

OFFICE OF ENERGY PROJECTS

In Reply Refer To:
OEP/DG2E/Gas 1
Southern Natural Gas Company
Elba III Project
Docket Nos. CP06-470-000, et al.

TO THE PARTY ADDRESSED:

The staff of the Federal Energy Regulatory Commission (FERC or Commission) in cooperation with the U.S. Army Corps of Engineers; U.S. Coast Guard (Coast Guard); and the National Oceanic and Atmospheric Administration, National Marine Fisheries Service has prepared a draft Environmental Impact Statement (EIS) for the Elba III Project proposed by Southern LNG Inc. (Southern LNG) and Elba Express Company, L.L.C. (EEC), both wholly-owned subsidiaries of Southern Natural Gas Company (Southern). The Project consists of an expansion of Southern LNG's existing onshore Elba Island Liquefied Natural Gas (LNG) Import Terminal on the Savannah River in Georgia, and construction and operation of the Elba Express Pipeline - a natural gas pipeline with compressor facilities in various counties in Georgia and South Carolina. The draft EIS was prepared to satisfy the requirements of the National Environmental Policy Act of 1969 (NEPA).

The draft EIS addresses the potential environmental effects of the construction and operation of the following LNG terminal and natural gas pipeline facilities:

Elba Terminal Expansion

Southern LNG plans to construct and operate an expansion of its existing LNG import terminal on Elba Island near Savannah, in Chatham County, Georgia. The expansion would (a) more than double the terminal's LNG storage capacity by adding 405,000 cubic meters (m³) of new storage; (b) substantially increase the facility's existing vaporization capacity; (c) upgrade the terminal's send-out meter station to increase the natural gas send-out capacity of the facility by an additional 900 million cubic feet per day (MMcfd); and (d) modify the terminal's LNG tanker berthing and unloading facilities to accommodate larger tankers and provide simultaneous unloading of two LNG tankers. All of the planned facilities would be located entirely within the existing 190-acre facility site on Elba Island.

The LNG terminal expansion would be constructed in two phases, A and B. Phase A would be completed as early as January 2010 and would include the following facilities:

- a. one new 200,000 m³ (1.25 million barrels [bbls]) LNG storage tank, one associated boil-off gas condenser, and three boil-off gas compressors;
- b. three submerged combustion vaporizers, each with a peak capacity of 180 MMcfd (providing a total peak send-out capacity of 1,755 MMcfd for the full facility at the completion of phase A); and
- c. modifications to the unloading docks to accommodate new, larger LNG tankers and to allow simultaneous unloading of two LNG tankers. The modifications to the dual berthing slip include:
 - adding four mooring dolphins (two for each berth);
 - dredging approximately 72,000 cubic yards of material from the slope at the back of the existing slip (and disposing of dredged material into the existing spoil disposal area adjacent to the terminal); and
 - installing a sheet pile bulkhead at the back of the slip.

These modifications would allow the slip to accommodate larger LNG tankers with an approximate overall length of 345 meters (m) (compared to the current 288 m), breadth of 55 m (currently 49 m), design laden draft of 12.0 m (currently 11.7 m), and displacement of 177,000 metric tons (currently 128,000 metric tons).

Phase B would be completed no later than December 2012 and would include the following facilities:

- a. one new 200,000 m³ (1.25 million bbls) LNG storage tank; and
- b. three submerged combustion vaporizers (two for service and one spare), each with a peak capacity of 180 MMcfd, providing an incremental peak send-out capacity of 360 MMcfd (providing a total peak send-out capacity of 2,115 MMcfd for the full facility at the completion of phase B).

Each of the two phases would include all necessary ancillary equipment including related pumps, piping, controls and appurtenances, and associated systems (electrical, mechanical, civil, instrumentation, hazard detection, and fire protection) and buildings necessary to accommodate the associated tanks and vaporizer units. Southern LNG estimates that following the expansion, the terminal would receive LNG shipments about every 5 to 10 days, depending on natural gas demand and LNG carrier size.

Elba Express Pipeline

EEC plans to construct and operate about 187 miles of new natural gas pipeline and appurtenant facilities in Georgia and South Carolina. The pipeline would be constructed in two phases, extending between an interconnection with Southern near Port Wentworth, Chatham County, Georgia on the southern end and an interconnection with Transcontinental Gas Pipe Line Corporation (Transco) in Anderson County, South Carolina on the northern end.

The first phase is proposed to be placed in service no later than July 2011 with a design capacity of 945 MMcfd, and would consist of:

- a. the “Southern Segment,” which includes about 104.8 miles of 42-inch-diameter pipeline extending from Port Wentworth to the existing SNG Wrens Compressor Station (Wrens) in Jefferson County, Georgia (to be collocated in a corridor with existing Southern pipelines); and
- b. the “Northern Segment,” which includes about 10 miles of 42-inch-diameter pipeline and 72.3 miles of 36-inch-diameter pipeline extending from Wrens to interconnections with Transco in Hart County, Georgia, and Anderson County, South Carolina.

The second phase would also involve construction and operation of a new compressor station of about 10,000 horsepower near Millen, Jenkins County, Georgia, where Southern currently operates other aboveground facilities. The compressor station would increase the pipeline design capacity by 230 MMcfd to a total of 1,175 MMcfd, and is proposed to be placed in service no later than January 2013.

The Coast Guard has assessed potential risks to navigation safety and port security associated with the proposed Project. The Coast Guard’s safety and security assessment is documented in the Captain of the Port’s Waterway Suitability Report (WSR). The draft EIS includes an analysis of the environmental impacts related to the Coast Guard’s Letter of Recommendation (LOR) regarding the suitability of the involved waterways for LNG carrier operations.

The Coast Guard Captain of the Port will issue a LOR to Southern LNG and the appropriate federal, state and local agencies, in accordance with 33 C.F.R. § 127.009. The LOR, which will be based on the Coast Guard’s WSR, is an official determination regarding the suitability or unsuitability of the waterway to support the proposed terminal expansion and associated LNG carrier traffic. The Coast Guard intends to adopt all or portions of the EIS being prepared by the FERC to serve as the NEPA analysis for the LOR. The LOR will not be issued until after the NEPA process has been completed.

The draft EIS also evaluates alternatives to the proposal, including alternative energy sources, system alternatives, alternative sites for the LNG import terminal, alternative designs, pipeline alternatives, and alternatives to the Coast Guard LOR action. Based on the analysis included in the draft EIS, the FERC staff concludes that approval of the proposed Project with appropriate mitigating measures as recommended, would have limited adverse environmental impacts.

Comment Procedures and FERC Public Meetings

Any person wishing to comment on the draft EIS may do so. To ensure consideration prior to a Commission decision on the proposal, it is important that we receive your comments before the date specified below. **Please carefully follow these instructions to ensure that your comments are received and properly recorded:**

- Send an original and two copies of your comments to:

Philis J. Posey, Acting Secretary
Federal Energy Regulatory Commission
888 First Street, NE, Room 1A
Washington, DC 20426
- Reference **Docket Nos. CP06-470-000, et al.**
- Label one copy of the comments for the attention of **Gas Branch 1, DG2E.**
- **Mail your comments so that they will be received in Washington, DC on or before May 21, 2007.**

Please note that the Commission strongly encourages electronic filing of any comments or interventions or protests to this proceeding. See 18 CFR 385.2001(a)(1)(iii) and the instructions on the Commission's web site at <http://www.ferc.gov> under the "e-Filing" link and the link to the User's Guide. Before you can file comments you will need to create a free account, which can be created by clicking on "Login to File" and then "New User Account." You will be asked to select the type of filing you are making. This filing is considered a "Comment on Filing."

In lieu of sending written comments, you are invited to attend public comment meetings the FERC will conduct in the project area to receive comments on the draft EIS. Date, time, and location of these meetings will be sent under separate cover. Interested groups and individuals are encouraged to attend and present oral comments on the draft EIS. Transcripts of the meetings will be prepared.

After these comments are reviewed, any significant new issues are investigated, and modifications are made to the draft EIS, a final EIS will be published and distributed

by the staff. The final EIS will contain the staff's responses to timely comments received on the draft EIS.

Comments will be considered by the Commission but will not serve to make the commenter a party to the proceeding. Any person seeking to become a party to the proceeding must file a motion to intervene pursuant to Rule 214 of the Commission's Rules of Practice and Procedures (18 CFR 385.214). Anyone may intervene in this proceeding based on this draft EIS. You must file your request to intervene as specified above.¹ **You do not need intervenor status to have your comments considered.**

The draft EIS has been placed in the public files of the FERC and is available for distribution and public inspection at:

Federal Energy Regulatory Commission
Public Reference Room
888 First Street, NE, Room 2A
Washington, DC 20426
(202) 502-8371

CD-ROM copies of the draft EIS have been mailed to federal, state, and local agencies; public interest groups; libraries and newspapers in the Project area; affected landowners; and individuals who requested a copy of the draft EIS or provided comments during scoping; and parties to this proceeding. Hard copy versions of the draft EIS were mailed to those specifically requesting them. A limited number of hard copies and CD-ROMs are available from the Public Reference Room identified above.

Additional information about the project is available from the Commission's Office of External Affairs, at **1-866-208-FERC** or on the FERC Internet website (www.ferc.gov) using the eLibrary link. Click on the eLibrary link, click on "General Search" and enter the docket number excluding the last three digits in the Docket Number field. Be sure you have selected an appropriate date range. For assistance, please contact FERC Online Support at FERCOnlineSupport@ferc.gov or toll free at 1-866-208-3676, or for TTY, contact (202) 502-8659. The eLibrary link on the FERC Internet website also provides access to the texts of formal documents issued by the Commission, such as orders, notices, and rulemakings.

In addition, the Commission now offers a free service called eSubscription which allows you to keep track of all formal issuances and submittals in specific dockets. This can reduce the amount of time you spend researching proceedings by automatically

¹ Interventions may also be filed electronically via the Internet in lieu of paper. See the previous discussion on filing comments electronically.

providing you with notification of these filings, document summaries and direct links to the documents. Go to the eSubscription link on the FERC Internet website.

It is requested that you communicate the foregoing information concerning the proposed work to any persons known by you to be interested and not being known to this office, who did not receive a copy of this notice.

Philis J. Posey,
Acting Secretary