

## BOOK REVIEWS

GAS DAILY'S GUIDE TO FERC'S REGULATION OF NATURAL GAS by James McGrew. (Pasha Publications Inc., 1997.)

Reviewed by  
*William A. Mogel\**

Authored by a member of our Association, this 146 page glossy, soft bound *Guide*, is a straight forward primer intended as "an overview of the regulation of the natural gas industry . . . for people whose business requires . . . some understanding of the FERC."

The slim *Guide* is written in crisp, declarative sentences and organized into twelve chapters and a glossary. The opening chapters provide an overview (without analysis), the "History" of natural gas regulation, a discussion of the two relevant statutes, and certificates of public convenience and necessity.

Chapter 5; "Ratemaking," which is the longest chapter, at 26 pages, discusses the major cost of service and rate base issues. However, the author, who has extensive experience as both an attorney at the FERC and in private practice, provides little of his experience in explaining the "real" ratemaking process, and how that process has changed as a result of Order Nos. 436 and 636. The same also can be said of the chapters on accounting and procedure.

Surprisingly, given the sea-change that has occurred as pipelines have metamorphosed from merchants to carriers, the *Guide* only devotes six pages to Order Nos. 436 and 636. By way of explanation, Mr. McGrew writes, "Detailed analysis of Order 436 is beyond the scope of this book." Why? Much more needs to be said, particularly especially when the author observes that "it is doubtful" that restructuring will be fully realized, even after the adoption of the Order No. 436's sibling, Order No. 636.

In contrast, Chapter 10's discussion of jurisdictional issues, particularly the use of Section 311, is especially useful. With regard to the latter, Mr. McGrew concludes: "[The] FERC permits and encourages many activities connecting interstate pipelines to the interstate market, but [the] FERC has served notice that it will not permit transactions or combinations of transactions that are essentially interstate in nature to circumvent FERC jurisdiction."

The *Guide* concludes with an abbreviated glossary, which should have been expanded to include an index.

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In sum, Mr. McGrew has brought together significant research and has put it in a readable form for someone new to the natural gas industry.