



AMERICAN PUBLIC GAS ASSOCIATION

October 28, 2009

The Honorable Frank Lucas
Ranking Member
Committee on Agriculture
U.S. House of Representatives
Washington, D.C. 20515

Dear Representative Lucas:

On behalf of the American Public Gas Association (APGA), I express our support for H.R. 3795, The Derivative Markets Transparency and Accountability Act of 2009 approved by your Committee last week.

APGA is the national association for publicly-owned natural gas distribution systems. There are approximately 1,000 public gas systems in 36 states and almost 720 of these 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.

Over the last several years APGA has testified before Congress and the Commodity Futures Trading Commission in regard to the need for greater market transparency and strong oversight of both the regulated exchange-traded and the over-the-counter derivatives markets in natural gas. The Derivative Markets Transparency and Accountability Act of 2009 will provide additional consumer protections through increased market transparency and greater regulation of these related markets. We believe that these measures, including in particular, the legislation's provisions requiring reporting by large traders of OTC positions and the application of aggregate speculative position limits, will help restore consumer confidence in natural gas markets while protecting consumers from major financial failures similar to those experienced last year.

As you are aware, APGA is highly supportive of an exemption for certain end-users from the legislation's mandatory clearing requirement for OTC transactions. APGA was very pleased with the final language of this exemption in the Manager's Amendment. We commend you for striking an appropriate balance in the legislation that allows end-users, such as public gas systems, to continue to use the over-the-counter markets without incurring additional costs to hedge risk while enacting major reforms that will protect our financial system.

We thank you for your ongoing efforts on behalf of natural gas consumers and look forward to working with you towards passage of this important legislation.

Sincerely,

Bert Kalisch
President & CEO