

December 5, 2001

Dear [Member of Congress]:

With the troubles of Enron, one of the energy industry's largest and most visible companies, some industry observers have raised concerns about the robustness and resilience of the American energy market. Let me say that our market is large and vibrant and while the shake-up of Enron is a shock, it is not by any means a hole that will sink the ship.

Today, there are a multitude of participants in the natural gas market. There are almost 8,000 producers transporting natural gas with the help of 165 pipeline companies, which deliver natural gas to homes through over 1,000 local distribution companies. Importantly, over 300 marketers, not just one, make all this happen by providing energy products and services. Since the *Wellhead Decontrol Act of 1989*, natural gas has been bought and sold competitively.

Unfortunately, some Members of Congress are citing Enron's troubles as a reason for increased Congressional oversight over the natural gas market. Natural gas is a domestic fuel that is sold into a domestic energy market. Since restructuring of the natural gas market began in the mid-eighties, consumers have saved \$600 billion because of competitive forces. Our market has demonstrated its reliability year after year by honoring its firm contracts and delivering reasonably priced natural gas to homes, businesses, and industry – not something that could be claimed when the government regulated this market.

In fact, last year's price volatility proves that the market works. When prices went up, producers responded by drilling more new wells than at any point in the last ten years. As a result, consumers will see their natural gas bill decrease by more than a third this year.

The Natural Gas Supply Association urges Congress to continue to recognize the benefits of this thriving market and to resist the call by some to increase Congressional oversight over the natural gas market.

If you have any questions, please do not hesitate to contact me at 202-326-9300.

Sincerely,

R. Skip Horvath
President