

Congress of the United States

Washington, DC 20515

October 6, 2004

The Honorable Spencer Abraham
Secretary of Energy
U.S. Department of Energy
1000 Independence Avenue, SW
Washington, DC 20585

Dear Secretary Abraham:

As Members serving states in the Northeast and the Midwest, we write to express our concerns about the economic and community impacts of rising natural gas prices on consumers and industries in our regions and across the United States. On September 17th, members of our staffs met with representatives from the Department's Office of Oil and Natural Gas regarding this crisis and the Administration's efforts to address rising prices. We were dismayed to learn that the Administration decided to discontinue the Interagency Working Group (IWG) that was announced by your department in May. We urge you to reinstate the IWG and move forward with its previously announced public schedule within the next 60 days. An interagency working group on natural gas will help ensure that agencies across the Federal government are working together to help Americans reduce natural gas costs.

Our bipartisan, bicameral coalition is working to develop solutions that will bring about near-term stability and affordability of gas prices. We strongly agree with the findings in the National Petroleum Council's report, *Balancing Natural Gas Policy*, that greater energy efficiency and conservation measures are vital to the near-term and long-term strategy for moderating price levels and reducing volatility. In a study last fall, the American Council for an Energy-Efficient Economy found that a 2% reduction in natural gas consumption nationwide could reduce wholesale gas prices by 20%. We support energy efficiency and conservation policies to immediately reduce pressure on energy markets such as:

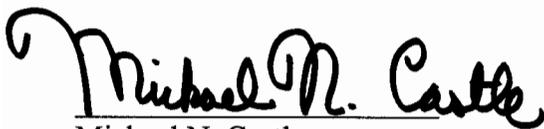
- Energy efficiency performance targets;
- Increased Federal funding for energy efficiency and renewable energy programs for buildings and industrial and manufacturing sectors;
- Upgraded efficiency standards for buildings and appliances; and,
- Enhanced and expanded public education programs for energy conservation, efficiency and weatherization.

We realize that these energy efficiency and conservation measures make up just one aspect of a balanced solution to address price volatility. Increased supply and reserves are also important to mitigate price volatility, including increased domestic production, investment in production research and development, and increased Liquefied Natural Gas (LNG) imports. We believe that environmentally responsible production solutions should be considered, but all indications are that the best solutions near-term are based on increasing the efficiency with which we use our existing supplies.

Rising natural gas prices affect all sectors of our economy and our communities. High energy costs make the nation's businesses less competitive and high energy bills reduce the amount of money that American consumers can spend on goods and services. The energy burden on American families and senior citizens continues to rise each year. This year the Energy Information Administration forecasts that heating a home with natural gas will cost \$1010 – a 49% increase over the average price from 1998 to 2000. American families are choosing between sufficiently heating their homes or providing meals for their children. Natural gas is the primary source of energy in the industrial sector, accounting for 38% of total energy consumption. Today, the increasing use of natural gas for electricity generation and other uses is pushing the price of natural gas to painfully high levels. The U.S. now has the highest natural gas prices in the industrialized world, forcing companies to postpone plant expansions or to shift jobs overseas to countries with greater supply and lower energy prices. Natural gas prices have also driven up the costs for farmers as it costs more to fertilize and irrigate crops; natural gas is the prime ingredient in fertilizers and it powers water pumps for irrigation. These higher prices are having an alarming effect on well-paying American jobs in the manufacturing and agricultural sectors and continue to cause economic strain on working families and seniors.

Reinstatement of the IWG must be a priority for the Administration to take a closer look at how these energy costs are affecting our communities as well as our country's economic recovery. The IWG is necessary to ensure a coordinated Federal approach. We appreciate your attention to this extremely important issue and again request that the IWG be reinstated within the next 60 days to ensure that public input is heard prior to the winter heating season. We also ask that the IWG work with us to find solutions that will have an immediate near-term impact on consumer affordability and price volatility of natural gas to reduce the burden on homeowners, farmers, and industry.

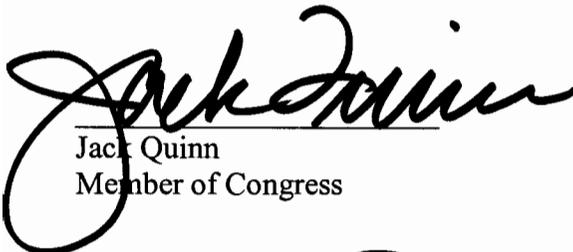
Sincerely,



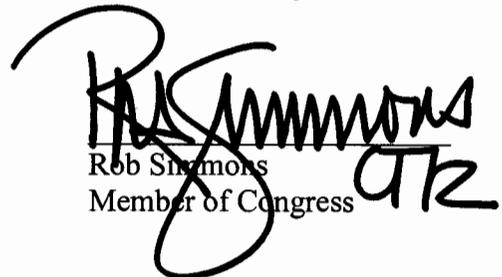
Michael N. Castle
Member of Congress



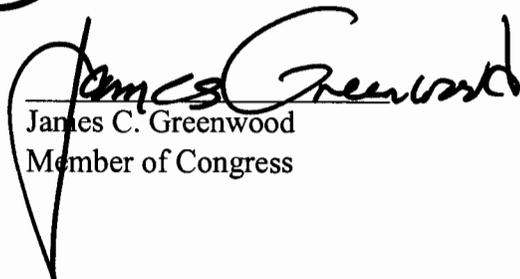
Sherrod Brown
Member of Congress



Jack Quinn
Member of Congress



Rob Simmons
Member of Congress



James C. Greenwood
Member of Congress

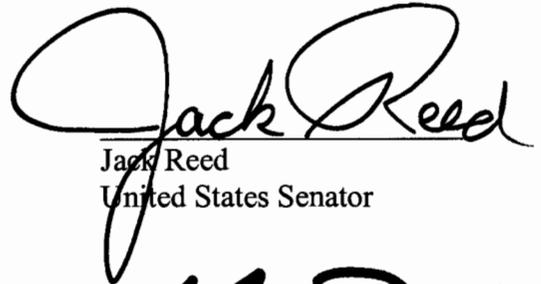


Michael F. Doyle
Member of Congress

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Letter to Secretary Abraham
Interagency Working Group on Natural Gas



Arlen Specter
United States Senator



Jack Reed
United States Senator



Thomas R. Carper
United States Senator



Mark Dayton
United States Senator



Tom Harkin
United States Senator
