

R.13-11-005

Order to Show Cause Against Southern California Gas Company Issued December 2, 2019

Sierra Club Exhibit

Exhibit SC-15

July 2019 APGA Board Book

The Lodge at Spruce Peak – Stowe, VT



July 30

2019

American Public Gas Association

Board of Directors Meeting

American Public Gas Association
voice and choice of public gas





2018-2019 APGA OFFICERS & BOARD OF DIRECTORS



Chairman

Owen Reeves
Gas System Director
Henderson Municipal Gas
222 1st Street
Henderson, KY 42420
Phone: (270) 831-1200
oreeves@cityofhendersonky.org

First Vice Chairman

Samuel Davis, Jr.
General Manager & CEO
Lake Apopka Natural Gas District
1320 Winter Garden-Vineland Road
Winter Garden, FL 34787
Phone: (407) 656-2734 ext. 103
sdavis@langd.org

Second Vice Chairman

John Leary
Gas Superintendent
Borough of Chambersburg
100 S. Second Street
Chambersburg, PA 17201
Phone: (717) 261-3234
jleary@chambersburgpa.com

Past Chairman

Greg Henderson
President & CEO
Southeast Gas
PO Box 1338
Andalusia, AL 36420
Phone: (334) 222-4177
greg.henderson@southeastgas.com

Treasurer

Alonzo Weaver
Vice President, Customer Operations
Memphis Light, Gas & Water Division
PO Box 430
Memphis, TN 38101-0430
Phone: (901) 528-4481
aweaver@mlgw.org

Secretary

Bert Kalisch
President & CEO
APGA
201 Massachusetts Ave NE, Suite C4
Washington, DC 20002
Phone: (202) 464-2742
Cell: (202) 528-7589
bkalisch@apga.org

General Counsel

John Gregg
Partner
McCarter & English, LLP
1301 K Street NW, Suite 1000
Washington, DC 20005
Phone: (202) 753-3400
jgregg@mccarter.com

Chris Anderson
City Administrator
Central City Gas Dept.
1515 17th Street
Central City, NE 68826
Phone: (308) 946-3806
chris@cc-ne.com

Joe Awad
General Manager – Energy
Construction
Colorado Spring Utilities
PO Box 1103
Colorado Springs, CO 80901
Phone: (719) 668-3504
jawad@csu.org

Matt Ballard
President
Sevier County Utility District
PO Box 4398
Sevierville, TN 37864-4398
Phone: (865) 453-3272
matt.ballard@scudgas.org

Gerald Ballinger
President
Public Energy Authority of KY
PO Box 299
Carrollton, KY 41008-0299
Phone: (502) 732-0991
gballinger@peakgas.net

Larry Carroll
Jo-Carroll Energy
PO Box 390
Elizabeth, IL 61028
Phone: (815) 858-2207
lheim@iocarroll.com

Jim Crowley
Manager of Gas, Meter & Corp Safety
Easton Utilities
201 N. Washington Street
Easton, MD 21601
Phone: (410) 763-9492
jcrowley@eucomail.com

Brian Dove
CEO
Cullman-Jefferson Counties Gas
PO Box 399
Cullman, AL 35056-0399
Phone: (256) 734-1911
briand@cjgas.com

Bob Dowell
Director
Long Beach Gas and Oil
2400 E. Spring Street
Long Beach, CA 90806
Phone: (562) 570-2001
Bob.dowell@longbeach.gov

Lincoln Duncan
Vice President
BHMGE Engineers
630 Jeffco Blvd.
Arnold, MO 63010
Phone: (314) 614-3812
lduncan@bhmg.com

Tae Eaton
General Manager
Paris-Henry County PUD
PO Box 309
Paris, TN 38242-0309
Phone: (731) 642-5634
teaton_phcpud@bellsouth.net

Mike Enoch
Patriots Energy Group
PO Box 11678
Rock Hill, SC 29731
Phone: (803) 385-3157
menoch@chestergas.com

Gary Gibson
Associate General Manager –
Economic Development & SpringNet
City Utilities of Springfield
PO Box 551
Springfield, MO 65801-0551
Phone: (417) 831-8755
Gary.gibson@cityutilities.net

Mike Gundersen
General Manager
Elk River Public Utility District
PO Box 970
Tullahoma, TN 37388-0970
Phone: (931) 455-9311
mguandersen@erpud.com

Gordon King
Chief Executive Officer
Okaloosa Gas District
PO Box 548
Valparaiso, FL 32580-0548
Phone: (850) 729-4825
gordonking@okaloosagas.com

Jim Knight
Vice President, Gas Operations
Metropolitan Utilities District
1723 Harney Street
Omaha, NE 68102
Phone: (402) 504-7771
jim_knight@mudnebr.com

Sue Kristjansson
President & CEO
Oak Ridge Utility District
120 S. Jefferson Circle
Oak Ridge, TN 37830
Phone: (865) 220-6074
skristjansson@orud.org



2018-2019 APGA OFFICERS & BOARD OF DIRECTORS

**Chris Latch**

Gas & Water Manager
City of Corinth Gas & Water
PO Box 1870
Corinth, MS 38835
Phone: (662) 286-2263
chrislat@bellsouth.net

Zac Littrell

Director of Origination
CenterPoint Energy
381 Riverside Drive, Suite 120
Franklin, TN 37064
Phone: (615) 465-5807
Zac.littrell@centerpointenergy.com

David Love

Sr. Vice President, Pipeline Services
Magnolia River
408 Bank Street
Decatur, AL 35601
Phone: (256) 773-9420
David.love@magnolia-river.com

Stephen Mayfield

Gas Operations & Bus Dev Manager
City of Tallahassee Natural Gas Div
2602 Jackson Bluff Road
Tallahassee, FL 32304-4408
Phone: (850) 891-5118
Stephen.Mayfield@talgov.com

Doug Moser

Chief Operating Officer
Philadelphia Gas Works
800 W. Montgomery Avenue
Philadelphia, PA 17122-2806
Phone: (215) 684-6899
Douglas.Moser@pqworks.com

Mark Nibaur

General Manager
Austin Utilities
1908 14th Street NE
Austin, MN 55912
Phone: (507) 433-8886
markn@austinutilities.com

Eduardo Noriega

Gas Director
Fountain Inn Natural Gas
100 S. Weston Street
Fountain Inn, SC 29644
Phone: (864) 862-0042
Eduardo.noriega@fountaininn.org

Mark O'Neal

General Manager
Greater Dickson Gas Authority
605 E. Walnut Street
Dickson, TN 37055
Phone: (615) 441-2830
moneal@gdga.com

John Olshefski

Vice President Customer Care
Huntsville Utilities
PO Box 2048
Huntsville, AL 35804-2048
Phone: (256) 535-1325
john.olshefski@hsvutil.org

John Piazza

President
Southern Cathodic Protection Co.
780 Johnson Ferry Road, Suite 225
Atlanta, GA 30342
Phone: (404) 252-4649
john@cathodicprotection.com

Pat Riley

General Manager
Gibson County Utility District
PO Box 350
Trenton, TN 38382
Phone: (731) 855-1441
pat@gcud.net

Jimmy Sprouse

President & CEO
York County Natural Gas Authority
PO Box 11907
Rock Hill, SC 29731
Phone: (803) 323-5331
Jimmy.sprouse@vcnqa.com

Durk Tyson

Gas Systems Engineer
Greenville Utilities Commission
PO Box 1847
Greenville, NC 27835-1847
Phone: (252) 551-2048
tysonfd@guc.com

Rod Walker

CEO
Walker & Associates
1320 Mayes Road
Toccoa, GA 30577
Phone: (706) 244-0894
walker@walkerconsultancy.com

Chuck Warrington

Managing Director
Clearwater Gas System
400 N. Myrtle Avenue
Clearwater, FL 33755
Phone: (727) 562-4901
chuck.warrington@clearwatergas.com

Braxton Williams

Sr. Vice President, Gas Division
Jackson Energy Authority
PO Box 68
Jackson, TN 38302-0068
Phone: (731) 422-7206
bwilliams@jaxenergy.com

Rich Worsinger

Director of Wilson Energy
City of Wilson
PO Box 10
Wilson, NC 27894
Phone: (252) 399-2430
rworsinger@wilsonnc.org

Ed Young, Jr.

Ed Young Sales Co., Inc.
10129 Mt. Holly Road
Charlotte, NC 28214
Phone: (704) 393-1474
Ed.young.ir@eysco.com

APGA BOARD OF DIRECTORS' MEETING ATTENDANCE 2018 – 2019

NAME	SYSTEM/COMPANY	OCT '18	JAN '19	MAY '19	JUL '19
Chris Anderson	City of Central City, NE	✓	✓	✓	
Joe Awad	Colorado Springs Utilities, CO				
Matt Ballard	Sevier County Utility District, Sevierville, TN	✓	✓		
Gerald Ballinger	Public Energy Authority of Kentucky, Carrollton, KY	✓	✓	✓	
Larry Carroll	Jo-Carroll Energy, Elizabeth, IL	✓	✓	✓	
Jim Crowley	Easton Utilities, MD	✓	✓		
Sam Davis	Lake Apopka Natural Gas District, Winter Garden, FL	✓	✓	✓	
Brian Dove	Cullman-Jefferson Counties Gas, Cullman AL	✓	✓	✓	
Bob Dowell	Long Beach Gas and Oil, CA	✓	✓	✓	
Lincoln Duncan	BHMG Engineers, Arnold, MO	✓	✓	✓	
Tae Eaton	Paris-Henry County Public Utility District, Paris, TN	✓	✓	✓	
Mike Enoch	Patriots Energy Group, Chester, SC	✓	✓	✓	
Gary Gibson	City Utilities of Springfield, MO	✓	✓		
John Gregg	McCarter & English, Washington, DC	✓	✓	✓	
Mike Gundersen	Elk River Public Utility District, Tullahoma, TN	✓	✓	✓	
Greg Henderson	Southeast Gas, Andalusia, AL	✓	✓	✓	
Bert Kalisch	APGA, Washington, DC	✓	✓	✓	
Gordon King	Okaloosa Gas District, Valparaiso, FL	✓	✓	✓	
Jim Knight	Metropolitan Utilities District, Omaha, NE		✓		
Sue Kristjansson	Oak Ridge Utility District, TN	✓	✓	✓	
Chris Latch	City of Corinth Gas & Water, MS	✓	✓	✓	
John Leary	Borough of Chambersburg, PA	✓	✓	✓	
Zac Littrell	CenterPoint Energy, Franklin, TN	✓	✓	✓	
David Love	Magnolia River, Decatur, AL	✓	✓	✓	
Stephen Mayfield	City of Tallahassee Gas Utility, FL	✓		✓	
Doug Moser	Philadelphia Gas Works, PA	✓	✓	✓	
Mark Nibaur	Austin Utilities, MN		✓	✓	
Eduardo Noriega	Fountain Inn Natural Gas, SC	✓			
Mark O'Neal	Greater Dickson Gas Authority, TN	✓		✓	
John Olshefski	Huntsville Utilities, AL	✓	✓	✓	
John Piazza	Southern Cathodic Protection Co., Atlanta, GA	✓	✓	✓	
Owen Reeves	Henderson Municipal Gas, KY	✓	✓	✓	
Pat Riley	Gibson County Utility District, Trenton, TN	✓	✓	✓	
Jimmy Sprouse	York County Natural Gas Authority, Rock Hill, SC	✓	✓	✓	
Don Stanton	CPS Energy, San Antonio, TX	✓	✓		
Durk Tyson	Greenville Utilities Commission, NC	✓	✓	✓	
Rod Walker	Walker & Associates, Toccoa, GA	✓		✓	
Chuck Warrington	Clearwater Gas System, FL		✓	✓	
Alonzo Weaver	Memphis Light, Gas & Water, TN	✓	✓	✓	
Braxton Williams	Jackson Energy Authority, TN	✓	✓		
Rich Worsinger	City of Wilson, NC	✓	✓	✓	
Ed Young	Ed Young Sales Co., Charlotte, NC	✓	✓	✓	



APGA Calendar of Events



2019 Meetings & Conferences

January 27 – 29	Winter Board & Committee Meetings	The Westin Cape Coral Resort Cape Coral, Florida
January 29 – 31	Gas Supply Conference, Marketing & Sales Conference and Gas Policy Conference	The Westin Cape Coral Resort Cape Coral, Florida
May 5 – 8	Spring Board & Committee Meetings and Member Hill Visits	The Alexandrian by Marriott Alexandria, Virginia
July 28 – 31	Annual Conference	The Lodge at Spruce Peak Stowe, Vermont
October 27 – 29	Fall Board & Committee Meetings	Marriott Space & Rocket Center Huntsville, Alabama
October 29 – 31	Operations Conference	Marriott Space & Rocket Center Huntsville, Alabama

2020 Meetings & Conferences

January 26 – 28	Winter Board & Committee Meetings	Hyatt Regency Houston Galleria Houston, Texas
January 28 – 30	Gas Supply Conference and Marketing & Gas Policy Conference	Hyatt Regency Houston Galleria Houston, Texas
May 3 – 6	Spring Board & Committee Meetings and Member Hill Visits	The Alexandrian by Marriott Alexandria, Virginia
July 19 – 22	Annual Conference	Chicago Renaissance Downtown Chicago, Illinois
October 25 – 27	Fall Board & Committee Meetings	Hyatt Regency Louisville, Kentucky
October 27 – 29	Operations Conference	Hyatt Regency Louisville, Kentucky

2021 Meetings & Conferences

January 24 – 27	Winter Board & Committee Meetings and Member Hill Visits	The Alexandrian by Marriott Alexandria, Virginia
April 25 – 27	Spring Board & Committee Meetings	Hyatt Regency Savannah Savannah, Georgia
April 27 – 29	Gas Supply Conference and Marketing & Gas Policy Conference	Hyatt Regency Savannah Savannah, Georgia
July 25 – 28	Annual Conference	Hyatt Regency Tamaya Resort Santa Ana Pueblo, New Mexico
TBD	Fall Board & Committee Meetings	TBD

Board



AMERICAN PUBLIC GAS ASSOCIATION

Board of Directors Meeting Agenda



The Lodge at Spruce Peak

July 30, 2019

Stowe, VT

CALL TO ORDER – Owen Reeves, APGA Chair

1. Antitrust Warning – John Gregg (Item A, Board, pg 8)
2. Introductions – Owen Reeves
 - a. Recognize Guests
 - b. APGA National Sponsors (Item B, Board, pg 9)

PRELIMINARY ACTION ITEMS

1. Consideration of Minutes – Owen Reeves
 - a. Board Meeting Minutes – May 6, 2019 (Item C, Board, pg 10)
 - b. Annual Meeting Minutes – July 25, 2018 (Item D, Board, pg 19)
2. Financial Reports – Alonzo Weaver
 - a. 2nd Qtr 2019 Budget (Item A, Financial, pg 28)
 - b. Trial Balance (Item B, Financial, pg 33)
 - c. Balance Sheet (Item C, Financial, pg 37)
 - d. Reserves Report – (Item D, Financial, pg 39)

ACTION ITEMS

1. To Approve the Resolution on APGA Communications – Sue Kristjansson (Item E, Board, pg 20)
2. To Approve the Resolution on Small Investor- and Privately-Owned Utilities – Owen Reeves (Item F, Board, pg 23)
3. To Approve the Resolution for 2019-2020 Committee Chairs and Vice Chairs – Sam Davis (Item G, Board, pg 24)

EXECUTIVE SESSION

1. To Approve the Search Committee's Recommendation for APGA's New President & CEO – Jim Hodges (Item H, Board, pg 25)

REPORTS

1. Membership – John Leary (Item A, Reports, pg 46)
2. Direct-Use Task Group – Arthur Corbin (Item B, Reports, pg 47)
3. Media & Public Outreach Committee – Sam Davis (Item C, Reports, pg 50)
4. APGA RF – Don Suarez (Item D, Reports, pg 52)
5. APGA SIF – Bill Defoor (Item E, Reports, pg 53)
6. General Counsel Report – John Gregg (Item F, Reports, pg 54)
7. CEO Report – Bert Kalisch (Item G, Reports, pg 61)
8. Recognition of Committee Chairs – Owen Reeves (Item H, Reports, pg 62)
9. Recognition of APGA Board of Directors – Owen Reeves (Item I, Reports, pg 62)

ADJOURN

Antitrust Warning

The antitrust laws are among the most important of the laws affecting business. Their purpose is to preserve fair and honest competition. Violation of federal (and many state) antitrust laws can carry serious criminal, and potentially crushing civil, penalties. Violators are also subject to civil suits by injured parties, who can collect three times the damages that they can prove the violations caused. Private plaintiffs may also recover attorneys' fees, which can be very substantial.

The greatest danger area in antitrust law is contact among competitors. Any kind of agreement or understanding between or among competitors, formal or informal, oral or written, express or implied, regarding prices, terms or conditions of sale, volume of production, limitation of territories, or division or allocation of customers or product markets is illegal under the Sherman Act. It makes no difference whether the parties to such an understanding believe in good faith that it was reached for "good business reasons" or even whether it was deemed necessary to combat anticompetitive conduct by others.

The proof of a conspiracy is often necessarily circumstantial. That is, it can be inferred from surrounding circumstances and subsequent events. No formal agreement has to be shown. Consequently every contact and communication between competitors may be subject to close scrutiny in the event of an antitrust investigation.

Although trade associations such as the APGA are generally acknowledged to serve vital business functions, they are often combinations of competitors. As such, they are inherently dangerous because the mere existence of the association supplies the element of "concert" or "combination" necessary to prove a combination in restraint of trade. Clearly, most members of APGA are not direct competitors of each other, but some may be (e.g., for new load and for gas supply), and it is important for members to recognize as much.

It may also be especially important for representatives of APGA members to bear in mind that concerted action by buyers can run afoul of the antitrust laws, as well as concerted action of sellers. While customers may legitimately band together for the purposes of pursuing administrative or legislative remedies which have the result of reducing prices for all, it does not follow that they can agree outside the context of pursuing such remedies to refuse to deal with certain sellers or to do so only upon terms agreed upon among the buyers.

Municipal entities enjoy a certain amount of statutory protection from damages liability under the federal antitrust laws, and they may be able to defend some activities based on the notion that their conduct is tantamount to "state action." However, the "state action" defense is often inapplicable in cases involving concerted action or agreements, such as price-fixing or tying. Furthermore, neither the statutory protection of municipalities nor the "state action" defense is necessarily available to the APGA.

Representatives are urged to bear these things in mind when attending to APGA-related business. A good rule of thumb is to refrain from making any statement orally or in writing, that one would not wish to have repeated in court. Comments that could prove particularly troubling would be any that could be construed to amount to an agreement to fix prices, to control output, or to boycott or price to destroy a competitor or to discriminate in pricing to similar customers. Disparagement of competitors' product or services should also be avoided.

APGA APPRECIATES THE SUPPORT OF OUR NATIONAL SPONSORS

Blue Flame Sponsor

Honeywell

Gold Flame Sponsor



Silver Flame Sponsor



Gas Connectors & Accessories

Bronze Flame Sponsors



RBC Capital Markets



7/12/2019



AMERICAN PUBLIC GAS ASSOCIATION

Board of Directors' Meeting



The Alexandrian

May 6, 2019

Alexandria, VA

CALL TO ORDER: APGA Chairman Owen Reeves called the Board meeting to order and welcomed the attendees.

Antitrust Warning. Chairman Reeves asked APGA's General Counsel John Gregg to provide an antitrust warning. Mr. Gregg provided the warning and noted the detailed antitrust guidelines set forth in the Board packet.

Introductions. Chairman Reeves asked attendees to go around the room and introduce themselves. The following individuals were in attendance:

Officers:

Sam Davis, 1st Vice Chair
John Leary, 2nd Vice Chair
Greg Henderson, Past Chair

Alonzo Weaver, Treasurer
Bert Kalisch, Secretary
John Gregg, General Counsel

Directors:

Chris Anderson, Central City, NE
Gerald Ballinger, Carrollton, KY
Larry Carroll, Elizabeth, IL
Brian Dove, Cullman, AL
Bob Dowell, Long Beach, CA
Lincoln Duncan, Arnold, MO
Tae Eaton, Paris, TN
Mike Enoch, Chester, SC
Mike Gundersen, Tullahoma, TN
Gordon King, Valparaiso, FL
Sue Kristjansson, Oak Ridge, TN
Chris Latch, Corinth, MS
Zac Littrell, Franklin, TN
David Love, Decatur, AL

Stephen Mayfield, Tallahassee, FL
Doug Moser, Philadelphia, PA
Mark Nibaur, Austin, MN
Mark O'Neal, Dickson, TN
John Olshefski, Huntsville, AL
John Piazza, Atlanta, GA
Pat Riley, Trenton, TN
Jimmy Sprouse, Rock Hill, SC
Durk Tyson, Greenville, NC
Rod Walker, Toccoa, GA
Chuck Warrington, Clearwater, FL
Rich Worsinger, Rocky Mount, NC
Ed Young, Charlotte, NC

Absent:

Joe Awad, Colorado Springs, CO
Matt Ballard, Sevierville, TN
Jim Crowley, Easton, MD
Gary Gibson, Springfield, MO

Jim Knight, Omaha, NE
Eduardo Noriega, Greenwood, SC
Don Stanton, San Antonio, TX
Braxton Williams, Jackson, TN

Others in Attendance:

Steve Allen, Decatur, TX
Audrey Anderson, Washington, DC
Sasha Benjamin, Oak Ridge, TN
Todd Brady, Washington, DC
Mark Burgess, Evergreen, AL
Mike Casper, Elizabeth, IL
Jim Choukas-Bradley, Washington, DC
Allen Coffman, Chambersburg, PA
Simon Cook, Washington, DC
Arthur Corbin, Kennesaw, GA

Sheila Deringis, Washington, DC
Bill DeFoor, Kennesaw, GA
Rodney Dill, Kennesaw, GA
John Erickson, Washington, DC
Rob Getman, Decatur, AL
Mike Herbert, Chambersburg, PA
Jim Hodges, Smithville, TN
Dave Kearney, Richmond, VA
Erin Kurilla, Washington, DC
Todd Long, Huntsville, AL

Doug MacGillivray, Washington, DC
Don Maness, Duluth, GA
Jon Mason, Chambersburg, PA
Mason Matthews, Athens, AL

Stuart Saulters, Washington, DC
Dave Schryver, Washington, DC
Carl Smith, Greenville, NC
Matt Stennett, Smithville, TN

Introduction of Guests. Chairman Reeves introduced Don Maness from Honeywell and APGA Blue Flame National Sponsor.

APGA National Sponsors. Mr. Davis thanked and recognized APGA's National Sponsors: Honeywell, Consolidated Pipe, Hubbell, AY McDonald, BP Energy, CenterPoint Energy, Equipment Controls, Goldman Sachs, Kerotest, Magnolia River, McCarter & English, Municipal Capital Markets Group, Performance Pipe, RBC Capital Markets and Southern Cathodic Protection.

PRELIMINARY ACTION ITEMS:

Consideration of Minutes. The minutes from the January 28, 2019 Board meeting held in Cape Coral, FL were presented by Chairman Reeves. A motion and a second were offered to approve the meeting minutes as written. There being no discussion, the motion carried.

Financial Reports. Treasurer Alonzo Weaver provided a review of the APGA financial reports for the quarter ending March 31, 2019. Mr. Weaver highlighted several income and expense items; he noted that 2019 dues were on track to meet budget and non-dues revenue is also in line. A motion and a second were offered to accept the financial reports as presented. There being no discussion, the motion carried.

Investment Report. Debbie Elmes of Morgan Stanley, provided a review of the APGA investments. Year-to-date, APGA's investments are performing well. Ms. Elmes noted the portfolio will need to be rebalanced per APGA policy. She does not recommend any changes to the portfolio at this time.

RECESS:

A motion and a second were offered to recess the APGA Board of Directors' Meeting to permit the Board to go into Executive Session. The motion carried.

EXECUTIVE SESSION:

2018 Audit Report. Terri McKnight of APGA's audit firm, Gelman, Rosenberg & Freedman, reported the results of the annual audit to the Board, and she responded to questions. She highlighted that this was the first year for APGA to implement a new accounting standard, ASU 2018-08, Not-for-Profit Entities. She reaffirmed her positive review of the manner in which APGA was keeping its books and records, and of staff's cooperation during the audit.

Search Committee. On behalf of the CEO Search Committee, Jim Hodges provided an update to the Board.

National Sponsorship Program. John Leary made a report to the Board on the National Sponsorship Program.

Nominating Committee. Greg Henderson discussed the need to fill the position of a Board member who has resigned. Mr. Henderson recommended on behalf of the Nominating Committee that Kathy Garcia be appointed to fill the position created by the resignation of Director Don Stanton. Mr. Worsinger so moved, and Ms. Kristjansson seconded. There being no further discussion the motion carried.

A motion to adjourn the Executive Session and to resume the regular session of the APGA Board meeting was made and seconded and unanimously carried. The consensus of the Board was to make the minutes of the Executive Session public.

ACTION ITEMS:

To Approve Two Amendments to the Bylaws. Mr. Gregg provided a background to why the Board had two bylaw resolutions before it. Then Mr. Henderson presented the "Resolution to Approve a new Membership Category and Dues Policy for Joint Action Agencies."

Mr. Henderson moved and Mr. Leary seconded a motion to approve the "Resolution to Approve a new Membership Category and Dues Policy for Joint Action Agencies." The Chair commented on the effective date of the resolution being dictated by the payment of dues. Mr. Ballinger observed that nearly all of the JAAs have done prepaid gas transactions, and APGA has been of assistance to maintaining that transaction when challenged by regulatory powers.

Mr. Henderson accepted a friendly amendment to strike the second part of the resolution that specified the dues amount for JAA members be removed because that topic will be addressed in discussion of the 2019 Dues Policy Resolution.

There being no further discussion, the motion to approve the resolution as amended carried.

Next, Mr. Gregg highlighted some of the changes proposed to the bylaws, including the reduction in the numbers of board members.

Mr. Leary moved acceptance of the "Bylaws Resolution Regarding Update to the APGA Bylaws," and Mr. Warrington seconded. Mr. Gregg answered some questions. There being no further discussion, the motion carried.

To Approve the 2020 APGA Dues Policy Resolution. Alonzo Weaver introduced the 2020 Dues Policy Resolution, which will be brought before the membership for approval at the Annual Meeting in July. After some discussion regarding the proposed new conditions on discounts for system members, the consensus of the Board was to revert to past practice and allow discounts even if fewer than 100% of eligible members that are part of a group aggregating dues are actually dues-paying members. A motion and a second were offered to accept the 2020 Dues Policy Resolution with the discount provision amended. There being no further discussion, the motion carried.

To Approve the APGA Mutual Aid Agreement. Pat Riley introduced the final version of the APGA Mutual Aid Agreement, which has been reviewed and approved by the APGA Operations & Safety Committee. Upon approval by the Board, the Mutual Aid Task Group will begin development of companion documents to assist in the administration of the program. A motion and a second were offered to approve the APGA Mutual Aid Agreement. There being no further discussion, the motion carried.

To Approve the 2019-2020 APGA Policy Resolutions. Sam Davis introduced the APGA Policy Resolutions that will be brought before the membership for approval at the Annual Meeting in July. After review of the current resolutions, there were some minor edits and the addition of two new resolutions. A motion and a second were offered to approve the APGA Policy Resolutions. There being no further discussion, the motion carried.

To Approve Recognition of FERC Commissioner Cheryl Lafleur. Dave Schryver introduced the resolution included in the Board materials to recognize Commissioner Cheryl Lafleur for her service on behalf of natural gas consumers during her tenure at FERC. A motion and a second were offered to approve recognition of Commissioner Lafleur. The motion carried.

REPORTS:

Membership. John Leary provided an update on the status of 2019 membership. To date this year, APGA has gained 15 new members and lost one. The Membership Committee is following up with the remaining unpaid members. Mr. Leary also noted the Membership Satisfaction Survey will be going out and to please take the time to participate.

Direct-Use Task Group (DUTG). Sue Kristjansson reported on the activities of the DUTG, a summary of which was included in the Board materials. Ms. Kristjansson noted the Genius campaign has launched with good initial results, and the campaign has sparked interest within the industry. Mr. Corbin noted there will be an in-person meeting of the DUTG on Wednesday at the conclusion of the meetings.

Media and Public Outreach Committee (MPOC). Sam Davis provided an update on the MPOC activities, which were included in the Board materials. The RFP Task Group has made progress with selecting a communications firm, and three firms have been selected for in-person meetings in DC. The Task Group will move forward with the selection of a communications firm as allowed in the budget.

Associates Committee. David Love provided an update on the activities of the Associates Committee. After much discussion, the active members of the Committee recommend it be dissolved, with consideration of an inactive status or as an ad hoc committee, or become a standing sub-committee under the Membership Committee. A motion and a second were offered to dissolve the Associates Committee. The motion carried.

APGA Research Foundation (RF). Chris Latch provided an update on RF programs and activities, noting that the RF remains in a strong financial position and continues efforts to recruit new contributors. The RF Fall Forum has been scheduled for August 21 & 22 at GTI's research facilities outside Chicago.

APGA Security & Integrity Foundation (SIF). Bill DeFoor provided an update on SIF programs and activities, also noting that the SIF remains financially strong and SIF products and services continue to be successful. Mr. DeFoor also noted that the SIF will be moving away from OQ training as of June 30th due inability to cover costs and potential liability. Mr. DeFoor also noted the SIF is in the process of putting a plan in place to identify backup for future database development.

General Counsel Report. In the interests of time, John Gregg pointed the Board members to his written report.

CEO Report. Bert Kalisch reviewed the Key Success Measures document included in the Board materials, which provides a snapshot of APGA's performance in the categories of Advocacy, Financials, Membership, Operations, Research & Development, and Education & Training. Other reports given included:

- John Powers has left APGA but Marghet Hager will be returning to fill the vacancy.
- Owen Reeves discussed the matter of allowing small investor-owned utilities to participate in the Operations & Safety Committee as non-voting members. The Board members went around the table and provided their comments. With several opposed, a majority were in

support of allowing participation. A proposal will be brought before the Executive Committee for review prior to the July meeting.

ADJOURNMENT:

Upon motion duly made, seconded and unanimously carried, the Board meeting was adjourned.

ATTACHMENTS:

- Resolution to Approve a new Membership Category and Dues Policy for Joint Action Agencies
- Bylaws Resolution Regarding Update to the APGA Bylaws
- 2020 APGA Dues Policy Resolution
- Resolution to Recognize Commissioner Cheryl Lafleur for her service

DRAFT

RESOLUTION TO APPROVE A NEW MEMBERSHIP CATEGORY AND DUES POLICY FOR JOINT ACTION AGENCIES

Whereas, the APGA Bylaws do not account for a membership category for Joint Action Agencies (JAAs);

Whereas, many natural gas JAAs have been created in the past 30 years and benefit from APGA's efforts and resources to, among other things, promote the direct use of natural gas;

Whereas, the purpose of a natural gas JAA is to assist gas utilities owned by local governmental entities—many of which are APGA System Members—to deliver safe, reliable, and low-cost natural gas supply and service to their customers;

Whereas, JAAs have their own interests to be a successful entity that are independent of the interests of their members, and they pursue those interests in many ways, including participation in various local, state, regional, and national venues;

Whereas, APGA delivers an effective, robust and vibrant advocacy effort that benefits JAAs, especially in the area of tax-exempt debt to purchase long-term prepaid natural gas supplies; and,

Whereas, JAAs benefit from APGA's sustained advocacy efforts of many sorts that enhances their position in the natural gas industry, and APGA benefits from the participation of JAAs within APGA.

NOW, THEREFORE, BE IT RESOLVED that the APGA Board of Directors will recommend to membership that the Bylaws be amended to create a membership category for JAAs as follows:

JOINT ACTION AGENCY MEMBERS

Subject to the approval of the Executive Committee, an entity that on behalf of a System Member(s) manages transportation contracts or gas supply contracts collectively, and/or acquires for them long-term gas supply through the use of tax-exempt (or taxable) financing, the entity may become a Joint Action Agency Member of the Association. Joint Action Agency Members may attend all meetings of the Association and receive its reports and publications. Each Joint Action Agency Member may designate a representative in like manner as a System Member.

**Bylaws Resolution
Regarding Update to the APGA Bylaws**

Whereas, APGA periodically reviews its Bylaws for accuracy, most recently in 2016; and

Whereas, the Board has reviewed and is proposing to add a new class of membership for Joint Action Agencies; and

Whereas, this change in membership categories is moving director positions from the Agency Member classification to the Joint Action Agency classification;

Whereas, the review of such membership change resulted in several clarifications to the Bylaws as well as reformatting of the membership article; and

Whereas, the Board of Directors has authority to revise the Bylaws;

Therefore, Be It Resolved, that

1. The APGA Bylaws shall be amended and restated as consistent with the attached revisions, provided that existing directors elected and serving currently as Agency Members shall be permitted to complete their current term.

2020 APGA Dues Policy Resolution

MEMBERSHIP ANNUAL DUES STRUCTURE

SYSTEM MEMBERS:

- Public Gas Systems with 1 to 500 meters:
 - Dues are set at the minimum rate of \$445
 - Small systems are automatically considered members
 - Small systems may pay any amount or nothing
 - Small systems are dropped as an APGA member only upon request
- Public Gas Systems with 501 to 60,000 meters:
 - Dues are calculated at 89¢ per meter *
 - Dues range from \$445 to \$53,400
- Public Gas Systems with 60,000 to 200,000 meters:
 - Dues are set at \$53,400
- Public Gas Systems with 200,000 or more meters:
 - Dues are set at \$57,300

ASSOCIATE MEMBERS:

Dues for Associate members are \$825.

AGENCY MEMBERS:

Dues for Agency members are \$500.

JOINT ACTION AGENCY MEMBERS:

Dues for Joint Action Agency members are \$7,500.

AFFILIATE MEMBERS:

Affiliate members pay no dues.

DISCOUNTS FOR SYSTEM MEMBERS:

If an Agency or Joint Action Agency collects and remits to APGA the dues for their System Members, the System Members with fewer than 60,000 meters will receive a 5% discount on their dues.

PRORATING OF DUES:

- Any System Member joining during the calendar year will have its initial dues prorated on the following schedule:

Membership Effective Date:

January 1 – March 31

April 1 – June 30

July 1 – September 30

October 1 – December 31

Proration for systems w/501-60,000 meters:

89¢ per meter

66.75¢ per meter (75%)

44.5¢ per meter (50%)

Payment of 2021 dues

- JAA and Associate members may have their dues prorated similarly.

INVOICES:

Dues invoices for the 2020 calendar year will be sent in September 2019.

*This per meter dues rate reflects a 2¢/meter increase over 2019.

BOARD RESOLUTION
To
HONOR THE SERVICE
OF
CHERYL A. LAFLEUR
AS COMMISSIONER OF THE
FEDERAL ENERGY REGULATORY COMMISSION

RESOLUTION

WHEREAS, Commissioner LaFleur was nominated by President Obama to the Federal Energy Regulatory Commission in 2010 and was confirmed for a second term by the Senate in 2014;

WHEREAS, Commissioner LaFleur served as Acting Chairman of the Commission from November 2013 to July 2014 and January to August 2017 and as Chairman from July 2014 until April 2015;

WHEREAS, Commissioner LaFleur has worked tirelessly towards ensuring reliable, reasonably priced energy for U.S. consumers;

WHEREAS, natural gas consumers have directly benefitted from many of the initiatives taken by FERC under Commissioner LaFleur's leadership;

THEREFORE, BE IT RESOLVED, that the Board of Directors for the American Public Gas Association expresses its appreciation and gratitude to Commissioner LaFleur for her service on behalf of natural gas consumers during her tenure at FERC.

*These minutes were unanimously approved
By the Board on July 30, 2019*



AMERICAN PUBLIC GAS ASSOCIATION Annual Meeting Minutes



The Hilton

July 25, 2018

Portland, OR

CALL TO ORDER: APGA Chairman Greg Henderson called the Annual Meeting to order in Portland, Oregon, at 8:30 a.m. and indicated there was a quorum. He then proceeded to the agenda.

CEO Annual Report. CEO Bert Kalisch delivered a report on the status of APGA's membership, assets, staff, and accomplishments for the past year. He expressed gratitude to all of APGA's voluntary leaders, and especially to outgoing Chairman Greg Henderson.

Financial Report. APGA Treasurer Al Bean, gave the 2018 Financial Report, noting that the Board heard an extended version of the same report earlier. Mr. Bean then introduced the 2019 dues resolution as part of the 3-year dues recommendation as developed by the Dues Task Group: the per meter rate for members between 501 and 60,000 meters will be increased to 87¢ in 2019. The small and large member dues also increased accordingly. He moved that both items be adopted. The motion was seconded and approved.

Resolutions. Vice Chairman Sam Davis gave a report on APGA's resolutions approved by the Board at the May meeting and distributed to the membership. He moved that they be adopted. The motion was seconded and approved.

Amendment to APGA's Certificate of Incorporation. Chairman Henderson reported that the Board had recommended in November 2016 as part of its bylaws review that APGA should change its place of incorporation from Virginia to the District of Columbia, and to amend the Certificate of Incorporation to be consistent with the Bylaws as restated in by the Board of Directors. The matter requires the vote of the members, but was omitted inadvertently from the 2017 annual meeting agenda. He moved the recommendation of the Board accordingly. The motion was seconded and approved unanimously.

Nominating Committee Report. Past Chairman Jim Hodges reported that the committee had filled nine board seats plus the position of Treasurer. He listed the current and outgoing members of the Board. Mr. Hodges moved that the nominating committee report be adopted. The motion was seconded and approved.

Passing of the Gavel. Chairman Henderson discussed his term and expressed gratitude to those who had assisted him, most especially his own board and family. He then passed the gavel to incoming Chairman Owen Reeves. Mr. Reeves recognized the outgoing Chairman with an award. He then welcomed the new officers and board members.

ADJOURN: A motion to adjourn the APGA Annual Meeting was made and seconded and unanimously carried at 9:44 a.m.

RESOLUTION ON APGA COMMUNICATIONS

WHEREAS, APGA's vision "To be the Voice and Choice of Public Gas" informs its mission of being "an advocate for municipally owned natural gas distribution systems, and educate and communicate APGA members to promote safety, awareness, performance and competitiveness";

WHEREAS, APGA's system members are not-for-profit retail distribution entities that are owned by, and accountable to, the citizens that they serve;

WHEREAS, at the most basic level, APGA's public gas system members represent the views of American natural gas consumers; they serve homeowners, restaurants, schools, hospitals, small businesses as well as manufacturing and other industrial facilities, all of which rely on affordable and dependable natural gas to heat their homes, buildings and water, cook their meals, dry their clothes, and fuel their businesses of all types;

WHEREAS, APGA's advocacy efforts are taken to improve the customers and communities served by their members through safe, reliable natural gas service at the lowest reasonable price, such that APGA communications should reflect the positive contributions APGA is making by promoting the interests of its members and the customers and communities they serve;

WHEREAS, APGA conducts its business in full view of its members, and not in secret, but will do what it can to preserve the confidentiality of its documents when it serves the ends of the mission of the Association.

WHEREAS, APGA members have been the subject of open records requests in 2018-2019 for APGA documents by groups and individuals opposed to the use of fossil fuels;

NOW, THEREFORE, BE IT RESOLVED that the APGA Board of Directors adopts the following:

1. APGA's Staff Employee Handbook should include an email and retention policy that Staff are required to follow, and APGA system members are encouraged to develop the same for their own purposes.
2. The attached addition to the Staff Employee Handbook is approved to become effective immediately.
3. APGA will work with its members who receive open records requests concerning APGA documents, and its members should communicate such requests to APGA in a timely manner.

4. APGA will make case-by-case determinations when receiving a request for documents that it believes should remain confidential to further its mission.

ADDITION TO STAFF EMPLOYEE HANDBOOK

EMAIL POLICY

APGA shall maintain a current email policy—as technologies change—that addresses the code of conduct for APGA employees using an APGA email domain. This policy shall be part of the Employee Handbook and reviewed with all employees. Breach of this policy is considered a breach of APGA policy and will be dealt with accordingly.

Employees who fail to adhere to this policy will face disciplinary action up to and including termination. Example reasons for termination include: using an APGA email address to send confidential data without authorization; sending offensive or inappropriate emails to our members, colleagues or partners; and, for an illegal activity.

APGA Email Policy

APGA employees are issued an address at the APGA domain for business use only. Employees should attempt to use other email addresses for personal matters. In order to enforce these policies, computer, Internet and e-mail usage may be monitored by APGA, including retrieving and reading e-mail messages and other computer files, and monitoring of Internet traffic. Therefore, e-mail messages and other use of the APGA's computers is not confidential, and even though you may be issued a private password to log in to the computer, you should have no expectation of privacy with regard to your use of the system.

No employee may access—or attempt to access—email intended for another user without his/her permission, except when necessary as part of that person's duties including personnel administration.

Code of Conduct – Emails sent from APGA accounts shall be professional, business like, and respectful in manner. APGA policy prohibits the sending of email that is used to discriminate, harass, make threats, or be abusive in nature. Email re lines should match the content of the message and senders should be very cognizant of both to whom they are emailing and what content they are emails. Accordingly, avoid as much as possible forwarding material and “replies to all.”

July 30, 2019

Email security—Email is often the medium of hacker attacks, confidentiality breaches, viruses and other malware that can compromise APGA’s reputation, legality and security of our equipment. Accordingly, APGA employees must select strong passwords with at least eight characters (capital and lower-case letters, symbols and numbers) without using personal information (e.g. birthdays.). Change passwords routinely. Employees should always be vigilant to catch emails that carry malware or phishing attempts. Employees must: avoid opening attachments and clicking on links when content is not adequately explained; be suspicious of clickbait titles; and check email and names of unknown senders to ensure they are legitimate.

Email signature—APGA employees should use an email signature that projects professionalism and represents APGA well. Employees may also include professional images, company logos and work-related videos and links in email signatures. If they are unsure how to do so, they can ask for help from our Office Manager.

Confidentiality—Matters that APGA staff believe are confidential are usually better to communicate in person or over the telephone rather than by email.

Email Retention – APGA staff has the discretion to delete and retain emails for their records as the employee deems to be appropriate, provided that APGA will maintain as an IT policy delete protocols on all email mailboxes that deletes email older than 12 months, but not from folders where emails may be retained for longer than 12 months. APGA staff should not use mailboxes for filing. Staff should retain emails related to important matters such as APGA Board matters; APGA administrative matters; APGA Procedures and Policies; and other matters as deemed appropriate apart from email boxes. All employees are required to adhere to the policy.

RESOLUTION TO APPROVE PARTICIPATION OF SMALL INVESTOR- AND PRIVATELY-OWNED UTILITIES IN THE APGA O&S COMMITTEE

Whereas, the APGA Bylaws do not provide for a separate membership category for investor-owned gas utilities but permits them to be Affiliate Members;

Whereas, the APGA Operations and Safety Committee holds ad hoc meetings, monthly conference calls, shares emails, and conducts a conference.

NOW, THEREFORE, BE IT RESOLVED that the APGA Board of Directors adopt the following policy:

1. Provided that the entity is an Affiliate Member of APGA, an investor-owned or otherwise privately-owned gas utility (IOU) may participate in the APGA Operations and Safety Committee provided that:
 - a. The IOU has fewer than 25,000 meters; and
 - b. The IOU pays APGA an annual fee calculated by the number of meters @ 80% of System Member dues rate.

**2019-2020 Committees
Chairs, Vice Chairs and Staff**

Committee	Chair	Vice Chair	Staff	Past Chair
Annual Conference	Sam Davis	John Leary	Sheila Deringis	Owen Reeves
Awards	Owen Reeves	Sam Davis	Sheila Deringis	Greg Henderson
Board	Sam Davis	John Leary	Bert Kalisch	Owen Reeves
Codes & Standards	Brian Langille	Danny Manning	Stuart Saulters	Sue Kristjansson
Direct Use Task Group	Sue Kristjansson	Stephen Mayfield	Stuart Saulters	Arthur Corbin
Editorial	Scott Minter	Lori Bonilla	Audrey Anderson	Jon Mason
Executive	Sam Davis	John Leary	Bert Kalisch	Owen Reeves
Gas Supply	Cliff Addison	John Zuk	Doug MacGillivray	Gordon King
Government Relations	John Leary	Alonzo Weaver	Dave Schryver	Sam Davis
Legislative SC	John Olshefski	Rodney Dill	Dave Schryver	Staci Wilson
Regulatory SC	Terrell Booker	Mark Nibaur	Dave Schryver	Donnie Sharp
Marketing & Sales	Monica Marlow	Alison Ragsdale	Audrey Anderson	Nicole Graham
Media & Public Outreach	John Leary	Alonzo Weaver	Dave Schryver	Sam Davis
Membership	Alonzo Weaver	John Leary	Dave Schryver	Sam Davis
NGV Committee	Lincoln Duncan	Brian Langille	Doug MacGillivray	Matt Stennett
National Sponsorship	Alonzo Weaver	Rich Worsinger	Sheila Deringis	John Leary
Nominating	Owen Reeves	Sam Davis	Bert Kalisch	Greg Henderson
Operations & Safety	Alonzo Weaver	Carl Smith	Erin Kurilla	Pat Riley
Organization			Staff	Past Chair
APGA RF	Don Suarez	Chris Latch	Todd Brady	Jimmy Sprouse
APGA SIF	Bill DeFoor	Sam Davis	John Erickson	Leonard Phillips

APGA CEO Search Committee 2019

Final Report to the APGA Executive Committee and Board of Directors

Submitted July 1, 2019

At the American Public Gas Association Regular Board of Directors Meeting on October 29, 2018 in Chattanooga, Tennessee. Chairman Owen Reeves recommended and the Board adopted a resolution appointing a CEO Search Committee of Rich Worsinger, City of Rocky Mount, North Carolina; Doug Moser, Philadelphia Gas Works; Greg Henderson, Southeast Gas; Gerald Ballinger, PEAK; and Jim Hodges, Middle Tennessee Natural Gas Utility District. Jim was appointed Chairman of this Committee and Rich was appointed Vice-Chairman of the Committee.

The Resolution authorized and directed the Committee to:

1. Engage and consult the community as necessary to assist with identifying, evaluating, and selecting candidates, and, upon approval of the Board, hire the president and CEO;
2. Determine and modify the job description for the new president and CEO position, after prior consultation with the Board;
3. Base recruitment on the compensation package recommended by the Board's Executive Committee;
4. Seek input throughout the search period with members of the Board of Directors and Executive Committee as appropriate; and,
5. Report on the Search Committee's progress to the Board.
6. Submit a final recommendation to the Board of Directors for approval at the Annual Conference and Meeting in July 2019.

The Committee wishes to include in this report the fact that while our final two candidates were outstanding, and the Committee is confident that either could have done a good job of leading APGA into the future, we were disappointed that there were no applicants from AGA, APPA, or other natural gas organizations.

During this process, we met with and talked on the phone with Kevin Belford, former council for AGA on the process of hiring a new CEO. Kevin's insight was helpful.

Early in 2019, the position of APGA CEO was advertised in publications of APGA, AGA, the Society of Association Executives and the Pipeline and Gas Journal. Resumes were to be submitted by April 15, 2019 to a secure APGA email site that only the Committee was able to access.

Seventy-two (72) resumes for the position were received between February and April 15, 2019. The Committee members individually reviewed all resumes received and made lists of their view of the best of the applicants. From those reviews a list of sixteen (16) candidates were chosen for further consideration. Each member was asked to rank that list from one (1) to sixteen (16). With those composite rankings from the full Committee, a telephone discussion among the Committee members produced a short list of the top six (6) candidates.

The Short List of six (6) Candidates were sent a few questions to assure the Committee that the Candidates were truly interested in and informed about public natural gas; that the Candidates understood that the available salary was good, but modest compared to larger organizations like AGA; that the candidates understood the office location and probable travel requirements of the job. Based on responses to these questions and telephone conversation between the Committee Chair and the candidates, one (1) of the six (6) candidates was eliminated.

At the Spring Board Meeting in Washington D.C. / Alexandria, Virginia, the full Committee had face-to-face or telephone interviews with the remaining five (5) candidates on the Committee's Short List. Based on those interviews and further consideration of materials that the candidates had submitted, the top two (2) candidates were selected. Those two (2) candidates returned to Alexandria, VA for further interviews on May 30, 2019 and May 31, 2019.

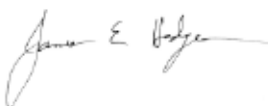
In late May, the Committee conducted background checks on the remaining two candidates. Both candidates educational background, previous employment and other data was confirmed, and no criminal or other unusual activity was uncovered for either candidate.

In early June, the Committee met by phone and discussed the interviews and the available options for the Committee. After due consideration of the applicants, the current direction of APGA, the current member approval numbers for APGA, and the overall support of current practices at APGA, the Committee supports the hiring of Dave Schryver as the 2020 CEO for APGA.

Dave did an excellent job with his submittals to the Committee and in his two (2) interviews, has been instrumental in the growth and development of APGA, and is the best candidate to lead APGA in the years ahead.

Greg Henderson and Gerald Ballinger from the Committee agreed to draft a recommended compensation package for Dave. Greg and Gerald agreed to work with Dave, Owen, the Executive Committee, and John Gregg to produce a final compensation package for Dave for the future.

The APGA CEO Search Committee hereby unanimously recommends to the APGA Board of Directors that Dave Schryver be approved as the APGA Assistant CEO effective October 1, 2019 and APGA President and CEO effective as of January 1, 2020.



James E. Hodges
Chairman



Rich Worsinger
Vice-Chairman



Greg Henderson



Gerald Ballinger



Doug Moser

Financials

AMERICAN PUBLIC GAS ASSOCIATION
Profit & Loss Budget vs. Actual
 January through June 2019

	<u>Jan - Jun 18</u>	<u>Jan - Jun 19</u>	<u>19 Budget</u>
Ordinary Income/Expense			
Income			
4000 - Dues Revenue			
4010 - Member Dues	2,051,651.10	2,302,066.94	2,298,174.00
4020 - Associate Dues	56,545.00	60,420.00	65,000.00
4030 - New Member Dues	62,528.76	30,518.08	20,000.00
Total 4000 - Dues Revenue	<u>2,170,724.86</u>	<u>2,393,005.02</u>	<u>2,383,174.00</u>
4100 - Non-Dues Revenue			
4110 - Rental Income	30,102.00	30,462.00	53,856.00
4120 - Directory Income	0.00	0.00	4,000.00
4140 - National Sponsors	48,010.00	103,750.00	150,000.00
4155 - Publications Advertising	1,342.75	877.53	2,000.00
4160 - GOAL	13,054.99	2,954.32	40,000.00
4170 - Calendar Sales	0.00	0.00	4,000.00
4175 - HomeServe Revenue	45,000.00	45,000.00	45,000.00
4185 - DUTG Non-Member Participants	125,000.00	75,000.00	111,250.00
4188 - DUTG Non-Dues Revenue	0.00	107,500.00	0.00
4100 - Non-Dues Revenue - Other	5,350.00	6,000.00	6,000.00
Total 4100 - Non-Dues Revenue	<u>267,859.74</u>	<u>371,543.85</u>	<u>416,106.00</u>
4200 - Conferences & Workshops Income			
4230 - GSC, MSTTC, PTC	76,010.00	61,965.00	79,000.00
4239 - Govt Relations Conference	0.00	0.00	0.00
4249 - Annual Conference			
4249.1 - Registrations	135,155.00	174,945.00	
4249.2 - Sponsorships	20,000.00	17,000.00	
4249.3 - Exhibitors	15,400.00	19,550.00	
4249.4 - Golf Tournament	2,500.00	3,900.00	
4249.5 - Optional Excursions	0.00	18,213.00	
4249 - Annual Conference - Other	0.00	0.00	320,000.00
Total 4249 - Annual Conference	<u>173,055.00</u>	<u>233,608.00</u>	<u>320,000.00</u>
4259 - Leak City/Operations Conference	0.00	0.00	3,500.00
4269 - Operations Conference	2,520.00	895.00	100,000.00
4279 - SGA Spring Gas Conference	6,570.00	0.00	6,600.00
4200 - Conferences & Workshops Income - Other	0.00	0.00	1,000.00
Total 4200 - Conferences & Workshops Income	<u>258,155.00</u>	<u>296,468.00</u>	<u>510,100.00</u>
4300 - Complementary Organizations			
4320 - APGA Research Foundation	68,872.30	56,938.25	125,000.00
4330 - APGA Security & Integrity Found	166,625.43	150,287.59	285,000.00
Total 4300 - Complementary Organizations	<u>235,497.73</u>	<u>207,225.84</u>	<u>410,000.00</u>
4400 - Drawn from Retained Earnings	0.00	0.00	148,652.00
Total Income	<u>2,932,237.33</u>	<u>3,268,242.71</u>	<u>3,868,032.00</u>

AMERICAN PUBLIC GAS ASSOCIATION
Profit & Loss Budget vs. Actual
January through June 2019

	<u>Jan - Jun 18</u>	<u>Jan - Jun 19</u>	<u>19 Budget</u>
Cost of Goods Sold			
5010 - Direct Labor (Salaries)	497,229.05	472,723.94	954,182.00
5100 - Conferences & Workshops			
5130 - GSC, MSTTC, PTC	56,888.24	67,195.64	57,000.00
5139 - Govt Relations Conference	6,332.03	6,908.61	8,500.00
5149 - Annual Conference	16,652.52	29,292.78	280,000.00
5169 - Operations Conference	0.00	0.00	50,000.00
Total 5100 - Conferences & Workshops	<u>79,872.79</u>	<u>103,397.03</u>	<u>395,500.00</u>
5200 - Board Meetings Expense			
5229 - Winter B&C Meetings	24,601.59	35,528.62	29,000.00
5239 - Spring B&C Meetings	22,518.17	16,307.69	23,000.00
5249 - Fall B&C Meetings	0.00	0.00	24,000.00
Total 5200 - Board Meetings Expense	<u>47,119.76</u>	<u>51,836.31</u>	<u>76,000.00</u>
5300 - Memberships			
5305 - NAESB	5,250.00	5,250.00	5,500.00
5310 - Common Ground Alliance	11,000.00	11,000.00	12,500.00
5360 - National Petroleum Council	7,601.00	7,601.00	7,500.00
5365 - Natural Gas Roundtable	0.00	0.00	2,500.00
5380 - Consumer Energy Alliance	1,000.00	1,000.00	1,100.00
Total 5300 - Memberships	<u>24,851.00</u>	<u>24,851.00</u>	<u>29,100.00</u>
5400 - Subcontract Labor	0.00	0.00	5,000.00
5600 - Outreach			
5610 - Advocacy (T/M/L)	0.00	0.00	2,700.00
5620 - Benchmarking for Members	0.00	0.00	2,000.00
Total 5600 - Outreach	<u>0.00</u>	<u>0.00</u>	<u>4,700.00</u>
Total COGS	<u>649,072.60</u>	<u>652,808.28</u>	<u>1,464,482.00</u>
Gross Profit	<u>2,283,164.73</u>	<u>2,615,434.43</u>	<u>2,403,550.00</u>
Expense			
6000 - Leave Expenses (Salaries)			
6010 - At-Risk Salary (Accrual)	0.00	36,683.76	
6020 - Vacation Leave	30,194.25	21,226.63	
6030 - Holiday Leave	25,231.63	22,324.11	
6040 - Sick Leave	5,487.29	3,740.99	
6045 - Personal Leave	8,066.62	8,361.90	
6000 - Leave Expenses (Salaries) - Other	0.00	0.00	246,391.00
Total 6000 - Leave Expenses (Salaries)	<u>68,979.79</u>	<u>92,337.39</u>	<u>246,391.00</u>

AMERICAN PUBLIC GAS ASSOCIATION
Profit & Loss Budget vs. Actual
January through June 2019

	<u>Jan - Jun 18</u>	<u>Jan - Jun 19</u>	<u>19 Budget</u>
6100 - Fringe Benefits			
6110 - Retirement (401k)	70,630.03	82,557.95	162,425.00
6120 - Health Insurance	33,881.12	39,401.33	132,000.00
6140 - Well Care	24,293.99	27,571.22	38,500.00
6145 - Legal Insurance	687.50	787.50	2,500.00
6150 - Other Insurance	12,026.54	12,026.54	14,000.00
6160 - Transportation Allowance	10,098.70	9,406.04	22,260.00
6170 - Education/Computer	3,066.75	3,746.02	11,000.00
6175 - New CEO Fringe Benefit (4th Q)	0.00	0.00	18,000.00
Total 6100 - Fringe Benefits	<u>154,684.63</u>	<u>175,496.60</u>	<u>400,685.00</u>
6200 - Payroll Tax			
6210 - Employer's FICA	61,498.21	62,247.37	89,000.00
6220 - FUTA	462.00	542.03	650.00
6230 - SUTA	1,584.00	1,829.40	1,800.00
6240 - DC Admin Assessment	198.00	228.68	200.00
Total 6200 - Payroll Tax	<u>63,742.21</u>	<u>64,847.48</u>	<u>91,650.00</u>
6560 - QB Payroll Expenses	492.76	481.16	900.00
7000 - G&A Expenses (Salaries)			
7010 - G&A Labor	68,980.76	76,108.56	
7011 - General Administration	182,485.52	170,356.62	
7000 - G&A Expenses (Salaries) - Other	0.00	0.00	509,774.00
Total 7000 - G&A Expenses (Salaries)	<u>251,466.28</u>	<u>246,465.18</u>	<u>509,774.00</u>
7020 - Payroll Service	645.08	689.00	735.00
7060 - Legal (M&E)			
7061 - General Counsel Expenses	1,154.62	2,089.49	10,300.00
7063 - Miscellaneous Legal	0.00	0.00	10,300.00
7064 - Regulatory	67,475.82	53,211.77	51,500.00
7065 - Legislative	2,325.00	8,025.90	51,500.00
7066 - General Counsel Retainer	40,000.00	34,000.00	82,400.00
7071 - DOE (EERE)	0.00	0.00	43,260.00
Total 7060 - Legal (M&E)	<u>110,955.44</u>	<u>97,327.16</u>	<u>249,260.00</u>

AMERICAN PUBLIC GAS ASSOCIATION
Profit & Loss Budget vs. Actual
January through June 2019

	<u>Jan - Jun 18</u>	<u>Jan - Jun 19</u>	<u>19 Budget</u>
7075 - Other Advocacy & Support Costs	1,557.45	0.00	30,000.00
7076 - Direct Use Advocacy	35,000.00	35,000.00	60,000.00
7080 - DOE Issue (Technical Support)	8,130.36	0.00	25,000.00
7081 - DUTG Efforts (w/non-members)	193,135.52	124,146.10	111,250.00
7082 - DUTG Advocacy & Communications	0.00	84,196.00	131,500.00
7083 - DUTG Campaign	0.00	0.00	0.00
7084 - Media & Public Outreach	0.00	25,000.00	50,000.00
7100 - Office Operating Exp			
7110 - Mortgage Payment			
7111 - Principal	21,941.82	22,875.09	
7112 - Interest	7,469.22	6,535.95	
7110 - Mortgage Payment - Other	0.00	0.00	59,280.00
Total 7110 - Mortgage Payment	29,411.04	29,411.04	59,280.00
7120 - Condo Fees	8,904.00	8,904.00	20,000.00
7125 - DC Local Taxes	1,251.73	1,299.38	2,800.00
7130 - Real Estate Tax	13,769.09	14,293.20	29,000.00
7135 - Personal Property Tax	0.00	0.00	750.00
7139 - Other Taxes	0.00	4,490.00	100.00
7140 - Cable	2,762.62	2,828.39	5,600.00
7150 - Electricity	2,502.62	2,352.47	5,250.00
7160 - Water	271.61	238.40	525.00
7170 - Cleaning	2,696.64	2,703.00	6,200.00
7180 - Storage Rent	922.19	2,493.35	1,200.00
7190 - Telephone	7,244.67	9,845.60	22,000.00
7195 - Conference Calls	1,526.26	1,622.07	3,200.00
Total 7100 - Office Operating Exp	71,262.47	80,480.90	155,905.00
7200 - Office Expense			
7210 - Accounting & Professional	31,591.20	28,512.00	40,000.00
7220 - Office Equipment	5,472.88	3,570.26	17,000.00
7225 - Office Maintenance & Repairs	7,922.71	1,232.00	2,000.00
7230 - Office Supplies	2,891.50	4,423.11	9,000.00
7240 - Subscriptions & Publications	9,422.88	22,333.87	12,000.00
7250 - General Printing	5,223.03	4,596.89	16,000.00
7251 - Newsletter Printing	15,556.08	16,820.97	33,000.00
7260 - Tech Support	10,080.00	10,465.34	23,000.00
7262 - Software	434.64	0.00	1,000.00
7263 - Website & Internet Hosting	8,649.46	20,725.30	24,000.00
7280 - Postage & Delivery	12,151.61	11,508.71	32,000.00
7200 - Office Expense - Other	0.00	0.00	1,000.00
Total 7200 - Office Expense	109,395.99	124,188.45	210,000.00

AMERICAN PUBLIC GAS ASSOCIATION
Profit & Loss Budget vs. Actual
January through June 2019

	<u>Jan - Jun 18</u>	<u>Jan - Jun 19</u>	<u>19 Budget</u>
7300 - Meetings			
7310 - Meals & Entertainment	11,543.85	9,602.57	22,000.00
7320 - Travel	19,042.13	20,293.31	22,000.00
7330 - Misc Meetings Expense	16,783.26	11,781.14	22,000.00
Total 7300 - Meetings	<u>47,369.24</u>	<u>41,677.02</u>	<u>66,000.00</u>
7400 - Other Misc Office Expense			
7410 - Bank Charges	0.00	0.00	1,000.00
7420 - Merchant Account Fees	5,743.09	6,381.89	17,000.00
7430 - Finance Charges	0.00	0.00	100.00
7440 - Dues & Memberships	12,072.00	11,638.60	20,000.00
7450 - Licenses	25.00	105.00	200.00
7460 - Business Insurance	27,390.97	27,723.67	33,300.00
7470 - APGA Awards & Promotions	12,192.55	2,876.09	14,000.00
7490 - Miscellaneous Expense	75.00	1,671.14	3,500.00
Total 7400 - Other Misc Office Expense	<u>57,498.61</u>	<u>50,396.39</u>	<u>89,100.00</u>
7500 - G&A Subcont. Labor/Consultants			
7505 - Temporary Staffing	0.00	0.00	5,000.00
7510 - G&A Consultants	0.00	0.00	5,000.00
7520 - Other Subcontract/Benchmarking	2,172.50	5,000.00	5,000.00
Total 7500 - G&A Subcont. Labor/Consultants	<u>2,172.50</u>	<u>5,000.00</u>	<u>15,000.00</u>
7600 - Staff Training & Education	10,291.30	784.00	12,000.00
7620 - Staff State Liaison	2,000.00	0.00	3,000.00
7625 - Search Committee	0.00	5,792.08	5,000.00
7630 - Evaluating Strategic Plan	6,044.24	8,755.05	8,000.00
Total Expense	<u>1,194,823.87</u>	<u>1,263,059.96</u>	<u>2,471,150.00</u>
Net Ordinary Income	1,088,340.86	1,352,374.47	-67,600.00
Other Income/Expense			
Other Income			
8010 - Interest Income	1,375.67	4,019.88	64,600.00
8020 - Dividend Income	20,554.00	21,665.42	
8035 - Unrealized G/L Investments	8,471.20	228,625.78	
8090 - Misc. Income	0.00	0.00	3,000.00
Total Other Income	<u>30,400.87</u>	<u>254,311.08</u>	<u>67,600.00</u>
Net Other Income	<u>30,400.87</u>	<u>254,311.08</u>	<u>67,600.00</u>
Net Income	<u>1,118,741.73</u>	<u>1,606,685.55</u>	<u>0.00</u>

AMERICAN PUBLIC GAS ASSOCIATION

Trial Balance

As of June 30, 2019

	Debit	Credit
1000 · United Bank Checking	210,990.65	
1015 · Investments/Reserve	3,133,882.16	
1020 · Sick Time Fund	101,374.99	
1211 · Due from RF	9,312.95	
1213 · Due from SIF	21,480.82	
1310 · Prepaid Insurance	3,802.59	
1320 · Prepaid Meeting Expense	18,700.00	
1340 · Prepaid Other	99.00	
1350 · Deposits	2,423.46	
1420 · Kalisch - 457 Deferred Comp	531,977.83	
1422 · Beauregard - 457 Deferred Comp	44,519.97	
1424 · Schryver - 457 Deferred Comp	212,292.73	
1500 · Land	174,043.69	
1510 · Furniture & Equipment	57,160.43	
1519 · A/D Furniture & Equipment		51,897.64
1520 · Computers	37,572.76	
1529 · A/D Computers		31,561.36
1540 · Office Condominium	773,137.47	
1549 · A/D Office Condominium		295,710.56
1550 · Building Improvements	361,499.93	
1559 · A/A Building Improvements		111,164.66
1585 · Database & Website Redesign	25,870.25	
1589 · A/A Database & Website Redesign		17,678.00
1610 · Loan Origination Fees	5,039.04	
1619 · A/A Loan Origination Fees		1,985.07
2000 · Accounts Payable		34,539.61
2030 · Kalisch - Deferred Comp Plan		531,977.83
2031 · Beauregard - Deferred Comp Plan		44,519.97
2032 · Schryver - Deferred Comp Plan		212,292.73
2210 · Fed Inc Tax W/H Payable		11,112.00
2220 · FICA Payable		8,305.88
2230 · FUTA Payable		80.03
2240 · SUTA Payable		245.40
2245 · DC Admin Assessment		30.68
2250 · DC Inc Tax W/H Payable		2,643.74
2251 · VA Inc Tax W/H Payable		2,148.00
2254 · ME Inc Tax W/H Payable		1,566.00
2260 · 401(k) Payable		55,674.96
2266 · Accrued Sick Leave		91,794.58
2267 · Accrued At-Risk Salary		36,683.76
2271 · Kalisch 457 Plan Payable		791.66

AMERICAN PUBLIC GAS ASSOCIATION

Trial Balance

As of June 30, 2019

	Debit	Credit
2274 · Schryver 457 Plan Payable		791.66
2286 · Schryver Roth IRA		520.83
2300 · Mortgage Payable		293,511.88
2310 · Short-term Mortgage Payable		46,056.10
2400 · Tenant Security Deposit Held		3,900.00
3900 · Retained Earnings		2,229,310.58
4010 · Member Dues		2,302,066.94
4020 · Associate Dues		60,420.00
4030 · New Member Dues		30,518.08
4100 · Non-Dues Revenue		6,000.00
4110 · Rental Income		30,462.00
4140 · National Sponsors		103,750.00
4155 · Publications Advertising		877.53
4160 · GOAL		2,954.32
4175 · HomeServe Revenue		45,000.00
4185 · DUTG Non-Member Participants		75,000.00
4188 · DUTG Non-Dues Revenue		107,500.00
4230 · GSC, MSTTC, PTC		61,965.00
4249.1 · Registrations		174,945.00
4249.2 · Sponsorships		17,000.00
4249.3 · Exhibitors		19,550.00
4249.4 · Golf Tournament		3,900.00
4249.5 · Optional Excursions		18,213.00
4269 · Operations Conference		895.00
4320 · APGA Research Foundation		56,938.25
4330 · APGA Security & Integrity Found		150,287.59
5010 · Direct Labor (Salaries)	472,723.94	
5130 · GSC, MSTTC, PTC	67,195.64	
5139 · Govt Relations Conference	6,908.61	
5149 · Annual Conference	29,292.78	
5229 · Winter B&C Meetings	35,528.62	
5239 · Spring B&C Meetings	16,307.69	
5305 · NAESB	5,250.00	
5310 · Common Ground Alliance	11,000.00	
5360 · National Petroleum Council	7,601.00	
5380 · Consumer Energy Alliance	1,000.00	
6010 · At-Risk Salary (Accrual)	36,683.76	
6020 · Vacation Leave	21,226.63	
6030 · Holiday Leave	22,324.11	
6040 · Sick Leave	3,740.99	
6045 · Personal Leave	8,361.90	

AMERICAN PUBLIC GAS ASSOCIATION

Trial Balance

As of June 30, 2019

	Debit	Credit
6110 · Retirement (401k)	82,557.95	
6120 · Health Insurance	39,401.33	
6140 · Well Care	27,571.22	
6145 · Legal Insurance	787.50	
6150 · Other Insurance	12,026.54	
6160 · Transportation Allowance	9,406.04	
6170 · Education/Computer	3,746.02	
6210 · Employer's FICA	62,247.37	
6220 · FUTA	542.03	
6230 · SUTA	1,829.40	
6240 · DC Admin Assessment	228.68	
6560 · QB Payroll Expenses	481.16	
7010 · G&A Labor	76,108.56	
7011 · General Administration	170,356.62	
7020 · Payroll Service	689.00	
7061 · General Counsel Expenses	2,089.49	
7064 · Regulatory	53,211.77	
7065 · Legislative	8,025.90	
7066 · General Counsel Retainer	34,000.00	
7076 · Direct Use Advocacy	35,000.00	
7081 · DUTG Efforts (w/non-members)	124,146.10	
7082 · DUTG Advocacy & Communications	84,196.00	
7084 · Media & Public Outreach	25,000.00	
7111 · Principal	22,875.09	
7112 · Interest	6,535.95	
7120 · Condo Fees	8,904.00	
7125 · DC Local Taxes	1,299.38	
7130 · Real Estate Tax	14,293.20	
7139 · Other Taxes	4,490.00	
7140 · Cable	2,828.39	
7150 · Electricity	2,352.47	
7160 · Water	238.40	
7170 · Cleaning	2,703.00	
7180 · Storage Rent	2,493.35	
7190 · Telephone	9,845.60	
7195 · Conference Calls	1,622.07	
7210 · Accounting & Professional	28,512.00	
7220 · Office Equipment	3,570.26	
7225 · Office Maintenance & Repairs	1,232.00	
7230 · Office Supplies	4,423.11	
7240 · Subscriptions & Publications	22,333.87	

AMERICAN PUBLIC GAS ASSOCIATION

Trial Balance

As of June 30, 2019

	Debit	Credit
7250 · General Printing	4,596.89	
7251 · Newsletter Printing	16,820.97	
7260 · Tech Support	10,465.34	
7263 · Website & Internet Hosting	20,725.30	
7280 · Postage & Delivery	11,508.71	
7310 · Meals & Entertainment	9,602.57	
7320 · Travel	20,293.31	
7330 · Misc Meetings Expense	11,781.14	
7420 · Merchant Account Fees	6,381.89	
7440 · Dues & Memberships	11,638.60	
7450 · Licenses	105.00	
7460 · Business Insurance	27,723.67	
7470 · APGA Awards & Promotions	2,876.09	
7490 · Miscellaneous Expense	1,671.14	
7520 · Other Subcontract/Benchmarking	5,000.00	
7600 · Staff Training & Education	784.00	
7625 · Search Committee	5,792.08	
7630 · Evaluating Strategic Plan	8,755.05	
8010 · Interest Income		4,019.88
8020 · Dividend Income		21,665.42
8035 · Unrealized G/L Investments		228,625.78
TOTAL	7,641,048.96	7,641,048.96

AMERICAN PUBLIC GAS ASSOCIATION

Balance Sheet

As of June 30, 2019

ASSETS

Current Assets

Checking/Savings

1000 - United Bank Checking	210,990.65
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Total Checking/Savings	210,990.65
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Other Current Assets

1015 - Investments/Reserve	3,133,882.16
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1020 - Sick Time Fund	101,374.99
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1211 - Due from RF	9,312.95
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1213 - Due from SIF	21,480.82
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1300 - Prepaid Expenses

1310 - Prepaid Insurance	3,802.59
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1320 - Prepaid Meeting Expense	18,700.00
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1340 - Prepaid Other	99.00
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Total 1300 - Prepaid Expenses	22,601.59
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1350 - Deposits	2,423.46
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1420 - Kalisch - 457 Deferred Comp	531,977.83
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1422 - Beauregard - 457 Deferred Comp	44,519.97
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1424 - Schryver - 457 Deferred Comp	212,292.73
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Total Other Current Assets	4,079,866.50
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Total Current Assets	4,290,857.15
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Fixed Assets

1500 - Land	174,043.69
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1510 - Furniture & Equipment	57,160.43
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1519 - A/D Furniture & Equipment	-51,897.64
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1520 - Computers	37,572.76
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1529 - A/D Computers	-31,561.36
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1540 - Office Condominium	773,137.47
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1549 - A/D Office Condominium	-295,710.56
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1550 - Building Improvements	361,499.93
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1559 - A/A Building Improvements	-111,164.66
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1585 - Database & Website Redesign	25,870.25
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1589 - A/A Database & Website Redesign	-17,678.00
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1610 - Loan Origination Fees	5,039.04
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1619 - A/A Loan Origination Fees	-1,985.07
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Total Fixed Assets	924,326.28
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TOTAL ASSETS	5,215,183.43
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AMERICAN PUBLIC GAS ASSOCIATION

Balance Sheet

As of June 30, 2019

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable

2000 - Accounts Payable 34,539.61

Total Accounts Payable 34,539.61

Other Current Liabilities

2030 - Kalisch - Deferred Comp Plan 531,977.83

2031 - Beauregard - Deferred Comp Plan 44,519.97

2032 - Schryver - Deferred Comp Plan 212,292.73

2200 - Payroll Liabilities

2210 - Fed Inc Tax W/H Payable 11,112.00

2220 - FICA Payable 8,305.88

2230 - FUTA Payable 80.03

2240 - SUTA Payable 245.40

2245 - DC Admin Assessment 30.68

2250 - DC Inc Tax W/H Payable 2,643.74

2251 - VA Inc Tax W/H Payable 2,148.00

2254 - ME Inc Tax W/H Payable 1,566.00

2260 - 401(k) Payable 55,674.96

2266 - Accrued Sick Leave 91,794.58

2267 - Accrued At-Risk Salary 36,683.76

2270 - 457 Plan Employee W/H

2271 - Kalisch 457 Plan Payable 791.66

2274 - Schryver 457 Plan Payable 791.66

Total 2270 - 457 Plan Employee W/H 1,583.32

2280 - Employee Deductions

2286 - Schryver Roth IRA 520.83

Total 2280 - Employee Deductions 520.83

Total 2200 - Payroll Liabilities 212,389.18

Total Other Current Liabilities 1,001,179.71

Total Current Liabilities 1,035,719.32

Long Term Liabilities

2300 - Mortgage Payable 293,511.88

2310 - Short-term Mortgage Payable 46,056.10

2400 - Tenant Security Deposit Held 3,900.00

Total Long Term Liabilities 343,467.98

Total Liabilities 1,379,187.30

Equity

3900 - Retained Earnings 2,229,310.58

Net Income 1,606,685.55

Total Equity 3,835,996.13

TOTAL LIABILITIES & EQUITY 5,215,183.43

Quarterly Report

Prepared on July 08, 2019 for:
APGA - Reserve Fund
Account No. 923-XXX761

AMERICAN PUBLIC GAS ASSOC
201 MASSACHUSETTS AVE NE
C-4
WASHINGTON DC 20002-4988

Deborah J Elmes
Financial Advisor
First Vice President
Tel: +1 410 770-6147
Deborah.J.Elmes@morganstanley.com

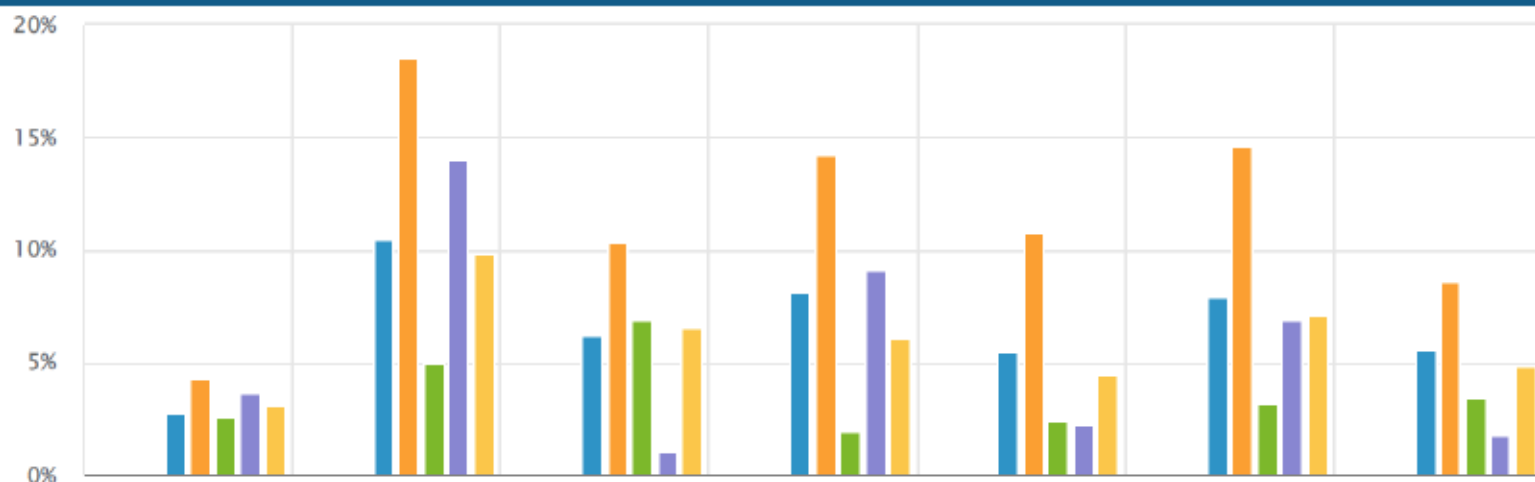
Your Branch:
28601 MARLBORO AVE STE 201
EASTON, MD 21601

TIME WEIGHTED PERFORMANCE SUMMARY

AMERICAN PUBLIC GAS ASSOC 923-XXX761 - REG

As of June 30, 2019 | Reporting Currency: USD

RETURN % (NET OF FEES) VS. BENCHMARKS



	Quarter to Date 03/31/19 - 06/30/19	Year to Date 12/31/18 - 06/30/19	Last 12 Months 06/30/18 - 06/30/19	Last 3 Years 06/30/16 - 06/30/19	Last 5 Years 06/30/14 - 06/30/19	Last 10 Years 06/30/09 - 06/30/19	Performance Inception 12/19/07 - 06/30/19
Beginning Total Value (\$)	2,451,501.63	2,280,780.40	2,372,385.99	2,233,602.69	2,165,943.94	1,321,832.76	1,500,329.32
Net Contributions/Withdrawals (\$)	0.00	0.00	0.00	-250,000.00	-250,000.00	-249,950.50	-245,169.36
Investment Earnings (\$)	68,430.89	239,152.12	147,546.54	536,329.83	603,988.58	1,448,050.26	1,264,772.56
Ending Total Value (\$)	2,519,932.52	2,519,932.52	2,519,932.52	2,519,932.52	2,519,932.52	2,519,932.52	2,519,932.52
Return % (Net of Fees)	2.79	10.49	6.22	8.21	5.49	7.90	5.62
S&P 500 Total Return (%)	4.30	18.54	10.42	14.22	10.72	14.71	8.60
BC Gov/Cr Intm (%)	2.59	4.97	6.93	1.99	2.39	3.24	3.43
MSCI EAFE Net (%)	3.68	14.03	1.08	9.12	2.25	6.91	1.77
APGA Benchmark Return (%)	3.15	9.85	6.60	6.14	4.45	7.09	4.91

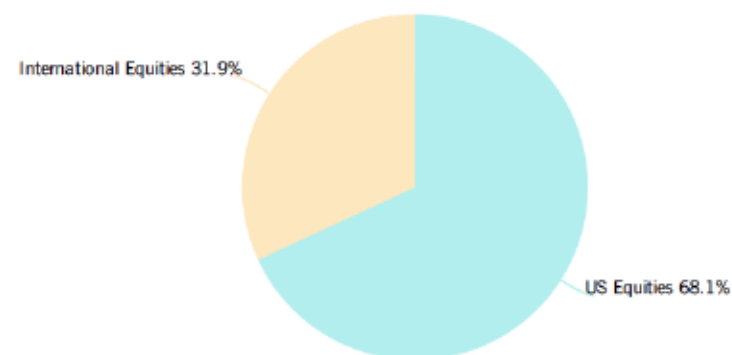
AMERICAN PUBLIC GAS ASSOC 923-XXX761 - REG

As of June 30, 2019 | Reporting Currency: USD

TOP EQUITY POSITIONS BASED ON TOTAL VALUE

SECURITY DESCRIPTION	Total Value (\$) 06/30/2019	% of Equities 06/30/2019
AMERICAN EUROPACIFIC GRW A	300,349.35	26.5
AMERICAN WA MUTUAL A	292,975.13	25.8
AMERICAN GR FD OF AMERICA A	210,900.89	18.6
AMERICAN AMCAP A	203,473.44	17.9
AMERICAN SMALLCAP WORLD A	126,248.75	11.1
Top Equity Positions	1,133,947.56	100.0
Other Equity Positions	-	-
Total Equities	1,133,947.56	100.0

ASSET ALLOCATION - EQUITIES



ASSET ALLOCATION - EQUITIES

	% of Equities 06/30/2019	Total Value (\$) 06/30/2019	% of Portfolio 06/30/2019
US Equities	68.1	772,405.44	30.7
International Equities	31.9	361,542.12	14.4
TOTAL EQUITIES	100.0	1,133,947.56	45.1

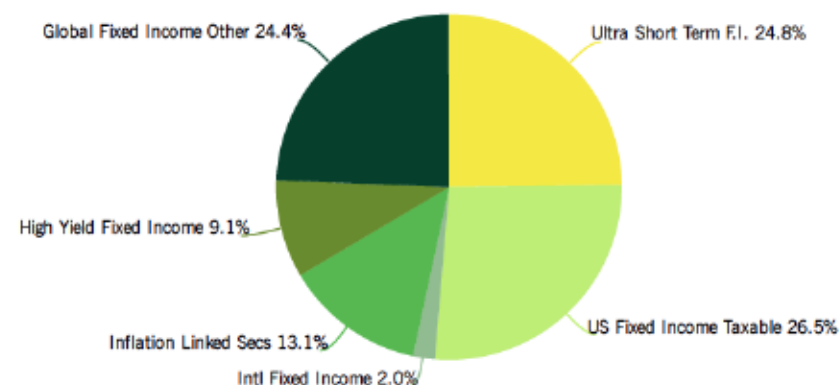
AMERICAN PUBLIC GAS ASSOC 923-XXX761 - REG

As of June 30, 2019 | Reporting Currency: USD

TOP FIXED INCOME & PREFERRED POSITIONS BASED ON TOTAL VALUE

SECURITY DESCRIPTION	Total Value (\$) 06/30/2019	% of Fixed Income & Preferreds 06/30/2019
PIMCO SHORT-TERM A	343,061.88	24.8
PIMCO INCOME A	336,722.17	24.4
PIMCO TOTAL RETURN A	269,277.49	19.5
PIMCO REAL RETURN A	181,287.60	13.1
PIMCO GLB BD OPP USD HEDGED A	124,852.47	9.0
AMERICAN HIGH INCOME TRUST A	110,583.82	8.0
PIMCO HIGH YIELD A	15,724.43	1.1
Top Fixed Income & Preferred Positions	1,381,509.86	100.0
Other Fixed Income & Preferred Positions	-	-
Total Fixed Income & Preferred	1,381,509.86	100.0

ASSET ALLOCATION - FIXED INCOME & PREFERRED



ASSET ALLOCATION - FIXED INCOME & PREFERRED

	% of Fixed Income & Preferreds 06/30/2019	Total Value (\$) 06/30/2019	% of Portfolio 06/30/2019
Ultra Short Term F.I.	24.8	343,061.88	13.6
US Fixed Income Taxable	26.5	366,075.61	14.6
Intl Fixed Income	2.0	28,054.35	1.1
Inflation Linked Secs	13.1	181,287.60	7.2
High Yield Fixed Income	9.1	126,308.25	5.0
Global Fixed Income Other	24.4	336,722.17	13.4
TOTAL FIXED INCOME & PREFERREDS	100.0	1,381,509.86	54.9

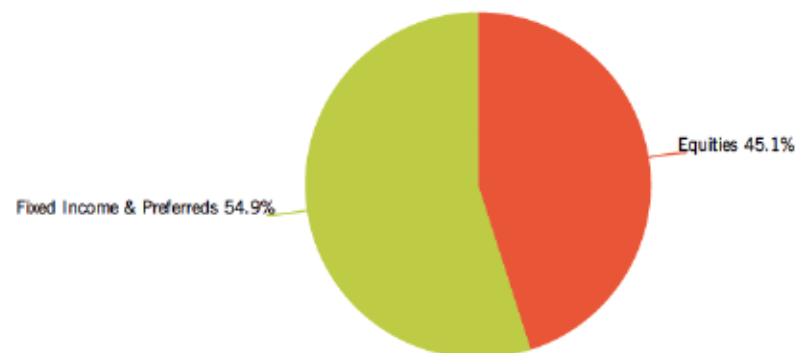
AMERICAN PUBLIC GAS ASSOC 923-XXX761 - REG

As of June 30, 2019 | Reporting Currency: USD

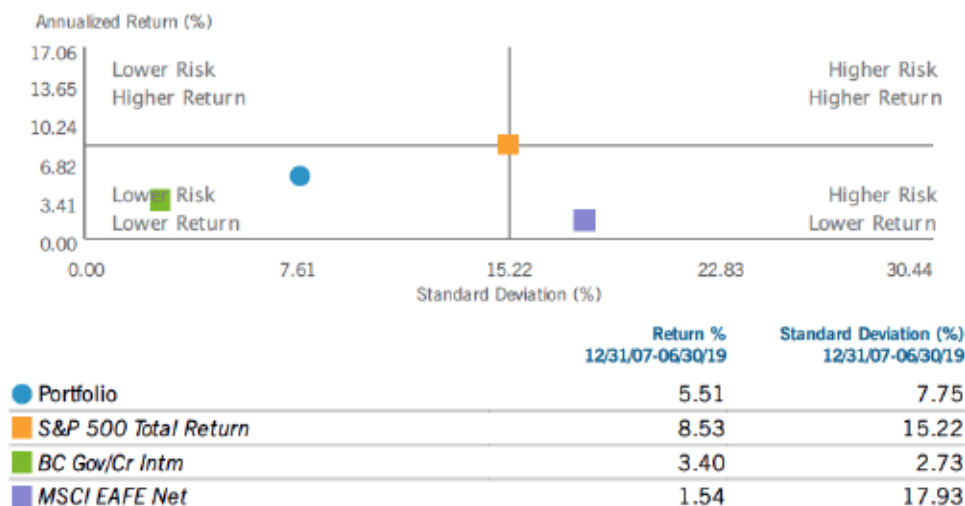
CHANGE IN VALUE AND RETURN % (NET OF FEES)

	Quarter to Date (\$) 03/31/19-06/30/19	Last 12 Months (\$) 06/30/18-06/30/19	Performance Inception (\$) 12/19/07-06/30/19
Beginning Total Value	2,451,501.63	2,372,385.99	1,500,329.32
Net Contributions/Withdrawals	0.00	0.00	-245,169.36
Investment Earnings	68,430.89	147,546.54	1,264,772.56
Ending Total Value	2,519,932.52	2,519,932.52	2,519,932.52
TIME WEIGHTED RATE OF RETURN (Annualized for periods over 12 months)			
Return % (Net of Fees)	2.79	6.22	5.62
S&P 500 Total Return	4.30	10.42	8.60
BC Gov/Cr Intm	2.59	6.93	3.43
MSCI EAFE Net	3.68	1.08	1.77

ASSET ALLOCATION



RISK/RETURN ANALYSIS (SINCE PERFORMANCE INCEPTION MONTH END)



Does not include Performance Ineligible Assets.

TOP POSITIONS BASED ON TOTAL VALUE

DESCRIPTION	Total Value (\$)	% of Portfolio
PIMCO SHORT-TERM A	343,061.88	13.6
PIMCO INCOME A	336,722.17	13.4
AMERICAN EUROPACIFIC GRW A	300,349.35	11.9
AMERICAN WA MUTUAL A	292,975.13	11.6
PIMCO TOTAL RETURN A	269,277.49	10.7
AMERICAN GR FD OF AMERICA A	210,900.89	8.4
AMERICAN AMCAP A	203,473.44	8.1
PIMCO REAL RETURN A	181,287.60	7.2
AMERICAN SMALLCAP WORLD A	126,248.75	5.0
PIMCO GLB BD OPP USD HEDGED A	124,852.47	5.0
Top Positions	2,389,149.17	95.0
Other Positions	126,308.25	5.0
Total Portfolio	2,515,457.42	100.0

MORGAN STANLEY WEALTH MANAGEMENT GLOBAL INVESTMENT COMMITTEE COMMENTARY

The second quarter of 2019 extended the robust performance of the first part of the year, as equities rose to new all-time highs and bonds rallied alongside them. Despite the positive returns, the environment has remained challenging, with weakening fundamental data and persistent geopolitical tensions. Markets have been fixated on developments on two fronts: trade and central bank policy. With the former, over the course of the quarter, the US introduced the possibility of new tariffs against China, Mexico, and the EU. An agreement was reached with Mexico that avoided new levies, while import duties aimed at European autos were delayed. At the G-20 summit at the end of June, the US and China leaders reached a trade truce and restarted negotiations. Discussions are ongoing, though the two sides remain far apart on major issues. With central bank policy, the Federal Reserve continued its dovish pivot, moderating its outlook and setting the stage for interest rate cuts in 2019. The number of cuts that will occur this year and their magnitude remains a highly debated subject amid a backdrop of mixed economic data. Morgan Stanley & Co.'s US Economic team expects a 50 bps cut at the July meeting and for growth to level off throughout the rest of 2019. CIO and MS & Co.'s Chief US Equity Strategist, Mike Wilson, has maintained his price target of 2,750 for the S&P 500, with a bear case of 2,400 and a bull case of 3,000. While the market has focused on trade and central banks, fundamentals have been deteriorating, posing a risk to earnings growth that is not reflected in high valuations and elevated equity prices. This leaves a poor risk/reward tradeoff for US stocks, suggesting that investors should wait for a more attractive entry point, or look internationally, where the Global Investment Committee continues to favor exposure to emerging market equities.

US equities gained 4.3% on a total return basis in the second quarter of 2019, capping the strongest first half to a year since 1997. All but one market sector generated positive returns. Financials led, jumping 8.0% over the period. It was followed by Materials (+6.3%) and Tech (+6.1%). Conversely, Energy (-2.8%), Health Care (+1.4%), and Real Estate (+2.5%) trailed the broader market's performance. Other major US indices rose in the second quarter, with the Dow Jones jumping 3.2% and the NASDAQ rising 3.9%. Across market caps, large beat out other size cohorts. The Russell 1000 ended the quarter 4.3% higher, outpacing both the Russell Midcap Index (+4.1%) and the Russell 2000, a small-cap index (+2.1%).

Global equities also rose over the course of the second quarter, as US investors benefitted from a slight weakening in the dollar. The MSCI Emerging Markets Index rose 0.7%, extending its rally that began in September of 2018. Japanese and European equities returned 0.9% and 4.6%, respectively. Morgan Stanley & Co. Research strategists continue to see value in international stocks, and anticipate that further depreciation of the dollar versus other major currencies could provide a boost to equity allocations outside of the US.

Bonds rallied sharply as yields fell through the halfway mark of the year. The Bloomberg Barclays US Aggregate Bond Index, a general measure of the bond market, returned 3.1%. This occurred as 10-year Treasuries dropped from 2.41% to 2.01% at the end of June. Further, the 3-month Treasury bill and 10-year remained inverted for the last several weeks of the quarter. The appreciation in bonds also extended to riskier parts of the market. The Bloomberg Barclays Capital High Yield Index gained 2.5%.

Morgan Stanley & Co. economists expect US real GDP will be 2.3% in 2019, amid an environment of 3.0% global GDP growth.

The GIC believes that 2019 will be a better year for investors than 2018. However, it's important to remain vigilant in monitoring data and market signals. As new challenges and opportunities appear, we will continue to evaluate our risk exposure and tactical positioning.

Past performance is not a guarantee of future results.

Reports

2019 Membership Dues Status

	Starting Members	\$ Invoiced	\$ Collected	\$ Delta	# Paid
Regular System Members	254	1,594,266.53	1,567,689.90	26,576.63	239
State Agency Members	178	722,762.66	765,115.95	-42,353.29	179
Sub-Total	432	2,317,029.19	2,332,805.85	-15,776.66	418
Small Member Systems	299	130,065.00	27,232.77	102,832.23	65
Total APGA Members	727	2,447,094.19	2,360,038.62	87,055.57	483
Non-Members (Potential New)	264	691,160.90	31,642.12	659,518.78	15
Total Public Gas Systems	995	3,138,255.09	2,391,680.74	746,574.35	729
Associate Members *	95	75,525.00	63,600.00	11,925.00	82
2019 Dues Collected YTD:			2,455,280.74		
2018 Dues Collected YTD:			2,171,444.86		

* Does not include the 16 APGA National Sponsors

2019 New Members (+16)	Dues \$	Meters #	2019 Lost Members (-14)	Dues \$	Meters #
Dyersburg, TN (2008)	6,746.85	7,755	Ripley, MS	4,356.09	5,007
Murray, KY (2017)	5,721.12	6,576	Waterloo, IL	3,463.47	3,981
Daphne, AL (2017)	3,862.80	4,440	Safford, AZ	3,005.85	3,455
Morgan City, LA (1994)	3,667.05	4,215	Gonzales, LA	2,100.18	2,414
Selmer, TN (2018)	1,508.58	1,734	Navasota, TX	1,479.87	1,701
Wahoo, NE (2018)	1,411.14	1,622	Mount Pleasant, TN	1,271.07	1,461
Livingston, TN (2008)	1,257.15	1,445	Pikeville, KY	872.61	1,003
Barrow, AK	1,218.87	1,401	Maringouin, LA	543.75	625
Walsenburg, CO (2018) - NPGA	1,124.04	1,360	Waverly, IL	527.22	606
Interior Alaska (prorated)	803.23	1,231	Scott, LA	509.82	586
Roma, TX (2009)	978.75	1,125	Vienna, IL	488.07	561
West Escambia, AL (2018)	883.05	1,015	Tyler, MN	471.54	542
Franklinton, LA (2016)	803.01	923	Wisner, NE	444.57	511
Hornbeck, LA (2018)	613.35	705	Geary, OK	442.83	509
Eldorado, TX (2009)	605.52	696		19,976.94	22,962
Findlay, IL (2017)	437.61	503			
	31,642.12	36,746			
			Sold/No Longer Public Gas	Dues \$	Meters #
			Aurora, KS	435.00	51
			Longford, KS	435.00	52
			Attica, KS	435.00	342
			Pascagoula, MS (MGAM)	7,131.04	8,628
				8,436.04	9,073

Update on APGA's Direct-Use Task Group **(July 2019)**

Activities:

- On May 9 and 10, Direct Use Task Group (DUTG) leadership and the American Public Gas Association (APGA) staff finalized a response to the New York Times Op Ed titled "Your Gas Stove is Bad for You and the Planet". The Media and Public Outreach Committee attempted to get the response picked up by the Times and other publications but without success. It will be printed in an upcoming version of The Source for APGA members to reference.
- On May 21, APGA staff met with staff of the National Association of Manufacturers (NAM) to discuss the benefits of natural gas direct use and collaboration opportunities between the two associations. Conversations are continuing on this chance for partnership.
- On May 22, APGA staff provided the DUTG a summary of the House Energy and Commerce Committee hearing on the Leading Infrastructure for Tomorrow's America Act (The LIFT America Act). There are several valuable provisions for natural gas end use in this legislation.
- On June 7, APGA staff presented the Natural Gas Genius Campaign to the Kentucky Gas Association, which is the newest partner to this important consumer communication/messaging initiative.
- On June 11, staff of the APGA visited the National Institute of Standards and Technology (NIST) Net Zero Energy Residential Test Facility in Gaithersburg, MD. It was a great opportunity to see, first-hand, the facility, recently utilized to analyze gas versus electric heating, ventilation, and air conditioning (HVAC) systems in mid-Atlantic region homes. APGA also issued a press release on the visit and the recent NIST study demonstrating the benefits of natural gas direct use. The NIST research is to be published in the September issue of the Journal of Building Engineering.
- On June 12, APGA staff provided the DUTG a summary of the House Transportation and Infrastructure Committee hearing on energy efficiency in federal buildings. Of particular note from this hearing, Congresswoman Fletcher (D-TX) highlighted the role of natural gas and Section 433 of the Energy Independence and Security Act (EISA), including the need to reevaluate the language in that Section to ensure that the federal government is achieving the intended energy efficiency goals. A representative from the General Services Administration (GSA), responded to questions saying that having greater flexibility, such as using natural gas, makes it easier to achieve energy efficiency goals. The Congresswoman also pointed to the NIST study and noted that its findings that natural gas is more efficient and cost effective for home use can be extrapolated to buildings.
- On June 19, the DUTG held its monthly conference call.
- On June 20, the American Gas Association (AGA) partnered with the US Department of Energy (DOE) to sponsor a Natural Gas Technology Development Workshop. The

event gathered key stakeholders engaged in natural gas direct-use technology development and deployment to identify opportunities to increase the effectiveness of getting new products to market. It was a valuable event, and APGA staff and DUTG Vice Chairman Sue Kristjansson participated.

- On June 24, APGA staff informed the DUTG of two proposed resolutions being voted on at the U.S. Conference of Mayors Annual Meeting June 28 through July 1 in Honolulu, Hawaii. The resolutions would restrict or eliminate the direct use of natural gas as an option for homeowners and businesses. APGA staff worked with DUTG leadership to provide interested members with talking points and a draft letter in opposition to the proposed resolutions. One resolution, as proposed, was not adopted.
- In the first week of July, DOE released a proposed interpretive rule in response to a petition submitted to the agency by APGA and other gas industry stakeholders. Our submittal, from June 2018, requested a legal interpretation between the Energy Policy and Conservation Act (EPCA) and adoption of efficiency standards, especially when there is a possibility to limit the market for appliances or equipment to only condensing products. In the proposal, still to be published in the Federal Register, DOE “partially grants the petition by issuing an interpretation that non-condensing operation is a product feature and that no DOE rulemaking may prescribe a standard that would make that feature unavailable.” DOE’s proposal also states that the “proposed change would ensure that DOE will not impede energy affordability, particularly for persons with low incomes, by mandating high-cost condensing products and installations.” DOE has communicated that this proposed interpretation could lead DOE to establish separate product/equipment classes for condensing and non-condensing furnaces, boilers, water heaters, and similarly-situated appliances. APGA, through the DUTG, has long maintained that the establishment of two separate product classes can achieve the best approach towards improving energy efficiency, maintaining consumer choice, and ensuring affordable energy costs. APGA also sent out a press release applauding DOE for releasing the interpretive rule.
- While DOE has announced its intent to publish a Federal Register notice of proposed rule to streamline and modernize the so-called “Process Rule”. Nothing has transpired in May, June, or July. Recall the Process Rule addresses the procedures and policies that guide DOE in establishing new or amended energy-efficiency standards. However, in the recent interpretive rule announcement, it was noted that DOE’s Office of Energy Efficiency and Renewable Energy (EERE) is still working on the Process Rule and will be addressing some of APGA’s concerns through that effort.
- The initiative team established at the May 8th DUTG meeting continues to meet. This group consists of Greg Stunder, Bill Greer, Deanna Haines, Neil Leslie, and Stuart Saulters. They are looking at efforts to push back against the challenge to electrification, which could include further research or a study.
- As of July 15, the Natural Gas Genius Campaign, in its 4th month, served over 1.4 million impressions and reached over 424,000 Facebook users. Early indications show that seasonal messaging may be more relevant with the audience than general messaging.
- On August 20, the DUTG will hold its next face-to-face meeting from 8 am to 5 pm at McCarter and English’s Offices in Washington, DC. The meeting agenda is still in

development, but there will likely be an update from the sub-team, communication/
public outreach activities, and DOE rulemaking efforts.

Media and Public Outreach Committee (MPOC)

(July 2019)

- On March 20th the MPOC held its monthly conference call
- The RFP Task Group of the MPOC achieved its task of hiring a communications firm. The team received and reviewed proposals from PR firms, conducted in-person interviews in Washington, D.C., on April 22, and made the recommendation to the MPOC to hire Reservoir Communications. This recommendation was approved and Reservoir was hired.
- Reservoir began work on this media strategy initiative right away. Throughout June, they held interviews with APGA members and staff and conducted a media audit. They have submitted a report on their findings. The report will be used to develop strategy, messages, and a toolkit.
- Reservoir's work should take 12 weeks and will cost \$50,000. Anticipated deliverables include:
 - Develop two to three one-pagers that utilize a common design template.
 - Create one infographic with the most salient data points that can be segmented into separate social graphics.
 - Prepare a social media library with 10 to 12 draft tweets and three to five social graphics that convey key messages creatively and engagingly.
 - Draft one APGA authored op-ed to capture core messaging and frame priority issues.
 - Prepare three to five Letter to the Editor (LTE) templates that can be customized based on the specific article or issue raised.
 - Build a comprehensive media list that includes national, state and local reporters.
 - Identify tough questions and prepare responses to address common critiques and misperceptions head-on with fact-based research.
 - Develop a best practices talk-sheet on responding to positive and negative media coverage.
 - Share media training guide for APGA membership.
- The MPOC developed an Op-ed piece addressing the Green New Deal. The piece has been submitted to several newspapers.
- On April 10th, the MPOC held its monthly conference call.
- On May 6th, the MPOC held an in-person meeting in Alexandria, VA.

- On June 12th, the MPOC held its monthly conference call.

APGA RF Update for the July 30th, 2019 APGA Board Meeting

RF Update: The RF Board met by conference call on April 30th and heard updates on operations, utilization and emerging technology research. The board will be meeting on July 31 in Stowe. Feel free to join.

Financials:

- The RF continues to be in a strong financial position. All obligated research contributions have been made through June 30, 2019.

RF News:

- The 2019 Fall Forum dates have been set for August 21-22. Once again, we are looking to maximize attendees time with the researchers and discussing their work. If you haven't been to GTI's research facilities in a while or you if you have up and coming staff, please consider joining us this fall and reconnecting with the incredible work GTI is doing to further our industry. The deadline to register is August 1.
- RF staff is currently working to bring new members in and increase participation of current members.

The RF would like to remind everyone the work of the Utilization Technology Development (UTD) program, Operations Technology Development (OTD) and Emerging Technology Program (ETP) programs as well as other useful information can be found at www.apgarf.org.

Report of the APGA Security and Integrity Foundation (SIF)

FINANCIALS

The SIF continues to be in a strong financial position. All current obligations have been paid and SHRIMP/DA renewals continue at a steady pace. As of June 30, 2019 the SIF has net assets of \$797,772.00.

OPERATOR QUALIFICATION, TRAINING, AND EDUCATION

The SIF board decided that as of June 30, 2019 the SIF will no longer offer OQ training and education. The program does not cover its costs and carries significant potential liabilities. The task group recommended that the SIF stop providing OQ evaluation services and assist the independent contractors who perform evaluations for the SIF to continue to provide these services without SIF involvement.

SHRIMP

As of June 30, 2019, there are 2,005 active SHRIMP users. The third major update to SHRIMP was released on April 3. The SIF conducted 3 webinars to assist users to understand the changes.

Anti-Drug and Alcohol Tool

As of June 30, 2019 there are 120 active DA systems.

OPERATOR QUALIFICATION PLAN PROGRAM

A beta test website for the OQ plan tool has been created and testing continues.

OPERATIONS AND MAINTENANCE MANUAL PROGRAM

The O&M advisors have completed initial review of all chapters. The programmer is proceeding with coding the interviews for the tool. A beta version is being tested.

PUBLIC AWARENESS PLAN TOOL

Beta testing of the public awareness plan creation tool. Has been completed and will be released after final programming. The APGA model PA plan is being used as the starting point for the text of the tool.

TRAINING/EDUCATION FOR NEW UTILITY MANAGERS, BOARD MEMBERS AND CITY COUNCIL MEMBERS

At its April 3, 2017 meeting the SIF Board of Directors approved a new project to develop educational programs for new utility managers, board and city council members. From April 2017 thru May 2018, SIF Staff created three trial videos and content for an additional three training videos. At the May 2018 APGA Board meeting Huntsville Utilities volunteered the services of its video production team and facilities to aid in the development of the videos. Two videos are available for viewing at <http://apgasif.org/gas-operations-safety-orientation-videos>. Two more are under development.

General Counsel's Report

July 12, 2019

General

New Jersey Is Latest State Looking to Electrify Gas Buildings and Appliances

The State of New Jersey has released its Draft 2019 Energy Master Plan to reach 100% clean energy by 2050 by transitioning to carbon-neutral power generation and maximum electrification of the transportation and building sectors. The state utility commission says that it “expects that beyond 2030, state policy will have to aggressively target existing natural gas-heated buildings.” It proposes a goal to develop “a transition plan to a fully electrified building sector.” It proposes to “incentivize transition to electrified heat pumps, hot water heaters, and other appliances,” claiming that “owners of natural gas heating systems can find cost benefits and efficiency gains if high-efficiency heat pumps are installed to replace an aging boiler or furnace and air conditioning units.” It is seeking public comment on a range of issues, including what “policy, legislative, or regulatory mechanisms can New Jersey develop to incentivize and accelerate the transition from oil, propane, and natural gas heating systems to electrified heating systems?” In New Jersey 75% of residences in are heated with natural gas; another 10.3% use oil or propane. The state believes that natural gas- and oil-fueled space heating, water heating, appliances, and industrial use account for 28% of New Jersey’s greenhouse gas emissions. It aims to “offer financial incentives for natural gas-heated properties to upgrade to electric heating and cooling now, and ramp down approval of new subsidies that incentivize building owners to retrofit from oil heating systems to natural gas heating systems.

New York to Make Gas Generation Illegal By 2040

New York lawmakers have agreed to pass a sweeping climate plan that calls for the state to all but eliminate its greenhouse gas emissions by 2050, envisioning an era when gas-guzzling cars, oil-burning heaters and furnaces would be phased out, and all of the state’s electricity would come from carbon-free sources by 2040—making natural gas-fired generation illegal at that time. The Climate Leadership and Community Protection Act creates a Climate Action Council to work on energy efficiency, regulations for heat pumps and building upgrades that will ultimately lead to burning less fossil fuel in buildings to meet existing goals of 50% renewable energy by 2030 to 70% renewables by 2030, while setting a path toward 100% zero power sector emissions by 2040.

Meanwhile, New York City has passed a law requiring its biggest skyscrapers to become more energy efficient, the new law could mean retrofitting thousands of buildings statewide. For building owners to just comply with the city’s law, the estimated cost exceeded \$4 billion.

California May Keep Gas-Fired Generation under New Law

California law is now seeking carbon neutrality by 2045, but a new study by Calpine says that does not mean the state must close down gas-fired generators. The state could keep 17-35 GW of gas-fired power capacity on its system and still meet its goal of 100% carbon-free electricity by counting the export of renewable power to offset emissions from gas-fired power needed for reliability. That would be a small decline from California’s 2018 installed capacity of 41 GW of gas-fired generation. Removing gas from the system in 2050 would require 254 GW of new solar and 150 GW of 15-hour battery storage, while increasing costs \$65 billion more annually, the study said.

US Supreme Court Refuses to Recognize TVA Sovereign Immunity

In a tort case concerning the death of a boater that hit a power line, a unanimous Supreme Court has held that the Tennessee Valley Authority (TVA) can be held generally liable for personal injury claims that arise out of its commercial activity despite its governmental status. The highest court remanded back to the US Court of Appeals for the Eleventh Circuit, which had held that TVA was shielded from liability under the discretionary-function exception of the Federal Tort Claims Act (FTCA). So to determine if the TVA has immunity here, the court on remand must first decide “whether the conduct alleged to be negligent is governmental or commercial in nature. For the reasons given above, if the conduct is commercial—the kind of thing any power company might do—the TVA cannot invoke sovereign immunity.” The Court clarified that, “suits based on a public corporation’s commercial activity may proceed as they would against a private company; only suits challenging the entity’s governmental activity may run into an implied limit on its sue-and-be-sued clause.”

The ruling could have far reaching consequences for municipal utilities of any kind if the conduct in a tort matter is deemed commercial and not governmental. Thus, despite its argument and long-held position, TVA is not immune from all tort suits arising from its performance of so-called discretionary functions.

NiSource Liability for Merrimack Valley Disaster Becomes Clearer

Columbia Gas of Massachusetts has agreed to pay \$80 million to three towns that suffered in the September natural gas explosion in Merrimack Valley. Of the payments to Lawrence, Andover and North Andover, \$57 million will go toward paving and restoring the affected streets, while \$10 million will be distributed to the towns for claims. The remaining \$12.8 million will be divided among the towns. The towns will be responsible for contracting out and conducting the repairs over the next four years, with Columbia Gas footing the bill. They’ll also release any other claims stemming from the explosion. Scott Ferson, a spokesperson for NiSource Inc., which owns Columbia Gas, said the settlement is one of about 24,000 claims the company has settled since the explosion, with about \$100 million paid out in total. NiSource said in a February regulatory filing that it had about \$800 million in liability insurance, but that total expenses related to the incident exceeded \$1 billion in 2018. Columbia Gas has replaced the entire 45-mile pipeline system that was affected by the explosions.

PG&E to Black Out Large Parts of Service Territory to Avoid More Fires

Pacific Gas & Electric (PG&E) and its state regulator are working out a dire plan to black out millions of California electric customers during high wind conditions. The bankrupt utility’s transmission lines have been the source of devastating wildfires and depowering those lines is seen as the only solution to prevent reoccurrences short of a massive investment in new lines. Potentially 5.4 million could be affected this year after only tens of thousands have been part of prior intentional blackouts. Somewhat ironically, the North American Electric Reliability Corp. and a task force of 100 energy industry participants are working to put in place a national fuel assurance guideline for electric power generation by the end of 2019.

Meanwhile, citing the growing costs caused by the risk posed by destructive wildfires, PG&E, Southern California Edison, and San Diego Gas and Electric each have asked the California Public Utilities Commission (CPUC) for permission to hike their rates. They stated that a larger return on equity is necessary to keep attracting investment. Without that, the utilities said they would have trouble securing the necessary funding for future infrastructure projects that increase fire safety and promote

renewable energy, SCE asked the CPUC to increase shareholder returns from 10.3% to 16.6%. Former CPUC president Loretta Lynch slammed the request, saying the utilities are “taking advantage of a disaster...in order to profit all the more.”

PHMSA Asks Congress to Criminalize Pipeline Construction Protests

The DOT's Pipeline and Hazardous Materials Safety Administration (PHMSA) has submitted its proposal to Congress to reauthorize pipeline safety programs. It expands the range of activities at pipeline facilities that would be subject to criminal fines and prison sentences of up to 20 years and extends the scope of pipeline facilities covered under the law to include any that are under construction, not just those that have been built. PHMSA asks Congress to expand the law that provides for potential fines and imprisonment under federal law cover "knowingly and willfully damaging or destroying" interstate gas and hazardous materials pipelines and intrastate pipelines that are used in interstate commerce, "or attempting or conspiring to do such an act." The legislative proposal from PHMSA would revise the law to say "damaging, destroying, vandalizing, tampering with, impeding the operation of, disrupting the operation of or inhibiting the operation of" pipelines could lead to prison. PHMSA spokesman Darius Kirkwood said the agency has "serious safety concerns" with people who intentionally damage or tamper with pipeline facilities. Meanwhile, Rep. Frank Pallone, D-N.J., who chairs the House Committee on Energy and Commerce, indicated the criminal penalty proposal is a legislative non-starter that would stifle “legitimate dissent and protest.” Texas legislators have passed a bill that would impose felony penalties on those who damage oil and gas pipelines and other so-called critical infrastructure.

Is Solar Power Really Going to Be Cheaper Than NG-Fired Power?

Wood Mackenzie Power & Renewables made this claim at the GTM Solar Summit in Phoenix: “By 2023, we think solar’s going to be cheaper than gas almost everywhere around the world.” The claim is made comparing utility solar and new gas plants on a Levelized Cost of Electricity (LCOE) basis that does not account for externalized costs of energy including back up power for solar. China accounted for 35% of global solar installations through 2018, but that share will fall to 27% in the 2019 to 2024 period, he predicts.

EPA Repeals the Clean Power Plan

The U.S. Environmental Protection Agency (EPA) has issued three separate and distinct rulemakings effective September 6, 2019. First, the EPA is repealing the Clean Power Plan (CPP) because the Agency has determined that the CPP exceeded the EPA’s statutory authority under Clean Air Act (CAA). Second, the EPA is finalizing the Affordable Clean Energy rule (ACE), consisting of Emission Guidelines for Greenhouse Gas (GHG) Emissions from Existing Electric Utility Generating Units (EGUs) under CAA section 111(d), that will inform states the development, submittal, and implementation of state plans to establish performance standards for GHG emissions from certain fossil fuel-fired EGUs. In ACE, the Agency is finalizing its determination that heat rate improvement (HRI) is the best system of emission reduction (BSER) reducing GHG—specifically carbon dioxide (CO₂)—emissions from existing coal-fired EGUs. Third, the EPA is finalizing new regulations for the EPA and state implementation of ACE and any future emission guidelines issued under CAA section 111(d). No doubt each action will be reviewed by a federal court of appeals.

Federal Energy Regulatory Commission

LaFleur Exits in August 2019

Democratic Commissioner Cheryl LaFleur announced that her final Commission meeting will be in July 2019 having been a FERC commissioner since 2010 and had stints as both chairman and acting chairman. She has not been re-nominated. APGA presented her with a service award in May during a visit at FERC. The Commission has a bare quorum with the Republican appointees have a 2-1 advantage now.

FERC Chair Says Certificate Policy May Not Be Revised After All

In April 2018, former FERC Chair McIntyre's first action was to commence a policy review of the 1999 natural gas pipeline certificate policy (PL18-1). At a May 2019 energy gathering, Chairman Neil Chatterjee indicated that no action is likely because a "split policy statement I don't think has much value." Citing a vacancy at the Commission, and Commissioner Cheryl LaFleur leaving this year, he remarked, "I think that's an area where we need to act quickly when we have our full complement on the commission." FERC has divided along party lines on whether to look beyond precedent agreements to establish need for projects and on how to consider upstream or downstream greenhouse gas emissions. With the current 2-2 commissioner split, consensus was not likely.

APGA Files Comments on FERC Return on Equity Policy Inquiry

In response to court appeals of electric transmission orders, FERC issued a Notice of Inquiry (NOI) on its policies used for determining rates of return on equity. Primarily, it wanted to know whether to require additional methodologies beyond the Discounted Cash Flow (DCF) method that has been used for decades. APGA commented that, while that might be appropriate for electric utilities, it was not necessary for interstate natural gas pipelines. The Natural Gas Supply Association said the same. APGA also told the FERC that pipeline risk is overstated, and ROEs are too high for pipelines, encouraging FERC to consider inclusion of natural gas distributors in proxy groups used in the DCF analysis. APGA pointed out that FERC policies shield pipelines from risk: straight fixed-variable rate design; discount policy; and surcharges and trackers of certain costs. APGA asked FERC to protect captive customers in its ROI policies.

FERC Approves El Paso Form 501-G Settlement that Lowers Rates Significantly

El Paso Natural Gas Company's FERC Form No. 501-G showed a Total Estimated ROE of 21.4% in October 2018, along with an indicated cost-of-service reduction of 5.3%. Nevertheless, El Paso elected to file under Option 3 (statement explaining why no rate adjustment is needed) and filed a supporting Addendum. In the Addendum, it made various adjustments and calculated a Total Estimated ROE of 16.8%. Subsequently, FERC commenced an NGA Section 5 rate investigation into El Paso's affiliate East Tennessee, and El Paso commenced settlement discussions that culminated in El Paso's filing the subject Settlement on March 15, 2019, which FERC has now approved. The settlement will reduce El Paso's various firm service reservation rates by a range of 7-12%, effective January 1, 2019. El Paso did not have a pure SFV rate design to it was able to slice its FT-1 usage rates about in half, which pleased negotiated rate shippers. The parties agreed to a rate moratorium for a period ending on January 1, 2022.

FERC Approves Tennessee Form No. 501-G Settlement

On April 4, 2019, Tennessee Gas Pipeline Company, L.L.C. filed an Amended and Restated Stipulation and Agreement to resolve its rates post Order 849 on the impact of the new corporate tax rate and Form 501-G. The Settlement provides for an immediate rate reduction of 8.5% effective November 1, 2019, and the following further reductions: (1) a 2% reduction effective November 1, 2020; (2) an additional two percent reduction effective November 1, 2021; and (3) a 1% reduction effective November 1, 2022. FERC approved the uncontested settlement in a short order without comment.

Texas Eastern to Spend a Fortune to Upgrade Compressors in Pennsylvania

Texas Eastern Transmission, LP has asked FERC under section 7 of the Natural Gas Act to construct its proposed Bernville Compressor Units Replacement Project, which consists of replacing two existing compressor units and related facilities, with two new, more efficient compressor units at its Bernville Compressor Station located in Berks County, Pennsylvania. Texas Eastern asserts that the Project's more efficient units will allow this portion of its system to comply with future air emission reduction requirements in Pennsylvania, at a cost of \$125,443,261, which costs ultimately will be rolled into rates.

Transco Project Blocked by NY Regulator So National Grid Declares Moratorium on Conversions from Oil Heat

FERC in May approved Transcontinental Gas Pipe Line Co.'s Northeast Supply Enhancement Project, a \$926 million gas pipeline upgrade project aimed at providing more gas heat for the New York metropolitan area. Then the New York Department of Environmental Conservation denied a necessary a Clean Water Act permit, deciding that the 7.4 miles of loop pipeline that would run underwater from New Jersey to the New York City area could cause mercury and copper levels to rise too high. In addition, NY said that the project's greenhouse gas emissions mattered, because they "cause climate change and thus indirectly impact water and coastal resources, including from the construction and operation of the project and from reasonably foreseeable upstream and downstream GHG emissions." The Northeast Supply Enhancement Project would provide an additional 400,000 Dth per day of natural gas used for heating. That entire amount has been contracted by two units of National Grid that serve New York City and Long Island for the 2020-21 winter heating season.

National Grid Plc then announced it would not process new applications for natural gas service in its New York City and Long Island service area until the permit is issued. National Grid, which serves about 1.8 million customers in Brooklyn, Queens, Staten Island and Long Island, has said it was converting about 8,000 of those New York City-Long Island customers per year to gas from heating oil. In March, another New York City-area utility, Consolidated Edison Inc., imposed a moratorium on new gas customers in its Westchester County service area due to a lack of new pipeline infrastructure. Transco announced that it will be evaluating the issues raised and "resubmitting the application quickly."

Department of Energy

DOE Grants APGA Petition In Part: Issues a Response to Petition for Rulemaking and Notice of Proposed Interpretive Rule Pertaining to Standards for Residential Furnaces and Commercial Water Heaters

On October 18, 2018, APGA with Spire and others filed a petition for rulemaking asking DOE to issue an interpretive rule stating that DOE's proposed energy conservation standards for residential furnaces and commercial water heaters would result in the unavailability of "performance characteristics" within the meaning of the Energy Policy and Conservation Act (EPCA) because it would lead to the elimination of non-condensing appliances. The Office of Energy Efficiency and Renewable Energy (EERE) essentially granted that petition. EERE denied APGA's request to withdraw the furnace rulemaking however.

APGA argued that a non-condensing appliance is a "feature" to be protected and preserved under EPCA. "The ability of a product to function without a plumbing connection is a feature that is no less important than features that affect where products will fit, what type of wiring they require, or whether they are designed to be free-standing as opposed to being installed in a wall or a floor. The ability of a product to function with atmospheric venting is an even more important feature because it enables products to be used as replacements for atmospheric-vented products without the need for building alterations or the risk of adverse impacts on other atmospheric-vented gas products tied to a common venting system."

DOE wrote that it "seeks neither to determine winners and losers in the marketplace nor to limit consumer choice"; that it "is very concerned about ensuring energy affordability;" and that "there is a significant increase in first-cost associated with furnaces and water heaters using condensing technology."

Therefore, DOE granted the petition "to the extent that it prospectively interprets the statute to provide that adoption of energy conservation standards that would limit the market of natural gas and/or propane gas furnaces, hot water heaters, or similarly situated products/equipment (where permitted by EPCA) that use condensing combustion technology would result in the unavailability of a performance related feature within the meaning of [EPCA]." That appears to signal what when DOE acts on the furnace rulemaking, it would fail because it would cause non-condensing furnaces to become unavailable.

For now, this is a proposed interpretive rule on which DOE seeks comment by September 9. Environmental groups are very upset with the EERE proposed interpretation.

DOE Issues a Grant of Petition for Rulemaking Pertaining to Energy Conservation Standards for Dishwashers

DOE has issued a notice pertaining to a petition received from the Competitive Enterprise Institute (CEI) to define a new product class under EPCA for residential dishwashers. The new product class would cover dishwashers with a cycle time for the normal cycle of less than one hour from washing through drying. DOE has decided to grant this petition for rulemaking and propose a dishwasher product class with a cycle time for the normal cycle of less than one hour. DOE requests and will accept comments by September 9. Environmental groups are very upset with the EERE proposed interpretation.

Plaintiffs Cite Delay in Commercial Water Heater Efficiency Standard

In January 2017, President Trump issued Executive Order 13771, “Reducing Regulation and Controlling Regulatory Costs,” and two Office of Management and Budget (OMB) Guidances regarding implementation of the Executive Order. The Executive Order directs that, when a federal agency proposes or promulgates a new regulation, it must identify at least two existing regulations to be repealed, and the Order requires that the costs of new regulations be offset by eliminating existing costs associated with at least two prior regulations. For fiscal year 2017, the Executive Order imposed a cap of zero on the total incremental cost of all new regulations. Executive Order 13771 requires agencies to offset the costs of a new regulation regardless of the benefits associated with the new rule, and regardless of whether the new rule or the existing rules designated for repeal have net benefits. Several plaintiffs have attempted to overturn the new policy, but a federal court dismissed the action ruling that plaintiffs did not have standing to sue because they could show no concrete harm.

Now a group of plaintiffs including Public Citizen have filed a Memorandum with the same court in support of the standing and have cited as an example of harm, the failure of DOE to act on energy-efficiency standards for commercial water heating equipment proposed three years ago (as well as rules from DOT and DOL). DOE says that rulemaking is subject to Executive Order 13771, and plaintiffs contend that “there is no question that DOE is required to issue, but has delayed issuing, a new standard: DOE has concluded that the statutory factors for issuing new standards have been met” and it has “already violated the statutory deadline with respect to completion of this rulemaking.” In an affidavit, DOE admits that it has not yet identified two or more existing regulations to be repealed or repeals that would offset the costs of a final rule on commercial water heating equipment. Accordingly, plaintiffs assert that harm exists to the public and that they have injury and therefore have standing to sue to overturn the 2-for-1 policy because, among other things, they are unable to reliably select “commercial water heating equipment that is energy efficient and would give them a broader selection of energy-efficient products with lifecycle cost savings.”

DOE Seeking Data on Reliability

DOE’s Office of Electricity has issued a Request for Information (RFI) for cost-effective ways to make gas and oil infrastructure systems more resilient against cyber and physical threats as well as severe weather events. DOE said, “Although these industries and agencies have been working for several years to develop a culture of resilience, at present there is no settled body of expert knowledge about requirements and practices for enhancing the resilience of these systems.” That begs the question of why DOE needs to collect this information. DOE says it does not want PHMSA specifics but does want “additional state- or locally-adopted codes and standards that have resilience implications.” The “specific purpose of this RFI is to gather available information on current consensus-based codes, specifications, standards, and less formal forms of guidance for improving the resilience of all forms of oil and natural gas infrastructure.” Responses are due August 23, 2019.

APGA Key Success Measures

	2013	2014	2015	2016	2017	2018	2019
ADVOCACY							
▶ Issues Resolved or Furthered in APGA's Favor / Issues Resolved or Furthered	9 of 12	25 of 46	30 of 46	3 of 13	4 of 13	4 of 13	4 of 13
FINANCIAL							
	(Actual)	(Actual)	(Actual)	(Actual)	(Actual)	(Actual)	6/30/2019
▶ Dues Income	\$1,710,620	\$1,781,603	\$1,838,715	\$1,927,898	\$2,185,246	\$2,345,144	\$2,393,005
▶ Non-Dues Income	\$215,324	\$192,584	\$111,593	\$134,764	\$269,571	\$553,541	\$371,544
▶ Conference & Workshop Income	\$351,560	\$410,593	\$447,214	\$522,990	\$534,975	\$468,080	\$296,468
▶ Complementary Org. Income	\$374,172	\$327,661	\$366,861	\$335,292	\$421,584	\$469,316	\$207,226
▶ Drawn from Retained Earnings	\$0	\$296,393	\$451,969	\$206,110	\$0	\$0	\$0
▶ Actual Revenue	\$2,651,676	\$3,008,834	\$3,216,352	\$3,127,054	\$3,411,375	\$3,836,081	\$3,268,243
▶ Budgeted Revenue	\$2,778,934	\$2,882,151	\$3,191,976	\$3,058,900	\$3,265,963	\$3,596,665	\$3,868,032
▶ Actual COGS & Expenses	\$2,601,469	\$2,988,587	\$3,198,839	\$3,269,349	\$3,321,838	\$3,812,200	\$1,915,868
▶ Budgeted COGS & Expenses	\$2,816,934	\$2,920,151	\$3,088,899	\$3,166,900	\$3,343,963	\$3,654,665	\$3,935,632
▶ Actual Net Ordinary Income	\$50,207	\$20,247	\$17,513	(\$142,295)	\$89,538	\$23,881	\$1,352,375
▶ Budgeted Net Ordinary Income	(\$38,000)	(\$38,000)	\$103,077	(\$108,000)	(\$78,000)	(\$58,000)	(\$67,600)
▶ Actual Net Income (w/investments)	\$233,699	\$127,426	\$25,271	\$10,305	\$370,705	(\$37,952)	\$1,606,686
▶ Budgeted Net Income (w/investments)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
▶ Retained Earnings Balance	\$2,500,500	\$2,763,614	\$2,590,821	\$2,161,719	\$1,933,449	\$2,263,471	\$2,229,311
▶ Investments: Operating Account	\$1,284,559	\$1,062,227	\$514,037	\$500,838	\$505,183	\$761,000	\$618,425
▶ Investments: Reserve Account	\$2,067,162	\$2,166,202	\$2,174,204	\$2,070,222	\$2,338,385	\$2,276,660	\$2,515,457
▶ Investments: Total	\$3,351,721	\$3,228,429	\$2,688,241	\$2,571,060	\$2,843,568	\$3,037,660	\$3,133,882
MEMBERSHIP GROWTH							
▶ # of Public Gas System Members	711 ⁽³⁾	737	729	726	725	731	729
▶ # of Meters	4,301,026	4,110,498	4,093,916	4,137,405	4,172,830	4,203,615	4,299,709
▶ # of Active Organizations	131	118	134	143	174	198	202
▶ # of Active Individuals	273	251	295	308	415	602	597
MEMBER SATISFACTION							
▶ Members Lost	11 ⁽⁴⁾	13 ⁽⁵⁾	17 ⁽⁶⁾	13 ⁽⁷⁾	14 ⁽⁸⁾	15	18 ⁽⁹⁾
▶ Retention Rate	102.60%	104.24%	99.32%	99.73%	100.28%	100.83%	100.28%
OPERATIONS							
▶ # of Members Using APGA Programs							
→ GOAL Surveys Completed	119	120	99	90	107	105	38
→ SHRIMP Subscribers	1,129	1,181	1,105	1,264	1,289	1,198	1,205
RESEARCH & DEVELOPMENT							
▶ Dollars Pledged to APGA RF	\$1,100,000	\$1,100,000	\$1,100,000	\$1,100,000	\$1,100,000	\$1,100,000	\$1,100,000
▶ Dollars Collected by APGA RF	\$1,038,075	\$1,133,918	\$1,192,155	\$1,163,266	\$1,138,412	\$1,135,395	\$489,166
TRAINING & EDUCATION							
▶ # of People Participating in Workshops							
→ Joint: Gas Supply, Marketing & Gas Policy (2019)	N/A	N/A	N/A	N/A	N/A	N/A	150
→ Gas Supply Conference	90	83	101	75	86	88	N/A
→ Spring Conferences	159	184	168	187	179	116	156
→ Government Relations Conference	48	45	52	69	69	71	81
→ Annual Conference (Paid Registrations)	253	263	269	268	280	260	0
→ Joint Operations Conference (Leak City)	300	307	250	260	0	266	0
→ Gas Utility Management Conference	59	81	75	N/A	N/A	N/A	N/A
→ Operations Conference	N/A	N/A	N/A	203	223	237	0

(3) 8 non-members converted to small members; 8 new small members not previously in the APGA database.

(4) 1 of the 11 lost members is no longer in existence as a result of being sold and was not considered in the retention calculation.

(5) 4 of the 13 lost members are no longer in existence as a result of being sold and were not considered in the retention calculation.

(6) 3 of the 17 lost members are no longer in existence as a result of being sold and were not considered in the retention calculation.

(7) 1 of the 13 lost members is no longer in existence as a result of being sold and was not considered in the retention calculation.

(8) 3 of the 14 lost members are no longer in existence as a result of being sold and were not considered in the retention calculation.

(9) 4 of the 18 lost members are no longer in existence as a result of being sold and were not considered in the retention calculation.

RECOGNITION OF 2018-2019 COMMITTEE CHAIRS:

- Associates – Ed Young
- Codes & Standards – Sue Kristjansson
- Direct-Use Task Group – Arthur Corbin
- Editorial – Jon Mason
- Gas Supply – Gordon King
- Legislative Subcommittee – Staci Wilson
- Marketing & Sales – Nicole Graham
- NGV – Matt Stennett
- Operations & Safety – Pat Riley
- Regulatory Subcommittee – Donnie Sharp

RECOGNITION OF BOARD MEMBERS:

- Larry Carroll
- Greg Henderson
- Jim Knight
- Rod Walker
- Chuck Warrington

Committee Reports

Update on APGA's Codes and Standards Committee **(July 2019)**

Activities:

- The Spring Building Energy Codes and Standards (BECS) Committee met in May. While this group is sponsored by the American Gas Association (AGA), American Public Gas Association (APGA) staff, as well as a few members attend and participate in the work. A DOE staff person spoke on their appliance standards efforts, and there was an update on research the BECS Committee is pursuing. The group also discussed ongoing revisions to standards and appropriate ways to engage.
- APGA staff attended the 2019 National Energy Codes Conference in Denver. The event was hosted by the US Department of Energy (DOE), Office of Energy Efficiency and Renewable Energy (EERE), and provided sessions on an engaging set of topics, relative to residential and commercial buildings, as well as networking opportunities.
- On June 11, APGA staff visited the National Institute of Standards and Technology (NIST) Net Zero Energy Residential Test Facility in Gaithersburg, MD. It was a great opportunity to see, first-hand, the facility, recently utilized to analyze gas versus electric heating, ventilation, and air conditioning (HVAC) systems in mid-Atlantic region homes.

Update on APGA's Gas Supply Committee **(July 2019)**

Activities:

- The Gas Supply Committee agreed to consider and draft a resolution expressing support for renewable natural gas and the benefits it brings APGA members. The resolution will be submitted to the board for approval.
- APGA held a webinar regarding the summer gas outlook from NGSA. Jenny Fordham, Senior VP of Government Affairs for NGSA, briefed APGA members on the status of the gas market and supply over the summer months. Fordham noted that unlike last summer, which was 20 percent warmer than the 30-year average, this summer is projected to be 14 percent cooler than the previous summer and only 3 percent above the 30-year average. She also communicated that economic growth, while not as strong as last year, is projected to remain strong. Customer demand is anticipated to increase slightly from 2018 with the liquified natural gas (LNG) export market driving that increase. It was also projected that by the end of summer injection season, there will be approximately 500 Bcf more of natural gas in storage than the previous year. Summer production is also projected to increase by approximately 7 Bcf per day than the previous year. Jenny communicated that efficiencies in drilling and production have made wells more productive at lower cost.

Update on APGA's Legislative Subcommittee **(July 2019)**

Activities:

- On April 30th, Senators Hoeven (R-ND) and Manchin (D-WV) introduced legislation entitled S. 1245 the All-of-the-Above Federal Building Energy Conservation Act of 2019. This bill is similar to legislation introduced in the House and Senate last Congress which, among other things, repeals Section 433 of the Energy Independence and Security Act (EISA) of 2007. As you may recall, Section 433 of EISA eliminates all fossil fuel-generated energy from federal buildings by the year 2030. This ban would apply to all new or renovated Federal buildings. APGA worked closely with the bill's sponsors and other stakeholder on this legislation. Senators Hoeven and Manchin released a joint press release which referenced APGA's support and included a statement from APGA.
- APGA members traveled to Washington, D.C. on May 7th and 8th to meet with lawmakers on Capitol Hill. At this year's meeting, APGA members met with over 50 congressional offices to communicate their views on important legislative issues. Issues that were raised on Capitol Hill included reform of Section 5 of the Natural Gas Act, repealing Section 433 of the Energy Independence and Security Act of 2007 which bans the use of fossil fuels in new and renovated federal buildings beginning in 2030, and reauthorization of the Pipeline Safety Act.
- APGA submitted testimony for a June 19th House Energy and Commerce Committee hearing, entitled "Legislative Solutions to Make Our Nation's Pipelines Safer."

APGA Marketing & Sales Committee Update **(July 2019)**

Activities:

- The APGA Marketing and Sales Committee continues to meet monthly to discuss marketing and communications issues facing their communities.
- A small team of committee members worked over the past several months to develop the 2020 Natural Gas Calendars in coordination with Crabtree Ink. The calendars are now available for purchase! If your system orders by August 9, then you will have them in time for Public Natural Gas Week. This year's calendars feature recipes, information on natural gas appliances, professional photography and space to include your system's logo.
- A task group of our members will begin planning the 2020 Marketing & Sales Trends & Training Conference (MSTTC) in the next month. This year's MSTTC will be held in January in Houston immediately following the APGA Winter Board and Committee meetings. We anticipate another great conference of sessions important to increasing the direct use of natural gas for our attendees.
- Our committee held its annual Marketing & Sales Award this past spring. A team of judges composed of last year's winners and the committee leadership reviewed the applications and determined winner. City of Charlottesville won first place; Huntsville Utilities won second place; and, Clearwater Gas won third place.
- The M&S Committee is very plugged into and provides feedback on our new Natural Gas Genius campaign. The members on the committee are those that will disseminate the message to their communities using the materials we have developed. They are also helping to guide our efforts with feedback and important insight from what they are seeing in their districts. The Natural Gas Genius campaign launched online on March 14—Genius Day. The website is now live and the social media accounts are active. We are pleased with how the campaign has done thus far. New social media assets are added each month and members are able to utilize those on their systems' social media platforms.

APGA Membership Committee

(July 2019)

Activities:

- On May 22nd, APGA sent out to all of its members its annual membership satisfaction survey. The survey, which was developed by the APGA Membership Committee, is done to assess member views of APGA's performance, value, and the quality of services provided. The survey also seeks input on additional potential services that APGA may offer that will provide value to its members. The survey is broken into segments that address, among other things: membership value; advocacy; communications; and education. A survey has been sent to the primary contact of each member. The survey is also used to calculate the grades for the APGA report card which was handed out at the Annual Conference.

- As of July 3rd, 15 new members have joined APGA. A list of the new member systems is included below:

Dyersburg, TN – 7,755 meters
Murray, KY – 6,576 meters
Daphne, AL – 4,440 meters
Morgan City, LA – 4,215 meters
Selmer, TN – 1,745 meters
Wahoo, NE – 1,622 meters
Livingston, TN – 1,445 meters
Barrow, AK – 1,401 meters
Fairbanks, AK – 1,231 meters
Roma, TX – 1,125 meters
West Escambia, AL – 1,015 meters
Franklinton, LA – 923 meters
Hornbeck, LA – 705 meters
Eldorado, TX – 696 meters
Findlay, IL – 503 meters

- As of July 3rd, 14 systems had yet to renew their membership for 2019:

City of Safford, AZ - 3,455 meters
Vienna Municipal Natural Gas Dept. – 561 meters

Waterloo Municipal Gas System - 3,981 meters
Waverly Municipal Gas System – 606 meters
City of Pikeville, KY - 1,003 meters
City of Gonzales, LA - 2,414 meters
Maringouin Utility – 625 meters
City of Scott, LA – 586 meters
Tyler Municipal Light & Power – 542 meters
Ripley Gas System - 5,007 meters
Wisner Natural Gas System – 511 meters
Geary Utility Authority – 509 meters
Mount Pleasant Gas System - 1,461 meters
Navasota Municipal Natural Gas Dept.- 1,701 meters

Update on APGA's Natural Gas Vehicle Committee **(July 2019)**

Activities:

- APGA continued advocacy efforts to promote NGVs and ensure access to increased opportunities for NGV growth. APGA met with numerous Congressional offices advocating for the reinstatement and extension of the Alternative Fuel Tax Credit, and helped draft several documents in support of the AFTC. APGA also advocated for policies that promote NGVs in infrastructure legislation discussions.
- The NGV committee held a meeting in May and monthly calls in June and July to discuss various legislative issues relating to NGV penetration.

APGA Operations and Safety Committee

(July 2019)

Activities:

- Registration for the 2019 APGA Operations conference October 29-31, 2019 in Huntsville, AL is now open at <https://community.apga.org/huntsville/operations-conference>.
- The APGA Operations and Safety Committee selected Greenville Utilities Commission (GUC) as the winner of the 20179 APGA Safety Management Excellence Award. This award recognizes one APGA member each year for consistently operating at the highest levels, clearly establishing itself as an achiever of excellence in the field of safety management. The committee looks for systems that have implemented innovative and effective employee safety practices. Safety is the highest priority in public gas systems and it is always difficult to single out one system among all the deserving applicants. GUC will be presented with a plaque at the APGA Annual Meeting in Stowe, VT July 30.
- Bill DeFoor of the Municipal Gas Authority of Georgia along with APGA staff participated in a June 13-14 public meeting on Public Awareness and engagement hosted by the Pipeline and Hazardous Materials Safety Administration (PHMSA). APGA continues to push for PHMSA to not only allow but encourage operators to collaborate with other operators to communicate safety messages and measure program effectiveness where the safety messages are the same (e.g. call if you smell gas and call 811 before you dig) as collaborative programs have been shown to be more effective than each operator attempting messaging and effectiveness assessment independently.
- Rich Worsinger represented APGA at a June 25-26 meeting of PHMSA's Gas Pipeline Advisory Committee (GPAC). GPAC is a committee consists of 15 members—with membership evenly divided among the Federal and state government, the regulated industry, and

the public. The committees advise PHMSA on the technical feasibility, practicability, and cost-effectiveness of each proposed pipeline safety standard and provide feedback on policy matters. At this meeting the main topic was regulation of gathering lines, which only indirectly affects most APGA members.

- APGA continues to work with other trade associations to assist members to understand and implement Pipeline Safety Management Systems (PSMS). Tools can be found at www.pipelinesms.org

APGA Regulatory Subcommittee

(July 2019)

Activities:

- On May 7th, members of the APGA Board of Directors and the Regulatory Subcommittee met with members of the Federal Energy Regulatory Commission (FERC) in Washington, DC. The issues that were raised in the meeting included the liquidity of natural gas price indices, infrastructure, and pipeline rates. During the meeting with Commissioner LaFleur, who will be leaving the Commission this year, Sam Davis presented the Commissioner with an APGA Appreciation Award in recognition of her service on behalf of America's natural gas consumers.
- On May 9th, Bill Cooper was sworn in as General Counsel for the Department of Energy (DOE). Dave Schryver was invited to attend the swearing-in ceremony. Last August, APGA sent a letter to the Chairman, Senator Lisa Murkowski (R-AK), and then Ranking Democrat, Senator Maria Cantwell (D-WA) in support of the President's nomination of Bill Cooper to serve as DOE General Counsel.
- On June 20th, Commissioner Cheryl LaFleur announced through twitter that she will be leaving the Commission at the end of August and the July Open Meeting will be her last Commission Open Meeting. Commissioner LaFleur was first nominated by President Obama to the Federal Energy Regulatory Commission (FERC) in 2010 and was confirmed for a second term by the Senate in 2014. She served as Acting Chairman of the Commission from November 2013 to July 2014 and January to August 2017 and as Chairman from July 2014 until April 2015. While a replacement for Commissioner LaFleur has yet to be formally announced, reports have indicated that Allison Clements, an energy lawyer, may be named to the seat. Ms. Clements, currently the director of clean energy markets at the Energy Foundation, has a long history of working with clean energy groups and also worked at the Natural Resources Defense Council for 9 years.
- On June 24th, the subcommittee held its monthly conference call.
- On June 26th, APGA filed comments in response to FERC Notice of Inquiry (NOI) on its policies used for determining rates of return on equity. Primarily, the Commission wanted to know whether to require additional methodologies beyond

the Discounted Cash Flow (DCF) method that has been used for decades. APGA commented that, while that might be appropriate for electric utilities, it was not necessary for interstate natural gas pipelines. APGA also communicated that pipeline risk is overstated, and ROEs are too high for pipelines, encouraging FERC to consider inclusion of natural gas distributors in proxy groups used in the DCF analysis. APGA pointed out that FERC policies shield pipelines from risk: straight fixed-variable rate design; discount policy; and surcharges and trackers of certain costs. APGA also asked FERC to protect captive customers in its ROI policies.