



Weekly Update April 7, 2011

APGA's Opposition to the Export of LNG: An Update

Over the past month, APGA has filed motions to intervene and protest against applications for two proposed facilities for exportation of LNG: Sabine Pass in Louisiana and Freeport in Texas. On March 4, motions to intervene and protest were filed at the Department of Energy (DOE) and the Federal Energy Regulatory Commission (FERC) against Sabine Pass. The motion at DOE was rejected due to the lateness of the intervention request.

Despite this rejection, APGA was pleased to have the DOE, as well as FERC, examine the policy arguments against exportation and the case made for prioritizing domestic use of natural gas. These actions laid the foundation for a strong case against further applications for export.

To that end, on March 28, APGA filed a motion to intervene and protest against Freeport with the DOE. A decision by DOE regarding whether APGA's motion will be accepted has yet to be made.

The decision to file motions to intervene and protest was made after a series of discussions beginning at the Gas Supply Conference in Fort Meyers, FL. Through this conversation and several conference calls on the issue, APGA members determined that policy-based arguments should be the cornerstones of the motions to intervene and protest against both applications.

Foremost among these policy-based arguments, is the fact that large-scale export of LNG will sacrifice America's unique opportunity to substantially reduce our energy dependence. The United States now has an unprecedented opportunity to achieve this goal if wise policy choices are made. With significant domestic supplies of low-cost natural gas currently available, the U.S. has the chance to adopt natural gas vehicles on a national scale thereby reducing our dependence on foreign oil, increasing our national security, and reducing greenhouse gas emissions. In short, large-scale exportation of LNG is antithetical to achieving this critical goal of reducing energy dependence.

Moreover, large-scale export of LNG will only increase the domestic price of natural gas. As U.S. exports increase, the price of natural gas will become tied to the international markets. Proponents of export might contest the notion of oil as a proper analogy, however it is inarguable that as you enter into a global market, the natural gas will be sent where the price is highest, driving up prices for all consumers.

Proponents' arguments in favor of the export proposals argue that these proposals will create jobs and help the economy. APGA has argued that increasing the direct-use of natural gas, through increased use of natural gas vehicles and other uses, will also create a significant number of new jobs and help the economy.

After examining these arguments, APGA's rationale for opposition is clear: large-scale export of LNG runs counter to our national interests.

If you have any questions on this article, please contact Scott Morrison of APGA's staff by phone at 202-464-2742 or by email at smorrison@apga.org.

DOT Announces Pipeline Safety Action Plan

On April 4, Department of Transportation (DOT) Secretary Ray LaHood issued a press release announcing a Pipeline Safety Action Plan. The plan includes:

- Accelerating critical repair and replacement work;
- A request to operators to conduct a comprehensive review of their pipelines to identify areas of high risk;
- Federal legislation to strengthen pipeline safety oversight;
- A request to Congress to increase civil penalties,
- Strengthen risk management requirements, close regulatory loopholes, add inspectors and improve data reporting;
- Ensuring that all operators know the age and condition of their pipelines;
- New reporting and inspection requirements; making more information available to the public;
- And a new public website that will provide information on local pipeline networks.

Secretary LaHood also emphasizes the need for all parties to work together to improve 811 "*Call Before You Dig*" and announced the DOT Pipeline Safety Summit that will be held April 18. Last week representatives from APGA and other pipeline trade associations met with Secretary LaHood to discuss the summit. Details of the action plan have not yet been made public but are expected to be described during the summit on April 18. The announcement was made at a town hall meeting in Allentown, PA where on February 9 a pipeline ruptured and gas ignited killing five people.

The complete press release can be found at <http://www.dot.gov/affairs/2011/dot4111.html>.

For further information contact John Erickson of APGA's staff at 202-464-2742, ext 1002 or jerickson@apga.org.

APGA Files Comments in Response to Proposed Rule on Commodity Options and Agricultural Swaps

On April 4, APGA filed comments with the Commodity Futures Trading Commission (CFTC) in response to a proposed rule on commodity options and agricultural swaps issued under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. APGA's concerns with this proposed rule are in regard to language in the proposal that expands the definition of a swap under the Dodd Frank Act to include "options." The Commission's language would potentially expand the definition of a swap so that it would include a variety of physical commodity contracts with some type of embedded optionality. For example, a transaction that involves the sale of natural gas at a specific price or specific time. This significant expansion of what is a swap would dramatically increase the number of transactions public gas systems are involved in which would fall under the Dodd-Frank Act.

In its comments, APGA states that this proposed expansion of swap contracts would introduce "an array of onerous requirements on utilities in carrying out very basic and uncomplicated cash market activities." The comments also communicate a finding by the CFTC "that natural gas swing contracts are swaps would interject an entirely inappropriate regulatory framework into transactions that the utility, the seller and the trade understand to be cash market transactions." APGA further urges the CFTC to clarify that these contracts fall within the exclusion from "swaps" for deferred delivery contracts.

A copy of APGA's comments are available on the APGA website at www.apga.org. APGA has also filed comments on several other rulemakings under the Dodd-Frank Act. Many of these rules are anticipated to be finalized around July. If you have any questions on this article or APGA's efforts to respond to these proposed rules, please contact Dave Schryver of APGA's staff by phone at 202-464-2742 or by email at dschryver@apga.org.

April is National Safe Digging Month

Despite all the public education efforts of utilities and the government, excavation damage remains the leading cause of distribution pipeline incidents. To combat this, April has been designated *National Safe Digging Month* and APGA encourages members to take this opportunity to remind the public that using the call before you dig one-call system is the best way to ensure safety. 8-1-1 is now a nationwide number that connects the caller with the appropriate one-call center from anywhere in the country. Local utilities are then dispatched where they mark off gas lines so that customers do not dig in those locations. The Common Ground Alliance has provided some ideas for how utilities can assist in promoting *National Safe Digging Month*.

Initiatives to Raise Awareness

- Incorporate the Safe Digging Month message into electronic communications (Twitter, Facebook, email)
- Post the Safe Digging Month message on your website including placement of the NSDM button on company home pages and electronic bill pay sites where possible.

- Obtain a quote from Leadership (i.e. CEO, Mayor, Utility Board Chair) that can support your organization's commitment to National Safe Digging Month. Additionally, submit the quote to the Common Ground Alliance as a testimonial for use in national outreach.
- Identify one additional creative way your organization can promote 811 during April 2011. Whether it is an internal contest for creative use of the 811 logo, collaboration with Arbor Day events, working with new partners such as fire departments, equipment rental companies, sports teams or others, targeted advertising campaigns or other innovative approaches to supporting National Safe Digging Month.

To view additional ideas please visit www.call811.com.

The National Chamber Foundation and the [Institute for 21st Century Energy](#) invite you to our upcoming

CEO Leadership Series featuring

**Thomas A. Fanning
Chairman, President, and CEO
Southern Company**

Wednesday, April 13, 2011

12:00 p.m. - 1:30 p.m.

[Register Today!](#)

*U.S. Chamber Members, Embassy Employees, and Non-Profit Employees - \$49
Non-U.S. Chamber Member and Political Appointees & Schedule C Employees - \$69
House & Senate Employees and Executive Branch Career Service Employees - Complimentary*

Energy Policy for the 21st Century

Join NCF and the Institute for 21st Century Energy on April 13 for a CEO Leadership Series luncheon featuring Tom Fanning, Chairman, President and Chief Executive Officer of Southern Company.

Mr. Fanning will discuss how Southern Company is advancing energy policy and creating jobs; their commitment to nuclear power; and Southern Company's work in carbon capture and sequestration technology, including construction of the company's integrated gasification combined cycle plant in Mississippi.

About Southern Company:

- One of the largest producers of electricity in the United States
- More than 500,000 shareholders; NYSE SO since Sept. 30, 1949
- Four retail operating companies: Alabama Power, Georgia Power, Gulf Power, Mississippi Power, serving 120,000 square miles in four states
- Competitive generation business extends to markets in six southeastern states
- 26,000 employees; 4.4 million customers

Weekly Storage Report: Storage decreases to 1,579, Bcf.

Here is the weekly EIA Summary Report issued on Thursday, April 7, 2011, that reports last week's storage report highlights for Friday, April 1, 2011. A 45 Bcf decrease has been reported.

Summary

Working gas in storage was 1,579 Bcf as of Friday, April 1, 2011, according to EIA estimates. This represents a net decline of 45 Bcf from the previous week. Stocks were 86 Bcf less than last year at this time and 10 Bcf above the 5-year average of 1,569 Bcf. In the East Region, stocks were 87 Bcf below the 5-year average following net withdrawals of 52 Bcf. Stocks in the Producing Region were 119 Bcf above the 5-year average of 623 Bcf after a net injection of 2 Bcf. Stocks in the West Region were 23 Bcf below the 5-year average after a net addition of 5 Bcf. At 1,579 Bcf, total working gas is within the 5-year historical range.