

AMERICAN PUBLIC GAS ASSOCIATION

March 28, 2011

The Honorable Harry Reid
Majority Leader
U.S. Senate
522 Hart Senate Office Building
Washington, DC 20510

Dear Majority Leader Reid,

On behalf of the American Public Gas Association (APGA), I am writing in support of legislation that directs the U.S. Environmental Protection Agency (EPA) not to regulate Greenhouse Gas Emissions (GHGs) from stationary sources using the Clean Air Act (CAA) authority.

APGA is the national trade association representing over 700 municipally- and publicly-owned local natural gas distribution systems that work to meet the daily energy needs of over 5 million customers in 36 states. Publicly-owned gas systems are not-for-profit retail distribution entities owned by, and accountable to, the citizens they serve. They include municipal gas distribution systems, public utility districts, county districts, and other public agencies that own and operate natural gas distribution facilities.

The CAA, passed by Congress in 1970 (with major amendments in 1977 and 1990), provides the authority and parameters to regulate harmful pollutants that cause adverse health effects. In our view, Congress never intended the CAA be used to control greenhouse gases which do not manifest their impacts in the same manner as the pollutants expressly identified in the legislation. Efforts to address GHGs through EPA action will have wide-ranging and significant impacts upon U.S. energy consumers, the energy industry, and the economy as a whole. For this reason, it is APGA's position that efforts to reduce GHGs from stationary sources must be resolved by Congress alone.

Recently, several amendments were filed to the Small Business Innovation Research Program / Small Business Technology Transfer Program Reauthorization Act of 2011 currently under consideration by the Senate. These amendments would prevent EPA from regulating greenhouse gases under the CAA. APGA fully supports legislative action to ensure that Congress alone is the authority that decides how to regulate stationary source greenhouse gas emissions.

Only the legislative process can provide for thorough consideration of the measures that should be undertaken to reduce greenhouse gas emissions including taking full advantage of the benefits that direct-use of natural gas could provide in terms of overall emissions reduction as well as increasing energy efficiency.

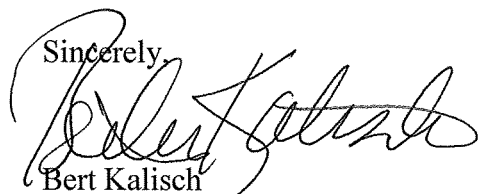
The inherent environmental advantages of natural gas compared to other fossil fuels, an abundant domestic supply, and superior wells-to-wheels efficiency of natural gas equipment, means that substituting gas for the other fuels will reduce greenhouse gas emissions.

National policy should facilitate the direct-use of natural gas instead of other more carbon-intensive fuels where appropriate. For example, using gas-fired water heaters for homes instead of electric resistance water heaters immediately reduces greenhouse gas emissions by one-half to two thirds. Simply put, increasing the direct-use of natural gas is the quickest and most cost-effective means of achieving significant reductions in GHGs.

Last January, the APGA Research Foundation, the American Gas Foundation and others released a study conducted by the Gas Technology Institute entitled "Natural Gas in a Smart Energy Future". The study analyzed the role of natural gas in reducing GHGs and building a more diverse, efficient and reliable energy delivery system in the U.S. and around the world. This comprehensive report concluded that natural gas is the key to a smart energy future through its efficient, safe and reliable delivery and its use as an abundant, domestic, affordable, low-carbon energy source for all segments of the economy. The promise of natural gas has never been greater and as this report highlights, natural gas can play a critical role in reducing greenhouse gases and improving energy efficiency. A copy of the study is available on the APGA website at: <http://www.apga.org/i4a/pages/index.cfm?pageID=3647>.

I thank you in advance for your consideration of our views and look forward to working with you on this and other issues that impact natural gas consumers.

Sincerely,

A handwritten signature in black ink, appearing to read "Bert Kalisch", written over a horizontal line.

Bert Kalisch
President and CEO