



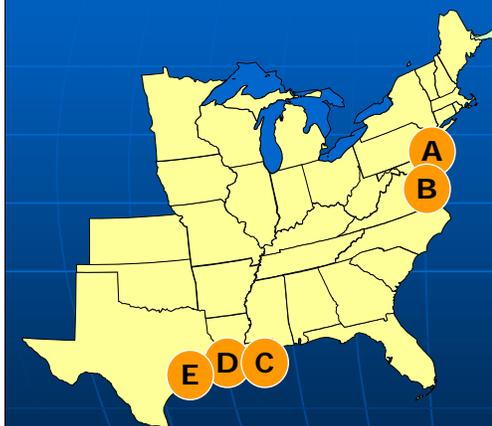
L N G Projects

Increasing LNG Import Capacity

Item Nos. : C-4 to C-10
June 15, 2006

Good morning Mr. Chairman and Commissioners. I am Richard Foley of the Office of Energy Projects. Items C-4 through C-10 before you today are LNG import terminal applications for projects in both the Gulf coast and the East coast. Joining me at the table are Staff members involved in the analysis of the Cove Point LNG project applications : Alisa Lykens of the Environmental Division of the Office of Energy Projects, Edwin Holden of the Office of the General Counsel, and Robert Sheldon of the Office of Energy Markets and Reliability.

New & Expanded LNG Terminal Proposals



- A. Crown Landing, NJ :
NEW Terminal
- B. Cove Point, MD :
EXPANSION & Two
Modifications
- C. Cameron Parish, LA :
NEW Terminal
- D. Cameron Parish, LA :
EXPANSION
- E. Port Arthur, TX :
NEW Terminal

Before you for your consideration are: (1) three new LNG terminals and new LNG take-away interstate pipelines or laterals; (2) the proposed expansion of a new LNG terminal currently under construction; (3) the proposed expansion of an existing operating LNG terminal with incremental LNG take-away capacity and downstream underground storage; and (4) two additional modifications to that same existing operating LNG terminal.

In total, you will be considering the construction and operation of 18 new LNG storage tanks, an initial increase of up to 8.2 and eventually 9.7 Bcf per day of new LNG vaporization capacity, 361 miles of new interstate pipelines or laterals for the take-away and delivery of imported LNG, and more than 23,000 horsepower of new compression and additional underground storage capacity and service on an existing interstate pipeline which is re-delivering LNG supplies.

Although grouped together for your consideration, each project has been under detailed review by Commission Staff teams. Some of these projects had unique issues which were quite complex and contentious and each project was thoroughly reviewed based on the site specific characteristics involved. The contemporaneous review of each project by the Commission Staff and other cooperating U.S. government agencies enhanced our mutual working relationships and resulted in a comprehensive product.

Energy Policy Act LNG Import Terminals (Section 311)

- FERC is Lead Decisional Agency
- State & Local Consultations on Safety Concerns
- Six Months Pre-filing is Mandatory
- Hackberry Policy is Now Codified
- Protection of Existing Customers :
 - No subsidization of expansion capacity
 - No degradation of service
 - No undue discrimination

This group of LNG project spans a period when the Commission's authority over LNG projects was clarified and enhanced by the Energy Policy Act of 2005. In order to comply with EAct 2005, the Commission Staff and other cooperating U.S. government agencies were able to adjust the project review schedules to keep the review of these projects moving forward. Also, EAct 2005 made important changes to the Commission's review of the rate and tariff issues related to LNG projects, which required some additional careful consideration of Cove Point's applications in C-4, C-9 and C-10.

Safety & Environmental Review

- Draft orders each contain 70 to 90 conditions for safety, construction, environment and operations, inspections and reports.
- Some conditions are uniform for all projects, while others are site specific.
- Staff will inspect LNG terminals during construction & regularly after service begins.

The Commission Staff has done a safety and environmental review of each proposal before you. This comprehensive review considers safety, engineering, cryogenic design, alternatives, project construction, environmental impact and operations. The Commission Staff has recommended that each draft order you are considering include many conditions to ensure the applicants' compliance with Staff's findings regarding the safety, design and operations of each proposed LNG project. Some conditions are uniform for all projects, while others are site specific. Depending on the project, about 35 to 55 of the 70 to 90 conditions per project, relate directly to project safety. Finally, the Commission Staff will inspect LNG terminal during construction and regularly thereafter when service begins.

Staff Team Members

Case Managers : Richard Foley, Jack Donaho,
Sheila Hernandez

EIS/EA Managers : Alisa Lykens, Medha Kochhar,
Robert Kopka, Laura Turner,
Kenneth Warn

LNG Engineers : Terry Turpin, Hugh Thomas,
Phil Suter, Kareem Monib,
Kandlilarya Jacaman, Steve Busch,
Ghanshyan Patel, Andrew Kohout

Items C-4 to C-10 were each worked on by Staff Teams which included a case project manager and an environmental project manager for the environmental impact statement or environmental assessment. The environmental project managers were assisted by several LNG design and safety review engineers.

Staff Team Members

Staff Attorneys : Edwin Holden, Al Francese,
John Myler, Richard White,
Maria Farran, Joel Arneson

Rates & Tariffs : Robert Sheldon, Amy Demetry,
Edie Kinsley, Sandra Delude,
Laura Kane, Esref Bilgihan,
Oscar Santillana, Joseph Dooley,
Mark Zendel

The Staff Teams also included Staff attorneys and rate and tariff analysts, as well as pipeline design review engineers and Staff accountants, where needed.

Analysis of Proposed LNG Terminal Applications

- Public Involvement
- Technical Analysis, including rates & tariffs where appropriate
- Safety & Environmental Review
- Public Interest Determination

We are here to answer any questions you may have about these LNG import terminal applications and we have other Staff members standing by if needed. This concludes our presentation.