



## **Industrial Energy Consumers of America**

*The Voice of the Industrial Energy Consumers*

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July 16, 2009

The Honorable Mary L. Schapiro  
The Honorable Kathleen L. Casey  
The Honorable Elisse B. Walter  
The Honorable Luis A. Aguilar  
The Honorable Troy A. Paredes

Re: United States Natural Gas Fund

Dear Madam Chairman and Commissioners:

On behalf of the Industrial Energy Consumers of America (IECA) we urge the Security Exchange Commission (SEC) to NOT approve the United States Natural Gas Fund (USNGF) request to issue more shares. IECA strongly objects to issuing more shares and requests a public hearing on the matter before the SEC makes a final decision. A public hearing is necessary to address the potential negative impact additional shares could have on distorting and possibly raising the price of natural gas long term for manufacturers and other consumers. We urge the SEC to act with caution and on behalf of the public interest given our nation's experience with excessive speculation that occurred in 2008.

The Industrial Energy Consumers of America is a nonpartisan association of leading manufacturing companies with \$900 billion in annual sales and with more than 900,000 employees nationwide. It is an organization created to promote the interests of manufacturing companies for which the availability, use and cost of energy, power or feedstock play a significant role in their ability to compete in domestic and world markets. IECA membership represents a diverse set of industries including: plastics, cement, paper, food processing, brick, chemicals, fertilizer, insulation, steel, glass, industrial gases, pharmaceutical, aluminum and brewing.

Natural gas is a vital fuel and feedstock for the manufacturing sector and its price often determines whether energy intensive industries are competitive globally and whether we create or lose jobs. We believe that the supply and demand of the market should determine the price of commodities and are concerned about what these growing ETF volumes will have on prices and fundamental questions are raised as to whether they help or hurt price discovery.

We understand that the USNGF currently has 300 million shares and that this represents nearly 30 percent of the prompt month volume, a significant position for one entity. A Wall Street Journal article of July 8, 2009 reports that the USNGF has asked the SEC for a ten-fold increase in issued shares which justifiably raises market power-market influence concerns.

We also are concerned about the growing trend of ETFs being used as a hedge against inflation and to diversify speculators portfolios and question whether this is consistent and healthy for the futures market when their volumes continue to rise at alarming rates. The futures market is very special and was created to serve the needs of buyers and sellers of physical products and to enable them to manage risk. We must guard the futures market from influences that are not consistent with reflecting the fundamental of supply and demand of the physical product being traded.

We urge you to consider this request and look forward to discussing this with you.

Sincerely



Paul N. Cicio  
President

Cc:

The Honorable Gary Gensler  
The Honorable Michael Dunn  
The Honorable Jill E. Sommers  
The Honorable Bart Chilton  
The Honorable Max Baucus  
The Honorable Chuck Grassley  
The Honorable Barney Frank  
The Honorable Spencer Bachus  
The Honorable Colin Peterson  
The Honorable Frank Lucas  
The Honorable Tom Harkin  
The Honorable Saxby Chambliss  
The Honorable Jon Wellinghoff