



# AMERICAN PUBLIC GAS ASSOCIATION

January 16, 2024

The Honorable Michael S. Barr  
Vice Chairman for Supervision  
Board of Governors of the Federal Reserve System  
20th Street and Constitution Avenue NW  
Washington, DC 20551

The Honorable Martin J. Gruenberg  
Chairman  
Federal Deposit Insurance Corporation  
550 17th Street, NW  
Washington, DC 20499

Mr. Michael J. Hsu  
Acting Comptroller of the Currency  
The Office of the Comptroller of the Currency  
400 7th Street, SW  
Washington, DC 20219

*Submitted via [www.regulations.gov](http://www.regulations.gov)*

**Re: *Comment Letter on Proposed Rules: “Large Banking Organizations and Banking Organizations with Significant Trading Activity” (OCC Docket Number OCC-2023-0008 (RIN 1557-1557-AE78); Board Docket No. R-1813 (RIN 7100-AG64); FDIC RIN 3064-AF29); and “Risk-Based Capital Surcharges for Global Systemically Important Bank Holding Companies; System Risk Report (FR Y-15)” (Board Docket No. R-1814 (RIN 7100-AG65))***

Dear Vice Chair Barr, Chairman Gruenberg, and Acting Comptroller Hsu:

The American Public Gas Association (APGA) appreciates the opportunity to provide comments in response to the above captioned rulemakings. APGA is the trade association for more than 730 communities across the U.S. that own and operate their retail natural gas distribution entities.<sup>1</sup> They include not-for-profit gas distribution systems owned by municipalities and other local government entities, all locally accountable to the citizens they serve. Public gas systems focus on providing safe, reliable, and affordable energy to their customers and support their communities by delivering fuel to be used for cooking, clothes drying, and space and water heating, as well as for various commercial and industrial applications, including electricity generation.

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<sup>1</sup> More information available at [www.apga.org](http://www.apga.org).

As part of normal operations, public natural gas utilities (or their contracted purchasers) often enter into commodity derivative contracts, whether futures contracts or swaps, as a commercial risk-reducing activity. Instead of speculating, a public gas utility uses the existing, well-functioning derivatives markets to hedge natural gas commodity costs to both help minimize a customer's exposure to market volatility in natural gas prices as well as keep a customer's gas utility bills low.

APGA believes that these proposed regulations were intended to help protect participants in the derivatives markets. However, APGA is concerned that these proposed rules will instead reduce public gas systems' continued access to cost-effective commercial risk management tools. The increased cost to use commodity derivative contracts to hedge will most likely be directly passed onto APGA member systems' customers in the form of higher utility bills. In some circumstances, these increased costs could also discourage hedging and expose utility customers to market volatility. These regulations, if finalized, will unfortunately burden consumers with higher utility bills due to costs of upstream regulatory compliance obligations, instead of helping.

Because of the significant impacts these rules will have on public gas utilities, their customers, and other consumers more broadly, APGA also signed onto two other comment letters: one from a coalition of energy trades, which highlights the negative impacts these rulemakings will likely have on the energy industry<sup>2</sup> and one from the Coalition for Derivatives End-Users, which looks at the broader commercial and consumer impacts these rules will have, if finalized.<sup>3</sup> Additionally, as a member of the Public Finance Network, APGA supports the concerns raised in their comment letter.<sup>4</sup> We urge all financial regulators to carefully consider how these proposed rulemakings can be amended to mitigate the concerns raised here and in the other coalition letters.

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We thank you for the review and consideration of these comments and look forward to continuing to engage with all federal financial regulators as they continue to evaluate the impact of these proposals. If you have any questions regarding this submission, please do not hesitate to contact me.

Respectfully submitted,



Dave Schryver  
President & CEO  
American Public Gas Association

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<sup>2</sup> Comment letter from Energy Trading Institute, Electric Power Supply Association, et al. (Dec. 11, 2023).

<sup>3</sup> Comment letter from Coalition for Derivatives End-Users (Jan. 16, 2023).

<sup>4</sup> Comment letter from Public Finance Network (Jan. 16, 2023).