



# AMERICAN PUBLIC GAS ASSOCIATION

September 25, 2008

The Honorable Tom Harkin  
U.S. Senator  
United States Senate  
Washington D.C. 20510

Dear Senator Harkin:

On behalf of over 700 publicly-owned, not-for-profit, natural gas retail distribution systems in 36 states across the country, the American Public Gas Association (APGA) expresses its support for the Prevent Excessive Speculation Act. We commend you for your ongoing efforts to bring a greater level of transparency to commodity markets. As a consumer group, our confidence in the price discovery function of the natural gas markets has been shaken. It is critical that Congress increase market transparency to ensure that the price consumers pay for natural gas reflects appropriate market fundamentals and is not the result of market manipulation, excessive speculation or other market abuses.

As the recent crisis in capital markets has shown, complex financial instruments left unchecked can result in exaggerated market fundamentals. The same could be true using energy derivatives, commodity index swaps and other complex trading tools in commodity markets. We simply cannot know the impact of these instruments on commodity prices without increased transparency and oversight. The longer we wait, the more consumers remain exposed to paying a "speculative premium" for commodities.

APGA feels the additional transparency measures in the Prevent Excess Speculation Act will help to restore consumer's trust in a market where hedge funds, speculators, paper trades, financials and swaps overwhelm both the physical supply and legitimate hedgers. This influx of new players can help drive the direction of price and creates a momentum that can cause extreme swings of volatility in the market. We also strongly support provisions in the bill that will provide the Commodity Futures Trading Commission (CFTC) with additional resources. It is important that the cop on the beat has the tools it needs to do its job.

We believe that decisive and deliberate action by Congress to address market transparency will help prevent market abuses from occurring and restore consumer trust in the markets. I look forward to working with you on this legislation and other measures that will provide consumers with the relief from high energy prices they so desperately deserve.

Sincerely,

Bert Kalisch  
President & CEO