



Midwestern Governors Association

May 24, 2010

The Honorable Tom Harkin
United States Senate
731 Hart Senate Office Building
Washington, DC 20510

The Honorable Leonard Boswell
U.S. House of Representatives
1427 Longworth House Office Building
Washington, D.C. 20515

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Dear Senator Harkin and Congressman Boswell:

On behalf of the Midwestern Governors Association (MGA), I am writing to express our support of your efforts to establish a dedicated ethanol pipeline. Clearing the way for a renewable fuel pipeline within the next calendar year to receive a federal loan guarantee of 80 percent the total cost of the project is a crucial step in jump-starting construction of this pipeline.

The MGA has long prioritized and advocated for the expanded use of biofuels, and our region has been a global leader in its development. We recognize the need for an integrated, cost-efficient refueling network for biofuels. In 2009, through the MGA, regional governors agreed to the *Midwestern Energy Infrastructure Accord*, which, among other agreements, pledged a commitment to the deployment of a refueling system for biofuels and other advanced low-carbon transportation fuels. The development of the pipeline by Magellan and POET would be a significant step in establishing a refueling network to fully integrate ethanol into the entire nation's transportation fuel supply – *see attached project map*.

As you know, this public-private partnership will buoy and develop an entirely domestic fuel, and spark economic growth, not just in our region, but the entire country. A third party consultant analyzing the pipeline found significant economic benefits associated with its construction and use – *see attachment entitled "Employment Impacts of a Dedicated Ethanol Pipeline"*. Nearly 80,000 jobs will be supported during the four-year timeline for right of way acquisition, permitting, and construction. Once operation commences, 1,100 permanent jobs will be generated by this pipeline. These jobs are a step in the right direction, especially at a time when job creation and retention is a top priority in our states and across the country.

The study of the pipeline also predicted significant increases in tax revenues, including over \$715 million in additional federal tax revenues. With states facing large deficits and tough budgetary decisions, the nearly \$618 million increase in state and local government tax revenues would be very beneficial. The U.S. economy will be \$6.6 billion larger due to this pipeline when construction is scheduled to be completed in 2015. Clearly, this pipeline will benefit the U.S. economy and household incomes.

This pipeline will, similarly, have a positive effect on the growth of a domestic energy source. Our region continues to be the heart of the biofuel industry. Growth Energy estimates that over 85 percent of the nation's ethanol production is located in the Midwest. Ethanol has been an economic boon for our region. However, as ethanol cannot be transported through the current network of gasoline pipelines, there continue to be significant infrastructural barriers to the movement of ethanol supplies.

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This lack of a cost-efficient refueling network has been a logistical barrier to the full integration of ethanol being blended into the nation's gasoline supply. A new pipeline dedicated to the movement of biofuels would allow for a more efficient and cost-effective way to transport biofuels from the Midwest to other parts of the country. The Magellan and POET pipeline would annually move 3.6 billion gallons of ethanol, or about one-fourth of the ethanol requirements established in the Renewable Fuels Standard of the 2007 Energy Independence and Security Act.

Thank you again for your efforts on behalf of the ethanol industry and the region by supporting the development of the pipeline proposed by Magellan and POET. My fellow governors and I look forward to working with you in whatever way we can to assist in the development of this pipeline. Should we be able to be of any assistance, please contact Emily Marthaler with the MGA at emarthaler@csg.org or 202-624-8474.

Sincerely,



Ted Strickland
Governor of Ohio and Chair,
Midwestern Governors Association

cc: Midwestern Congressional Delegation
 The Honorable Harry Reid, Senate Majority Leader
 The Honorable Mitch McConnell, Senate Republican Leader
 The Honorable Nancy Pelosi, Speaker of the House
 The Honorable John Boehner, House Republican Leader
 The Honorable Jeff Bingaman, Chairman, Senate Energy and Natural Resources Committee
 The Honorable Lisa Murkowski, Ranking Member, Senate Energy and Natural Resources Committee
 The Honorable Henry Waxman, Chairman, House Energy and Commerce Committee
 The Honorable Joe Barton, Ranking Member, House Energy and Commerce Committee
 The Honorable James Oberstar, Chairman, House Transportation and Infrastructure Committee
 The Honorable John Mica, Ranking Member, House Transportation and Infrastructure Committee
 The Honorable Corrine Brown, Chairwoman, House Subcommittee on Railroads, Pipelines and Hazardous Materials
 The Honorable Bill Shuster, Ranking Member, House Subcommittee on Railroads, Pipelines and Hazardous Materials
 The Honorable Tim Holden, United States Congress
 The Honorable Lee Terry, United States Congress
 The Honorable Tom Vilsack, Secretary of the U.S. Department of Agriculture
 The Honorable Steven Chu, Secretary of the U.S. Department of Energy