



## Weekly Update August 27, 2009

### **Don't miss the chance to meet with your member of Congress in August**

Now is an opportune time for APGA members to schedule meetings with members of Congress who are completing the final two weeks of a district work period. The district work period is scheduled to continue through Labor Day. Legislators will return to Capitol Hill and go back into legislative session beginning September 8. A very busy agenda awaits lawmakers this fall including healthcare reform, government spending appropriations bills, energy, financial regulatory reform and others. You can call a lawmaker's district office or the Washington D.C. office and ask for the state scheduler. You can find contact information for your member(s) of Congress by visiting the following web sites:

#### **House of Representative Members:**

[http://www.house.gov/house/MemberWWW\\_by\\_State.shtml](http://www.house.gov/house/MemberWWW_by_State.shtml)

**Senators:** [http://www.senate.gov/general/contact\\_information/senators\\_cfm.cfm](http://www.senate.gov/general/contact_information/senators_cfm.cfm)

*APGA's legislative priorities for this session of Congress include:*

**Reform Natural Gas Act (NGA) Section 5:** APGA is leading a coalition of gas end users and producers to reform NGA Section 5 so that the Federal Energy Regulatory Commission (FERC) has the authority to grant refunds to consumers that are paying unjust and unreasonable pipeline transportation rates. FERC has the authority to grant refunds to electric consumers that have been overcharged and APGA is seeking the same treatment for natural gas consumers. Senator Maria Cantwell from Washington State, who serves on the Senate Energy & Natural Resources Committee, introduced language in the Senate to reform Section 5 and is working to include the language as part of the more comprehensive energy bill that will most likely be brought to the Senate floor for debate in the fall. A March 2008 study of public data showed that pipelines over-collected approximately \$700 million per year from consumers from 2003-2007.

**Support greater market transparency, but oppose mandatory clearing of OTC contracts:** Since 2005, APGA has argued for greater transparency and reporting in the natural gas markets. This year, APGA is opposing an effort by some in Congress that are taking a wrong-headed approach to addressing market manipulation and excess speculation by requiring that all customized over-the-counter (OTC) contracts be cleared. Clearing on an exchange or similar entity would require public gas systems to be able to post margin and to meet potential margin calls. In the case of a standard exchange (NYMEX) traded natural gas contract, the initial margin collateral posted at inception is approximately \$5,000 per contract (10,000 MMBtu). Public gas systems use customized over-the-counter markets to prepay for long-term and affordable gas supply.

Requiring those contracts to be cleared greatly reduce financing tools that municipalities use to keep prices low for consumers.

**Climate Change:** APGA is concerned about the cost impacts that a federal cap-and-trade program could have on public gas systems including increased natural gas prices as a result of fuel switching, compliance costs and others. On June 26, The House of Representatives passed the first-ever bill to regulate greenhouse gas emissions by setting up a cap-and-trade system. Natural gas utilities that emit more than 25,000 tons of Co2 (approx. 475,000 MCF) would be required to buy, hold and trade allowances for customers in order to comply with yearly emissions reduction targets during the course of the 38-year program. This would impact about 160 public gas systems nationwide. The bill has moved to the Senate for consideration later this fall or early next year. It is not clear if cap-and-trade legislation will have enough votes to pass the Senate. For a more detailed description of the climate change discussion that took place at the APGA annual conference visit [www.apga.org](http://www.apga.org).

**Support full funding for LIHEAP:** APGA supports Congress allocating the full \$5.1 billion authorized for the Low Income Home Energy Assistance Program (LIHEAP). Congress is on track to approve full \$5.1 billion in authorized funding for LIHEAP. The House of Representatives has already passed legislation that funds LIHEAP at \$5.1 billion. The Senate Appropriations committee has allocated \$5.1 billion and the full Senate will most likely approve full funding in September as part of the Labor, Health and Human Services and Education Appropriations bill. APGA has consistently pushed Congress to allocate full funding for LIHEAP so that needy families do not need to choose between paying energy bills versus other expenses such as childcare, medications and others.

If you have further questions contact Nate Hill at 202-464-2742 or [nhill@apga.org](mailto:nhill@apga.org).

### **EPA sends greenhouse gas reporting rule for final review, rule expected in October**

The U.S. Environmental Protection Agency (EPA) moved closer last week to establishing a national reporting system for heat-trapping greenhouse gas (ghg) emissions by sending its final greenhouse gas **registry** rule to the White House Office of Management and Budget for review.

The registry, which would set up an economy-wide system to monitor greenhouse gas emissions, is widely viewed as a major step toward future policy decisions regarding carbon dioxide regulations. EPA expects to finalize the rule in October, according to the agency's semi-annual regulatory agenda. Industry data collection under the draft rule would begin in January 2010, with the first reports due to **EPA** in March 2011.

The draft rule unveiled in March would cover roughly 13,000 facilities from all sectors of the economy that account for 85 to 90 percent of U.S. emissions. The proposal would require biannual emissions reporting from facilities with direct emissions equivalent to 25,000 metric tons of Co2 equivalent emissions per year or more. APGA estimates 25,000 Co2 equivalent

metric tons is equal to an approximate throughput of 475,000 MCF. Roughly 160 public gas systems will be required to comply with the reporting. Large industrial facilities that use more than 475,000 MCF would be required to report their own emissions which mean a utility should not calculate emissions from those large industrial customers into their total.

On June 9 APGA filed comments regarding the EPA's proposed Greenhouse Gas Emission Reporting Rule. APGA's comments strongly opposed EPA's requirement that all meters used to measure natural gas deliveries be recalibrated in calendar year 2010. Our comments pointed out that this would affect over 68 million customer meters, as well as the many custody transfer meters from which public gas systems receive gas from their pipeline suppliers.

To view EPA's draft reporting rule click here:

[http://www.eenews.net/features/documents/2009/03/10/document\\_gw\\_03.pdf](http://www.eenews.net/features/documents/2009/03/10/document_gw_03.pdf)

To view APGA's comments click here:

<http://www.apga.org/files/public/federal%20filings/APGA%20CommentsEPA.pdf>

If you have questions please contact Nate Hill at 202-464-2742 or [nhill@apga.org](mailto:nhill@apga.org).

### **Prepare for Public Natural Gas Week October 4-10 for FREE!**

The Natural Gas Marketing Center, co-sponsored by APGA and SGA, is the best, most economical vehicle for gas utilities to improve their bottom line.

Do you hesitate before spending money on advertising your product or appliance sales or rebate program? What about bill stuffers, letters to the editor, press releases? How about providing your local Lowes or Home Depot promotional material to help those retailers sell more natural gas appliances? Do you want a fast, effective way to communicate new customer service programs or news about gas prices or new rate proposals? What about a better way to communicate the importance of using the one-call system before digging or making the public more aware of natural gas safety precautions?

Well you can now because the Natural Gas Marketing Center is currently offering APGA members the opportunity to use their site for free during the six weeks leading up to National Public Gas Week in October. That means that right now you can log on and download all the materials you want for FREE! This is a tremendous opportunity to gain access to quality creative material at no cost to your system.

Before that, peruse the NGMC at <http://www.naturalgasmarketingcenter.com/>

Via the NGMC website, you may take an instant demo. Or, for a complete personalized online demo, call Neal Reynolds at the Ad Shop at 404- 943-1632. For questions on becoming a member of the Natural Gas Marketing Center please call or email Bob Beauregard at 202-464-0831 or [bbeauregard@apga.org](mailto:bbeauregard@apga.org).

## **Excavation Damage Decreases in 2008**

The Common Ground Alliance (CGA), the nation's leading organization focused on protecting underground utility lines and the safety of people who dig near them, announced findings from its comprehensive Damage Information Reporting Tool (DIRT) Report. The estimated total number of underground utility damages occurring in the U.S. in 2008 has decreased to 200,000 from the 2004 and 2007 estimates of 450,000 and 256,000 respectively. APGA is a member of CGA and urges all members to consider participating in the DIRT program.

The total number of events submitted for 2008 was 135,521, which represents facility damages, near misses and/or downtime incurred. The number of event submissions increased for the fifth consecutive year, which is indicative of broader support for voluntary data submission into DIRT. Natural gas operators were the largest supplier of data to DIRT, accounting for 41 percent of submissions.

In 37 percent of excavation damages reported to DIRT, no notification was made to either the ONE-CALL Center or utility. In another 37 percent the excavator did not use appropriate excavation practices to protect the buried facility. Insufficient locating practices accounted for 22 percent. Reported damages with "Notification Not Made" as the root cause are down to 37 percent from 48 percent in 2004, the year when DIRT submissions began. "Notification Not Made" was identified as the root cause in some 200,000 damages in 2004. That number was approximately 75,000 in 2008. More than ever, homeowners are calling their one call centers prior to beginning projects on their properties. The implementation of "811" in May 2007 has had a positive impact on the calling process.

The complete DIRT Annual Report for 2008 is available for download at [www.commongroundalliance.com](http://www.commongroundalliance.com), and stakeholders interested in submitting data to the 2009 report or establishing a Virtual Private Dirt account should visit the DIRT site at [www.cga-dirt.com](http://www.cga-dirt.com). For further information please contact John Erickson, APGA Vice President, Operations 202-464-0834 or [jerickson@apga.org](mailto:jerickson@apga.org).

## **Come See R&D at Work**

The APGA Research Foundation and the Gas Technology Institute (GTI) are sponsoring an R&D Forum on September 16-17, 2009 in Chicago. Your hotel will be covered if you're one of the first 40 to register. Two lunches and one dinner will be covered for all attendees.

So all we ask is that you just get to Chicago! But because hotel rooms are limited, you are encouraged to complete and return the Forum registration form by Wednesday, September 2.

**[Download the registration form here!](#)**

The Forum is being offered to demonstrate the value of R&D to you and to public gas systems on a broad level. This is an opportunity to learn about new sources of domestic supply, technologies that enable you to reduce operating costs while improving customer satisfaction, and new environmentally-friendly end-use appliances.

The R&D Forum program begins at noon CT on Wednesday, September 16 at GTI. The Forum begins with lunch and a half-day of informative presentations, tours, and live demos focused on gas utility operations R&D. You will also have the privilege of getting a sneak peak at some emerging technology. The evening's activities will feature a relaxing reception and dinner.

On the morning of September 17, we'll continue the R&D Forum with another half-day of R&D presentations, tours, and live demos at GTI focused on natural gas supply and end-use technologies. Breakfast and lunch will be provided. For those flying home on the seventeenth, a shuttle has been arranged from GTI to O'Hare after lunch.

The Research Foundation Board looks forward to seeing you in Chicago on September 16.

**For more information, please call Bob Beauregard at APGA at 202-464-2742 or Mary Kos of GTI 847-768- 0950 with questions.**

## **Weekly Storage Report**

Here is the weekly EIA Summary Report issued Thursday, August 27, 2009. A 54 Bcf **increase** has been reported.

EIA Storage Report Highlights for **Friday, August 21, 2009:**

### **Summary**

Working gas in storage was 3,258 Bcf as of Friday, August 21, 2009, according to EIA estimates. This represents a net increase of 54 Bcf from the previous week. Stocks were 516 Bcf higher than last year at this time and 500 Bcf above the 5-year average of 2,758 Bcf. In the East Region, stocks were 153 Bcf above the 5-year average following net injections of 43 Bcf. Stocks in the Producing Region were 271 Bcf above the 5-year average of 808 Bcf after a net injection of 5 Bcf. Stocks in the West Region were 76 Bcf above the 5-year average after a net addition of 6 Bcf. At 3,258 Bcf, total working gas is above the 5-year historical range.