



March 26, 2021

The Honorable Rostin Behnam
Acting Chairman
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

Re: Request for Investigation into High Natural Gas Prices Due to Severe Weather

Dear Acting Chairman Behnam:

Last month, Winter Storm Uri brought snow, ice, and record low temperatures to many states, including those not accustomed to harsh winters and the disruptions that can accompany them. Throughout this severe weather, many communities across the U.S. relied on their public gas utilities to maintain delivery of safe, traditionally affordable, and reliable natural gas for use in space and water heating and cooking. Public power utilities likewise worked around the clock to maintain reliable and affordable electric service to their customers.

Unfortunately, many of these not-for-profit municipal gas and public power utilities, and consequently their customers, were subject to exorbitant price increases throughout the crisis. On behalf of the members of the American Public Gas Association (APGA) and the American Public Power Association (APPA),¹ we are writing to request that the Commodity Futures Trading Commission (CFTC) initiate an investigation to determine whether any potential wrongdoing led to these historic price spikes.

During Presidents' Day weekend, natural gas prices, which have hovered around \$3/MMBtu in recent years, skyrocketed to upwards of \$300/MMBtu and even higher in some cases. With demand for natural gas rising in response to the cold temperatures, our members had no choice but to purchase gas at the inflated prices or pay even steeper penalties to ensure their customers could continue to heat their homes or to allow natural gas-fueled electric generation to continue operating. In one case, a municipal utility spent its monthly gas budget each day over that weekend. In another, a joint action agency expended three times its annual gas purchasing budget just to buy gas for its customers for four days. In southern Kansas, the city of Winfield, a public gas and power system serving a city of 12,300, which normally pays \$1.6 million a year for natural gas, is looking at a February bill of an almost unbelievable sum of nearly \$10 million.

¹ APGA represents the interests of over 1,000 community and municipally-owned gas systems in 38 states, while APPA represents the interests of over 2,000 state, municipal, and other locally owned electric utilities in 49 states and 5 U.S. territories.

Unfortunately, similar stories abound throughout the Midwest, south-central, and other regions that were most severely impacted by the storm, and have brought into question how many of these communities will be able to purchase needed gas throughout the remainder of the winter, let alone the rest of the year. Publicly-owned utilities across the country are now struggling to pay the bills they incurred, while trying to minimize the impacts to their customers. Some are receiving demands for collateral and margin calls from sellers who are threatening to cut off further gas supplies. Without relief, however, these high prices will be passed directly to their consumers.

We appreciate your remarks on the emergency during the February 23 Market Risk Advisory Committee meeting and respectfully request that the CFTC take targeted and immediate action. We ask that the Commission evaluate the clearing price of natural gas before, during, and after this cold weather event to determine if prices charged during the period would be considered price gouging or an unfair act and, if so, identify the recipients of unfairly gotten gains in addition to seeking remedies for those negatively impacted. APGA and APPA members are locally owned and governed. They are accountable to their customers, not corporate boards or investors – community support, affordability, and quality service are mandates for these utilities, and they plan accordingly. The prices experienced by our members during this event were unforeseeable, even with such careful planning. Our members are also uniquely concerned with how the market reacted in this emergency because publicly-owned utilities' rates are set at the local level. Consequently, we believe an objective investigation is warranted.

As not-for-profit entities, public gas and public power systems continue to focus on providing safe, affordable, and reliable energy to their customers to best support their communities. Our members have been proud to support and serve their customers in this time of need, as well as throughout the entire COVID-19 pandemic. However, the energy price impacts from this severe winter weather have only further compounded the challenges facing many Americans as we continue to address the pandemic and the related economic downturn.

We look forward to working together with the CFTC to ensure that natural gas remains an affordable energy choice for the thousands of American communities, now and in the future. Thank you again for your commitment to understanding and addressing the challenges our industry and country currently face.

Sincerely yours,



Dave Schryver
President & CEO
American Public Gas Association



Joy Ditto
President & CEO
American Public Power Association

cc: Brian D. Quintenz, CFTC Commissioner
Dawn DeBerry Stump, CFTC Commissioner
Dan M. Berkovitz, CFTC Commissioner