



## APGA Weekly Update January 21, 2010

### **PHMSA Requires Utilities To Submit Contractor Drug And Alcohol Test Data**

In the January 19 Federal Register, the Pipeline And Hazardous Materials Safety Administration (PHMSA) published an advisory bulletin advising operators that the Drug & Alcohol Management Information System (DAMIS) and the Management Information System (MIS) reports are being modified to collect annual drug and alcohol testing data for contractor employees. MIS reports are required for operators who had 50 or more operator and contractor employees performing § 199.3 “covered functions” in 2009. “Performs a covered function” includes performing the covered function and being immediately available to perform the covered function. The MIS reports are due March 15, 2010.

PHMSA advised APGA that utilities should include the MIS reports for ALL individuals in the contractor’s drug and alcohol testing program, not just those that performed a covered function for the utility during 2009. This will ensure that PHMSA receives data for all affected individuals. Where a contractor works for more than one utility PHMSA will eliminate duplicates when evaluating the data. The data is used, among other purposes, to determine the required random testing rate for coming years.

Copies of the advisory can be downloaded at [www.apga.org](http://www.apga.org). For further information please contact John Erickson, APGA Vice President, Operations 202-464-2742, ext 1002 or [jerickson@apga.org](mailto:jerickson@apga.org).

### **APGA Participates in Congressional Briefing on OTC Clearing Issue**

On January 20, APGA participated in a briefing for congressional staff on legislation that would reform the regulation of over-the-counter (OTC) derivatives. Regulation of the OTC derivatives market is being considered in the Senate as part of financial reform legislation. The briefing was provided by four panelists: Joe Holmes, Leader Energy Trader for Colorado Springs Utilities on behalf of APGA; Martin Proctor, Sr. Vice President for Constellation Energy; Jeff Walker, Vice President of ACES Power Marketing; and Rob Gramlich, Sr. Vice President for Public Policy at the American Wind Energy Association. The briefing was well attended by congressional staff.

During his presentation, Joe Holmes discussed the important role that the natural gas OTC market plays in helping public gas systems protect their customers from market volatility. He further discussed the impact that proposals requiring the mandatory clearing of OTC transactions would have on public gas systems. Mandated clearing of all OTC transactions would require public gas systems to post margin and 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). APGA has expressed concerns, in testimony before the Congress, meetings with staff, and in meetings with Commodity Futures Trading Commission Chairman, Gary Gensler, in regard to the impact mandated clearing would have upon the financial ability of public gas systems to engage in gas supply strategies.

The House of Representatives passed its version of OTC reform on December 11, 2009 as part of the H.R. 4173, The Wall Street Reform and Consumer Protection Act of 2009. That legislation contained an exemption, supported by APGA, for end-users such as public gas systems from mandatory clearing

requirements. It is anticipated that the Senate will be working on its version of financial reform legislation in the near future. If you have any questions on this article, please contact Dave Schryver of APGA's staff by phone at 202-464-2742 or by email at [dschryver@apga.org](mailto:dschryver@apga.org).

### **2011 APGA Calendar – A Maybe...**

Sales of the 2010 APGA calendar was far less than expected and the revenue was only one-tenth of what we originally budgeted. As a result, APGA will proceed with production of the 2011 calendar only if a minimum order commitment of 75,000 calendars is achieved. We ask you to respond with your order commitment no later than February 15, 2010.

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

#### **Suggested Retail Costs:**

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.*

If your system is one of the many public gas system 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 Feb 15, 2010, to Bob Beauregard at [bbeauregard@apga.org](mailto:bbeauregard@apga.org) or 202-464-2742.

### **Administration Releases Additional LIHEAP Funds**

On January 20, the Administration announced the release of \$490 million in Low-Income Home Energy Assistance Program (LIHEAP) contingency funds. In a press release, Health and Human Services Secretary Kathleen Sebelius stated "During these tight economic times, states and communities across the country have seen increased demand on key services, such as energy assistance for low-income families. And the record cold snap in places that traditionally don't see weather as cold as it has been this year has put even more pressure on families in these states." She further stated "The energy subsidies we are releasing today will help more families afford heat and avert difficult choices too many Americans face between paying for heat and paying for other essentials like food and medicine." In FY2010, LIHEAP received \$5.1 billion in funding, \$4.5 billion of which was in base grant funding and \$590 million was provided in contingency funds. Contingency funds are only released upon a request from the Administration.

APGA has been a strong-supporter of full funding for LIHEAP. Funds provided by LIHEAP play a vital role in helping low-income families meet their energy needs. Currently, LIHEAP reaches only approximately 15 percent of the 30 million households that are eligible for assistance. Without LIHEAP funding assistance many low-income families face the difficult choice between paying their energy bills or paying for other necessities, such as prescription drugs, food and childcare.

A chart that identifies the allocation of additional funding that each state will receive with the release of the contingency funds is available on the APGA website at [www.apga.org](http://www.apga.org). If you have any questions on

this article, please contact Dave Schryver of APGA's staff by phone at 202-464-2742 or by email at [dschryver@apga.org](mailto:dschryver@apga.org).

### **APGA Sends Out Nominations for the Public Gas Policy Council**

On January 7, APGA faxed a form to its members to nominate officials to the APGA Public Gas Policy Council (PGPC). This year APGA members can also fill out and submit their PGPC nominations completely online at [www.apga.org/pgpc](http://www.apga.org/pgpc). The PGPC is made up of locally-elected and appointed officials from public gas communities. The PGPC meets annually in Washington, D.C. The 2010 meeting will be held on May 4<sup>5</sup>. During the Washington meeting, participants receive updates from APGA and congressional staff on legislative issues affecting public gas systems and meet with key members of Congress and their staff to discuss issues of concern to public gas systems. Public gas systems and their locally-elected officials visited over 80 congressional offices during the 2009 meeting and received a presentation on regulatory issues from the outgoing Federal Energy Regulatory Commission (FERC) chairman Joe Kelleher.

The primary purpose of the PGPC is to assist APGA in moving important legislation forward, to oppose harmful legislation, and to provide advice on other legislative related issues of importance to APGA. Locally elected and appointed public officials have a strong, persuasive, and authoritative voice with their elected representatives in both the House and Senate here in Washington. Having a core group of elected officials to carry the public gas message to Congress significantly strengthens APGA's advocacy efforts.

The deadline for submitting nominations is February 12. You can send your nominations to Nate Hill at APGA by fax at 202-464-0246 or by e-mail at [nhill@apga.org](mailto:nhill@apga.org). Once nominations are received, appointments to the PGPC will be made by the Chair of the APGA Board of Directors. If you have an elected or appointed official from your community that would be a good advocate for public gas, APGA strongly encourages you to submit a nomination for that individual.

If you have any questions regarding the PGPC, please contact Nate Hill at APGA by phone at 202-464-2742 or email at [nhill@apga.org](mailto:nhill@apga.org).

### **Weekly Storage Report**

Here is the weekly EIA Summary Report issued on Thursday, January 21, 2010, that reports last week's storage report highlights for Friday, January 15, 2010. A 245 Bcf **decline** has been reported.

#### **Summary**

Working gas in storage was 2,607 Bcf as of Friday, January 15, 2010, according to EIA estimates. This represents a net decline of 245 Bcf from the previous week. Stocks were 22 Bcf higher than last year at this time and 6 Bcf below the 5-year average of 2,613 Bcf. In the East Region, stocks were 56 Bcf below the 5-year average following net withdrawals of 131 Bcf. Stocks in the Producing Region were 5 Bcf below the 5-year average of 815 Bcf after a net withdrawal of 96 Bcf. Stocks in the West Region were 55 Bcf above the 5-year average after a net drawdown of 18 Bcf. At 2,607 Bcf, total working gas is within the 5-year historical range.