



September 19, 2006

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

Dear Chairman Kelliher:

Last November the Interstate Natural Gas Association of America (INGAA) and the Natural Gas Supply Association (NGSA) jointly petitioned the Commission to initiate a rulemaking to improve blanket certificate procedures. The Commission followed up on that joint recommendation expeditiously, issuing its Notice of Proposed Rulemaking (NOPR) in June in RM06-7. We advised you at the time we filed our comments on August 25<sup>th</sup> that practical considerations required separate filings. We urged you, however, not to construe this as a sign of departure from the pipeline/producer consensus outlined in our original joint petition for rulemaking.

Our organizations have now had an opportunity to review each other's comments, which are in agreement on major issues urging the Commission to liberalize restrictions on blanket processing under its proposal. We write today to confirm our mutual general support for each other's positions.

In addition, there are a number of differences in our comments that are more in the nature of degree or emphasis rather than principle. On several of these, which are of central importance in the proceeding, we have been persuaded by each other's comments. Accordingly, we would like to take this opportunity to briefly describe those matters on which our memberships are now in agreement.

1. **Higher Blanket Dollar Limits.** In its comments (at 12-13) INGAA urged the Commission to adopt in its rule the temporary cost limits previously established in response to hurricanes Katrina and Rita -- \$16 million for automatic projects, and \$50 million for prior notice projects. NGSA agrees with INGAA that these now time-tested limits should govern access to blanket procedures, subject to the index proposed in the NOPR.

2. **Notification Provisions.** NGSAs objected (at 4-5) to the Commission's proposal to extend a protest deadline from 45 to 60 days. Subject to the increased cost limits as proposed by INGAA, INGAA did not object to the 60-day protest deadline, but did object to the proposal to increasing landowner notice of construction from 30 to 45 days for automatic authorization projects. See Comments at 15-17. We are now persuaded that both notification proposals are ill-advised for the reasons outlined in the comments, and urge the Commission to reconsider the need for increased notification.
  
3. **Automatic Processing.** Both INGAA and NGSAs supported the Commission's proposals to open mainline and some LNG-related projects to prior notice blanket proceedings, but both urged the Commission to go further and allow blanket certification of new takeaway lateral facilities to connect existing LNG terminals with existing pipelines. In addition, INGAA urged the Commission to remove the restriction in its proposal on allowing automatic processing of mainline and LNG-related facilities that meet the cost criteria under whatever limits it ultimately adopts. NGSAs agrees with INGAA that those proposed restrictions on automatic blanket processing are not necessary to the Commission's goals.
  
4. **Environmental Conditions.** INGAA urged that certain of the Commission's proposed new environmental regulations are ill-advised on a number of grounds. Comments at 17-22. NGSAs supports INGAA's position and urges the Commission to reconsider those proposals for the reasons set out in INGAA's comments.

In sum, our organizations, which are sometimes at odds on major issues before the Commission, remain steadfast in our mutual support for reforms that facilitate natural gas infrastructure development.

Regards,



R. Skip Horvath  
President & CEO  
Natural Gas Supply Association



Donald F. Santa, Jr.  
President  
Interstate Natural Gas Association of America

Cc: Hon. Suedeen Kelly, Commissioner, Federal Energy Regulatory Commission  
Hon. Phil Moeller, Commissioner, Federal Energy Regulatory Commission  
Hon. Marc Spitzer, Commissioner, Federal Energy Regulatory Commission  
Hon. Jon Wellinghoff, Commissioner, Federal Energy Regulatory Commission