

C. Local Natural Gas Distribution Companies

It is also of interest to note that Congress curtailed the jurisdiction of the Federal Power Commission over local natural gas companies having no interstate activities, in enacting the "Hinshaw Amendment" to the *Natural Gas Act* in 1954 (68 Stat. 36). This amendment added a new subsection (c) to Section 1 of that act (15 U.S.C. § 717(c)) providing:

"The provisions of this Act shall not apply to any person engaged in or legally authorized to engage in the transportation in interstate commerce or the sale in interstate commerce for resale, of natural gas received by such person from another person within or at the boundary of a State if all the natural gas so received is ultimately consumed within such State, or to any facilities used by such person for such transportation or sale, provided that the rates and service of such person and facilities be subject to regulation by a State commission. * * *"

The Senate report on the Hinshaw Amendment is most precise as to its purpose (*Sen. Rep. No. 817 on H.R. 5976*, 83d Cong., 2d Sess. July 30, 1953, p. 1):

"The purpose of this legislation is to clarify the Natural Gas Act by further defining the limits of Federal Power Commission's jurisdiction with respect to operations of companies engaged in the local distribution within a State of out-of-State natural gas which has been received by such a company at or within the State borders.

"In making this clarification the legislation reaffirms and is thoroughly consistent with the original intent of the Congress in enacting the Natural Gas Act; namely, that the act was to supplement, and not supplant State regulation."

The Senate report then goes on to say:

"The difficulty giving rise to the need for this bill is that under certain interpretations of the Federal Power Commission, * * * the Commission has undertaken regulation of some activities of certain companies engaged in the distribution of natural gas whose operations take place wholly within a single State and which can be completely regulated by the respective States. This has resulted in unnecessary duplication of State and Federal jurisdiction, and has caused extra expense to individual companies because of overlapping requirements regarding the filing of reports and information. This bill eliminates this duplication by leaving the jurisdiction over these companies exclusively in the States, as always has been intended." [Emphasis Supplied]

In summary, it is clear that, as elsewhere, there has been a substantial division of regulatory authority between federal and state agencies in the three industries referred to above. Though constitutionally federal authority could have been extended to a much greater extent, Congress has seen fit to leave large areas for state regulations alone and to share other areas with the state agencies. Congress, to a large degree, has limited its regulatory reach with the problems of the federal unregulated areas, extending federal authority apparently in deference to state regulators deemed competent to cope adequately only where absolutely necessary and avoiding its use in areas where involvement with interstate commerce has been only tangential, casual or occasional. The principal extension of the Federal regulatory reach, in the past 30 years, has been essentially the work of the central government's bureaucracy, abetted by its courts.

III. LOCAL VERSUS CENTRALIZED REGULATION IN OTHER FEDERAL SYSTEMS.

The other great federal systems of government in the English-speaking world are those of Canada and Australia. The Canadian Constitution (primarily the *British North America Act* of 1867), reflecting the view that a federal union must guarantee the preservation of separate provincial status, vests wide general powers in a central parliament and jurisdiction with respect to local matters in provincial legislatures. Smith, *The Commerce Power in Canada and the United States* 15, 17 (1963). Judicial construction of the document has cast the system in the mold of "dual federalism", whereby the reserved powers of the local