McALLISTER...The Service Company
7116 Park Avenue • P.O. Box 1327 • Pennsauken, NJ 08109 (856) 665-4545 or (800) 233-4977

April 20, 2010

10-2
106

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

COMMENT

Subject: Comments on Proposed Speculative Position Limits for Energy (File#10-002)

Dear Mr. Stawick;

McAllister is a firm that distributes Heating Oil to Residential, Commercial, and Industrial customers in the Seven County Area of Southern New Jersey. (Burlington County and South.) We also install and service Central Air Conditioning and Central Heating systems of all types plus Domestic Hot Water Heating and other types of Home comfort equipment in the same geographical area.

The Petroleum Marketers Association of America and the New England Institute submitted comments on April 9, 2010 regarding the proposed rule to implement speculative position limits for futures and options for natural gas, crude oil, heating oil and gasoline, which I endorse.

Futures markets were designed as a tool for bona fide commercial business and end-users to manage risk and "discovery" prices for energy based on supply and demand economics. Businesses and consumers rely on these markets and are harmed when they become excessively volatile or subject to extreme price shocks, as we saw with the 2007-2008 energy bubble. In the past ten years, such events have become common and federal regulators failed to take assertive action to address the causes and to restore confidence in the energy futures markets.

By strengthening and passing this proposed rulemaking, the Commission has an opportunity to take an important step in this regard. It will be addressing the main cause of recent market instability-excessive speculation. Financial investors, including banks, hedge funds and index funds, speculate in the energy commodities markets for profit, rather than commodity-related businesses and users, who do so to protect themselves from volatility and risk. Speculators take on the risk that hedgers seek to shed, however speculation should not dominate the markets. Moreover, one speculator or class of speculator should not be allowed to take a large, controlling position in any single commodity.

The Commission has a statutory obligation, if not compelling moral obligation to establish hard limits on the size of positions that speculators can take in these markets, and to bar them from exemptions. The rule that has been proposed is not perfect, and again, I strongly urge the technical improvements suggested by my comments.

In considering the rule, Commissioners must look past the opposition by the financial community and remember the affect that excessive speculation has on businesses like mine, my consumers and the broader economy. It should establish restrictive speculative position limits, and implement them expeditiously, before we see a repeat of the 2007-2008 energy bubble and another major shock to a country still recovering from recession

Respectfully yours,
McAllister...The Service Company

Donald J. McAllister
President

Enc: 1

DJM/dv