AMERICAN PUBLIC GAS ASSOCIATION

February 20, 2014

The Honorable Mark P. Wetjen
Acting Chairman
Commodity Futures Trading Commission
1155 21st Street, NW
Washington, DC 20581

Dear Acting Chair Wetjen:

On behalf of the American Public Gas Association (APGA), I formally request that the Commodity Futures Trading Commission (CFTC) review activities that occurred in the final hours of trading on January 29th.

As you may be aware, on the final day that the monthly contract on the New York Mercantile Exchange (NYMEX) traded, natural gas for February delivery jumped 52.4 cents to $5.557 per MMBtu. This represents the highest closing price since January 25, 2010. Futures posted their largest one-day percentage gain since June 14, 2012. APGA believes it is important that the CFTC review the trading activities to ensure that natural market forces, and not excessive speculation or other market abuses, were the causes for the 10% price spike in the February 2014 NYMEX Henry Hub contract that occurred in the final hours of trading. While the weather may have been particularly cold at that time, APGA questions whether cold weather can fully account for the 10% price spike.

APGA is the national association for publicly-owned natural gas distribution systems. There are approximately 1,000 public gas systems in 37 states and over 700 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.

Most APGA members purchase gas under a contract priced off of a price index. Given the extent that price indices now track NYMEX, the NYMEX contract plays an important role in how much our members, and in turn their consumers, pay for natural gas.

As hedgers using both the exchange and the OTC energy markets, APGA's members value the role of speculators in providing needed liquidity and depth to the markets.

However, the dramatic collapse of Amaranth Advisors LLC has demonstrated the adverse impact that speculative trading interests can have on natural gas supply contracts. APGA has no evidence of manipulation and we understand that the price volatility that occurred may have been the result of natural market forces as opposed to market manipulation. However, this incident does drive home the pervasive pricing impact of NYMEX and the need to ensure that the market is liquid and operating correctly. We believe a Commission review of this incident will resolve this.

I thank you in advance for your consideration of our views.

Sincerely,

Bertram Kalisch

Bert Kalisch
President & CEO