



AMERICAN PUBLIC GAS ASSOCIATION

October 8, 2009

Honorable Maria Cantwell
U.S. Senate
511 Senate Dirksen Building
Washington, D.C. 20510

Dear Senator Cantwell:

On behalf of the American Public Gas Association (APGA), I want express our support for legislation you recently introduced entitled the *Derivatives Market Manipulation Prevention Act of 2009 (S. 1682)*. I thank you for your ongoing efforts on behalf of natural gas consumers.

APGA is the national association for publicly-owned natural gas distribution systems. Of the some 1,200 local distribution systems in the United States, approximately 1,000 are public gas systems located in 36 states; over 720 of these public systems are APGA members. Publicly-owned gas systems are not-for-profit, retail distribution entities owned by, and accountable to, the citizens they serve. They include municipal gas distribution systems, public utility districts, county districts, and other public agencies that have natural gas distribution facilities.

Public gas systems depend upon both the physical commodity markets as well as the markets in OTC derivatives to meet the natural gas needs of their consumers. Together, these markets play a critical role in these utilities securing natural gas supplies at stable prices for their communities. For this reason, APGA has pushed for enhanced market transparency, position limits and strong market oversight.

The Derivatives Market Manipulation Prevention Act of 2009 would revise the legal standard the Commodity Futures Trading Commission (CFTC) must meet to prove market manipulation. Specifically, the legislation would change the standard from requiring the CFTC to prove specific intent to a recklessness standard. The recklessness standard is the standard that the Securities Exchange Commission, Federal Trade Commission and Federal Energy Regulatory Commission have utilized. It is sound policy for the CFTC standard to be consistent with the standard used by other federal agencies. This legislation will help establish a clear line of enforcement and make clear that market manipulation resulting from reckless conduct will be illegal.

I thank you for your introduction of this important consumer protection legislation.

Sincerely,

Bert Kalisch
President & CEO