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## **Louisiana Natural Gas Utilities Call for Section 5 Reform**

*Washington, D.C. (May 12, 2014)* –Today, 25 municipal natural gas utilities in Louisiana sent a letter to Chairman Landrieu (D-La.) of the Senate Committee on Energy and Natural Resources calling for reform of Section 5 of the Natural Gas Act.

Currently, rates charged by interstate pipelines are regulated by the Federal Regulatory Energy Commission (FERC). If a customer of a pipeline believes they have been charged beyond a “just and reasonable” rate, they can file a complaint against the interstate pipeline at FERC. If the pipeline is found by FERC to be over-recovering, FERC can only change the rate prospectively from the date of the conclusion of the complaint; in other words, customers that have been overcharged cannot be refunded. This lack of refund authority has cost natural gas consumers \$2.7 billion from 2008 to 2012, according to a Natural Gas Supply Association study.

In contrast, under Section 206 of the Federal Power Act, FERC has refund authority over interstate electric transmission companies. If electric transmission companies are found to have over-recovered from customers, customers are able to be refunded from the date the complaint was filed. APGA is asking for legal parity in terms of how FERC handles refund authority for both electricity and natural gas customers. Reforming Section 5 of the Natural Gas Act will enable FERC to take proactive action against pipelines that over-recover beyond a just and reasonable rate therefore saving natural gas customers and utilities money in the long term and equalizing a discrepancy in how electric and gas customers are protected.

In response to the letter, Bert Kalisch, President and CEO of APGA, said, “Amending Section 5 of the Natural Gas Act will provide FERC with the badly needed authority to protect natural gas customers from rampant over-recovery by interstate pipeline monopolies. We urge Chairman Landrieu to heed the call of her constituents, and move expeditiously to protect Louisiana businesses and homeowners by passing legislation that reforms Section 5.”

A copy of the correspondence can be found at [www.apga.org/correspondence](http://www.apga.org/correspondence).

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*APGA is the national association of municipally and publicly-owned local distribution systems. There are about 1000 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.*

