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**APGA Issues Statement on FERC’s Decision on Corporate Taxes**

*Washington, D.C. (March 15, 2018)* – The American Public Gas Association’s (APGA) President, Bert Kalisch, today praised the decision of the Federal Energy Regulatory Commission (FERC) to take action on the new corporate tax rate but expressed concern about delays that could result from the rulemaking approach.

The Tax Cut and Jobs Act of 2017 reduced the income tax imposed on corporations from as high as 35 percent to a flat rate of 21 percent. In response, APGA joined with other pipeline customer groups in a petition urging FERC to require immediate rate reductions for pipelines that are over-collecting from customers as a result of the lower tax burden.

FERC today issued a notice of proposed rulemaking that would require pipelines to file a one-time report on the rate effect of the tax change. The proposed rule would also give each pipeline the option to file a limited rate reduction or general rate case, file a statement explaining why no rate change is necessary, or take no further action. FERC would consider whether to initiate an investigation of any pipeline that does not voluntarily submit a rate filing.

“We are grateful that FERC recognizes that action on the tax issue is important, but the rulemaking process will delay the relief that customers need and deserve,” explained Kalisch. “This is particularly problematic because, unlike the Federal Power Act, the Natural Gas Act only permits FERC to change rates prospectively, so pipelines will continue to pocket and benefit from the full amount of the tax rate reduction in the meantime.”

The public will have an opportunity to comment on the proposed rule before FERC issues a final rule. The agency has no statutory power to order refunds of excess amounts collected under pipeline rates that it determines are unreasonable, meaning that any rate reductions resulting from the tax rulemaking would apply only to periods following the issuance of the final rule and the submission of company-specific rate filings. FERC staff estimates that the informational reports would be due late summer or early fall of 2018.

Most APGA members are small gas systems that pay maximum pipeline rates premised on the 35 percent tax rate. Kalisch has estimated that these rates should be lowered five to nine percent as a result of the new tax law.

“Our members have been paying excessive rates since January 1, and today’s FERC decision means that they will continue to pay them, at least for the near future, without any ability to ever recover the amounts they have already overpaid,” Kalisch said. “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.*