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By Electronic Filing

April 25, 2008

Ms. Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, DC 20426

Re: Supplement to Application (Resource Reports 2 and 10)
and Response to Public Comment
Floridian Natural Gas Storage Company, LLC
FERC Docket No. CP08-13-000

Dear Ms. Bose:

In connection with the Application of Floridian Natural Gas Storage Company, LLC ("FGS") for a certificate of public convenience and necessity to construct, own and operate a new natural gas storage facility filed on October 31, 2007 (the "Application") in the above-referenced docket, FGS hereby files the following supplemental material:

- 1) April 21, 2008 Water Use Permit (No. 43-02186-W) issued to FGS by the South Florida Water Management District relating to the Water Use Permit Application (for industrial use of Canal C-44 water) included in Appendix 2-D to Resource Report 2 (in Volume II-A of the Application).
- 2) April 22, 2008 letter from Mr. Crady of Lucido & Associates addressing a suggested alternative siting of the Project in agricultural land use areas near the proposed site. This submission may be considered a new Appendix 10-A to Resource Report 10 (in Volume II-E of the Application) or a response to a public comment suggesting this alternative siting that was made in connection with the Draft Environmental Impact Statement issued by FERC on March 21, 2008.

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Page 2

FGS's Response contains only Public material and FGS is making this filing electronically. Electronic copies of this filing are being sent by email to all parties to this proceeding, as well as to the persons identified below.

If you have any questions about any of these submissions, please do not hesitate to contact me at (202) 420-2745 or Beth Webb at (202) 420-4782.

Sincerely,



Joan M. Darby

Enclosures

cc: All Parties
Sheila Hernandez, FERC
Charles Brown, FERC
Barbara Mohrman, ERM
Tim Gray, Florida Department of Environmental Protection
John Wrublik, US Fish and Wildlife Service
Ted Walden, US Environmental Protection Agency, Region 4
Eric Reusch, U.S. Army Corps of Engineers
Tom Colios, South Florida Water Management District
Joseph Walsh, Florida Fish and Wildlife Conservation Commission

1) April 21, 2008 Water Use Permit



SOUTH FLORIDA WATER MANAGEMENT DISTRICT

Permit No. 43-02186-W
Application No. 070731-11

April 21, 2008

FLORIDIAN NATURAL GAS STORAGE COMPANY LLC
(FLORIDIAN NATURAL GAS STORAGE)
1000 LOUISIANA STREET
HOUSTON, TX 77002

Dear Permittee:

Enclosed is your Permit as authorized by the Governing Board of the South Florida Water Management District at its meeting on April 10, 2008.

Special Conditions to your Permit require reports to be filed with this District. Please read these Conditions and use the enclosed form(s), as applicable, for your submittal of these required reports.

If you have any questions, please do not hesitate to contact this office.

Sincerely,

A handwritten signature in cursive script that reads "Elizabeth Veguilla".

Elizabeth Veguilla
Deputy Clerk
Environmental Resource Regulation Department

Enclosures



FORM #0299
Rev. 5/83

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
WATER USE PERMIT NO. 43-02186-W
(NON - ASSIGNABLE)**

Date Issued: 10-APR-2008

Expiration Date: December 31, 2012

Authorizing: THE USE OF SURFACE WATER FROM THE SFWMD CANAL (C-44) FOR INDUSTRIAL USE WITH AN ANNUAL ALLOCATION OF 32.01 MILLION GALLONS.

Located In: Martin County, S35/T39S/R38E

Issued To: FLORIDIAN NATURAL GAS STORAGE COMPANY LLC
(FLORIDIAN NATURAL GAS STORAGE)
1000 LOUISIANA STREET
HOUSTON. TX 77002

This Permit is issued pursuant to Application No.070731-11 , dated July 31, 2007, for the Use of Water as specified above and subject to the Special Conditions set forth below. Permittee agrees to hold and save the South Florida Water Management District and its successors harmless from any and all damages, claims or liabilities which may arise by reason of the construction, maintenance or use of activities authorized by this permit. Said application, including all plan and specifications attached thereto, is by reference made a part hereof.

Upon written notice to the permittee, this permit may be temporarily modified, or restricted under a Declaration of Water Shortage or a Declaration of Emergency due to Water Shortage in accordance with provisions of Chapter 373, Fla. Statutes, and applicable rules and regulations of the South Florida Water Management District.

This Permit may be permanently or temporarily revoked, in whole or in part, for the violation of the conditions of the permit or for the violation of any provision of the Water Resources Act and regulations thereunder.

This Permit does not convey to the permittee any property rights nor any privileges other than those specified herein, nor relieve the permittee from complying with any law, regulation, or requirement affecting the rights of other bodies or agencies.

Limiting Conditions are as follows:

SEE PAGES 2 - 4 OF 4 (20 LIMITING CONDITIONS).

South Florida Water Management
District, by its Governing Board

On April 10, 2008
By *Elija Escobar Vega*
Deputy Clerk

LIMITING CONDITIONS

1. This permit shall expire on December 31, 2012.
2. Application for a permit modification may be made at any time.
3. Water use classification:

Industrial water supply

4. Source classification is:

Surface Water from:
SFWMD Canal (C-44)

5. Annual allocation shall not exceed 32 MG.

Maximum monthly allocation shall not exceed 32.0112 MG.

6. Pursuant to Rule 40E-1.6105, F.A.C., Notification of Transfer of Interest in Real Property, within 30 days of any transfer of interest or control of the real property at which any permitted facility, system, consumptive use, or activity is located, the permittee must notify the District, in writing, of the transfer giving the name and address of the new owner or person in control and providing a copy of the instrument effectuating the transfer, as set forth in Rule 40E-1.6107, F.A.C.

Pursuant to Rule 40E-1.6107 (4), until transfer is approved by the District, the permittee shall be liable for compliance with the permit. The permittee transferring the permit shall remain liable for all actions that are required as well as all violations of the permit which occurred prior to the transfer of the permit.

Failure to comply with this or any other condition of this permit constitutes a violation and pursuant to Rule 40E-1.609, Suspension, Revocation and Modification of Permits, the District may suspend or revoke the permit.

This Permit is issued to:

Floridian Natural Gas Storage Company, Inc.
1000 Louisiana Street, Suite 4361
Houston, Texas 77002
713-614-7159

7. Withdrawal facilities:

Surface Water - Proposed:

1 - 8" x 50 HP X 1800 GPM1 centrifugal Pump

8. Permittee shall mitigate interference with existing legal uses that was caused in whole or in part by the permittee's withdrawals, consistent with the approved mitigation plan. As necessary to offset the interference, mitigation will include pumpage reduction, replacement of the impacted individual's equipment, relocation of wells, change in withdrawal source, or other means.

Interference to an existing legal use is defined as an impact that occurs under hydrologic conditions equal to or less severe than a 1 in 10 year drought event that results in the:

(1) Inability to withdraw water consistent with provisions of the permit, such as when remedial structural or operational actions not materially authorized by existing permits must be taken to address the

interference; or

(2) Change in the quality of water pursuant to primary State Drinking Water Standards to the extent that the water can no longer be used for its authorized purpose, or such change is imminent.

9. Permittee shall mitigate harm to existing off-site land uses caused by the permittee's withdrawals, as determined through reference to the conditions for permit issuance. When harm occurs, or is imminent, the District will require the permittee to modify withdrawal rates or mitigate the harm. Harm caused by withdrawals, as determined through reference to the conditions for permit issuance, includes:

(1) Significant reduction in water levels on the property to the extent that the designed function of the water body and related surface water management improvements are damaged, not including aesthetic values. The designed function of a water body is identified in the original permit or other governmental authorization issued for the construction of the water body. In cases where a permit was not required, the designed function shall be determined based on the purpose for the original construction of the water body (e.g. fill for construction, mining, drainage canal, etc.)

(2) Damage to agriculture, including damage resulting from reduction in soil moisture resulting from consumptive use; or

(3) Land collapse or subsidence caused by reduction in water levels associated with consumptive use.

10. Permittee shall mitigate harm to the natural resources caused by the permittee's withdrawals, as determined through reference to the conditions for permit issuance. When harm occurs, or is imminent, the District will require the permittee to modify withdrawal rates or mitigate the harm. Harm, as determined through reference to the conditions for permit issuance includes:

(1) Reduction in ground or surface water levels that results in harmful lateral movement of the fresh water/salt water interface,

(2) Reduction in water levels that harm the hydroperiod of wetlands,

(3) Significant reduction in water levels or hydroperiod in a naturally occurring water body such as a lake or pond,

(4) Harmful movement of contaminants in violation of state water quality standards, or

(5) Harm to the natural system including damage to habitat for rare or endangered species.

11. If any condition of the permit is violated, the permit shall be subject to review and possible modification, enforcement action, or revocation.
12. Authorized representatives of the District shall be permitted to enter, inspect, and observe the permitted system to determine compliance with special conditions.
13. The Permittee is advised that this permit does not relieve any person from the requirement to obtain all necessary federal, state, local and special district authorizations.
14. The permit does not convey any property right to the Permittee, nor any rights and privileges other than those specified in the Permit and Chapter 40E-2, Florida Administrative Code.
15. Permittee shall submit all data as required by the implementation schedule for each of the limiting conditions to: S.F.W.M.D., Supervising Hydrogeologist - Post-Permit Compliance, Water Use Regulation Dept. (4320), P.O. Box 24680, West Palm Beach, FL 33416-4680.
16. In the event of a declared water shortage, water withdrawal reductions will be ordered by the District in accordance with the Water Shortage Plan, Chapter 40E-21, F.A.C. The Permittee is advised that during a

water shortage, pumpage reports shall be submitted as required by Chapter 40E-21, F.A.C.

17. Prior to the use of any proposed water withdrawal facility authorized under this permit, unless otherwise specified, the Permittee shall equip each facility with a District-approved operating water use accounting system and submit a report of calibration to the District, pursuant to Section 4.1, Basis of Review for Water Use Permit Applications.

In addition, the Permittee shall submit a report of recalibration for the water use accounting system for each water withdrawal facility (existing and proposed) authorized under this permit every five years from each previous calibration, continuing at five-year increments.

18. Monthly withdrawals for each withdrawal facility shall be submitted to the District quarterly. The water accounting method and means of calibration shall be stated on each report.
19. No less than 30 days prior to initiating the withdrawals from the C-44 Canal, the permittee shall contact the Director of the South Florida Water Management District Operations and Maintenance Department to coordinate the withdrawals.
20. The Permittee shall submit to the District an updated Description of Surface Water Pumps (Table B) within one month of installation of the proposed pumps identifying the surface water source, local drainage district (if applicable), pump type, diameter, capacity and horsepower, intake elevation (feet, NGVD), and water use accounting method.

SOUTH FLORIDA WATER MANAGEMENT DISTRICT

Water Use Limiting Condition Compliance Report

Quarterly Report of Withdrawals From Wells and Surface Water Pumps

This Report must be completed and submitted to the District at the address shown as required by your Permit

Permit Number 43-02186-W

Project Name FLORIDIAN NATURAL GAS STORAGE

Issued to FLORIDIAN NATURAL GAS STORAGE COMPANY LLC

Address 1000 LOUISIANA STREET

City, State, Zip HOUSTON TX 77002

Phone / Fax No 7136147159 / 8665844065

E-mail BWilliams@floridiangasstorage.com

Return To:

South Florida Water Management District
 Attn: Water Use Regulation Division (4320)
 PO Box 24680
 West Palm Beach, FL - 33416 - 4680

Water Withdrawals, Million Gallons

Requirement Name	District Identification Number	Month: _____ Year: _____	Month: _____ Year: _____	Month: _____ Year: _____	Accounting Method	Date Last Calibrated
Monthly withdrawal for Pump 1	220670					

Name of Person Completing Form _____

Signature: _____ Date: _____

Form 0188-QMCN (08/03)

Printed: 04/10/2008

2) April 22, 2008 letter from Mr. Crady of Lucido & Associates

April 22, 2008

Mr. Bradley Williams
Floridian Natural Gas Storage Company, LLC
6 Bash Place, Suite 100
Houston, Texas 77027

RE: Floridian Natural Gas Storage Facility – Consideration of Alternative Site in Remote Agricultural Area

Dear Mr. Williams:

Per your request, please accept this letter as a technical evaluation of an alternative location for the development of the proposed natural gas storage facility in a remote location surrounded by agricultural lands. It is my understanding that a suggestion was made during the recent FERC public comment period that a remote location within the agricultural land use areas between the Indiantown urban area and the urban area along the coast would be a more suitable location. To help understand why this alternative would not be appropriate, I have outlined the following technical constraints and considerations.

Technical Constraints

An alternative remote location surrounded by agricultural lands is inconsistent with several policies of the Martin County Comprehensive Growth Management Plan (CGMP). Specifically, in order to comply with the CGMP, construction of the project on Agricultural land would require a change in the CGMP future land use maps from Agricultural Land Use to Industrial Land Use and a change in the Primary Urban Service Boundary (PUSB). The following are a few policies that would not support the extension of the PUSB or the conversion of remote agricultural lands to industrial uses:

- Section 4.4G.1. requires Martin County to direct higher intensities of development including industrial uses to areas within the Primary Urban Service Boundary (PUSB) where all forms of public facilities are available or are programmed to be available at the adopted levels of service. *Agricultural lands are not located within the PUSB and therefore do not qualify for industrial land uses.*
- Section 4.4G.1.f.(5) prohibits the expansion of the Primary Urban Service Boundary (PUSB) unless adequate documentation can be provided that demonstrates reasonable capacity is not currently available within the existing PUSB. *The county's current land use inventory identifies a significant amount of vacant industrial land within the PUSB; therefore expansion of the PUSB is not warranted.*
- Section 4.4K.2.a.(2) requires sites for industrial use to be located in proximity to essential public and/or private facilities and services at adopted levels of service for transportation, potable water, drainage, wastewater services, fire protection services, emergency medical services, etc. *Development in the agricultural areas of the county could not meet these criteria without substantial public costs and expenditures.*
- Section 4.4K.2.a.(4) encourages industrial uses to be located with convenient access to the labor supply, raw material sources, energy resources and market areas. *Development in the remote agricultural areas of the County would be far removed from these important considerations.*

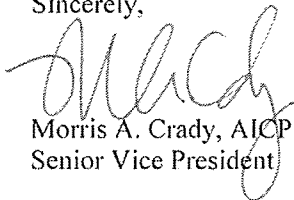
- Section 4.4K.2.a. (5) requires a demonstrated need for additional industrial land use allocation. *The county's current land use inventory identifies a significant amount of vacant industrial land within the PUSB; therefore the allocation of additional industrial land use is not justified.*
- Section 4.4M.1.a.(2) (b) requires that the conversion of agricultural lands be a logical and timely extension of a more intense land use in a nearby area considering existing and anticipated land use development patterns and availability of nearby support services including improved roads, water and wastewater facilities and emergency services. *Remote agricultural lands do not qualify for the conversion to a more intense urban land use including industrial.*

An alternative remote location surrounded by agricultural lands would not be consistent with these and many other policies within the Martin County Comprehensive Growth Management Plan (CGMP). Any change to the CGMP would require approval by the local government after review by the Treasure Coast Regional Planning Council (RPC) and the Florida Department of Community Affairs (DCA). Since the aforementioned policies are consistent with the Regional and State Comprehensive Plans, the RPC or the DCA could not support such massive changes to the County's CGMP. In fact, one of the major reasons the project has generated tremendous local support is because it is entirely consistent with all Comprehensive Growth Management Plan policies and land development regulations. The residents and local government officials rely heavily on these policies to guide future growth.

For these reasons, and based on my 25 years of experience in Martin County, it would be impossible to convince the Martin County Commission to support an alternative remote location surrounded by agricultural lands.

Please feel free to contact me if you have any questions or comments.

Sincerely,



Morris A. Crady, AICP
Senior Vice President