

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

OFFICE OF ENERGY PROJECTS

In Reply Refer To:
OEP/DG2E/Gas 1
Southern Natural Gas Company
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 (COE); U.S. Coast Guard (Coast Guard); and the National Oceanic and Atmospheric Administration, National Marine Fisheries Service has prepared this final Environmental Impact Statement (EIS) for the Elba III Project. The project is proposed by Southern Natural Gas Company (Southern) and its subsidiaries Southern LNG Inc. (Southern LNG) and Elba Express Company, L.L.C. (EEC). The proposed facilities consist 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 compression and other appurtenant facilities in various counties in Georgia and South Carolina.

The final EIS was prepared to satisfy the requirements of the National Environmental Policy Act of 1969 (NEPA). Its purpose is to inform the Commission, the public, and other permitting agencies about the potential adverse and beneficial environmental impacts associated with the proposed project. It also recommends practical, reasonable, and appropriate mitigation measures which would avoid or reduce significant adverse impacts to the maximum extent practicable and, where feasible, to less than significant levels.

In addition to the proposed action, the final EIS evaluates alternatives, including alternative energy sources, system alternatives, alternative sites for the LNG import terminal, alternative designs, pipeline alternatives, and alternatives to the Coast Guard Letter of Recommendation (LOR) action. The final EIS concludes that the Elba III Project could result in limited significant adverse environmental impact. However, if the project is constructed and operated in accordance with applicable laws and regulations, Southern LNG and EEC's proposed mitigation, and the additional mitigation recommendations (see section 5), it would be an environmentally acceptable action.

Proposed 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 capacity 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. Terminal expansion would entail an increase in the frequency (and potentially the size) of LNG vessels using the Savannah River transit route. 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) 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). Slip modifications are designed to accommodate LNG vessels capable of transporting up to 266,000 m³ of LNG, although carriers currently in service and delivering to the Elba terminal typically transport between 125,000 and 145,000 m³.

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

- a. one new 200,000 m³ LNG storage tank; and

- b. three submerged combustion vaporizers (two for service and one spare), each with a 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 188 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 Southern 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. 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 final EIS includes an analysis of the environmental impacts related to the Coast Guard’s LOR regarding the suitability of the Savannah River for more frequent and larger LNG vessel operations.

The Coast Guard Captain of the Port will issue an 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 marine traffic. The Coast Guard intends to adopt all or portions of this EIS to serve as the NEPA analysis for the LOR. The LOR will not be issued until after the NEPA process has been completed.

Additional information about the Elba III Project and relevant Coast Guard authorities and responsibilities can be obtained from:

Charlie Johnson, Port Security Specialist
Coast Guard Marine Safety Unit Savannah
100 W. Oglethorpe Avenue, JGL Federal Building
Savannah, GA 31401
(912) 652-4353 ext. 271

The final 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

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

The COE is accepting comments on this final EIS for a period of 30 days after a notice of its availability is published in the Federal Register. The COE is particularly interested in comments pertaining to decisions it must make on the Elba III Project. These include a Section 404 Permit for expansion of the existing terminal, a Section 404 Permit for wetland impacts associated with construction of the pipeline, an easement where the pipeline crosses COE-managed lands, modifications to existing COE wildlife mitigation lands, and approval for a large fuel-carrying pipeline across federal property. Comments on these issues may be submitted either by e-mail to the following address: 'william.g.bailey@sas02.usace.army.mil' or in hard copy to the following address:

US Army Corps of Engineers, Savannah District
ATTN: Mr. William Bailey (PD-E)
Post Office Box 889
Savannah, Georgia 31402-0889

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 (<http://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.

Kimberly D. Bose,
Acting Secretary