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APGA and Energy Consumers Urge Cantwell to Address Section 5 Reform

Washington, D.C. (May 24, 2012) - Today, the American Public Gas Association (APGA) along with the American Forest & Paper Association, American Public Power Association, Industrial Energy Consumers of America, Process Gas Consumers Group, Kitchen Cabinet Manufacturers Association, Midwest Region Gas Task Force Association (MRGTF), and Northern Municipal Distributors Group (NMDG) sent a letter to Senator Cantwell (D-WA) urging her to address Section 5 Reform.

Reform of Section 5 of the Natural Gas Act would provide the Federal Energy Regulatory Commission (FERC) with the authority to provide refunds to interstate pipeline customers who were charged beyond a “just and reasonable” rate for transportation of natural gas. This authority is identical to that provided electricity consumers in the Federal Power Act.

Bert Kalisch, president and CEO of APGA said, “As you are well aware, in spite of the historically low commodity price of natural gas, consumers of natural gas from industrial enterprises to individual homeowners continue to pay unjust and unreasonable rates for the transportation of natural gas through interstate pipelines.”

Kalisch went on to note that, “despite the lack of ‘any credible public policy reason’ against reform, in the words of FERC Chairman Wellinghoff, the interstate pipelines continue to over-recover in contravention of the NGA’s “just and reasonable” standard. Since pipelines are unable to argue that they are not over-recovering their costs and also unable to argue against reform on the merits, their statements and lobbying efforts rely on a concerted campaign of obfuscation and red-herring arguments.”

Kalisch concluded that given the reality of over-recovery and the absence of any sound public policy reason against reform, Senator Cantwell must utilize her position on the Senate Energy Committee to address Section 5 reform to protect job-creating businesses and all consumers of natural gas.

A copy of the letter can be viewed at: www.apga.org/correspondence.

APGA is the national association of municipally and publicly-owned local distribution systems. There are about 1000 public gas systems serving more than five 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.