



July 2, 2009 Weekly Update

Revised Public Awareness Recommended Practice Due Out in 2010

On June 29-30 APGA participated in the working group that is revising the API Recommended Practice 1162, that is incorporated by reference into federal pipeline safety regulations. Work on the revision is nearly complete and should result in a revised document being published early next year after public review and comment. Jennifer Codd of Mesa, AZ, Lisa Brown of Clearwater, FL and John Erickson of APGA represent APGA on the working group.

One major change in the revision is to reduce the number of baseline safety messages that a pipeline operator must communicate to the various stakeholder audiences. The new RP 1162 will make the public relations-type messages optional and stick to the basic safety messages, i.e. how to recognize a gas leak, what to do if you suspect a gas leak and to call before you dig. APGA had long argued that mixing “feel good” messages into public awareness materials risked overloading the message recipient and diluting the effectiveness of the true safety information. In fact, APGA’s model public awareness plan recommended that operators work with their state regulators to be allowed not to include the non-safety messages in the operator’s public awareness plan.

In addition, the revised RP 1162 will include more examples of how operators comply with the various requirements of the regulation. It will include the questions used by the APGA GOAL program as one example of how utilities can measure the effectiveness of their safety outreach to customers and the general public. By 2010 all utilities MUST have completed an effectiveness assessment and APGA GOAL offers a simple, cost-effective way to meet that requirement. It is never too late to sign up for the GOAL program. Information on GOAL can be found at

<http://www.apga.org/i4a/pages/index.cfm?pageid=3309>.

For further information contact John Erickson, APGA Vice President, Operations 202-464-0834 or jerickson@apga.org.

New Study Validates Environmental Benefits of Natural Gas

A June 26 Gas Technology Institute (GTI) study validates, considering full fuel cycle efficiency, that increased use of natural gas in buildings for space heating and water heating to displace electric resistance heating and water heating will:

- Reduce electricity demand, thus decreasing the need to build new electric power generation plants or transmission lines, and

- Reduce total carbon output compared to emissions associated with such generation.

The report was funded by APGA, the APGARF, INGAA, the INGAA Foundation, National Fuel Gas, National Grid, Nicor Gas, Piedmont Natural Gas, Sempra Utilities, and Southwest Gas. The full report can be accessed on the APGA and APGARF websites. [let's provide links]

APGA members are encouraged to read this study and use its findings to educate consumers and policy makers on the many and important benefits of natural gas.

Key study findings:

- The increased use of natural gas in homes and businesses (“direct use”) will make an important contribution in assisting many states and the nation in attaining energy efficiency and carbon reduction targets.
- States should be encouraged to include increased direct use of natural gas as a least-cost option to meet carbon output reduction, energy efficiency, and Demand Side Management (DSM) objectives.
- Before rushing to an “all-electric” society, policy makers should consider the substantial comparative benefits of instituting incentives to increase the direct use of natural gas. Using cap-and-trade revenues, or other revenues, to provide incentives for original natural gas end-use applications and conversions to natural gas appliances from their electric counterparts will provide substantially higher and immediate return values in energy efficiency and carbon output reductions than an equal investment in electric applications.
- A key benefit of direct use of natural gas is that it is available immediately. States can gain benefits today through policies encouraging use of existing high-efficiency natural gas appliances without waiting for uncertain or more costly lower carbon emitting electric generating technologies to develop. And, these immediate benefits will be further enhanced and sustained over time through R&D for new end-use natural gas technologies.
- In the context of a carbon constrained market, the direct use of natural gas offers opportunity to:
 - (1) Optimize the nation’s use of existing energy sources;
 - (2) Increase energy efficiencies; and,
 - (3) Reduce the nation’s carbon output with an immediately available option that has significant net societal cost savings.

For further information, please contact Bob Beauregard at 202-464-0831 or bbeauregard@apga.org.

Footnotes:

1. On a “full energy cycle” basis, the direct use of natural gas in end-use applications is far more energy efficient than their electric counterparts which rely on the use of coal or natural gas to produce electricity, which then must be delivered for use in homes, businesses and industries. For every Btu of energy in the mine or well, only 26% - 38% of the energy value gets delivered to the end-use customer after extraction, processing, transportation to a power plant, and then conversion and distribution of the electricity. In contrast, for every Btu of natural gas in the well, 91% of the energy value gets delivered to

the end-use customer after extraction, processing, transmission, and distribution. The “full energy cycle” methodology is recognized in H.R. 2454, and has been adopted by EPA, national laboratories, and the California Energy Commission. A recently released report by the National Research Council also recommends shifting to full fuel cycle as the basis of DOE efficiency standards.

2. CO2 emissions reductions from reduced electric generation far exceed increased emissions from natural gas end-use.

3. In the context of assisting the nation in achieving efficiency and CO2 emissions reductions goals, federal R&D funding for end-use gas applications is at least and arguably more supportable than federal R&D funding for sequestration and expensive renewable energy technologies

APGA Meets with FERC Commissioners

On June 30 and July 1, members of the APGA Board of Directors and the Regulatory Subcommittee met with members of the Federal Energy Regulatory Commission (FERC) in Washington, DC. The APGA representatives that participated in the meeting included: Tommy Miller, APGA Vice-Chairman and Director of the Gas Division for the City of Orangeburg, SC; Ben Andrews, APGA’s Treasurer and General Manager of the Oak Ridge Utility District, TN; John Leary, Chair of APGA’s Regulatory Subcommittee and Gas Superintendent for the Borough of Chambersburg, PA; Jeff Tuttle, Vice President of the Gas Business Unit for CPS Energy, TX; Bud Miller, APGA’s General Counsel; and Dave Schryver, APGA’s Executive Vice President.

During the meetings, APGA members communicated their views on FERC regulatory proceedings related to Standards of Conduct and issues related to pipeline overcharges. The participants also again thanked the Commissioners for expressing support for legislative changes to Section 5 of the Natural Gas Act at the November FERC Open Meeting. APGA has pushed Congress to correct an imbalance between the manner in which electric customers are treated under the Federal Power Act and gas customers are treated under the Natural Gas Act (NGA). Specifically, APGA has pushed for the passage of legislation that stipulates when customers file a complaint with FERC under NGA Section 5 the pipeline will have to pay refunds from the date that the complaint was submitted if it is found to have been overcharging its consumers. Lastly, APGA communicated its ongoing support of legislative efforts to provide the Commission with cease and desist authority.

APGA leadership meets with the FERC Commissioners twice a year as a means to communicate information and positions on federal regulatory matters of concern to public gas systems. These meetings play a critical role in APGA’s advocacy efforts as they have allowed APGA to develop and maintain a relationship with the Commissioners. If you have any questions regarding this article or on APGA’s regulatory advocacy efforts, please contact Dave Schryver of APGA’s staff by phone at 202-464-2742 or by email at dschryver@apga.org.

PHMSA Proposes Changes to Reporting Requirements

On July 2, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposed changes to its reporting requirements for pipeline and Liquefied Natural Gas (LNG) facility operators. PHMSA is seeking to improve the use of incident, infrastructure, and performance data in its approaches to improve pipeline safety. Among the changes PHMSA is proposing are the following:

- Change the definition of an "incident" in 49 CFR 191.3 to require an operator to report an explosion or fire not intentionally set by the operator. The proposal also amends the definition of an incident to include the unexpected or unintentional loss of 3 billion cubic feet or more of natural gas.
- Require operators to report and file data electronically whenever possible.
- Require operators of LNG facilities to submit incident and annual reports
- Create and require participation in a National Registry of Pipeline and LNG Operators
- Merge the natural gas transmission integrity management Semi-Annual Performance Measures Report with the annual reports.
- Revise the leak cause categories listed in the annual report to include those nine categories listed in ASME B31.8S.
- Update OMB control numbers assigned to information collections.

The APGA Operations and Safety Committee are reviewing the proposal in detail and will be filing comments by the August 31 deadline. A copy of the proposal can be found at <http://www.apga.org/files/public/operations&safety/reporting%20opr%207-2-09.pdf>. For further information please contact John Erickson, APGA Vice President, Operations 202-464-0834 or jerickson@apga.org.

Mark your calendars

2009 WESTERN REGIONAL GAS CONFERENCE

August 25 & 26, 2009

Tempe Mission Palms Hotel & Conference Center in Tempe, Arizona

Delegates are \$225 for AUG members/\$275 for non-AUG members until 7/24 where this is a \$50 late fee

Vendors are \$685 until 7/24 where there is a \$100 late fee

Key Note Address:

Jeff Wiese, PHMSA on Maintaining Safe Pipeline Systems in a Struggling Economy

Also Speaking, John Erickson APGA on DIMP for Small Operators (SHMRIP) and Mike Comstock, Mesa AZ is giving the welcome address.

To register online please go to www.westernregionalgas.org.

To pay with a check please fill out the form below.

<http://www.apga.org/files/WRGC/2009%20WRGC%20Delegate%20Registration%20Form.pdf>

EIA Weekly Storage Report

Here is the weekly EIA Summary Report issued Thursday, July 2, 2009. A 70 Bcf increase has been reported.

EIA Storage Report Highlights for Friday, June 26, 2009:

Summary

Working gas in storage was 2,721 Bcf as of Friday, June 26, 2009, according to EIA estimates. This represents a net increase of 70 Bcf from the previous week. Stocks were 615 Bcf higher than last year at this time and 467 Bcf above the 5-year average of 2,254 Bcf. In the East Region, stocks were 112 Bcf above the 5-year average following net injections of 55 Bcf. Stocks in the Producing Region were 252 Bcf above the 5-year average of 749 Bcf after a net injection of 4 Bcf. Stocks in the West Region were 102 Bcf above the 5-year average after a net addition of 11 Bcf. At 2,721 Bcf, total working gas is above the 5-year historical range.