



AMERICAN PUBLIC GAS ASSOCIATION

October 27, 2008

The Honorable Henry M. Paulson Jr.
Secretary
U.S. Department of the Treasury
Washington, D.C. 20220

Dear Secretary Paulson:

As Congress and the Administration continue to address the nation's volatile financial markets, the American Public Gas Association (APGA) believes it is critical that any additional policy stimulus package take the necessary steps to free up credit markets utilized by municipal utilities and governments. Credit constraints have increased costs and reduced access to capital for municipal financing that local government and city-owned utilities depend upon to provide essential and affordable services to their citizens.

APGA is the national association of publicly-owned natural gas distribution systems. There are almost 1,000 public gas systems in 36 states, serving more than five million customers. Publicly-owned gas systems are not-for-profit retail distribution entities that are owned by, and accountable to, the citizens they serve. They include municipally- and cooperatively-owned gas distribution systems, public utility districts, county districts, and other public agencies that have natural gas distribution facilities.

Municipal credit markets serve critical functions for public utilities. Public gas systems, for example, depend upon the ability to offer municipal bonds in order to fund distribution facilities and gas supply projects such as the "pre-payment" of long-term, affordable natural gas supply contracts for their customers. Healthy credit markets are essential for public utilities to secure funding for needed infrastructure and gas supply.

As you know, the ability to sell municipal debt goes beyond public gas systems. The majority of state and local governments across the country depend on municipal credit markets to maintain services such as law enforcement, fire protection, clean drinking water, road repairs and other critical services. When you reconvene for a November session and consider further action to address the nation's financial downturn, it is critical that any additional policy stimulus seek to unfreeze municipal credit markets for utilities and governments.

Sincerely,

Bert Kalisch
President & CEO