



## LOUISIANA CHEMICAL ASSOCIATION

DAN S. BORNÉ  
PRESIDENT

August 31, 2006

The Honorable Scott Angelle  
Secretary, Louisiana Department of Natural Resources  
Post Office Box 94396

Baton Rouge, Louisiana 70804

RE: Jefferson Island Storage & Hub (JISH)

Dear Secretary Angelle:

The Louisiana Chemical Association represents the interests of 65 chemical manufacturers with 90 locations around the state of Louisiana, and the Louisiana Chemical Industry Alliance represents the interests of some 600 businesses that support the chemical industry. It is on behalf of these members that we are writing to you in support of the proposed expansion of the Jefferson Island Storage & Hub ("JISH") salt dome cavern located in Erath, Louisiana.

Please allow us to explain why the need for uninterrupted natural gas service to the chemical industry, as well as price stability, is so necessary and important. We consume a large amount of energy - and especially natural gas - to power our plants and processes. But we also use natural gas like a baker uses flour. The bakery shops in New Orleans use flour to produce bread, especially French bread, sweet roles, muffins, bagels, croissants and, of course, King Cakes. We use natural gas as feed stocks to make items - plastics, paints, pharmaceuticals, adhesives, detergents, fertilizers and a thousand other products that everyone of us uses every day. Even aspirin can be traced back to natural gas molecules. And, finally, we purchase a lot of power, much of which is generated by natural gas. In fact, Louisiana is the third largest consumer of natural gas in the United States. However, Louisiana's industrial consumption ranks second in the United States. To put this in perspective, Louisiana's industrial and power natural gas consumption is nearly as large as China's and is larger than Australia, Spain, Brazil, New Zealand, Ireland, Portugal and South Africa.

Facilities such as JISH will serve an important role in stabilizing the price and availability of natural gas. This can be accomplished by companies injecting lower priced gas into salt domes, and then using it when spot prices are higher and/or when supply is threatened. The cost avoidance as a result of this type of action is then passed along to end use customers throughout Louisiana. These natural gas storage facilities serve as a key component in the backbone and price stability of our utility infrastructure—an infrastructure which is needed and should be welcomed as Louisiana rebuilds and looks to attract more businesses, industry and residents.

The Honorable Scott Angelle  
Page 2

We'd also like to take a moment of your time to speak of the major economic impact this expansion will have to our state. It's our understanding that the investment of this project is roughly \$160 million. By using those numbers, LSU-Shreveport prepared an economic impact statement and found that the following will occur as a result of this project:

- Additional property taxes from land improvements would total an estimated \$628,000 per year for Iberia and Vermilion Parishes combined;
- An estimated \$962,000 in sales tax receipts from the materials portion of construction costs to Vermilion Parish and \$1.4 million in sales tax receipts to Louisiana during the construction period projected to continue through 2011; and
- Creation of temporary and permanent jobs. This will result in an estimated total payroll of \$5.2 million during the construction of the facility. This additional payroll will assist in the economic growth of both Vermilion and Iberia Parishes as well as the state as a whole.

Clearly this project will benefit the state and the public at large on numerous fronts.

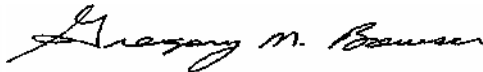
Furthermore, due to the unique geological make up of Louisiana, we can expect more entities willing to invest in salt dome storage caverns in our state. Considering that the United States Department of Energy reports that this type of storage is safer than any other storage method, we should welcome these investments and not delay permitting.

In light of the above, it is our request that the proposed expansion at JTSH move forward in an expeditious manner.

We thank you in advance for your consideration of our request. Please do not hesitate to contact us if we can be of any assistance to you.



Dan S. Borné, President  
Louisiana Chemical Association  
Louisiana Chemical Industry Alliance



Greg Bowser, Vice President  
Louisiana Chemical Industry Alliance  
Director, Governmental Affairs  
Louisiana Chemical Association

DSB/GMB/dtl

Cc: The Honorable Kathleen Babineaux Blanco  
Governor, State of Louisiana