

3. The Commission has wholeheartedly carried out its responsibility for regulating sales of gas in interstate commerce by independent producers. We have ordered producers to refund over \$30 million.

4. The Commission has underway a comprehensive study in cooperation with the State commissions to determine the extent to which natural gas rate refunds reductions are being passed on to the ultimate consumer.

5. The Commission has pushed forward with area rate proceedings to fix just and reasonable rates for producers, and the hearing in the lead case involving hundreds of producers in the Permian Basin of Texas and New Mexico is well along toward completion.

6. The interim area ceilings for sales of new gas in the important producing areas of southern Louisiana and Texas Railroad District 4 were reduced by 2 cents per thousand cubic feet.

7. The Bureau of Natural Gas was reorganized to pinpoint responsibility and assure that cases were speeded to a prompt conclusion.

8. The Commission adopted a rule requiring pipelines to file complete backup information with rate increase requests, thus eliminating field investigations and enabling the Commission to set cases for hearing at once and dispose of them promptly.

9. The Commission adopted a rule which outlaws new contracts for the sale of gas by producers that contain indefinite escalation clauses, such as the so-called favored-nations clauses, which have caused much of the inflation in the price of gas in the past.

10. The Commission adopted a rule prohibiting ex parte communications dealing with the merits of contested cases.

11. The Commission has taken many steps to ease the burden of regulation on the small independent producer.

(a) We have devised a one-page form in which they can file for increases which are not in excess of our ceilings.

(b) Our area rate policy, in which the rates for all the producers in an area are determined in a single proceeding, relieves the small independent producer of the burdens of individual rate proceedings.

12. A field office has been established in Houston, Tex., to insure closer supervision of personnel working in the field and serve as a clearinghouse for the problems of the producers in the area.

13. We have established an Office of Economics to assist the Commission in planning the future course of regulation of the natural gas industry because economic problems go to the core of regulatory policy.

14. 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.

15. In opinion No. 369, issued November 30, 1962, the Commission rejected a price increase by H. L. Hunt and others that would have created a new, higher price plateau for natural gas in southern Louisiana and Mississippi. The decision was the present Commission's first decision in a litigated gas producer rate case and demonstrated our determination to hold the line against unjustified increases in natural gas prices.

16. In opinion No. 348, issued October 23, 1961, the Commission held that it had jurisdiction over the sale of all of the gas moving in interstate commerce, even though some of the gas was consumed in the producing State. The Commission thus prevented possible increased costs to interstate customers by the use of contractual arrangements purporting to segregate certain volumes of gas from the interstate stream and thus to avoid FPC jurisdiction over the price paid to the producers.

17. In opinion No. 351, issued January 22, 1962, the Commission decided the famous *CATCO* case on remand from the Supreme Court. The decision reduced the initial price for this large sale of gas in southern Louisiana from 21.4 cents per thousand cubic feet down to 18.5 cents and ordered refunds of the higher amounts previously collected.

18. In opinion No. 366, issued October 19, 1962, the Commission decided the rate of return issue in four rate cases involving El Paso Natural Gas Co. pending before the Commission since 1955. The case was set for hearing in July 1961 and the interim order procedure, which the Supreme Court recently approved and described as "not only entirely appropriate but in the best traditions of effective administrative practice," was used by the Commission to expedite