

CALIFORNIA PUBLIC UTILITIES COMMISSION  
Eugene Raleigh, Information Officer  
State Building - Civic Center  
San Francisco, CA 94102  
(415) 557-3914

082075-PUC-230

FOR IMMEDIATE RELEASE

SACRAMENTO -- The following statement was issued today (Wednesday, August 20) by California Public Utilities Commissioner Leonard Ross at a hearing of the State Assembly Committee on Energy and Diminishing Materials:

We are in a period of transition from a gas-rich to a gas-poor economy. That transition will be painful. It could be disastrous. We learned from the Arab oil embargo what a three-month energy shortage could do to our economy. But the natural gas shortage will be permanent. I would like today to outline a nine-point program of legislative action to make this transition as bearable as possible:

1. Regulate California supplies to prevent a pell-mell rush for natural gas. Big corporations are now talking about building pipelines to tie up their own, private supplies of natural gas. We need legislation to require producers to sell all their gas to public utilities, so that households and vital industries will have first call on scarce supplies.
2. Conservation tax relief. Every dollar spent for insulation means that California customers do not have to spend two dollars to buy Alaskan or Indonesian gas. Legislation should exempt the value of home insulation from property tax assessments.

3. Solar subsidy. Homeowners should be encouraged, through a modest subsidy program, to install solar heating as a supplement to natural gas.

4. State Oil and Gas Corporation. A state oil and gas corporation, as proposed in AB 632, would enhance the state's leverage in dealing with gas producers for new supplies.

5. PUC authority to acquire gas negotiating rights, as proposed in SB 1296, would serve as an interim measure to eliminate the two-for-one tax consequences of the Prudhoe Bay transactions.

6. Price regulation on "old" gas. Last year the California gas producers serving PGandE obtained a 67 percent price hike. They are demanding over 200 percent more. These price hikes, on gas already in production, do nothing to increase supplies.

7. Urge FPC to end front-money deals. The California Legislature should, by resolution, urge the FPC to end its front-money program which set the terms for the Southern California Gas Company-ARCO deal.

8. Oppose natural gas deregulation. Until there is vigorous antitrust action, Congress should not deregulate natural gas. It is better to have the price of Alaska gas set by five federal power commissioners than by three oil companies.

9. Regulate oil and gas pipelines. Pipeline ownership is the key to California's oil and gas industry. AB 1840 (Goggin) should be passed to confirm the PUC's authority to regulate all California gas and oil pipelines.

The PUC is already taking action along these lines. The Commission has issued an order to show cause why gas producers should not be regulated as public utilities; is investigating pipelines to determine the extent to which they can be regulated under existing provisions of law; has directed the utilities to present plans for insulating hundreds of thousands of California homes in the next three years; and passed a resolution opposing gas deregulation. The Commission will be active in FPC proceedings to end the advance payment program. In each of these areas, action by the California legislature would strengthen the Commission's program.

# # # # #

From the Reader of the Conference on Alternative State & Local Public Policies held June 10-13, 1976 in Austin, Texas. The reader was edited and compiled by Derek Shearer, California Public Policy Center Los Angeles, California and Lee Webb, Professor of Public Policy, Goddard College Plainfield, Vermont.

This item was made available by the Cornell University Library.

From Collection #6756, Conference On Alternative State And Local Policies Records.

### **Copyright and Permissions**

Most of the items included in the Reader on Alternative Public Policies were published without copyright notice and hence entered the public domain upon initial publication. Some of the items found in the Reader are still subject to copyright. In some cases, even after extensive research efforts, we were unable to identify a possible rightsholder. We have elected to place the items in the online collection as an exercise of fair use for strictly non-commercial educational uses.

The Cornell University Library provides access to these materials for educational and research purposes and makes no warranty with regard to their use for other purposes. Responsibility for making an independent legal assessment of an item and securing any necessary permissions ultimately rests with persons desiring to use the item. The written permission of the copyright owners and/or holders of other rights (such as publicity and/or privacy rights) is required for distribution, reproduction, or other use of protected items beyond that allowed by fair use or other statutory exemptions. There may be content that is protected as "works for hire" (copyright may be held by the party that commissioned the original work) and/or under the copyright or neighboring-rights laws of other nations.

The Cornell University Library would like to learn more about these materials and to hear from individuals or institutions having any additional information about rightsholders. Please contact the Division of Rare and Manuscript Collections in the Library at: <http://rmc.library.cornell.edu>.