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**APGA Comments on FERC NOPR on the Impact
of the Lowered Corporate Tax Rate**

*Washington, D.C. (April 25, 2018)* Today, the American Public Gas Association (APGA) submitted comments to the Federal Energy Regulatory Commission (FERC) in response to a Notice of Proposed Rulemaking (NOPR) concerning the impact on interstate pipeline rates of the Tax Cuts and Job Act. A copy of APGA’s comments can be viewed [here](https://higherlogicdownload.s3-external-1.amazonaws.com/APGA/APGA%20Initial%20Comments%20RM18-11.pdf?AWSAccessKeyId=AKIAJH5D4I4FWRALBOUA&Expires=1524683163&Signature=oLT%2B5LmSd1RWciy8y%2BQ%2F%2FxCF8o4%3D).

FERC’s proposal is a referendum on the competition principles that were the foundation of Order No. 636. If pipelines are truly competitive, then they should move promptly to offer the lowest regulated rates possible to attract business. On the other hand, if there is very limited competition and markets are bifurcated between competitive and captive markets (as APGA suspects), then pipelines will not make these voluntary filings. In that outcome, forceful rate regulation will be even more justified and pipeline claims that competition merits higher returns should fall on deaf ears at FERC.

While APGA commends FERC for its action in releasing the NOPR, unfortunately a disparity between the Federal Power Act and the Natural Gas Act limits the ability of FERC to ensure that natural gas consumers receive the benefits of the lowered tax rate. This means that they continue to be overcharged, as they have been since the corporate tax rate was lowered on January 1. This is because under the Natural Gas Act, unlike the Federal Power Act, FERC can only act prospectively to lower unjust and unreasonable rates. Each month that passes means that consumers fail to see the benefit of the new tax rate in their rates.

Most APGA members are small gas systems that pay maximum pipeline rates premised on the 35 percent tax rate. APGA President and CEO, Bert Kalisch, stated that “We once again call on Congress to recognize the inequity between the Federal Power Act and Natural Gas Act, and pass legislation to ensure that natural gas customers receive the same protection from over-collections that electric customers do.”

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*APGA is the national association of municipally and publicly-owned local distribution systems. There are about 1,000 public gas systems serving more than 5 million customers. These public gas utilities are not-for-profit retail distribution entities that are owned by, and accountable to, the citizens they serve. They include municipal gas distribution systems, public utility districts, county districts, and other public agencies that have natural gas distribution facilities.*