

## YOUR PRESENCE IN WASHINGTON DC

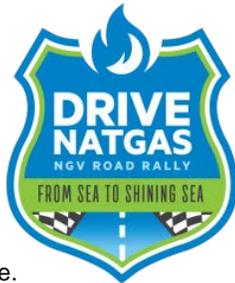
- APGA meets routinely with Congressional staff, FERC Commissioners and senior leaders within the Administration to ensure that the voices of natural gas and public gas systems are heard.



- As a result of the Tax Cuts and Jobs Act of 2017, the corporate tax rate was cut from 35% to 21%. However, all pipelines under the Commission's jurisdiction have recovered from ratepayers an income tax allowance that assumes a corporate tax rate of 35%, not the new current 21% rate. APGA believes it is important that FERC promptly take action to ensure that the recourse rates paid by customers of natural gas pipelines are reduced to reflect the lower corporate tax rate. APGA has received national notoriety in GAS Daily and other publications and from FERC commissioners for being on the forefront of this issue.

- APGA continues to oppose regulations and legislation that restrict the ability of public gas systems to utilize tax-exempt financing. APGA successfully opposed a proposal that would establish a new definition of the term "political subdivision". This regulation was significant as an entity that is not a "political subdivision" cannot issue tax-exempt bonds.

- APGA and NGVAmerica worked together on another successful "Sea to Shining Sea" NGV rally. Fleets departed from California and locations along the East and Central US, meeting in Washington, DC to promote the vibrancy and availability of natural gas as the transportation fuel of choice.



- APGA advocated on issues including federal appliance standards reforms, federal funding for natural gas R&D and safety programs, fair treatment for natural gas technologies in the tax code, pipeline permitting process reform, and the Low Income Home Energy Assistance Program (LIHEAP), among others. APGA's advocacy efforts include direct, consistent contact with lawmakers and staff, outreach to regulators and other stakeholders, coordination with coalition and industry partners, and public education campaigns.

## THE VOICE OF PUBLIC GAS

- A new marketing & communication initiative focused on the Direct Use of Natural Gas was launched. It includes an audit of audience perception through focus groups and further research to identify the most effective branding and messaging for the continued direct use of natural gas.

## BEST PRACTICE SHARING

- The 2<sup>nd</sup> Annual APGA Operations Conference in Chattanooga, TN attracted 200 attendees, presentations from 20 speakers and viewed 24 different exhibits from vendors and service providers. This unique event brought together public gas system operators from multiple states to discuss operational challenges and success stories.
- The System Operational Achievement Recognition (SOAR) Program continues to recognize the outstanding accomplishments by APGA members related to safety and operations. Thirteen member seems were recognized.
- We continue to lead the national dialogue on expanding the direct use of natural gas. This past year we were able to bring together the five major natural gas end-use associations in the End Use of Natural Gas Symposium.



In 2017 APGA's 725 members served over 4.1 million gas meters – an influential presence in the natural gas distribution industry.

## WORKING HARD FOR YOU

- APGA'S strategic planning efforts highlighted the overwhelming consensus that APGA must promote the direct use of natural gas in a consistent and effective manner. The essence of this message must be in the DNA of all APGA committee activities and advocacy efforts.
- The APGA Team added bench strength with the addition of three new staff members: Erin Kurilla, Director of Operations & Safety, Doug MacGillivray, Director of Government Affairs, and John Powers, Manager of Digital Communications. With the addition of these individuals, APGA's physical and virtual presence in Washington D.C. continues to grow.

## EDUCATE AND COMMUNICATE

- APGA will continue to advocate for customer choice by communicating the benefits of natural gas. By promoting the affordability, reliability, and lower carbon impact per net unit of energy compared to other fossil fuels, APGA will seek regulatory reform and legislative policies that highlight these advantages.
- APGA is taking charge in 2018, leading industry efforts on issues including: adoption of a fair and workable federal building energy efficiency standard; reforming the Energy Policy and Conservation Act; reforming the Natural Gas Act to ensure fair pipeline rates; increasing natural gas' parity among other fuels and energy sources in the tax code; and ensuring adequate federal funding for natural gas technologies.
- APGA will work to boost the awareness of municipal gas systems as a critical contributor to the welfare of American communities.
- The products from APGA's communication and marketing research on the direct use of natural gas will be used to develop an enhanced branding of natural gas as a choice for customers.
- APGA will provide the tools and information members need to understand cybersecurity, resiliency, and reliability threats facing their systems.
- We will sustain our stakeholder communication outreach efforts through Weekly Updates, the Public Gas News, and the Source Magazine.



*“APGA provides significant value to the Members of our agency, the communities they serve and, very importantly, the consumers they serve.”*

APGA Member, 2017 Satisfaction Survey

## SAFETY, AWARENESS, AND PERFORMANCE

- APGA will continue to develop opportunities for best practice sharing among membership. Attendees and participations of the Operations Conference, free educational webinars, and the SOAR will continue to have several avenues to network and collaborate to address operational challenges.
- As the administration looks for opportunities to address regulatory reform initiatives on pipeline safety, APGA will continue to highlight the requirements that burden operators but provide little risk reduction to their systems.
- APGA will provide its members with the tools necessary to successfully begin their Pipeline Safety Management Systems journey. This will begin with the APGA's Commitment to Pipeline Safety.
- APGA will enhance existing products and add new tools to assist municipal gas operators in meeting pipeline safety regulatory requirements for the design, construction, operations, and maintenance of natural gas systems.
- APGA will further strengthen its relationships with federal and state regulators through participation in industry and pipeline safety events in the locations in which our members serve.



## 2018 AND BEYOND

- APGA will continue to work collaboratively with other industry stakeholders to drive initiatives that benefit APGA membership.
- With direction from the board, we will implement a succession plan that will enable a successful transition of APGA leadership.
- APGA will continue to maintain sound financial and fiscal practices consistent with the principles and values of our members.