

FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

June 22, 2006

In Reply Refer To:

Calypso U.S. Pipeline, LLC  
Docket Nos. CP01-409-006,  
CP01-410-005, CP01-411-008,  
and CP01-444-005  
Presidential Permit

The Honorable Donald H. Rumsfeld  
Secretary of Defense  
Washington, DC 20301

Dear Mr. Secretary:

Pursuant to the provisions of Executive Order Nos. 10485 and 12038 of September 1, 1953, and February 3, 1978, respectively, and the Secretary of Energy's Delegation Order No. 00-004.00, effective December 6, 2001, enclosed herewith for your information and consideration is a copy of an application filed by Calypso U.S. Pipeline, LLC (previously Tractebel Calypso Pipeline, LLC) (Calypso) with the Federal Energy Regulatory Commission on May 9, 2006, in Docket Nos. CP01-409-006, CP01-410-005, CP01-411-008, and CP01-444-005 to amend its existing Natural Gas Act (NGA) Sections 3 and 7 authorizations and Presidential Permit issued on March 24, 2004. The existing authorizations allow Calypso to construct, own, and operate a natural gas pipeline extending approximately 42 miles from the offshore boundary between the Exclusive Economic Zones of the United States and the Commonwealth of the Bahamas to an interconnection with pipeline facilities of Florida Gas Transmission Company in Broward County, Florida.

In the May 9, 2006 filing, Calypso requests modification of the approvals previously granted in order to construct the pipeline by tunneling rather than horizontal drilling as urged by the U.S. Corps of Engineers and state and environmental permitting agencies, and to enlarge the diameter of the pipeline from 24 inches to 30 inches.

A similar letter, together with a draft of the amended Presidential Permit and copy of the application, is being sent to the Secretary of State. If the Secretary of State should make an unfavorable recommendation or propose any material change in the draft of the Permit, the Commission will immediately advise you.

The Commission would appreciate receiving your views regarding issuance of the proposed amended Permit at an early date. Please do not hesitate to contact me at (202) 502-8400, or Edward G. Gingold at (202) 502-8114, if you need any further information.

By direction of the Commission.

Magalie R. Salas,  
Secretary.

cc: The Honorable Condoleezza Rice

Attachments:  
Application of Calypso U.S. Pipeline, LLC  
Presidential Permit

**PRESIDENTIAL PERMIT  
AUTHORIZING CALYPSO U.S. PIPELINE, LLC  
TO CONSTRUCT, OPERATE AND MAINTAIN  
NATURAL GAS FACILITIES AT THE BOUNDARY BETWEEN  
THE EXCLUSIVE ECONOMIC ZONES OF THE UNITED STATES AND THE  
COMMONWEALTH OF THE BAHAMAS**

**FEDERAL ENERGY REGULATORY COMMISSION  
DOCKET NOS. CP01-409-006, CP01-410-005 and CP01-411-008  
AND CP01-444-005**

(Issued       , 2006)

In Docket Nos. CP01-409-006, CP01-410-005, CP01-411-008, and CP01-444-005, Calypso U.S. Pipeline, LLC (previously Tractebel Calypso Pipeline, LLC) (Calypso or Permittee), a limited liability company organized and existing under the laws of the State of Delaware, requested, pursuant to Executive Order Nos. 10485 and 12038 and the Secretary of Energy's Delegation Order No. 00-004.00, amendment of a Presidential Permit to authorize Permittee to construct, operate, install, and maintain certain pipeline and related facilities as described in Article 2 below in waters off the southeast coast of the State of Florida at the boundary between the Exclusive Economic Zones of the United States and the Commonwealth of the Bahamas.

By letter dated June   , 2006, the Secretary of State, and by letter dated June   , 2006, the Secretary of Defense, favorably recommended that the amended Permit be granted. The Federal Energy Regulatory Commission finds that the issuance of a Permit is appropriate and consistent with the public interest.

Pursuant to the provisions of Executive Order Nos. 10485 and 12038, dated September 3, 1953, and February 3, 1978, respectively, the Secretary of Energy's Delegation Order No. 00-004.00, effective December 6, 2001, and the Commission's Regulations, permission is granted to Permittee to construct, operate, install, and maintain the natural gas transmission facilities described in Article 2 below, upon the terms and conditions of the Permit.

Article 1. It is expressly agreed by the Permittee that the facilities herein described shall be subject to all provisions and requirements of this Permit. This Permit may be modified or revoked by the President of the United States or the Federal Energy Regulatory Commission and may be amended by the Federal Energy Regulatory Commission upon proper application therefor.

Article 2. The following facilities are subject to this Permit: that portion of the 30-inch pipeline which is located in the United States immediately adjacent to the boundary between the Exclusive Economic Zones of the United States and the Commonwealth of the Bahamas.

Article 3. The natural gas facilities authorized herein, or which may subsequently be included herein by modification or amendment, may be utilized for importation or exportation of natural gas in the manner authorized under Section 3 of the Natural Gas Act.

Article 4. The operation and maintenance of the aforesaid facilities shall be subject to the inspection and approval of representatives of the United States. The Permittee shall allow officers and employees of the United States, showing proper credentials, free and unrestricted access to the land occupied by the facilities in the performance of their official duties.

Article 5. If in the future it should appear to the Secretary of the Army that any facilities or operations permitted hereunder cause unreasonable obstruction to the free navigation of any of the navigable waters of the United States, the Permittee may be required, upon notice from the Secretary of the Army, to remove or alter the same so as to render navigation through such waters free and unobstructed.

Article 6. The Permittee shall be liable for all damages occasioned to the property of others by the operation or maintenance of the facilities, and in no event shall the United States be liable therefor.

Article 7. The Permittee agrees to file with the Commission, under oath and in such detail as the Commission may require, such statements or reports with respect to the natural gas imported or exported, or the facilities described herein, as the Commission may, from time to time, request. Such information may be made available to any Federal, State, or local agency requesting such information.

Article 8. Neither this Permit nor the facilities, nor any part thereof, covered by this Permit shall be voluntarily transferred in any manner, but the Permit shall continue in effect temporarily for a reasonable time in the event of the involuntary transfer of the facilities by operation of law (including transfer to receivers, trustees, or purchasers under foreclosure or judicial sale) pending the making of an application for a permanent Permit and decision thereon, provided notice is promptly given in writing to the Commission accompanied by a statement that the facilities authorized by this Permit remain substantially the same as before the involuntary transfer. The Permittee shall maintain the facilities in a condition of repair for the efficient transportation of natural gas and shall make all necessary renewals and replacements.

Article 9. At such time that this Permit is surrendered, revoked, or otherwise terminated, the Commission shall determine which of the authorized facilities shall be removed and which shall remain in place. The Commission will specify the time within which any authorized facilities shall be removed, and the Permittee shall remove those facilities within such time and at the Permittee's expense. Upon failure of the Permittee to comply with the Commission's direction to remove any authorized facilities, the Commission may direct that possession of the same be taken and the facilities be removed at the Permittee's expense, and the Permittee shall have no claim for damages by reason of such possession or removal.

Article 10. The Permittee agrees that when, in the opinion of the President of the United States, evidenced by a written order addressed to it as holder of this Permit, the safety of the United States demands it, the United States shall have the right to enter upon and take possession of any of the facilities, or parts thereof, maintained or operated under this Permit, and all contracts covering the transportation or sale of natural gas by means of said facilities, to retain possession, management, and control thereof for such length of time as may appear to the President to be necessary to accomplish said purposes, and then to restore possession and control to the Permittee; and in the event that the United States shall exercise such right it shall pay the Permittee just and fair compensation for the use of said facilities upon the basis of a reasonable profit in time of peace, and the cost of restoring said facilities to as good condition as existed at the time of taking over thereof, less the reasonable value of any improvements that may be made thereto by the United States and which are valuable and serviceable to the Permittee.

Article 11. This Permit is subject to any action which the Government of the United States may in the future deem expedient or necessary to take in case any part of the aforesaid facilities comes into the control of any foreign government.

Article 12. The Government of the United States shall be entitled to the same or similar privileges as may by law, regulation, agreement, or otherwise, be granted by the Permittee to any foreign government.

By direction of the Commission.

Secretary

IN TESTIMONY OF ACCEPTANCE of all the provisions, conditions and requirements of this Permit, the Permittee this day of \_\_\_\_\_ has caused its named to be signed by \_\_\_\_\_, pursuant to a resolution of its Board of Directors duly adopted on the \_\_ day of \_\_\_\_\_, \_\_\_\_\_, a certified copy of the record of which is attached hereto.

Calypso U.S. Pipeline, LLC

By \_\_\_\_\_

(Attest)

\_\_\_\_\_

Executed in triplicate