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APGA Calls on Congress to Reform Section 5 of the NGA

Washington, D.C. (April 18, 2012) - Today, APGA sent a letter to all members of the Senate Energy Committee and House Energy and Commerce Committee urging them to review the Natural Gas Supply Association's (NGSA) study finding that interstate pipelines overcharged consumers from 2006-2010 by \$4.2 billion and calling on them to pass legislation to reform Section 5 of the Natural Gas Act (NGA) to protect businesses and homeowners from pipeline overcollections.

Bert Kalisch, President and CEO of APGA said, "This blatant over-recovery is not the exception to the rule; it continues to be the reality with which customers of interstate pipeline have struggled for years. Over the last several NGSA reports, the margin of over-recovery [based on an average return on equity of 12%] has increased from \$3.7 billion (from the 2009 report), to \$4.1 billion (from 2010 and 2011), to \$4.2 billion this year. This demonstrates that interstate pipelines continue to increase their margin of over-recovery at the expense of job-creating businesses and families struggling to make ends meet."

Kalisch went on to note that seven pipelines received a ROE average above 18% over 5 years with one company receiving an average of 39.5% ROE. Kalisch discussed how these dollars are needlessly flowing out of job-creating businesses and individual consumers' pocketbooks and into pipeline coffers.

Kalisch concluded that, "APGA strongly supports the growth and expansion of investor-owned interstate natural gas pipelines. In short, our businesses depend on them. However, it is absolutely critical that the healthy growth of these pipelines be achieved within the confines of the Natural Gas Act's mandate that the customers of these pipelines pay just and reasonable rates for transportation of natural gas supplies, which are critical to America's economic prosperity and security."

Copies of the letter is available 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.

