

Mr. SWIDLER. I do not think I want to discuss that bill at this time, if I can avoid it.

The CHAIRMAN. Yes.

Mr. SWIDLER. Mr. Morgan's next suggestion is that we initiate an inventory of the gas supplies of the pipelines, as I understand it.

Mr. BROTZMAN. I am sorry, Mr. Chairman, I could not hear that last statement.

Mr. SWIDLER. That the Commission initiate an inventory of the gas supplies of the pipeline, as I understand the proposal. I have a copy of the transcript by my side. I will read that:

I believe, too, that we should regulate strictly the pipelines purchasing programs and equip the commissions with an up-to-date inventory on all gas available in the United States and use competitive forces to the extent that we possibly can.

That is an excellent suggestion, Mr. Chairman. Mr. Morgan well knows that months ago, the Commission directed at my suggestion, that the staff do just that, and it is now engaged in making such an inventory.

Next, says Mr. Morgan, "We need a uniform system of accounts for such producers, a long-postponed responsibility, under which no steps whatsoever are being taken to discharge."

There are two answers to this one, Mr. Chairman. I agree that it would be useful to have a uniform system of accounts for gas producers. But this committee well knows that we are talking about a very complex and difficult problem. The gas producers are the entire petroleum industry. They produce the gas and the oil together, and the question is how you make the allocations within the industry, this complex petrochemical industry, how you avoid, in the process of establishing a system of accounts for the gas end, taking control of the oil end, where we have no jurisdiction. The products come out of the same pipe. The second part is that this is not a field in which we are idle. Our staff has instructions to try to develop such a system, first as applicable to the pipeline producers, to test it out without embroiling the whole petroleum industry in a half-baked plan.

We have developed, in connection with the area rate proceedings, appendices which secure information from them on a more comprehensive scale than ever before in history, and this may well prove, and I think will prove, to be of great help in moving us along toward the goal of a uniform system of accounts.

But this is a difficult, important matter, and I am sure that this committee is aware that this is not the work of a day and that you will not get such a system of accounts simply by saying we ought to have them.

The next point was the settlement program.

The CHAIRMAN. The what?

Mr. SWIDLER. The settlement program—the pipeline settlement program. I would like to read what Mr. Morgan says on this one. This is beginning on page 75:

These settlements in my opinion, are a very expensive device from the consumer's point of view, for the clearance of the Commissioners' backlog. I will cite as an example the *Tennessee Natural Gas Pipeline Rate* case, which we settled a few weeks ago and in which I did not participate in the decision. I will tell you why.

There were approximately \$320 million of rate increases subject to refund in this case.