



Weekly Update - May 6 2010

APGA Members Hit the Hill

APGA members descended upon Washington, D.C. on May 4-5 to take part in the 2010 Government Relations Conference and to meet with lawmakers on Capitol Hill. After a welcome by Mark Bussman, CEO of the Cullman-Jefferson Counties Gas District and Chairman of the APGA Government Relations Committee, participants heard an update on energy legislation from Franz Wuerfmannsdobler, senior policy advisor for Senator Byron Dorgan. Participants then heard an update on the legislative issues APGA is currently working on prior to heading to the Hill. The day ended with a reception at APGA's office.

On Wednesday morning, APGA members attended a breakfast on Capitol Hill. After the breakfast Eric Juzenas, senior counsel to Chairman Gary Gensler at the Commodity Futures Trading Commission, provided an update on the over-the-counter markets and financial reform legislation. He also cited the important role APGA has played as a consumer group that has pushed for increased market transparency and other consumer protection provisions.

APGA holds an annual Government Relations Conference in Washington, D.C. as part of the Spring Board Meeting which usually occurs in May. The meeting is held in conjunction with the APGA Public Gas Policy Council. The Public Gas Policy Council is made up of elected and appointed officials from public gas communities. We strongly encourage APGA members to attend this important event. In addition to receiving updates on natural gas issues from key congressional staff, another critical component of this event is that APGA members meet with their congressional delegations.

At this year's meeting, APGA members met with over 50 congressional offices to communicate their views on important legislative issues. Also, if you have an elected or appointed official from your community that would serve as a good champion for public gas, we encourage you to nominate that individual to the Public Gas Policy Council. If you have any questions on this year's conference, please contact Dave Schryver or Nate Hill of APGA's staff by email at dschryver@apga.org and nhill@apga.org or by phone at 202-464-2742.

Senator Cantwell Receives APGA Award

On May 4, APGA presented Senator Maria Cantwell (D-WA) the organization's legislative award recognizing her efforts to amend Section 5 of the Natural Gas Act and ensure just and reasonable rates for consumers. APGA Board Chairman Tommy Miller, Vice Chair Mark Bussman, and CEO Bert Kalisch presented Cantwell with the award. The APGA board approved giving Senator Cantwell the award during the 2010 winter board meeting in Mesa, AZ.

Senator Cantwell has championed reform of Natural Gas Act Section 5. During this session of Congress she introduced the *Natural Gas and Electricity Review and Enforcement Act (S. 672)* that includes, among other things, granting the Federal Energy Regulatory Commission (FERC) the authority to order

refunds to consumers that have been charged transportation rates in excess of the just and reasonable standard set by FERC.

APGA's position is that the process at FERC to ensure just and reasonable transportation rates for consumers is broken. FERC only has the authority under the law to grant a new rate at the conclusion of a Section 5 case. However, for cases involving electric consumers under the Federal Power Act the FERC has the authority to order a refund back to the date the case was filed at FERC. APGA is seeking parity for gas consumers with way electric consumers are treated at FERC.

Reform of Natural Gas Act Section 5 has been a longtime APGA priority. The FERC Commission unanimously supports reform of Section 5. Senator Cantwell indicated that Section 5 needs reform so it is an effective tool that FERC can use to ensure that consumers pay rates that are just and reasonable. If you have questions on this article contact Nate Hill at 202-464-2742 or nhill@apga.org

APGA and Other End-Users Express Concerns with OTC Reform Legislation

On May 3, 2010, APGA and several other energy end-users sent a letter to Senate leadership that asked for several clarifications to the financial reform legislation, entitled the Restoring American Financial Stability Act, currently being considered on the Senate floor. In addition to APGA, the letter was signed by: the American Public Power Association; the American Gas Association; the Edison Electric Institute; the Natural Gas Supply Association and others. In the letter, the coalition expresses support for "the passage of strong financial reform that would increase oversight of derivatives and transparency of the markets through mandatory reporting requirements of all swap transactions and the mandatory clearing of standardized transactions between financial entities such as banks and hedge funds." The letter also states that clear commercial end-user exemption from mandatory clearing "is absolutely critical for us to maintain stable and affordable rates."

The letter identifies several areas in the bill that need further clarification. One of these is an issue that APGA has been working on related to the legislation placing a fiduciary duty on a swap dealer when they enter into transactions with state and local governments (as well as pension plans, endowments and retirement plans). APGA has expressed strong concerns to Senate staff that placing a fiduciary duty on the swap dealer will prevent them from entering into transactions with a municipality since as the counterparty to a swap transaction the swap dealer takes the opposite side of transactions from the end-user. APGA continues to work towards a resolution of this issue.

It is anticipated that the Senate will debate this legislation through the week of May 10th if not later. The House passed its version of financial reform legislation last December. That bill contained an end-user exemption from mandatory clearing requirements that was supported by APGA. A copy of the letter referenced in this article is available on the APGA website at www.apga.org/correspondence. 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.

Operations and Safety Committee Meets May 4

On May 4, the Operations and Safety Committee considered a number of critical issues important to public gas systems. The committee decided to continue the series of monthly teleconference roundtables on operations and safety issues. The conference calls are held on the third Wednesday of each month and are open to all APGA members. The slides and other graphics used during the formal presentations can also be viewed via the internet. The first two roundtable calls focused on procedures for responding to an odor call, while the next two focused on critical valves and cathodic protection.

The committee also nominated Mike Bellman of Richmond (VA) Department of Public Utilities to serve on the Pipeline and Hazardous Materials Safety Administration's Technical Pipeline Safety Standards Committee. TPSSC is a peer review committee that advised PHMSA on the reasonableness, feasibility and cost effectiveness of proposed pipeline safety regulations. Mike will join Mike Comstock of Mesa, AZ and Jim Wunderlin of Southwest Gas as distribution members on TPSSC.

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

Tell Us Why Your System Deserves the Safety Excellence Award by June 1

Each year one APGA member is awarded the APGA Safety Management Excellence Award for innovative and effective safety programs. The award is sponsored by Willis Programs. Last year, Oak Ridge Utilities was recognized for its outstanding safety record and programs, barely edging out other systems which also had impressive safety programs. The application process is simple, go to www.apga.org and complete a short survey about your safety program. Attach additional supporting documents as you see fit, but do it by the deadline **June 1!** During June, judges from the Operations and Safety Committee will review the nominees and have the difficult task of selecting one system from the numerous deserving systems. It's tough to pick just one system, but one thing is certain – if you don't submit a nomination form you won't get the award, so act before June 1 and tell us what your system does to keep safety a top priority for your system.

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

2010 M&S Award – Make Your Submission Soon!

APGA invites you to participate in the 2010 APGA Marketing & Sales Award competition. This award encourages APGA members to submit their marketing or sales program, project, or customer service campaign to be considered for recognition. Judging will focus on specific gas marketing or projects and programs with measurable results and ask the system to specify a key project leader(s). APGA also asks your permission to post entries on its website.

Criteria for Entry

1. The gas marketing or sales program, project, promotion, or service must be active in 2009/2010 and have measurable results to demonstrate value.
2. Appliances (if applicable) must have been installed in 2009.
3. Entries must be received by Monday, June 28, 2010, to be eligible.
4. The winning public gas system will be presented the award at the APGA Annual Conference in San Diego, CA in July. The winning public gas system will also be invited to send a representative to make a presentation on their award winning program at the March 2011 Marketing & Sales Trends and Training Conference.

Please view the entry form at www.apga.org/2010MSAwardForm. Complete and return the form no later than June 28, 2010. Supporting collateral and documentation must be sent in electronic format to bbeauregard@apga.org.

Weekly Storage Report

Here is the weekly EIA Summary Report issued on Thursday, May 6, 2010, that reports last week's storage report highlights for Friday, April 30, 2010. A 83 Bcf increase has been reported.

Summary

Working gas in storage was 1,995 Bcf as of Friday, April 30, 2010, according to EIA estimates. This represents a net increase of 83 Bcf from the previous week. Stocks were 97 Bcf higher than last year at this time and 315 Bcf above the 5-year average of 1,680 Bcf. In the East Region, stocks were 142 Bcf above the 5-year average following net injections of 38 Bcf. Stocks in the Producing Region were 97 Bcf above the 5-year average of 663 Bcf after a net injection of 33 Bcf. Stocks in the West Region were 77 Bcf above the 5-year average after a net addition of 12 Bcf. At 1,995 Bcf, total working gas is above the 5-year historical range.