



NEWS from U.S. Senator Bob Dole

(R.—Kans.)

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NATURAL GAS CONFERENCE REPORT 'UNWORKABLE,' DOLE SAYS

WASHINGTON -- Sen. Bob Dole (R-Kan.) said today that he would not support the Natural Gas Deregulation Conference Report pending before the Senate, calling the pricing initiatives recommended in the report "unworkable."

Dole expressed concern that adopting the bill will "cause more inflation at a time when prices are soaring at double-digit levels." He also stated that the bill would sharply increase the price of gas to residential consumers, particularly hitting the poor and elderly.

Dole was critical of the extension of federal regulations into intrastate markets, which the bill calls for. "Extension of federal control to an unregulated and free market is simply bad policy, and, in fact, will not result in any new incentives for gas discovery."

Following is the text of Dole's statement:

Mr. President, the Congress has been considering energy legislation for nearly 18 months. The natural gas pricing initiatives proposed by the Administration in April of 1977 were misdirected, and unfortunately the Conference Report pending before the Senate is unworkable.

Mr. President, I have listened to the debate on the Natural Gas Pricing Conference Report. The Senator from Kansas is concerned that this Congress adopt legislation that is in the best interest of the United States. However, in good conscience, I cannot support this Conference Report.

CONSUMERS HURT

Mr. President, the Conference Report, if adopted into law, will cause economic hardship on the American consumer. It will cause more inflation at a time when prices are soaring at double-digit levels.

The Department of Energy calculates that over the next six years, consumers will pay producers \$29 billion more than if the present system of natural gas pricing remains in effect. Consumer groups estimate that the increased costs will be even higher -- from \$35 billion to \$50 billion. No one really knows how costly the bill will become.

The Natural Gas Conference Report particularly hurts residential users of gas. Unlike the Senate-passed gas bill, the pricing mechanism in the Conference Report will sharply increase the price of gas to residential consumers. Because most residences are unable to convert to alternative fuels, the American working man can expect higher and higher utility bills. Naturally, the poor and the elderly will be the hardest hit.

Mr. President, the Conference Report is an administrative nightmare. The complicated pricing system will be an administrative monstrosity. The Director of Enforcement for the Federal Energy Regulatory Commission calls the measure "complex, ambiguous and contradictory," and "impossible to administer conscientiously." The report defines more than 20 categories of gas. FERC will have to approve and monitor separate pricing systems for each type of gas. FERC now has a backlog of 15,000 filings awaiting action. Major oil companies have recently defended their violations of the 1973-74 oil pricing regulations with the excuse that the regulations were too complex to understand. How will the companies respond when faced with the tangled system that the report would establish?

In its last-ditch effort to coerce a majority of conferees to sign the Conference Report, the Administration claimed that the legislation was urgently needed to reverse the slide of the dollar. If the legislation has any effect at all, it will have nothing more than a fleeting psychological effect on the dollar.

We must decide to vote on the gas bill based on its merits, not based on pressure from abroad.

One of the major sources of weakness in the dollar is the weakening expectation about inflation. Indeed, the dollar remains weak even though there have been reports that the trade deficit has peaked and will decline in 1979.

Mr. President, the Natural Gas Price bill is all that is left of the Administration's National Energy Plan. The centerpiece of the plan -- the crude oil equalization tax -- is on the critical list and is not likely to be revived.

Mr. President, because Kansas is a producing state, I am naturally concerned that the bill spreads Federal controls into the intrastate market. Extension of Federal control to an unregulated and free market is simply bad policy, and, in fact, will not result in any new incentives for gas discovery.

Mr. President, the Conference Report is controversial. The Administration has lobbied hard. However, in the final analysis the costs of this bill outweigh its benefits.