



DONALD F. SANTA, JR.
PRESIDENT

December 21, 2005

Chairman Joseph T. Kelliher
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Re: Docket No. EM06-5-000

Dear Chairman Kelliher:

On November 22, 2005, I wrote to express the appreciation of the members of the Interstate Natural Gas Association of America (INGAA) for the leadership demonstrated by you and your colleagues in issuing the Commission's order in the above-referenced docket. That order temporarily waived certain provisions of the blanket certificate regulations to facilitate construction of interstate pipeline infrastructure needed to meet the winter requirements of natural gas consumers and to fuel the economy. We again commend the Commission for this initiative.

In addition to increasing the current blanket certificate cost thresholds to permit more projects to qualify for construction under such authority, the Commission's waivers also expand the definition of eligible facilities to include "a main line, an extension of a mainline, a facility, including compression and looping, that alters the capacity of a main line, and temporary compression that raises the capacity of a mainline." The Commission's waiver order applies only to projects constructed and placed in service by October 31, 2006. Following the Commission's lead, INGAA's members are studying potential projects that could achieve the purposes of the Commission's waiver order. In examining such prospects, our members have identified two concerns that we raise for your consideration.

The first concern is that it may be impossible to complete important projects of this type before the October 31, 2006, deadline, even if such projects are commenced promptly. Obtaining the necessary environmental and other governmental authorizations for such projects will take time. Some INGAA members anticipate that the skilled workers, materials and equipment necessary to complete these projects will be in short supply over the next year or more, potentially contributing further to delays in project completion. The Commission's order does not address how the Commission will deal with a project, commenced in good faith under the waiver order, that ultimately cannot be completed and placed in service before the October 31, 2006, deadline. These circumstances create uncertainty regarding the ability to utilize the new authority that the Commission temporarily has provided the industry. Accordingly, we ask that the Commission be open to granting temporary waivers of its order should a pipeline that commenced the construction with a reasonable expectation of completion by the deadline be unable to complete its project on time.

Second, it is implicit from the waiver order's October 31, 2006, deadline that the Commission's goal is to promote the development of infrastructure to deliver needed gas supplies during the winter of 2006-2007. INGAA urges the Commission to reconsider its decision to use the beginning of the next winter as the date for establishing whether such infrastructure will provide relief for consumers during that winter heating season. All infrastructure completed before the end of the 2006-2007 winter season will contribute to bringing needed supplies, and presumably moderating prices, for residential heating load during that winter. Indeed, if storage levels are drawn down due to early and unseasonably cold weather, infrastructure entering service during the winter may be crucial to meeting demand in the later winter months. Moderating high gas prices in February and March of 2007 will be just as important to consumers' stretched pocketbooks as relief that is provided in November 2006. Therefore, INGAA respectfully requests that the Commission modify its waivers of the blanket certificate regulations so that the waivers cover qualifying projects completed and in service by February 28, 2007.

Finally, in connection with these issues, INGAA requests that the Commission promptly act on the INGAA/NGSA Petition for Rulemaking, Docket No. RM06-7, which requests certain regulatory and policy changes, including changes to the blanket certificate regulations, that will improve the ability of the entire natural gas pipeline industry to ensure the adequacy of the interstate pipeline infrastructure. The events surrounding the Gulf hurricanes have brought increased focus on natural gas supply and infrastructure issues. Still, the supply and demand balance in natural gas markets was tight even before the hurricanes and most forecasts indicate that these market conditions will last for several years to come. Therefore, in addition to the limited-term waivers granted in the Commission's order, it would be beneficial for the Commission to amend the blanket certificate regulations in order to facilitate the expedited construction of natural gas infrastructure that can attach new gas supplies and transport that gas to the market.

The members of INGAA appreciate the Commission's consideration of this matter. The practical concerns about the ability of pipelines to complete projects and have them in service by October 31, 2006, and uncertainties over how the Commission will deal with projects that fail to meet the deadline, may impede achieving the full potential of the Commission's waiver initiative. If granted, the modification suggested by INGAA should alleviate these concerns and improve the effectiveness of the Commission's waivers.

Sincerely,

A handwritten signature in blue ink, appearing to read "D. F. Santa, Jr.", with a stylized flourish at the end.

Donald F. Santa, Jr.

cc: The Honorable Nora Mead Brownell
The Honorable Suede G. Kelly