16.0	16.8	7478	3.4
11	Total		47.6	47.3	52.8	61.1	75.8	65.1	47.1	46.0	45.1	47.9	49.0	45.3	19179	54.5
12	Curtailment	(2)				3.2	3.2				3.7	6.1	5.9	3.9	790	
13																
14	Grand Total Kansas															
15	Deliveries															
16	Firm		56.5	49.8	49.8	67.2	76.2	67.9	53.5	62.2	70.4	77.0	71.2	64.7	23288	96.5
17	Interruptible		22.3	23.6	28.3	26.4	30.2	24.4	27.3	23.8	21.8	17.8	16.0	16.8	8520	7.7
18	Total		78.8	73.4	78.1	93.6	106.4	92.3	80.8	86.0	92.2	94.8	87.2	81.5	31808	104.2
19	Curtailment	(2)				3.2	3.2				3.7	6.1	5.9	3.9	790	

* Provide information for each customer that normally receives 100,000 Mcf or more per year. The data for the remaining customers may be combined. Provide separate totals for all resale customers and for all direct customers. Provide totals for all customers by states.

** Use more than one line for customers receiving both firm and interruptible gas and show totals of firm and interruptible volumes.

(1) Volumes include delivery points in more than one county.
Curtailment: Unless specified--none occurred or is projected.

(2) Volumes shown are a result of abandonment of service to five major power plants with [illegible]

Attachment X

ARKLA GAS

ARKANSAS LOUISIANA GAS COMPANY
P.O. BOX 1734 • SHREVEPORT, LOUISIANA • 71151

May 22, 1975

Chairman
State Corporation Commission
State Office Building
Topeka, Kansas 66612

Dear Sir:

Attached is a copy of Arkansas Louisiana Gas Company's FPC Form 16 submitted to the Federal Power Commission for the period indicated in the report.

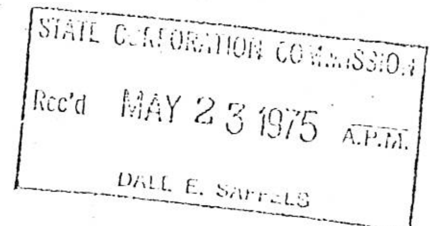
Yours very truly,

ARKANSAS LOUISIANA GAS COMPANY

By J. N. Clayton
J. N. Clayton, Vice President

JNC:lbc

Attachment


STATE CORPORATION COMMISSION
Rec'd MAY 23 1975 A.P.M.
DALE E. SAFFELS

COVERED TO MARCH 31, 19

COMPANY NAME
ARKANSAS LOUISIANA GAS COMPANY

ACTUAL AVERAGE MMCFD

LINE NO	CUSTOMERS OF REPORTING PIPELINE (A)	DEL PT STATE, COUNTY (B)	APRIL (C)	MAY (D)	JUNE (E)	JULY (F)	AUG (G)	SEPT (H)	OCT (I)	NOV (J)	DEC (K)	JAN (L)	FEB (M)	MAR (N)	ANNUAL TOTAL MMCF (O)	SYSTEM COIN PEAK DAY MMCF (P)
1	KANSAS															
2	AMERICAN SALT COMPANY															
3	FIRM DELIVERIES		1.7	1.6	1.7	1.6	1.7	1.7	1.7	1.5	1.8	1.7	1.4	1.5	596.0	0.0
4	FIRM CURTAILMENTS		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.2	0.6	0.2	36.8	1.3
5	FIRM REQUIREMENTS		1.7	1.6	1.7	1.6	1.7	1.7	1.7	1.5	2.0	1.9	2.0	1.7	632.8	1.3
6	BERT & WETTA SALES INC															
7	FIRM DELIVERIES		0.0	0.0	0.5	0.5	0.3	0.1	0.4	0.2	0.1	0.1	0.1	0.1	72.8	0.1
8	FIRM CURTAILMENTS		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9	FIRM REQUIREMENTS		0.0	0.0	0.5	0.5	0.3	0.1	0.4	0.2	0.1	0.1	0.1	0.1	72.8	0.1
10	CARGILL INC															
11	FIRM DELIVERIES		0.1	0.1	1.4	1.3	1.2	1.4	1.0	0.7	1.2	1.1	1.5	1.1	367.8	1.4
12	FIRM CURTAILMENTS		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.3	0.2
13	FIRM REQUIREMENTS		0.1	0.1	1.4	1.3	1.2	1.4	1.0	0.7	1.2	1.1	1.5	1.1	369.1	1.6
14	CUDAHY PACKING COMPANY															
15	FIRM DELIVERIES		0.9	0.9	0.8	0.8	0.9	0.9	1.0	1.0	1.1	1.1	0.8	0.9	336.5	0.0
16	FIRM CURTAILMENTS		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.2	0.5	0.2	27.9	0.8
17	FIRM REQUIREMENTS		0.9	0.9	0.8	0.8	0.9	0.9	1.0	1.0	1.2	1.3	1.3	1.1	364.4	0.8
18	DERBY REFINING CO															
19	FIRM DELIVERIES		2.8	3.0	2.0	2.2	2.8	2.9	2.5	2.2	2.7	3.2	3.4	2.8	987.8	0.7
20	FIRM CURTAILMENTS		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.1	0.4	0.1	21.9	1.7
21	FIRM REQUIREMENTS		2.8	3.0	2.0	2.2	2.8	2.9	2.5	2.2	2.9	3.3	3.8	2.9	1009.7	2.4
22	GREELEY GAS CO-CALDWELL															
23	FIRM DELIVERIES		0.3	0.1	0.1	0.1	0.1	0.2	0.2	0.5	0.8	0.7	0.9	0.6	133.3	0.8
24	FIRM CURTAILMENTS		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
25	FIRM REQUIREMENTS		0.3	0.1	0.1	0.1	0.1	0.2	0.2	0.5	0.8	0.7	0.9	0.6	133.3	0.8
26	GREELEY GAS CO-SO HAVEN															
27	FIRM DELIVERIES		0.1	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.2	0.2	0.2	0.2	35.8	0.2
28	FIRM CURTAILMENTS		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
29	FIRM REQUIREMENTS		0.1	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.2	0.2	0.2	0.2	35.8	0.2

REQUIREMENTS OF CUSTOMERS OF REPORTING PIPELINE

COMPANY NAME
ARKANSAS LOUISIANA GAS COMPANY

PERIOD COVERED: APRIL 1, 1974 TO MARCH 31, 1975

LINE NO	CUSTOMERS OF REPORTING PIPELINE (A)	DEL PT STATE, COUNTY (B)	APRIL (C)	MAY (D)	JUNE (E)	JULY (F)	AUG (G)	SEPT (H)	OCT (I)	NOV (J)	DEC (K)	JAN (L)	FEB (M)	MAR (N)	ANNUAL TOTAL MMCF (O)	SYST PEAK DAY MMCF (P)
			ACTUAL AVERAGE MMCFD													
1	KANSAS															
2	KANSAS BEEF INDS, INC															
3	FIRM DELIVERIES		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4	FIRM CURTAILMENTS		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.5	0.4
5	FIRM REQUIREMENTS		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.5	0.4
6	MORTON SALT COMPANY															
7	FIRM DELIVERIES		1.2	1.4	1.7	2.8	3.1	2.8	2.8	2.9	2.6	2.9	2.3	2.4	881.6	0.2
8	FIRM CURTAILMENTS		2.1	1.9	1.6	0.0	0.0	0.0	0.0	0.0	0.4	0.3	0.8	0.3	224.6	3.0
9	FIRM REQUIREMENTS		3.3	3.3	3.3	2.8	3.1	2.8	2.8	2.9	3.0	3.2	3.1	2.7	1106.2	3.2
10	STERLING POWER PLANT															
11	FIRM DELIVERIES		0.2	0.2	0.2	0.1	0.2	0.2	0.2	0.2	0.3	0.4	0.3	0.3	88.2	0.2
12	FIRM CURTAILMENTS		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	0.2
13	FIRM REQUIREMENTS		0.2	0.2	0.2	0.1	0.2	0.2	0.2	0.2	0.3	0.4	0.3	0.3	89.2	0.4
14	SUPERIOR SAND															
15	FIRM DELIVERIES		0.1	0.1	0.1	0.6	0.4	0.6	0.5	0.5	0.3	0.2	0.3	0.1	122.8	0.2
16	FIRM CURTAILMENTS		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.1	0.1
17	FIRM REQUIREMENTS		0.1	0.1	0.1	0.6	0.4	0.6	0.5	0.5	0.3	0.2	0.3	0.1	123.9	0.3
18	CITY OF WINFIELD, KA															
19	FIRM DELIVERIES		1.7	1.0	0.8	0.8	0.8	1.2	1.5	3.3	4.6	4.8	5.3	4.0	899.6	5.1
20	FIRM CURTAILMENTS		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
21	FIRM REQUIREMENTS		1.7	1.0	0.8	0.8	0.8	1.2	1.5	3.3	4.6	4.8	5.3	4.0	899.6	5.1
22	WINFIELD POWER PLANT-EAST 12															
23	FIRM DELIVERIES		0.0	0.0	0.0	1.7	2.9	2.8	1.5	2.7	2.5	2.1	1.9	2.5	634.5	0.0
24	FIRM CURTAILMENTS		1.2	1.7	1.9	0.0	0.0	0.0	0.0	0.1	0.3	0.3	0.9	0.3	201.5	3.0
25	FIRM REQUIREMENTS		1.2	1.7	1.9	1.7	2.9	2.8	1.5	2.8	2.8	2.4	2.8	2.8	836.0	3.0
26	WINFIELD POWER PLANT-WEST 14															
27	FIRM DELIVERIES		0.0	0.1	0.3	1.1	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	62.2	0.0
28	FIRM CURTAILMENTS		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	1.5	0.0	54.3	3.0
29	FIRM REQUIREMENTS		0.0	0.1	0.3	1.1	0.5	0.0	0.0	0.0	0.0	0.4	1.5	0.0	116.5	3.0

REPORT OF GAS SUPPLY AND REQUIREMENTS - SCHEDULE NO 1A
REQUIREMENTS OF CUSTOMERS OF REPORTING PIPELINE

COMPANY NAME
ARKANSAS LOUISIANA GAS COMPANY

PERIOD COVERED APRIL 1, 1974 TO MARCH 1975

LINE NO	CUSTOMERS OF REPORTING PIPELINE (A)	DEL PT STATE, COUNTY (B)	APRIL (C)	MAY (D)	JUNE (E)	JULY (F)	AUG (G)	SEPT (H)	OCT (I)	NOV (J)	DEC (K)	JAN (L)	FEB (M)	MAR (N)	ANNUAL TOTAL MMCF (O)	SYSTEM COIN PEAK DAY MMCF (P)
			ACTUAL AVERAGE MMCFD													
1	KANSAS															
2	UNDER 100 MMCF/YEAR															
3	FIRM DELIVERIES		17.0	9.5	7.9	4.2	4.9	7.0	7.0	11.4	18.2	21.9	23.6	9.6	4294.1	29.4
4	FIRM CURTAILMENTS		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5	FIRM REQUIREMENTS		17.0	9.5	7.9	4.2	4.9	7.0	7.0	11.4	18.2	21.9	23.6	9.6	4294.1	29.4
6	TOTAL KANSAS															
7	FIRM DELIVERIES		26.1	18.0	17.5	17.8	19.8	21.8	20.4	27.2	36.4	40.4	42.0	26.1	9513.0	38.3
8	FIRM CURTAILMENTS		3.3	3.6	3.5	0.0	0.0	0.0	0.0	0.1	1.2	1.5	4.7	1.1	572.9	13.7
9	FIRM REQUIREMENTS		29.4	21.6	21.0	17.8	19.8	21.8	20.4	27.3	37.6	41.9	46.7	27.2	10085.9	52.0

Attachment VI

PANHANDLE EASTERN PIPE LINE COMPANY
3000 BISSONNET AVENUE
P. O. BOX 1642
HOUSTON, TEXAS 77001

June 4, 1975

Adam

Federal Power Commission
825 North Capitol Street, N. E.
Washington, D. C. 20426

Attention: Mr. Kenneth F. Plumb,
Secretary

Re: FPC Form 16 Report of Gas Supply and Requirements

Gentlemen:

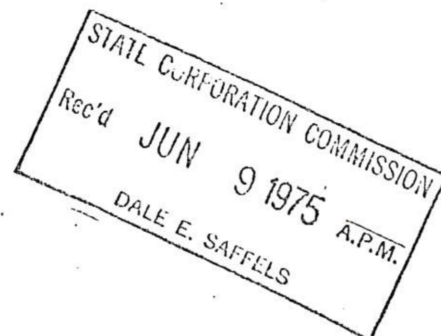
Attached are four copies of corrected FPC Form 16 for the period April 1, 1975 to March 31, 1976. These pages are to be substituted for those filed by letter of transmittal dated April 30, 1975. In addition four copies of Schedule 1A applicable to the period April 1, 1974 to March 31, 1976 are attached hereto. Such schedule was not included in the original filing. Copies of these corrected pages and Schedule 1A are being sent to Panhandle's customers, affected State Regulatory Commissions, State Energy Offices and to the appropriate Federal Energy Administration Offices.

Very truly yours,

/s/ J. T. Kennedy

J. T. Kennedy
Vice President

Enclosures



SCHEDULE 1A - Estimated Requirements, Curtailments and Deliveries to Customers of Interstate Pipelines

Pipeline Company Name: PANHANDLE EASTERN PIPE LINE COMPANY

Reporting Period: APRIL 1, 1975 to MARCH 31, 1976

Line No.	All Customers of Reporting Pipeline 1/ (a)		Projected Average MMcf Per Day												Annual Total MMcf	Peak Day
			Apr. (b)	May (c)	Jun. (d)	Jul. (e)	Aug. (f)	Sep. (g)	Oct. (h)	Nov. (i)	Dec. (j)	Jan. (k)	Feb. (l)	Mar. (m)	(n)	(o)
	ILLINOIS (Cont'd)															
268	DEKALB AGRICULTURAL ASSOC.	Requirement (I)	0.0	0.0	0.0	0.0	0.0	0.6	0.6	0.1	0.0	0.0	0.0	0.0	39.6	0.0
269	"	Curtailment (I)	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.1	0.0	0.0	0.0	0.0	18.5	0.0
270	"	Allowable Deliveries (I)	0.0	0.0	0.0	0.0	0.0	0.6	0.1	0.0	0.0	0.0	0.0	0.0	21.1	0.0
271	G. M. CORPORATION - DANVILLE	Requirement (I)	3.7	4.2	4.1	3.2	4.1	4.3	4.7	5.0	5.1	5.3	5.1	4.3	1618.8	7.7
272	"	Curtailment (I)	3.5	2.7	1.2	1.0	1.2	1.3	4.0	5.0	5.1	5.3	5.1	4.3	1209.5	5.3
273	"	Allowable Deliveries (I)	0.2	1.5	2.9	2.2	2.9	3.0	0.7	0.0	0.0	0.0	0.0	0.0	409.3	2.4
274	JACKSONVILLE - ILLINOIS POWER	Requirement (I)	0.3	0.3	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.3	0.3	0.4	140.4	0.6
275	"	Curtailment (I)	0.3	0.3	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.3	0.3	0.4	140.4	0.3
276	"	Allowable Deliveries (I)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3
277	MARBLEHEAD LIME COMPANY	Requirement (I)	1.1	1.0	0.8	1.0	0.9	1.1	1.0	1.1	1.1	0.9	1.0	1.0	365.9	1.2
278	"	Curtailment (I)	1.0	0.6	0.2	0.4	0.3	0.4	0.8	1.1	1.1	0.9	1.0	1.0	268.1	0.9
279	"	Allowable Deliveries (I)	0.1	0.4	0.6	0.6	0.6	0.7	0.2	0.0	0.0	0.0	0.0	0.0	97.8	0.3
280	NATIONAL DISTILLERS	Requirement (I)	56.8	72.1	56.2	54.5	59.6	55.3	63.9	56.5	54.0	47.7	51.0	50.8	20703.6	63.4
281	"	Curtailment (I)	17.5	22.7	4.8	5.9	8.8	3.5	20.9	23.7	38.1	43.2	38.9	26.4	7759.1	43.2
282	"	Allowable Deliveries (I)	39.3	49.4	51.4	48.6	50.8	51.8	43.0	32.8	15.9	4.5	12.1	24.4	12944.5	20.2
283	WESTERN ILLINOIS POWER CO-OP INC.	Requirement (I)	0.2	0.1	0.5	0.3	0.2	0.2	0.3	0.0	0.0	0.2	0.0	0.0	61.1	1.1
284	"	Curtailment (I)	0.0	0.0	0.4	0.0	0.0	0.0	0.2	0.0	0.0	0.2	0.0	0.0	24.4	0.1
285	"	Allowable Deliveries (I)	0.2	0.1	0.1	0.3	0.2	0.2	0.1	0.0	0.0	0.0	0.0	0.0	36.7	1.0
286	ILLINOIS (Sub-Total)	Requirement	441.9	345.1	261.1	230.9	255.6	309.6	404.9	570.9	660.1	721.8	666.6	644.4	167983.2	826.7
287		Curtailment	128.2	95.9	61.8	52.7	60.6	63.2	109.1	155.2	201.7	228.1	233.2	194.1	48223.0	228.0
288		Allowable Deliveries	313.7	249.2	199.3	178.2	195.0	246.4	295.8	415.7	458.4	493.7	433.4	450.3	119760.2	598.7
	KANSAS															
289	GAS SERVICE COMPANY	Requirement (F)	4.2	2.6	2.1	1.9	2.0	2.4	4.0	6.7	8.3	9.9	9.0	7.1	1832.8	13.9
290	"	Curtailment (F)	0.9	0.7	0.6	0.8	0.6	0.6	0.6	1.0	0.8	1.5	1.5	0.7	313.2	1.5
291	"	Allowable Deliveries (F)	3.3	1.9	1.5	1.1	1.4	1.8	3.4	5.7	7.5	8.4	7.5	6.4	1519.6	12.4
292	SC-3's	Requirement (F)	0.8	0.6	0.4	0.4	0.5	0.5	0.8	1.2	1.4	1.6	1.5	1.3	335.1	4.1
293	"	Curtailment (F)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.3	0.4	0.3	0.2	39.6	0.4
294	"	Allowable Deliveries (F)	0.8	0.6	0.4	0.4	0.5	0.5	0.8	1.1	1.1	1.2	1.2	1.1	295.5	3.7
295	JAYHAWK PIPELINE	Requirement (I)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.1	0.2	45.9	0.2
296	"	Curtailment (I)	0.1	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.2	0.2	0.1	0.2	30.6	0.2
297	"	Allowable Deliveries (I)	0.0	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	15.3	0.0
298	OKIE PIPELINE	Requirement (I)	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	54.9	0.4
299	"	Curtailment (I)	0.1	0.0	0.0	0.0	0.0	0.0	0.2	0.2	0.2	0.2	0.2	0.2	39.6	0.2
300	"	Allowable Deliveries (I)	0.0	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	010	15.3	0.2

1/ Provide information for each customer that normally receives 100,000 Mcf or more per year. The data for the remaining customers may be combined. Provide separate totals by State. Denote firm volumes (F); interruptible volumes (I) as sold under pipelines' rate schedules or contracts. Use more than one line for customers receiving both firm and interruptible gas and show totals of firm and interruptible volumes.

CORRECTEI

SCHEDULE 1A - Estimated Requirements, Curtailments and Deliveries to Customers of Interstate Pipelines

Pipeline Company Name: PANHANDLE EASTERN PIPE LINE COMPANY

Reporting Period: APRIL 1, 1975 to MARCH 31, 1976

Line No.	All Customers of Reporting Pipeline 1/ (a)		Projected Average MMcf Per Day Apr. (b)	May (c)	Jun. (d)	Jul. (e)	Aug. (f)	Sep. (g)	Oct. (h)	Nov. (i)	Dec. (j)	Jan. (k)	Feb. (l)	Mar. (m)	Annual Total MMcf (n)	Peak Day (o)
	KANSAS (Cont'd)															
301	SHAMROCK	Requirement (I)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
302	"	Curtailment (I)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
303	"	Allowable Deliveries (I)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
304	PHILLIPS PIPE LINE COMPANY	Requirement (I)	1.2	1.3	1.2	1.2	1.0	1.1	1.2	1.3	1.3	1.0	1.3	1.3	439.0	1.5
305	"	Curtailment (I)	1.1	0.6	0.0	0.0	0.0	0.0	0.9	1.2	1.2	0.9	1.2	1.2	252.6	0.9
306	"	Allowable Deliveries (I)	0.1	0.7	1.2	1.2	1.0	1.1	0.3	0.1	0.1	0.1	0.1	0.1	186.4	0.6
307	STALLINGS, EUGENE W.	Requirement (I)	0.2	0.3	0.3	0.3	0.4	0.3	0.3	0.2	0.2	0.2	0.2	0.2	94.7	0.4
308	"	Curtailment (I)	0.2	0.1	0.0	0.0	0.0	0.0	0.2	0.2	0.2	0.2	0.2	0.2	45.7	0.2
309	"	Allowable Deliveries (I)	0.0	0.2	0.3	0.3	0.4	0.3	0.1	0.0	0.0	0.0	0.0	0.0	49.0	0.2
310	NATIONAL HELIUM CORP.	Requirement (I)	20.8	19.9	19.4	17.6	19.2	21.6	20.7	20.0	24.0	19.7	22.2	21.6	7521.5	26.1
311	"	Curtailment (I)	15.4	7.7	0.0	0.4	0.0	0.0	13.1	16.9	22.4	19.2	21.0	18.8	4107.6	19.2
312	"	Allowable Deliveries (I)	5.4	12.2	19.4	17.2	19.2	21.6	7.6	3.1	1.6	0.5	1.2	2.8	3413.9	6.9
313	KANSAS (Sub-Total)	Requirement	27.4	24.9	23.6	21.6	23.3	26.1	27.3	29.7	35.6	32.8	34.5	31.9	10323.9	46.6
314		Curtailment	17.8	9.1	0.6	1.2	0.6	0.6	15.1	19.7	25.3	22.6	24.5	21.5	4828.9	22.6
315		Allowable Deliveries	9.6	15.8	23.0	20.4	22.7	25.5	12.2	10.0	10.3	10.2	10.0	10.4	5495.0	24.0
	TEXAS															
316	SG-3's	Requirement (F)	0.7	0.5	0.4	0.3	0.3	0.5	0.8	1.1	1.2	1.4	1.3	1.1	292.3	3.0
317	"	Curtailment (F)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
318	"	Allowable Deliveries (F)	0.7	0.5	0.4	0.3	0.3	0.5	0.8	1.1	1.2	1.4	1.3	1.1	292.3	3.0
	OKLAHOMA															
319	SG-3's	Requirement (F)	0.3	0.2	0.1	0.1	0.1	0.2	0.4	0.7	0.7	0.9	0.8	0.7	158.3	3.2
320	"	Curtailment (F)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
321	"	Allowable Deliveries (F)	0.3	0.2	0.1	0.1	0.1	0.2	0.4	0.7	0.7	0.9	0.8	0.7	158.3	3.2
	CANADA															
322	UNION GAS COMPANY OF CANADA, LTD	Requirement (F)	30.8	49.8	54.1	53.6	58.2	37.2	52.6	55.3	54.2	1.7	15.1	41.4	15416.4	25.7
323	"	Curtailment (F)	8.5	5.4	6.6	6.7	12.0	6.4	14.1	16.2	19.0	0.7	6.6	14.0	3551.3	0.7
324	"	Allowable Deliveries (F)	22.3	44.4	47.5	46.9	46.2	30.8	38.5	39.1	35.2	1.0	8.5	27.4	11865.1	25.0
325	GRAND TOTAL	REQUIREMENTS	2159.4	2010.3	1822.1	1779.6	1814.4	1904.2	2122.1	2347.7	2567.3	2673.9	2492.6	2536.3	799908.3	3127.2
326		CURTAILMENTS	550.0	400.0	275.0	275.0	300.0	300.0	525.0	625.0	775.0	800.0	800.0	725.0	193500.0	800.0
327		ALLOWABLE DELIVERIES	1609.4	1610.3	1547.1	1504.6	1514.4	1604.2	1597.1	1722.7	1792.3	1873.9	1692.6	1811.3	606408.3	2327.2

1/ Provide information for each customer that normally receives 100,000 Mcf or more per year. The data for the remaining customers may be combined. Provide separate totals by State. Denote firm volumes (F); interruptible volumes (I) as sold under pipelines' rate schedules or contracts. Use more than one line for customers receiving both firm and interruptible gas and show totals of firm and interruptible volumes.

CORRECTEı

Bill Wolfe

Released to Press 8-25

Attachment XII

STATE OF KANSAS

OFFICE OF THE GOVERNOR
State Capitol
Topeka

ROBERT F. BENNETT
Governor

August 25, 1975

Mr. T. B. Pickens, Jr., President
Mesa Petroleum Co.
P. O. Box 2009
320 South Polk
Amarillo, Texas 79105

Mr. Carl W. Sebitz
Pickrell Drilling Co.
705 Fourth National Bank Bldg.
Wichita, Kansas 67202

Mr. John Roger McCoy
McCoy Petroleum Co.
502 Union Center Bldg.
Wichita, Kansas 67202

Mr. W. F. Hanagan
Cities Service Oil Co.
Box 300
Tulsa, Oklahoma 74102

Mr. Roger Spurlock
Clinton Oil Co.
217 North Water
Box 1201
Wichita, Kansas 67202

Mr. Charles R. Yarbrough
Mobil Oil Corporation
P. O. Box 1934
Oklahoma City, Oklahoma 73101

Mr. R. D. Randall
Petroleum, Inc.
800 R. H. Garvey Bldg.
300 West Douglas
Wichita, Kansas 67202

Mr. Jack R. Thrasher
National Cooperative
Refinery Association
Box 908
McPherson, Kansas 67460

Mr. Heber Beardmore
710 Union National Bldg.
Wichita, Kansas 67202

Mr. Balfour S. Jeffrey
Chairman of the Board
Kansas Power and Light Co.
818 Kansas Avenue
Topeka, Kansas 66601

Gentlemen:

As you know, during the 1975 Legislative Session proposed legislation was introduced with reference to the regulation of intra-state gas. During the Session I urged the Legislature to study these proposals during the interim and assured them and the general public that we would monitor intra-state sales and negotiations during this same period in an effort

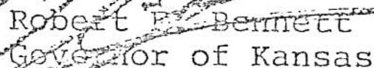
to give assurance that the crisis in the supply of intra-state gas would not occur.

We have attempted to monitor the market as best we can and in the process have heard that contractual negotiations between Kansas Power and Light Company and Mesa Petroleum Company have been concluded or are about to be concluded. We are unaware of the status of negotiations with the remaining suppliers.

This letter is written to inquire from each of you what the status of these negotiations might be and what the prospects for solution without consideration of governmental intervention might be. I would appreciate it if you would share with me a status report on your negotiations including some estimate as to when you feel these negotiations might be concluded.

As I am sure you are well aware I would infinitely prefer to see this matter settled by the private sector and to see it settled as expeditiously as possible avoiding the necessity of even considering, let alone calling, a special session. At the same time, in my recommendations to the Legislature I did indicate that we would monitor this situation and that a special session would be called if necessary. In keeping with that commitment which was an essential part of at least some legislators towards deferring action, it would be most helpful to me if I could have some status report.

Very sincerely,



Robert F. Bennett
Governor of Kansas

RFB:pc

8/26

Bennett Wants Data

Gas Sales Monitored

By JOHN PETTERSON
Of Our Topeka Bureau

TOPEKA — Gov. Robert Bennett Monday asked 10 industry leaders to brief him on their latest negotiations on the sale and purchase of natural gas produced in Kansas.

The governor said his request was in line with a pledge he made during the 1975 session of the legislature to monitor intrastate sales of natural gas.

At that time, legislation had been introduced which would have given the Kansas Corporation Commission authroity to set the prices paid for natural gas produced in the state.

At the urging of the governor, the legislation was discarded.

Bennett said his office has attempted to monitor the market since that time.

"This letter is written to inquire from each of you what the status of these negotiations might be and what the prospects for solution without consideration of governmental intervention might be.

"I would appreciate it if you would share with me a status report on your negotiations including some estimate as to when you feel these negotiations might be concluded," Bennett said.

He told the officials he would prefer to see the matter settled by the private sector as quickly as possible without governmental interference.

The letter went to: T.B. Pickens Jr., Mesa Petroleum Co., Amarillo, Tex.; Carl W. Sebitz, Pickrell Drilling Co., Wichita; John Roger McCoy, McCoy Petroleum Co., Wichita; W.F. Hanagan, Cities Service Oil Co., Tulsa; Roger Spurlock, Clinton Oil Co., Wichita; Charles R. Yarbrough, Mobil Oil Corp., Oklahoma City; R.D. Randall, Petroleum Inc., Wichita; Jack R. Thrasher, National Cooperative Refinery Association, McPherson; HeberBeardmore, Wichita, and Balfour Jeffrey, Kansas Power and Light Co., Topeka.

Bennett told the officials that he promised legislators he would call a special session of the legislature if necessary to deal with the intrastate sale of natural gas.

"In keeping with that commitment which was an essential part of at least some legislators towards deferring action, it would be most helpful to me if I could have some status report," the governor said.

Kansas, Oklahoma Seeking Higher Irrigation Gas Priority

TOPEKA (AP) — Kansas is joining Oklahoma in an effort to win Federal Power Commission approval of a plan by Cities Service Gas Co. to give higher priorities to the use of natural gas for irrigating agricultural land.

Atty. Gen. Curt Schneider said Monday that he will go to Washington in about two months for an FPC hearing on Cities Service Gas' proposal to

The memorandum also noted about a fourth of Kansas' agricultural crops now are produced on irrigated land, which makes keeping irrigation pumps operating when other commercial and industrial users are cut back so vital, Schneider said.

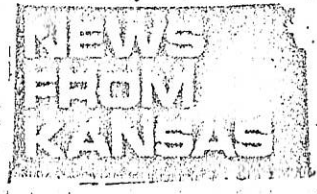
"Kansas is the most affected state of all," Schneider said. "I think this is very important, especially to western

on it just as an individual concerned with the state's economy."

Cities Service has proposed raising the FPC priority for natural gas usage in irrigating farmland from the present third priority — for "other industrial consumers" using between 50 and 1,500 million cubic feet a day — to a first or second priority in the "commercial use" category, de-

west Kansas Irrigation Association are expected to appear along with Schneider at the late October hearings in Washington. The hearings originally were scheduled for late this month then postponed for two months.

One attempt to alter the FPC guidelines for conserving dwindling natural resources succeeded a month ago in a New Mexico case. El Paso



Storey Tale Squelched

TOPEKA (AP) — Gov. Robert Bennett squelched Monday rumors that Sen. Bob W. Storey, R-Topeka, might be appointed chief attorney for the state's new Department of Transportation.

Storey failed last Thursday in his bid to win the state Senate presidency. Even before the Senate elected Sen. Ross Doyen, R-Concordia, as its new president, there had been speculation Storey might resign from the Senate if he lost and become the new department's chief attorney because of his close ties to Bennett.

However, the governor ruled out that possibility at his news conference Monday, saying he wants Storey to remain in the Senate.

"He's not going to be appointed," Bennett declared. "I want him to stay in the Senate and remain as chairman of the Transportation and Utilities Committee."

A question had arisen whether Storey could legally accept appointment to a position he voted to help create. The chief attorney's post in the new department was created by the 1975 Legislature.

Hutch's S... Smell Ba...

Special to The Eagle

HUTCHINSON, Kan. - The Hutchinson City Commission will consider today a contract

calling [...] acres o[...] limits w[...] service.

Opposi[...]

Miller Test... In Cocaine

OLATHE, Kan. (AP) — Former Kansas Atty. Gen. Vern Miller testified Monday in Johnson County District Court during the trial of Craig Glazer, once an undercover drug agent for Miller.

Glazer, 22, of Overland Park, is on trial on a charge of conspiracy to deliver cocaine in connection with a June 24, 1974, drug bust at a Merriam motel.

Miller testified Monday that Glazer told him he had known R.C. Bonds of Kansas City prior to the time of the drug raid that ended in the arrest of Bonds' brother, James, 22, and his brother-in-law, Larry Johnson, 25, who claimed they were set up as fall guys in the raid.

R.C. B[...] in the tr[...] mised $[...] two blac[...] man, wh[...] be Glaz[...] body gua[...] action.

The pr[...] tained th[...] set up the[...] drug sale[...] career as[...]

Miller, [...] governor [...] time, said[...] three day[...] He said [...] knew R.C[...] had never[...] and Bond[...] the drug [...] edge.

MO[...] N[...]
MOLERS CAMERA
IS M[...]
EASTGATE S[...]

Attachment XIII

HONORABLE MEMBERS OF THE SPECIAL COMMITTEE ON NATURAL GAS

Thank you for making time available for this presentation on behalf of the City of Wichita.

It is our understanding that the goal of the Special Committee is to arrive at some concrete answers to the problems of the natural gas shortage and develop valid suggestions to present at the next session of the Legislature. I will attempt to provide you with the consensus opinion of the City of Wichita, its Gas Utility consultants, professional staff, industry and private utilities as to these concrete answers and valid suggestions.

First, to address the problem of the natural gas shortage, it is our feeling that natural gas will not be a viable fuel for most Kansans past 1990 or so. Depending upon which set of assumptions you use, these estimates range from about 1986 up to roughly 1993. But, in the final analysis, the first concrete answer that we suggest is to simply face the fact that natural gas is not an answer for Kansans over the long pull.

As for the short run, our consultants - engineers and geologists - have encouraged us to feel that substantial additional quantities of new gas production can be made available to modestly prolong that inevitable day of reckoning. We are of one voice in our belief that the only means by which these additional Kansas gas reserves can be feasibly developed and produced for Kansas involves stable and predictable government (regulatory) atmosphere and a free-market economic climate. Specifically, we suggest that the Committee recommend whatever steps are necessary, if any, to

shore up the Kansas Corporation Commission's authority to require prudent management of the state's natural resources production at the point of production.

Next, we suggest that the Committee urge the State Legislature to take appropriate steps as are necessary to encourage incentive conservation of natural gas and other fuel consumption.

Thirdly, we recommend that the Committee present to the Legislature a program of incentives for parties willing to explore and develop new gas production, including reworking of existing production.

As to the question of state control of end-use, well-head price regulation, sales contract control and the like, it would seem to be perfectly obvious that such measures, however politically expedient, can do little on a long-term picture to provide "concrete answers". The answers that these approaches address, rather, appear to be written in water.

Now, to put some of the aspects of the State's natural gas problems into perspective, we would like to direct the Committee's attention to the following facts:

1. Kansas is probably as dependent upon natural gas as its primary fuel as is any other state. Reason - Abundance of low-cost gas.

2. It will cost Kansans as much to convert from gas to alternate fuels as any other state. Reason - Abundance of low-cost gas.

3. Fuel bills in Kansas are among the lowest in the nation. Reason - Historic price levels here have been quite low.

4. Fuel bills in Kansas will probably increase at one of the highest rates in the nation. Reason - Historic price levels have been quite low.

Now, for the bright side. This winter, it will cost a widow living on a fixed income of $5,000 per year about $125.00 in January just to heat, cook and provide hot water (using natural gas) to an average 1,000 square foot dwelling in New York City. The same individual could get the same results in Wichita for about $30.00.

Many industries in the Northeast States face a complete shutdown this winter owing to inadequate fuel supplies. Few Kansas industries face this prospect. However, a number of Wichita industries have been confronted with massive natural gas curtailments for several years. We in Wichita have been forced to limit growth in our industrial sector for a number of years owing to limited natural gas supplies.

Wichita's present natural gas project is not directed to secure new industry but, rather, to furnish an interim fuel supply to present industries that face virtually complete curtailment in the immediate future. We have been successful in this endeavor.

We have been able to achieve this without detriment to other communities in the state. That was our pledge several months ago. It is a fact today! Many persons in Wichita have no interest in sitting comfortably in their homes while their employer's plant is shut down for lack of fuel.

Again to the question of suggestions by the Committee to the next legislative session, we would recommend consideration of the following:

1. Legislation which encourages and permits sizable quantities of fuel to be economically transported to and through the state with specified Kansas fuel designations.

2. Creation by Legislative action of a state power authority by which private, municipal and rural cooperative power distributors can construct and finance central energy facilities.

3. Statewide conservation and fuel consumption standards.

We in Wichita offer our staff time and our consultants' findings to the Committee <u>gratis.</u> In this regard, we will be happy to respond to any questions which you may have.

Please let us know if we can be of service.

Grover E. McKee
Director of Economic Development
City of Wichita, Kansas
September 12, 1975

Attachment XIV

FPC to permit direct gas purchase

Commission votes 2-1 to ease winter shortage by allowing some curtailed industrial, commercial users to buy gas at free-market prices from distant-state producers and move it in interstate lines. Policy to last 2 years.

THE Federal Power Commission plans to ease this winter's natural-gas shortage by allowing curtailed industrial and commercial users to buy gas at free-market prices directly from producers in distant states and then ship it through interstate pipelines.

In a major policy decision, the commission voted 2-1 to allow large commercial customers, using 50 Mcfd or more on a peak day, and top-priority industrial customers with no technically feasible alternate fuel to contract directly with natural-gas producers for gas purchases. The commercial or industrial customer must actually be curtailed or must reasonably anticipate curtailments during the 1975-76 winter.

The gas would be transported in interstate pipelines with unused capacity to transport gas supplies previously committed but unavailable because of curtailments. An FPC certificate would be required for the transportation. The commission promises, in light of the "seriousness of the shortages," to expedite the certification process.

This policy is limited to a maximum of 2 years, covering two successive heating seasons.

Dissent. Comm. Don S. Smith joined with FPC Chairman John N. Nassikas in approving the policy. Comm. William L. Springer dissented, arguing that the policy is "an attempt to deregulate the price of natural gas at the production level when sold in interstate commerce" — an authority FPC doesn't have under the law.

"What degree of deregulation should be approved and how it is to be implemented, is the prerogative of Congress and the President, and this commission can only do that with which it is charged by existing legislation, the Natural Gas Act," Springer said.

"What we are indicating in this policy statement is that someone who desires to purchase natural gas may go into the field or to an intrastate seller and pay whatever price the market will bear and transport it through an interstate pipeline. This is exactly what the Natural Gas Act, as interpreted by the courts, was intended to prevent . . .

"While I agree that the energy situation throughout the nation overall requires urgent action, I do not believe that our agency can or should take stop-gap actions not provided for by the Natural Gas Act or court decisions."

Federal Energy Administrator Frank Zarb disagreed that this policy statement was a "form of deregulation through the backdoor." When asked that question at a recent press conference, Zarb replied that "it was a form of specific deregulation, under specific contracts, under a specific period of time."

FPC argues further that producers' sales to nonresale customers are beyond its authority to regulate. "Consequently, failure to regulate direct-sale rates does not constitute unlawful deregulation."

Additionally, FPC says that before any certificate is issued for transporting the gas, all relevant factors, including interstate and intrastate prices, will be considered.

Court suit possible. The commission recognizes that its policy decision will most likely be challenged in the courts.

If so, "implementation of the policy may be placed in jeopardy at a crucial time to secure incremental gas supply for the interstate market to avert a potential calamity to our economic welfare this winter."

Hence, FPC has asked Congress to legislate its administrative action.

FPC admits that this policy is experimental and requires specific proof —through a trial period—before determining whether it should be made a permanent policy.

If it appears that the policy has not resulted in attracting incremental gas supplies to meet the demands of the interstate market and to avert an imminent crisis in the coming winter, FPC says it may revise or abandon the experiment.

Until Congress acts on the various proposals now pending before it, FPC says it is its duty to deal with the shortages as best it can under the statute that exists.

While this policy statement will not solve the gas shortage, FPC cautions, its implementation "should alleviate some of the more serious consequences caused by rigid price ceilings imposed by the Gas Act."

Distributors. FPC decided not to include direct sales to distributors for resale in this policy statement, since their inclusion would merely increase the number of potential purchasers in the interstate market, without increasing chances that additional supplies of gas would be made available to the interstate market.

The policy, FPC emphasizes, applies to direct sales by producers to nonresale, high-priority customers, whether they are purchasing directly from a pipeline or from a distributor — both direct and indirect customers of curtailing pipelines.

Certification problems. The commission also acknowledges that the decision to certificate only the transportation of direct-sale gas may "present some practical problems."

However, FPC says "these details should and will be considered in specific transportation certificate proceedings."

New service barge gets Ekofisk work

PHILLIPS Petroleum Norway has signed a 5-year contract to use a new semisubmersible North Sea service barge costing approximately $40 million.

Sedco Inc. and Redco, a Red Adair related company, say the semisubmersible will be the first of its kind to be built from scratch for this purpose. Phillips will use it in the Ekofisk complex off Norway.

The unit will perform light derrick barge work, pipeline repairs, servicing of subsea wells, and equipment overhaul. It also can function as a supply or firefighting barge and has accommodations for up to 120 persons

GEORGE SIMS

Attachment XV

RECOMMENDATIONS FOR ACTION BY
SPECIAL COMMITTEE ON NATURAL GAS IN KANSAS

I. Recommend the Committee take no action to regulate or set priorities except to allow natural gas to be bought and sold on a free and open market.

A. The effect of this action would be to allow natural gas to seek its proper place in the market and its price will set the priority. A number of homes, industries and utilities are not in a position to convert to other fuels, and unless they are it would be of little benefit to have natural gas to burn and no electricity to run the fans to distribute it or jobs to pay for it.

B. The setting of priorities except on peak days will cause the price of gas to escalate as the lower volume of gas will have to carry the same fixed cost of the prior higher volume. Present Kansas and Federal laws allow sufficient regulation of distributors to prevent any discrimination against users who should be served or those who wish to question the allocation of the gas by the various distributors.

C. Further regulation will not create any more natural gas and is a deterent to the future search for gas. Our present laws for the prevention of waste and the protection of correlative rights are sufficient to protect the public interest.

D. Kansas is considered a mature, developed state as for the production of oil and gas, and while a number of gas fields may be found that will produce or be capable of producing 1 to 3 trillion cubic feet of natural gas, this amount if found could not be produced in one year and if it could with present consumption at around 6 to 7 billion cubic feet a year, this would only last 1 to 3 years. As mentioned before, the incentive to discover is dependent on a climate that will encourage the search.

E. We must take a close and realistic look at the nature and source of the larger portion of natural gas consumed in Kansas. The figures vary from 40% to 60%. (Shirley Small estimates 51% of Hugoton gas in her report of production and distribution of natural gas from Kansas gas fields.) A rough figure for the percentage of natural gas consumed in Kansas of an interstate nature is 75%. (The Paul report

mentioned above shows about 85% of the Hugoton area gas, which is about 80% of the total gas produced in Kansas, goes to the interstate market.) Kansas then is vitally concerned for its consumers with the interstate market even though we are an export state.

As Kansas gas production declines, we will continue to become more dependent on interstate gas. The earliest estimates of the time Kansas will cease to be an exporter state and become an importer state are 4 to 5 years. When this occurs we will depend heavily on Texas, Oklahoma, New Mexico and Louisiana for our natural gas.

II. Kansas should continue to support in all ways possible the effort to develop natural gas in those areas now considered most likely to contain natural gas in quantities sufficient to alleviate the present shortages. The lead time to discover, develop and market a new field is 3 to 10 years, depending on location, depth and proximity to market.

III. We should continue to support de-regulation of natural gas to spur its development,and more importantly, to create a climate where other sources of energy may compete and develop a share of the energy market to stop the dominance by one source of energy on the market which was caused by Government artificially pricing the product below its replacement cost and forcing other forms of energy out of the market.

If we do not reverse this situation we are only delaying the present crisis to face a future catastrophe. There is a finite limit to the amount of natural gas producible from the earth's reservoirs. Continuation of our present system to gain a temporary advantage is a sure way to a future disaster.

It is easy to say "let them" (whoever they are: industry, utilities, manufacturers and finally as the supply dwindles, between cities and then later home owners within the city) convert to another source of energy, but other sources are not readily available and need lead time to develop, expand and prepare a method of transportation and storage which is similar in time to the development of new fields plus the added consumption of our natural resources of steel and related products to deliver this alternate source of energy. Industry also needs time to convert to this new energy, whatever it is, unless it is converted to a form similar to what it is now using.

If we are to keep this nation healthy and strong we must search for and find sources of energy not now known or to produce

economically the known sources which can be used in existing facilities, or convert existing facilities to consume the new forms which takes time.

We have the choice to make of doing these things or prostrating ourselves before those nations who control the presently known reserves, or doing as other nations have done when forced to the wall by lack of foresight and discretion. We can attempt to take by force that which is needed to resolve the problem. I do not recommend either of these last two alternatives as they are the least desirable of all our other choices.

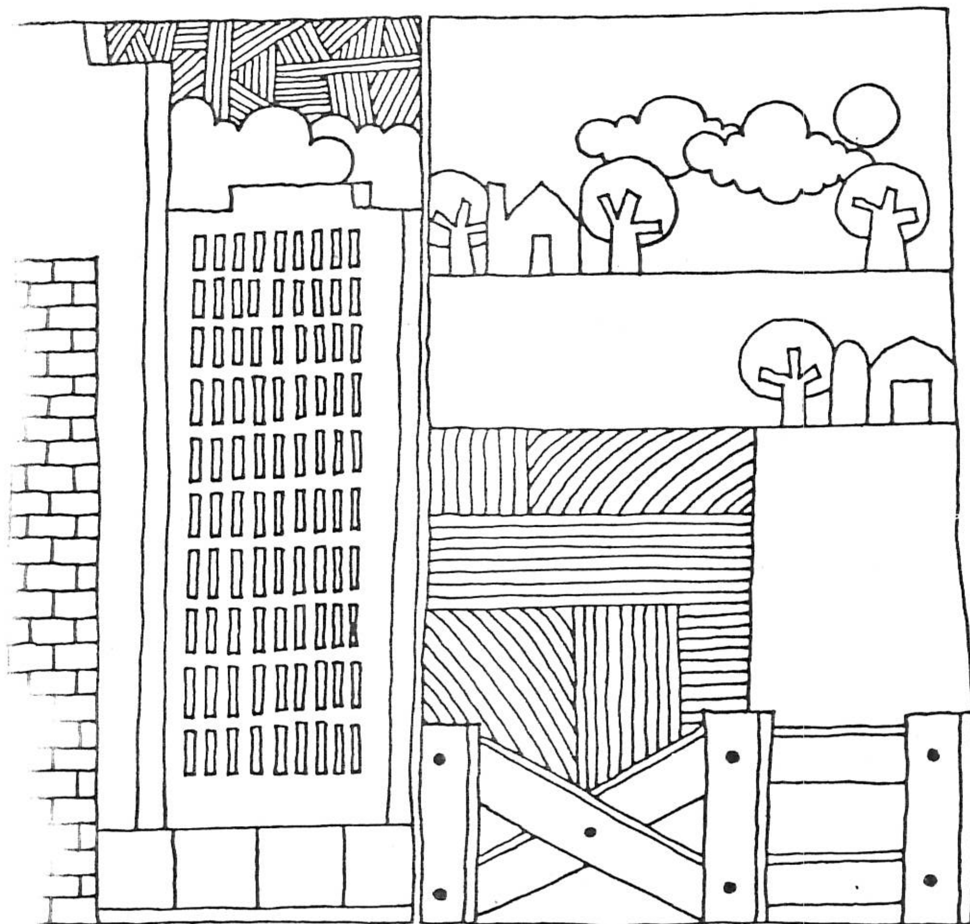
Attached are two sheets from the USDA crop reported magazine "Agricultural Situation, July 1975. What this article points out for agricultural products development also applies to oil, gas and other forms of energy. We should learn from this article that our nation of free enterprise is the one nation those who control, restrict and limit must depend on in emergencies. Russia and China are dependent on our system to relieve their shortages. I have not seen the figures on how much of the world's products we produce in this nation nor how much we share of those products produced with the rest of the world, but I am sure that the figures of 6% of the population in this nation consuming 30% of the world's energy would show we are sharing proportionately our goods with the remainder of the world in a similar relationship.

Attachment

George A. Sims
Hugoton, Kansas 67951

agricultural situation

THE CROP REPORTERS MAGAZINE • JULY 1975
U.S. DEPARTMENT OF AGRICULTURE • STATISTICAL REPORTING SERVICE



THE COUNTRYSIDE BECKONS

CROP STOPPERS IN THE LDC'S

What is it that holds back farm production in the developing countries? Bad weather? Lack of know-how? No fertilizer?

It's all of these and more, according to researchers with USDA's Foreign Agricultural Service. In a recent survey, they found 46 of 50 less developed nations had government policies that hamper agricultural development.

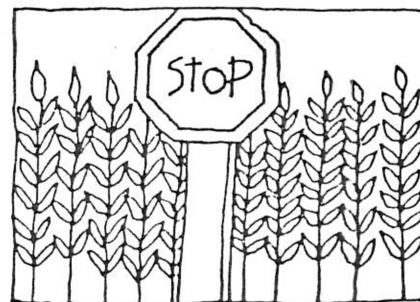
While the survey didn't attempt to measure the specific impacts of the programs, it did identify the kinds of policies that directly or indirectly curb farm production and why.

Here are some of them . . .

Price controls. When certain products are in short supply, some countries fix producer selling prices or consumer retail prices in order to make food distribution more equitable. But when the prices are set below what they'd be when determined by supply and demand only, farmers feel they have nothing to gain by upping their output.

Noncompetitive buying. In a number of countries, the government is the only buyer of certain farm products. This guarantees consumer supplies and earns revenues. But when the government pays less than the going market price, producers are discouraged from growing more, and consumers pay higher prices for limited supplies.

Export controls and export taxes. Besides posing a barrier to free trade, these policies can result in lost export markets. When countries impose export taxes—as 22 developing nations did at the time of th survey—they drive up costs to foreign buyers, who then cast about for other sources. Faced with shrinking export markets, farmers in these countries think twice before expanding production.



Reduced export demand also slashes the foreign exchange earnings needed to finance imports. To avoid this situation, some countries give exports top priority.

Argentina, for instance, has long maintained a stable export market for its beef by manipulating taxes and exchange rates. If domestic beef prices start to climb, the Argentine government simply reduces export duties or raises subsidies so that export levels won't be affected. But over the long run, these adjustments tend to disrupt domestic prices . . . and shake producer confidence as well.

Import subsidies. Some developing nations subsidize certain food imports to halt inflation and assure adequate supplies. Import subsidies usually apply to grains, but not always. Subsidized meat imports in Spain, for example, seriously choked that country's livestock industry.

Restrictions on farm size, land tenure, and credit. Farmers who can't expand their acreage won't invest in highly productive inputs, and farmers who can't get credit can't make the investment anyway. Nonetheless, the survey found restraints like these on the lawbooks of 19 developing nations.

Restrictions on the movement of agricultural products from surplus districts to deficit districts within a country. These may be the least used of all policies that hold back farm production, but their effect is obvious . . . denied access to markets that need their products farmers see no benefit in stepping u production.