



Donald F. Santa, Jr.  
President

February 2, 2010

The Honorable Max Baucus  
Chairman, Committee on Finance  
United States Senate  
219 Dirksen Senate Office Building  
Washington, DC 20510

The Honorable Charles B. Rangel  
Chairman, Committee on Ways & Means  
United States House of Representatives  
1102 Longworth House Office Building  
Washington, DC 20515

Dear Chairmen Baucus and Rangel:

The Interstate Natural Gas Association of America (INGAA) represents the interstate natural gas pipeline industry in North America. Our members are part of an industry that, in the face of challenging economic times, has increased employment by 17 percent in the last two years and today supports approximately 2.8 million American jobs. As the Congress considers ways to achieve economic recovery, INGAA strongly supports an extension of the temporary 50 percent expensing (bonus depreciation) allowance, which expired in 2009. As President Obama noted in last week's State of the Union address, tax provisions such as these are important contributors to job creation that will lead to economic recovery, and thus should be included in any jobs package.

Interstate natural gas pipeline projects are capital intensive and take years to design, permit, and obtain approval from the Federal Energy Regulatory Commission (FERC). In many cases, FERC approval of a pipeline project may take more than a year to secure and remains contingent upon other federal and state permits that can take many additional months to secure. As a result of the commercial, engineering and regulatory processes, interstate pipeline projects can have unusually long lead times compared with other capital projects. Given the long lead times associated with these investments, INGAA suggests an in-service extension to December 31, 2013, consistent with the sunset period for a number of energy-related tax provisions in The American Recovery and Reinvestment Act of 2009 (ARRA).

The construction of infrastructure that supports economic development, energy security, and environmental policy goals remains a central focus of Congress and the Administration. The interstate natural gas pipeline industry has played an active role in developing critical energy infrastructure for decades, employing thousands of skilled workers whose wages provide a significant boost to the economy. The recent development of U.S. unconventional natural gas resources that has dramatically increased the nation's energy supply also has created the need for new pipeline infrastructure. Since 2000, our industry has constructed more than 13,000 miles of new interstate natural gas transmission pipeline and has invested \$60 billion to maintain and expand the U.S. interstate natural gas transmission network. As the cleanest conventional fuel, natural gas is positioned to play a major, lasting role as our nation transitions to a lower-carbon economy.

Interstate Natural Gas Association of America  
10 G Street, N.E., Suite 700, Washington, DC 20002  
202-216-5901 – Fax 202-216-0870

The infrastructure that INGAA members are operating and expanding will be vital to the continued contribution of natural gas as a clean, affordable, and reliable energy resource and economic engine. Given the abundance of the domestic natural gas that will be produced from shale and other unconventional supply basins across the country, the pipeline industry anticipates the need for annual investments of between \$6 billion and \$10 billion in further infrastructure projects through 2030. An extension of the bonus depreciation allowance for certain eligible property is essential to spurring this needed development and creating jobs. Specifically, INGAA suggests that for projects authorized by FERC prior to July 1, 2011, the bonus depreciation period for eligible property costs and placing in-service should be extended to costs incurred up to July 1, 2013, and placed in service by December 31, 2013. This approach would recognize the value of constructing new pipeline infrastructure, while also acknowledging the lengthy approval process for such projects.

We would be pleased to discuss this proposal further with you or your staff. Thank you once again for your efforts to incentivize capital investment in the United States.

Respectfully,

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

Donald F. Santa, Jr.  
President

cc: The Honorable Charles E. Grassley, Ranking Member, Committee on Finance  
The Honorable Dave Camp, Ranking Member, Committee on Ways & Means