

I believe that we have gone far toward putting our house in order and are now carrying out our responsibilities in a manner that does credit to the administrative process. During the past year and a half we have adopted new policies where needed, reorganized our staff, streamlined our procedures, and supplied new staff leadership. Our major emphasis has been on protecting the public interest and on moving cases along toward conclusion just as expeditiously as possible.

Our efforts to cut redtape and instill a greater sense of urgency in our work have achieved major successes. The Commission in the past 18 months has disposed of the greatest portion of the billion-dollar backlog of natural gas pipeline rate cases we inherited and ordered refunds of over \$350 million to consumers throughout the country. In addition, the Commission ordered the pipelines to reduce their existing rates by over \$65 million a year.

We have also made progress in reducing our backlog of applications for natural gas pipeline certificates which are required before construction of new projects can begin. The Commission in the last 3 months of 1962 issued certificates for over \$230 million of pipeline construction, as compared with approximately \$71 million in the comparable period in 1961. We are taking action to further accelerate the pace of our pipeline certificate work because we know the importance to the Nation's economy of prompt approval of pipeline projects which are in the public interest.

I am attaching to this statement a copy of the Commission's latest quarterly report which summarizes our success in reducing our backlogs in all categories of our natural gas work during the past year.

So far as rates of natural gas producers are concerned, the upward spiral has been stopped and natural gas prices at the well have been stable in the past 18 months, for the first time in the history of the Commission. Many people have claimed that producer regulation is impossible, but the present Commission has been pushing forward with what we are confident will prove to be a workable solution to the problem. We are implementing the area rate approach to fix just and reasonable rates for interstate sales of gas by producers in all of the Nation's gas-producing areas.

The Commission has established guidelines which limit the evidence in producer certificate cases and will enable the Commission to hold the line on the price for new gas and at the same time dispose of certificate applications expeditiously.

The Commission's settlement program has helped us reduce our producer rate backlog in this interim period. We have ordered refunds of over \$30 million and made some reductions in the annual amount of rate increases under suspension. In the last 6 months we disposed of 289 producer suspension proceedings. We cannot hope to eliminate our backlog of producer rate cases, or even to make a significant reduction, until we complete the area rate proceedings but we have reversed the trend and our backlog is now going down rather than up. This is not success but it is progress.

Another significant recent Commission action is the adoption of a rule prohibiting ex parte communications dealing with the merits of contested cases. Of course, the mere adoption of a rule against ex parte influence is not in itself determinative but I believe it is significant that there has been no claim that the rule is not being followed in spirit as well as in form. I believe that all parties to the proceedings before the FPC now accept the fact that even though they may disagree with our conclusion, the cases are decided solely on the basis of the record.

Most important of all, the Commission has made clear that it believes in the principle of regulation of natural gas rates and service both by pipelines and producers and is working to carry out the mandate of the statute to protect natural gas consumers.

The Commission has made an extensive study of its responsibilities in light of the statutes which we are dutybound to administer and we have formulated a series of legislative proposals which we consider necessary and desirable to enable us to do a more efficient and more effective job in the public interest. Needless to say our legislative program does not include proposals to repeal our jurisdiction over natural gas producers as was proposed by the Commission in former years.

The Commission has taken a close look at its procedures for processing natural gas cases and found much room for improvement. In the past year we have adopted new regulations which have greatly reduced the time required to complete a pipeline rate case. The regulations require pipeline companies to submit