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Building A 21st Century Infrastructure In Communities Across the Nation

Washington, D.C. – In cities and towns throughout the country, natural gas utilities are working with their local governments to find cost-effective ways to ensure the safe and reliable delivery of clean natural gas. The [American Gas Foundation](#) has released a [report](#) detailing the factors driving the need to upgrade existing pipeline infrastructure, the status of these efforts and a discussion of alternative methods of recovering the costs associated with the necessary investments.

“These unique cost recovery programs for investments in enhancing local natural gas distribution networks provide important benefits to customers,” said Ron Jibson, Chairman of the American Gas Foundation and Chairman, President and CEO of Questar Corp. “America’s natural gas utilities are working with regulators at the state and local level to make the necessary investments in upgrading these systems while continuing to deliver natural gas at affordable prices.”

In 2011, United States Secretary of Transportation Ray LaHood brought together federal, state and industry stakeholders in order to discuss steps for making continued improvements to the safety and efficiency of the nation’s pipeline infrastructure, and called on state regulators to provide for timely recovery of pipeline replacement investments, recognizing that reliance on traditional cost recovery approaches may impede efforts to accelerate these activities.

Dave McCurdy, president and CEO of the American Gas Association, said, “Our members are building the 21st century infrastructure that this nation needs. America’s domestic abundance of this clean energy source has made it an affordable and efficient way to heat our homes, run our vehicles, generate power and support other forms of renewable energy. We now have a terrific opportunity to continue to upgrade our delivery system to meet this growing demand.”

The report states: “Many states have concluded that the historical reliance on resource-intensive base rate cases is not an effective or efficient means of meeting the safety imperatives associated with aging pipeline infrastructure. Several jurisdictions have implemented alternative cost recovery mechanisms to address the need for timely recovery including infrastructure cost trackers, infrastructure base rate surcharges, and deferred regulatory assets. The specific mechanisms reflect the goals of the local natural gas utility and the particular statutory guidance, policies, and precedent of the respective jurisdiction. Notably, the majority of these programs have been implemented within the last five years.”

In June, the American Gas Association released a new “[Natural Gas Rate Round-Up](#),” a periodic update on innovative rate designs. The report highlights several states that are on the cutting edge of innovative rate designs, working with their natural gas utilities to build and maintain an advanced energy delivery system while continuing to deliver natural gas at affordable prices.

The American Gas Foundation (AGF) is a 501(c)(3) organization founded in 1989 focused on being an independent source of information research and programs on energy and environmental issues that affect public policy, with a particular emphasis on natural gas.