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BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

- - - - -x
IN THE MATTER OF: : Project Number
CYPRESS PIPELINE PROJECT : PF05-7-000
- - - - -x

Clarion Hotel
2101 Dixie Clipper Drive
Jacksonville, FL

Thursday, March 10, 2005

The above-entitled matter came on for scoping
meeting, pursuant to notice at 7:10 p.m.

MODERATOR: RICH McGUIRE, FERC

P R O C E E D I N G S

(7:10 p.m.)

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4 MR. McGUIRE: Good evening and welcome to the
5 public scoping meeting for the Cypress Pipeline Project. My
6 name is Rich McGuire. I'm an environmental project manager
7 with the Federal Energy Regulatory Commission or FERC.

8 As it said in the public notice for this meeting,
9 the Commission is preparing an Environmental Impact
10 Statement or EIS for the Cypress Pipeline Project. If you
11 did not receive copies of the NOI, we have extra copies with
12 us tonight. The purpose of tonight's meeting is to receive
13 comments on the type of environmental issues you feel we
14 need to address in the Environmental Impact Statement.

15 With me tonight is Jon Soderberg with the Army
16 Corps of Engineers. Jon is a project manager and the Corps
17 is assisting the Commission as a cooperating agency in the
18 preparation of the Environmental Impact Statement. In
19 addition, Mitch Shields is with me with Natural Resource
20 Group or NRG. NRG is an environmental consulting firm
21 that's assisting the Commission in the preparation of the
22 Environmental Impact Statement.

23 I'll briefly run through tonight's agenda. In
24 just a few minutes, both Jon and myself will go through the
25 FERC environmental review process -- FERC's process as well

1 as Jon will briefly explain the Corps Section 404 of the
2 Clean Water Act and their process for the wetlands impacts.

3 After we are done going over the environment
4 review process, Southern Natural Gas Company, the company
5 that's proposing the Cypress Pipeline Project will give a
6 brief overview of the project. After they're done, you'll
7 have an opportunity to ask questions to clarify the
8 description of the Cypress Pipeline Project as it's
9 proposed. Then we'll hear from anyone who's signed up to
10 provide formal comments into the public record tonight.

11 If you do not want to provide formal comment into
12 the record, you also have the opportunity to file written
13 comments. The comment period ends April 7th and we have
14 forms with us tonight on the sign-in table to make filing
15 those comments easier. The instructions are on that form.

16 As you've probably noticed, this meeting is being
17 recorded by our court reporter. A transcript of this
18 meeting will be placed into the public record so that those
19 individuals who are not here tonight or who were unable to
20 attend will have access to the issues that are discussed
21 here tonight.

22 The Federal Energy Regulatory Commission is an
23 independent regulatory commission that regulates the
24 interstate transmission of gas in interstate commerce. The
25 Commission is made up of five members who are appointed by

1 the President and approved by Congress. The Commission
2 staff, which includes myself, provides technical information
3 to those commissioners in order to assist them in making
4 their decisions. The mission of the Commission is to
5 oversee energy industries in the economic and environmental
6 interest of the American public.

7 When a company like Southern wants to build
8 natural gas pipeline facilities to both sell and provide gas
9 in interstate commerce, they'll file an application with the
10 commission. In the case of Southern, they plan to file
11 their application before the Summer of 2005. The Cypress
12 Pipeline Project is a 165-mile long pipeline, 24-inch in
13 diameter that begins in Effenham County, Georgia and travels
14 through Georgia to Florida and ends in Clay County -- at a
15 spot in Clay County, Florida. The project also includes 10
16 miles of 30-inch loop in both Effenham and Chatham County
17 along Southern's existing pipeline facilities. It also
18 includes three compressor stations along the 165-mile
19 pipeline.

20 Under the National Environmental Policy Act, the
21 Commission is required to do an analysis of any proposed
22 pipeline project. And, in the case of the Cypress Pipeline
23 Project, we're doing that analysis in an Environmental
24 Impact Statement. If there's additional questions about
25 FERC, you can access our website at FERC.gov.

1 Now I'll briefly run through our environmental
2 review process. In December of 2004, Southern filed a
3 request to use the Commission's NEPA pre-filing process.
4 The pre-filing process enables the Commission staff, like
5 myself, to begin reviewing an application before the
6 application is actually filed. The purpose of the pre-
7 filing is for Commission staff to begin seeking input from
8 the public, from agencies and from affected land owners.

9 It also enables us to identify issues early so
10 that resolutions of potential problems can be resolved
11 before the application is filed and early in the design
12 phase and that's the phase we're in now. The Commission
13 approved the NEPA pre-filing process and we began working on
14 the Cypress Pipeline Project in January. We started
15 identifying affected land owners, interested parties, non-
16 governmental agencies as well as the federal and state
17 agencies that would be involved in the review of this
18 project.

19 We had a meeting in February in Savannah that
20 identified some of the major agencies and sought their
21 input. And then we participated in Southern's public open
22 houses in mid-February. This was during the public input
23 opportunities. We participated in those and those were held
24 in the Savannah area as well as Brunswick and then down here
25 in the Jacksonville area.

1 Our Notice of Intent, which we hope many of you
2 received, was issued on the 18th of February. That notice
3 of intent included a comment period that begins our scoping
4 process for the public and that comment period will end
5 April 7th where we're asking that comments will be filed on
6 or before that date. The Notice of Intent also included a
7 list of the initial issues we feel are going to be needed to
8 be addressed in the Environmental Impact Statement. And it
9 also noticed the scoping meetings, which we held a meeting
10 in Savannah on Tuesday, then last night in Brunswick and
11 then tonight in Jacksonville.

12 Following these meetings, we'll take the input
13 that we receive at the public scoping meetings as well as
14 those issues that are raised in written comments and we'll
15 use those to focus our analysis in the Environmental Impact
16 Statement. And, at the same time, Southern will be
17 preparing their comprehensive environmental resource
18 reports. There are 12 of those the Commission requires the
19 applicant to file and those address the various resources
20 that are listed in the Notice of Intent.

21 We anticipate, as I said earlier, that that
22 application will be filed before the Summer of 2005, based
23 on the information we've received from the company. We'll
24 use that information to prepare our draft Environmental
25 Impact Statement. That draft will be sent out to the public

1 -- those individuals who are on our environmental list. And
2 we'll have additional draft EIS comment meetings following
3 the issuance of that.

4 There's a 45-day comment period on the draft EIS
5 and we'll solicit comments from the public and the agencies
6 on the adequacy of our environmental analysis. We'll use
7 that information to revise our EIS and we'll finally issue a
8 final EIS that covers the comments that we received, both
9 written and during the comment period -- the comment
10 meetings we have on the draft EIS.

11 The final EIS will not be a decision document.
12 It's only the technical information based on the staff's
13 analysis. We'll provide that EIS to our Commissioners.
14 There's currently four Commissioners at the FERC and we'll
15 provide that to them as well as the nine environmental
16 analysis that's done for the project on market tariffs and
17 rates. And that information is given to the Commissioners
18 to assist them in making their decision.

19 If the Commission approves the project, the FERC
20 staff will oversee construction of the project on your land,
21 if you're an affected land owner. We'll also do independent
22 inspections during the restoration of the project, after
23 construction, to ensure that the land is returned to meet
24 the standard or condition of our requirements as well as the
25 land owners.

1 So that briefly explains the FERC's review
2 process. We have handouts and we have this flow chart that
3 we had at the sign-in sheet, if you didn't receive one.

4 Now I'll ask Jon if he'll briefly explain the
5 Corps' process and how they'll review the project as well.

6 MR. SODERBERG: Rich, thanks.

7 Jon Soderberg, Jacksonville District Corps of
8 Engineers in the Regulatory Division. We've been tasked by
9 the FERC to assist them in the development of the EIS as a
10 cooperating agency. In that part, during this phase of
11 draft and final EIS, we'll be supporting that document and
12 initial review for environmental impacts, specifically to
13 waters of the United States, being Section 10 waters, the
14 rivers, streams, tributaries and Section 404 wetlands under
15 the Clean Water Act or those associated with those water
16 bodies and then jurisdictional under the federal program.

17 During the EIS phase, again, we'll be supporting
18 the development and the final EIS as the federal commenting
19 agency with our biological resources and staff assisting in
20 that. Also, during that process, we will be processing a
21 permit to cover those impacts associated with the project.
22 That permit would be a Corps of Engineers regulatory permit
23 for impacts to waters of the United States that have been
24 identified in the EIS process. Those two things will be
25 happening concurrently as the application comes into the

1 Corps of Engineers and the sister state agencies, being the
2 Department of Environmental Protection and St. John's River
3 Water Management District.

4 In that process, we also, again, review the
5 impacts along the corridor, specifically here in Florida and
6 our sister district in Georgia, being the Savannah District.
7 We're working in concert, so we're working the project
8 together as one entity -- the Corps of Engineers. The final
9 product from the Corps would be a permit authorizing impacts
10 to waters of the United States with compensatory mitigation
11 after the fact.

12 The permit would use the final EIS document as
13 supporting documentation. Again, that EIS is not a decision
14 document. It's a support tool in the decision-making
15 process for the Corps of Engineers and, again, the state
16 agencies.

17 The anticipated time of application to the state
18 is immediately following the filing with the FERC. At that
19 time, the application process is joint. You file with the
20 state for an environmental resource permit. That is also an
21 application to the Corps of Engineers. We will again put on
22 public notice the activity. Some of you may have received
23 the current public notice identifying these scoping meetings
24 and the comment period for the EIS. There will be several
25 public notice periods through the Corps of Engineers. The

1 EIS process will be publicized and our application process
2 will be publicized.

3 Under those public notices -- public, federal --
4 any agency with concern has the ability to comment directly
5 to the Corps of Engineers with its concerns. The process
6 includes the Federal Fish and Wildlife Service for
7 endangered species reviews, the NOAA, the National Marine
8 and Fisheries Services for impacts to essential fish habitat
9 and species that may be endangered in the waters,
10 specifically in our area of St. Mary's River.

11 MR. MCGUIRE: Good. Thanks, Jon. Appreciate
12 that.

13 Now we'll hear from Southern Natural Company.
14 I'll introduce Bruce Hughes, who will briefly explain an
15 overview of the project.

16 MR. HUGHES: Good evening. As Rich said, my name
17 is Bruce Hughes. I'm a project developer for Southern
18 Natural Gas and what I would like to do first is introduce
19 our company. For those of you who are not familiar with
20 Southern Natural Gas, I'd like to give you a brief overview
21 of our company. And then, following that overview, I'd like
22 to talk a little bit about our LNG receiving terminal at
23 Elva Island near Savannah, which is the source of the gas
24 supply for our pipeline project that we're here to talk
25 about tonight. And then, I'll give you a brief overview of

1 our Cypress Pipeline Project -- a little more information
2 about the scope, the timing and the project schedule for the
3 pipeline project.

4 At the end of this brief overview, we have some
5 folks here from the company representing the company that
6 will be available, after the formal meeting to take
7 questions, if you would like. And, as I go over the scope
8 of the project, if you have questions about the scope of the
9 project, I would certainly field questions related to the
10 project.

11 (Slide.)

12 MR. HUGHES: This map is, if you would recognize,
13 a map of the southeast and it shows Southern Natural's
14 existing pipeline system across the southeast. Southern
15 Natural has approximately 8000 miles of interstate pipeline
16 that serves the southeast. The original line from East
17 Texas and North Louisiana across to Birmingham and Atlanta
18 was constructed in 1929 and '30. So we've been serving the
19 southeast for over 70 years.

20 The system across central Georgia down to the
21 Savannah and South Georgia area was constructed in the '50
22 and '60s. So we've been serving most of central and
23 southern Georgia since the early 1950s or a little over 50
24 years.

25 Our major customers across the southeast or the

1 major LDCs or distribution companies -- Atlanta Gas & Light
2 is our largest customer. Atlanta is the distribution
3 company in Georgia that serves most of the residential and
4 commercial markets in the Atlanta area and in the Savannah
5 area as well. Our second largest customer is South Carolina
6 Electric & Gas, which is the power company and gas
7 distribution company in South Carolina. Alabama Gas is the
8 largest distribution company in Alabama. It's our third
9 largest customer and then Southern Company is our fourth
10 largest customer. But, in addition, we have substantial
11 markets across our pipeline system where we serve municipal
12 customers and industrial customers as well.

13 (Slide.)

14 MR. HUGHES: The aerial photograph here is of our
15 existing LNG receiving terminal in Savannah, Georgia. It's
16 on an island in the Savannah River. We built this terminal
17 and put it in service originally in 1978. It was
18 reactivated in November of 2001 and we're currently
19 expanding the terminal. The expansion should be completed -
20 - we broke ground on the expansion in 2003 and the expansion
21 should be completed in February of 2006.

22 The terminal is one of four LNG receiving
23 terminals in the United States. There's one in Lake
24 Charles, Louisiana, our terminal in Savannah. There's
25 another terminal at Cove Point, Maryland and one is in

1 Boston. We receive liquified natural gas at this terminal.
2 We then regasify the gas and put it into our pipelines as a
3 natural gas. So the product coming off this terminal is
4 very similar in composition to the gas that we receive in
5 the Gulf of Mexico and in North Louisiana.

6 (Slide.)

7 MR. HUGHES: The project that we're here to talk
8 about tonight is our Cypress Pipeline Project. As Rich said
9 earlier, we're building a pipeline from the Savannah area
10 down to the Jacksonville area where we will interconnect
11 with Florida Gas Transmission just southwest of
12 Jacksonville. We will also directly interconnect with a
13 power plant that Jacksonville Electric Authority built at
14 Brandy Branch. We will also interconnect with the
15 distribution facilities of Atlantic Gas & Light near
16 Brunswick, Georgia and we will also interconnect with our
17 own South Georgia Lateral.

18 The project is supported by commercial
19 commitments from Progress Energy and from Jacksonville
20 Electric Authority and also from British Gas, who is one of
21 our suppliers for our LNG terminal in Savannah. We intend
22 to put the pipeline in as proposed, subject to approval from
23 the FERC. The 24-inch pipe would go in Phase I. In Phase
24 II, we would add a compressor station in Glenn County,
25 Georgia. And, in Phase III, our proposal is to add the 10

1 miles of loop that Rich mentioned along our existing
2 pipeline right-of-way and add additional compression for
3 Phase III.

4 I think I've just outlined the project scope.
5 The project time line, Rich mentioned earlier, that we
6 originally went to the FERC and requested the NEPA pre-
7 filing process in December. We intend to complete the pre-
8 filing task and file the application in late May or early
9 June. Our anticipated start date for construction, assuming
10 the project is approved, is in the third quarter of 2006 and
11 we are targeting a May 2007 in service date.

12 (Slide.)

13 MR. HUGHES: I previously mentioned we do have
14 commercial commitments for the capacity on the line from
15 Progress Energy, British Gas and JEA. The other two
16 commitments are much smaller, but nevertheless are important
17 to us -- the City of Austell, an existing municipal customer
18 on our system and Georgia Pacific, which is an industrial
19 customer on our South Georgia lateral.

20 (Slide.)

21 MR. HUGHES: The project benefits -- adding
22 additional pipeline infrastructure enabling us to better
23 serve our existing Georgia customers, enabling us to bring
24 additional supply sources into a corridor that, in our view,
25 is under-served and also to bring gas into the Florida

1 market, incremental gas supply for both the Georgia and
2 Florida markets, in addition to the pipeline infrastructure,
3 clearly, supply diversity for the Florida market, which is
4 currently almost entirely dependent on the Gulf of Mexico
5 for gas supply.

6 In addition to the infrastructure benefits and
7 the incremental supply benefits, this pipeline will connect
8 two major interstate pipelines. Southern Natural pipeline
9 is predominately is a winter-peaking pipe. The Florida Gas
10 Transmission System is predominately a summer-peaking pipe,
11 so there are some benefits to the interstate grid having an
12 interconnecting pipeline for the Florida Gas Transmission
13 System and the Southern Natural System.

14 Those are my prepared remarks. If you have
15 questions on scope --

16 MR. McGUIRE: Thanks, Mr. Hughes.

17 If there are questions about the project
18 description that might help clarify the project as proposed?

19 (No response.)

20 MR. McGUIRE: Okay. Thank you.

21 Now we'll begin to hear from those of you who
22 have signed up to speak. I urge you, if there are issues
23 that concern your property, you need to tell us about that
24 either tonight by making formal comments or in written form
25 and sending those in before the comment period closes on

1 April 7th.

2 I also ask, if you do have comments, when you
3 speak, that you identify yourself and any organization, if
4 that's appropriate, that you represent.

5 The first speaker tonight is Merrill Varn.

6 MR. VARN: My name is Merrill Varn. I represent
7 Varn Turpentine and Cattle Company. We'll be filing
8 significantly more information in written form, but we just
9 wanted a little bit of verbal input this evening, if
10 possible.

11 We own two miles of Georgia Power Company's
12 325-foot wide hetch foam and easement along which Cypress
13 Natural Gas Company proposes to build their pipeline. The
14 power line company easement bisects two active red
15 woodpecker colonies, which are on our property and we have
16 been protecting actively with a plan for approximately 10
17 years.

18 We encourage FERC to make maximum co-location of
19 the two utilities a condition of its approval of the
20 pipeline. At present, the plan is for a 28-foot co-location
21 within the existing Georgia Power easement and we feel that
22 Georgia Power could allow co-location of up to 48-feet,
23 according to a diagram that we have of the construction
24 site. We encourage you to push them to do more co-location
25 than they're currently doing.

1 MR. MCGUIRE: Thank you very much.

2 That's the extent of those who have signed up to
3 speak. If you have, since sitting down at the meeting -- if
4 you'd like to make any comments into the record, I'd
5 encourage you to do so.

6 Is there anybody who would like to speak, make
7 any comments into the record?

8 MR. SMITH: I have a question.

9 MR. MCGUIRE: Would you mind coming up to the
10 microphone.

11 MR. SMITH: My name is Philip Smith, district
12 manager at Rainier. I'm kind of catching the tail end of
13 this and I'm not sure who was notified within our
14 organization. I've got questions about things that covers a
15 lot of our property. My primary concern is we're actively
16 involved in timber management. We do cross roads, cross
17 pipeline -- I just want to make sure we've got this stuff
18 sufficiently buried that when we're accessing across our
19 primary roads that we're not having a potential problem.

20 Also, I've got concerns about when you're
21 crossing the wetlands to make sure all that stuff is
22 stabilized when the pipeline is put in. My primary concern
23 -- I guess I'll talk to maybe you later about who's
24 notifying organizations and can I get copies of where it's
25 crossing my property at.

1 MR. McGUIRE: Before you leave, could you just --
2 did you get our scoping notice?

3 MR. SMITH: I got a notice from our legal
4 department.

5 MR. McGUIRE: Okay. So they were aware.

6 MR. SMITH: Yeah. But, you know, Rainier is a
7 big organization. It probably went to our corporate office
8 in Jacksonville. Most of these kinds of matters are handled
9 at a lower local level.

10 MR. McGUIRE: Right.

11 MR. SMITH: I guess I just noticed it. It's
12 looks like a compressor station is going to be part of our
13 property running through here. That's pretty significant
14 acres that are involved. I'm really concerned about the
15 short timeframe that -- you know, I was notified last week.
16 Not saying that somebody within our organization wasn't
17 notified.

18 MR. McGUIRE: Okay. Did we get your name and
19 address?

20 MR. SMITH: Yes, you did.

21 MR. McGUIRE: Any information that we issue we'll
22 make sure you're on the list.

23 MR. SMITH: I guess my big thing is -- you know,
24 who in our organization was notified so I can coordinate
25 with them. And I'm assuming it's going down to the power

1 line, for the most part, and get an idea of what the impact
2 -- you know, as far as our timber resources, the side the
3 right-of-way is. And I'm assuming you all are going to be
4 have a conversation with someone within our organization for
5 it.

6 MR. McGUIRE: Thank you, Mr. Smith.

7 MR. SMITH: That's our concern.

8 MR. McGUIRE: Thank you.

9 MR. SODERBERG: Just so you know, as we're
10 addressing possible issues with notifying the public, the
11 Corps of Engineers is going to use every effort we can to
12 assist the FERC in publicizing their documents. I did
13 notice that some of you do have the Corps of Engineer's
14 public notice in hand that attached FERC's NOI for this
15 activity and EIS development process.

16 As we move through the project to draft
17 Environmental Impact Statement and final, the Corps of
18 Engineers will also be publicizing that those are available
19 for review, both in paper and on our website, which is
20 SAJ-USACE.Army.mil. You can just search of Corps of
21 Engineers, Jacksonville on your preferred search engine and
22 you'll come up with our district and our public notice
23 webpage where all that information will be available
24 throughout the process.

25 MR. McGUIRE: Thanks, Jon.

1 That concludes the formal part of tonight's
2 meeting. I encourage you to stay and look at the maps and
3 the information that the company has brought with them
4 tonight to better understand the project as it's proposed at
5 this point.

6 I would like to just clarify that it's early in
7 the process. The company is still putting together the
8 project and the final design of the project hasn't been
9 filed with the Commission. So I encourage you to talk to
10 them tonight about how their planned project affects your
11 land.

12 The transcript of tonight's meeting will be
13 placed in the public record for this project at the
14 Commission. And, if you are looking and getting copies of
15 the transcript, they will be available after 10 days at
16 FERC's website. Again, that's FERC.gov and the information
17 on how to get access is in the Notice of Intent on the last
18 page.

19 On behalf of both the Federal Energy Regulatory
20 Commission and the Army Corps of Engineers, we thank you for
21 coming here tonight and expressing your concerns.

22 (Whereupon, at 7:40 p.m., the above-entitled
23 matter was concluded.)

24

25