



June 3, 2011

David A. Stawick
Secretary of the Commission
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, D.C. 20581

RE: *Reopening and Extension of Comment Periods for Rulemakings Implementing the Dodd-Frank Wall Street Reform and Consumer Protection Act*, 76 Fed. Reg. 25,274 (May 4, 2011).

Dear Mr. Stawick:

Pursuant to the notice reopening and extending the comment periods for rulemakings implementing the Dodd-Frank Wall Street Reform and Consumer Protection Act issued by the Commodity Futures Trading Commission (“CFTC” or “Commission”) on May 4, 2011,¹ the American Gas Association (“AGA”) submits for your consideration the following additional comments with regard to the proposed rules issued by the Commission on reporting of swap transaction data and the sequencing of the final rules implementing the Dodd-Frank Act.²

The AGA, founded in 1918, represents 199 local energy companies that deliver clean natural gas throughout the United States. There are more than 70 million residential, commercial and industrial natural gas customers in the U.S., of which 91 percent — more than 64 million customers — receive their gas from AGA members. AGA is an advocate for local natural gas utility companies and provides a broad range of programs and services for member natural gas pipelines, marketers, gatherers, international gas companies and industry associates. Today, natural gas meets almost one-fourth of the United States’ energy needs. For more information, please visit www.aga.org.

AGA member companies provide natural gas service to retail customers under rates, terms and conditions that are regulated at the local level by a state commission or other regulatory authority with jurisdiction. Many gas utilities use a variety of financial tools, such as futures contracts traded on CFTC-regulated exchanges and over-the-counter energy derivatives, to hedge the commercial risks associated with providing natural gas

¹ *Reopening and Extension of Comment Periods for Rulemakings Implementing the Dodd-Frank Wall Street Reform and Consumer Protection Act*, 76 Fed. Reg. 25,274 (May 4, 2011) (“Notice”).

² See *Swap Data Recordkeeping and Reporting Requirements*, 75 Fed. Reg. 76,573 (Dec. 8, 2010); see also *Real-Time Public Reporting of Swap Transactional Data*, 75 Fed. Reg. 76,139 (Dec. 7, 2010).

service, including volatility in natural gas commodity costs. In prior comments, AGA has urged the Commission to establish requirements regarding recordkeeping and reporting of swap transaction data that minimize the administrative burdens on gas utilities and other end-users in order to help reduce the cost of hedging and risk management for consumers.

AGA is concerned that significant issues regarding the implementation of the recordkeeping and reporting requirements will remain even after the regulations have been finalized. Any standardized electronic information collection requirement will entail some amount of uncertainty and confusion among those required to provide the information, and respondents will invariably encounter technical questions that the Commission's staff must address.

In some cases, the Commission's proposed reporting fields use language to describe trading options that is unfamiliar to many in the natural gas industry. In other cases, it is unclear what would be an acceptable entry for a particular reporting field. In addition, the type of data sought in a particular field may be open to interpretation or require further explanation. Those required to provide swap transaction information should have a complete understanding of how any new forms or documentation requirements must be completed in order to avoid any unintended misinterpretations and ensure full compliance with the Commission's reporting requirements.

Given the potential for inadvertent errors when dealing with uncertain or confusing requirements, filers would like some assurance that their good faith efforts to comply with these new requirements will not result in exposure to enforcement actions. The goal of any new reporting requirement should be to obtain information and not to penalize efforts at compliance. AGA thus recommends that the Commission explicitly state as part of its final rules on the reporting of swap transaction data that it will not prosecute, penalize or otherwise impose remedies on parties for inadvertent errors in reporting under any new standardized information collection system required by the final rules.

Moreover, AGA urges the Commission, in determining when the new reporting requirements will become effective following the issuance of the final regulations, to afford filers sufficient time to take the measures necessary to develop adequate compliance systems.

The Commission's notice also requested comment on the order in which the Commission should consider the Dodd-Frank final rulemakings.³ AGA believes that any sequencing of final rules must begin with the foundational definitions of "swap," "swap dealer," and "major swap participant." Industry participants must understand whether and to what extent their activities will be regulated before they can assess how those activities should be regulated. As part of that effort, industry participants need to understand whether its activities will be regulated by the CFTC or the Federal Energy Regulatory Commission. In that regard, AGA urges the Commission to complete its negotiation of a Memorandum of Understanding with FERC defining the respective jurisdictions of both agencies.

³ Notice, 76 Fed. Reg. at p. 25,276.

Once the basic definitions are established, the Commission should then focus on institutions such as swap execution facilities, derivatives clearing organizations and swap data repositories that provide the institutional support for the new swap markets. Then, the Commission should establish the rules that will apply in the new swaps markets, such as mandatory clearing (and the end-use exception thereto), and the reporting and recordkeeping requirements of the various swap market participants.

Respectfully submitted,

/s/ Andrew K. Soto

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