



Weekly Update February 4, 2010

APGA Holds Annual Gas Supply Conference

On February 2 and 3, APGA held its Annual Gas Supply Conference in Mesa, AZ. The conference began with a welcome from Laura Campbell, Assistant Manager of Energy Resources for Memphis Light, Gas & Water and Vice-Chair of the APGA Gas Supply Committee. Participants then heard a gas supply forecast from Susannah Hardesty, Manager of Strategic Analysis for Proliance Energy. The next speaker was Jeff Clarke, General Counsel and Director of Regulatory Affairs for NGV America, who provided an update on natural gas vehicles including information on how a public gas system could start a natural gas vehicle program. Dr. Ken Morgan, Director of the TCU Energy Institute, then provided an update on shale production. The session ended with an update on natural gas infrastructure by Berne Mosley, Deputy Director of FERC's Office of Energy Projects. The day concluded with a networking reception.

Wednesday began with a presentation from Dan Berkovitz, General Counsel for the Commodity Futures Trading Commission, who discussed regulation of the natural gas over-the-counter derivatives market. Attendees then heard a panel discussion on the outlook of prepaids. The panel, moderated by Greg Henderson, President & CEO of the Southeast Alabama Gas District, included Lance Etcheverry, Managing Director of JPMorgan's municipal natural gas franchise, Tyler Noble, a Director in the Structured Energy and Project Finance Group of Wells Fargo Securities, and Jim Choukas-Bradley, a Principal in the firm of Miller, Balis & O'Neil, P.C., in Washington, DC. David Tucker, Vice President of National Accounts for Atmos Energy Marketing, then provided an update on renewable natural gas. The conference concluded with an update by Charlie Young, Deputy City Manager for the City of Hamilton, OH and Chair of APGA's Legislative Subcommittee, and Kathy Garcia, Manager of Federal and State Relations at CPS Energy and Subcommittee Vice-Chair, on congressional legislation that impacts natural gas supply and demand.

The APGA Gas Supply Conference is held annually in conjunction with the APGA Winter Board Meeting. The conference provides public gas systems with a forum to learn more about natural gas supply while addressing current market changes and challenges. The conference focuses on available purchase alternatives for public gas systems and provides an overview of what the gas supply markets have in store for next year. The 2011 Gas Supply Conference is scheduled for February 1-2 at the Sanibel Harbour Resort in Fort Myers, FL. If you have any questions on this

article or the Gas Supply Conference, please contact Dave Schryver of APGA's staff by email at dschryver@apga.org or by phone at 202-464-2742.

Government Relations Committee Meets in Mesa, AZ

On February 2, the APGA Government Relations Committee met in Mesa, AZ. The Committee, which is chaired by Mark Bussman, CEO of the Cullman-Jefferson, AL Counties Gas District, began the meeting with an overview by Bud Miller, APGA's General Counsel, of many of APGA's activities related to the Federal Energy Regulatory Commission (FERC). Those activities included APGA's clarification/rehearing request in response to FERC's recent Order related to Standards of Conduct and the Section Natural Gas Act proceedings initiated by the Commission. There was also an update on APGA's petition regarding the Greenhouse Gas Reporting and Monitoring rule and a proposed rule by the Commodity Futures Trading Commission on speculative position limits for energy commodities such as natural gas.

A legislative update was provided by Charlie Young, Deputy City Manager for the City of Hamilton, OH and Chair of APGA's Legislative Subcommittee, and Kathy Garcia, Manager of Federal and State Relations at CPS Energy and Vice-Chair of the Subcommittee. They discussed, among other things, APGA's efforts to pass legislation that would amend Section 5 of the Natural Gas Act to give FERC the authority to order refunds to consumers that have been over-charged by a pipeline. The Committee also unanimously voted in favor of awarding Senator Cantwell (D-WA) the APGA Legislative Award for her efforts towards passage of Section 5 legislation. An update was also provided on financial reform legislation and the impact that would have on the over-the-counter markets and the hedging/prepays of public gas systems. Other topics that were discussed included: climate change legislation; gas supply; reauthorization of the Pipeline Safety Act and funding of the Low-Income Home Energy Assistance Program (LIHEAP).

Any APGA member is welcome to join the Government Relations Committee. In addition to meeting several times in the course of the year, the committee also holds conference calls and its members receive email updates on legislative and regulatory issues that APGA is working on. If you are interested in joining the committee, please contact Dave Schryver at APGA by phone at 202-464-APGA or by email at dschryver@apa.org.

PHMSA Published New Incident Reporting Forms

In the February 3 Federal Register the Pipeline and Hazardous Materials Safety Administration (PHMSA) published an advisory bulleting reminding operators of gas distribution, gas transmission and hazardous liquid pipelines that new forms must be used when reporting a reportable incident. A reportable incident is any event where gas is released and results in

death, injury requiring hospitalization, property loss over \$50,000 or is significant in the opinion of the operator. Copies of the new forms and instructions can be downloaded at www.apga.org. Or for the direct link please click on the following:

Federal Registrar notice

<http://www.apga.org/files/public/Advisory%20re%20Incident%20report%20forms%202-3-10.pdf>

T&G Inc Instructions.pdf

<http://www.apga.org/files/public/>

Trans & Gath Inc Report Form.pdf

<http://www.apga.org/files/public/>

For further information please contact John Erickson, APGA Vice President, Operations 202-464-2742, ext 1002 or jerickson@apga.org.

2011 Natural Gas Calendar – Commitment Deadline Extended

We had asked all public utilities to communicate their 2011 Natural Gas Calendar order commitments by February 15. However, some systems will need to get approval for a calendar purchase at Board meetings scheduled after Feb 15. **For that reason, we are extending the commitment deadline to March 1.**

To date, we have received order commitments for 23,150 2011 calendars however, we need an order commitment of 75,000 calendars to proceed with production.

For planning purposes, assume the following calendar prices based on quantity:

- 250-999 - \$1.99/calendar
- 1,000-4,999 - \$1.93/calendar
- 5,000-9,999 - \$1.88/calendar
- 10,000 and over - Negotiated price

If you want envelopes please add \$0.05/calendar.

Prices are an approximation because we can't predict whether printing and shipping costs will rise or by how much.

If your system is one of the many public gas systems that does not have a formalized marketing plan, the APGA calendar can be the one marketing initiative that costs little and pays big dividends in customer good-will. It can also potentially increase their usage of natural gas appliances in their homes.

Reply with your 2011 calendar order commitment by March 1, 2010, to Bob Beauregard at bbeauregard@apga.org or 202-464-2742

Pensacola Beach is Calling!

The 2010 Marketing & Sales Trends & Training Conference (MSTTC) is scheduled for March 29-31, 2010, in Pensacola Beach, Florida. The conference is a collaborative effort of APGA, the Alabama Natural Gas Association and the Florida Natural Gas Association. Together, they have determined the conference agenda, speakers and location. Please register ASAP and make your hotel reservations by March 8 to ensure getting the \$125/day rate. The venue is the Hilton Pensacola Beach Gulf Front Hotel.

All gas utilities, especially those from Alabama and Florida, are encouraged to support this conference with their attendance. The program has direct value for utility managers and operational and accounting personnel as well as marketing, sales and customer service employees.

Program highlights:

Training Your Sales Staff – Willis Turner, Sales & Marketing Executives International (CPE credit)

Selling in a Down Economy – Jeff Baker, Forum Sales Training (CPE credit)

Integrating Customer Service & Marketing – Gary Long, Okaloosa Gas District

Technology Advancements Crucial to Customer Retention & Growth – Ron Snedic, GTI

Cracking the Multi-Family Housing Market – Paul Brimlow, Rinnai & Aleida Socarras, TECO Partners

Accounting 101 Phase I & II – Rod Ballard and Burton Benkwith, Jackson-Thornton (CPE credit)

Successful Marketing & Customer Service Campaigns – Charlottesville, VA Public Utilities, ESP and SEAGD

Using Social Media to Improve Sales & Customer Satisfaction – Ken Cuccinelli, Quest Fore Shale Gas –*The “Game Changer”* – Dr. Ken Morgan, TCU Energy Institute

Climate Change & Energy Legislation: Impact on Gas Supply & Revenue – City of Hamilton and CPS Energy

To register for and see greater detail on the MSTTC, please go to www.apga.org/msttc

For further information, please contact any of the following three persons;

- Brad Pitt, Riviera Utilities – (251) 943-5001; bpitt@riviera-utilities.com
- Jill Grove, ESP - (850) 474-5318; jgrove@ci.pensacola.fl.us
- Bob Beauregard, APGA – (202) 464-2742; bbeauregard@apga.org

Weekly Storage Report

Here is the weekly EIA Summary Report issued on Thursday, February 4, 2010, that reports last week's storage report highlights for Friday, January 29, 2010. A 115 Bcf **decline** has been reported.

Summary

Working gas in storage was 2,406 Bcf as of Friday, January 29, 2010, according to EIA estimates. This represents a net decline of 115 Bcf from the previous week. Stocks were 199 Bcf higher than last year at this time and 150 Bcf above the 5-year average of 2,256 Bcf. In the East Region, stocks were 15 Bcf above the 5-year average following net withdrawals of 83 Bcf. Stocks in the Producing Region were 76 Bcf above the 5-year average of 720 Bcf after a net withdrawal of 11 Bcf. Stocks in the West Region were 58 Bcf above the 5-year average after a net drawdown of 21 Bcf. At 2,406 Bcf, total working gas is within the 5-year historical range.