OTH
SEC 1
SCR
RCA
MMS
OPC
GCL
ECR
CTR
COM
CMP

CONFIDENTIAL

Attachment 1

Date	Storm Name	Term Cuts	Daily Cuts	Average Term Gas Cost	Average Spot Gas Cost	Gas Cost Difference	Daily Spot Gas Purchases	Daily Spot Gas Deliveries	Replace Term Supplies	Additional Supplies	Gas Cost Replace Term	Gas Cost of Additional Supplies	Total Incremental Gas Cost
9/24/2002	Tropical Storm Isidore	[redacted]											
9/25/2002	Tropical Storm Isidore												
9/26/2002	Tropical Storm Isidore												
9/27/2002	Tropical Storm Isidore												
Tropical Storm Isidore Total													
10/1/2002	Hurricane Lili												
10/2/2002	Hurricane Lili												
10/3/2002	Hurricane Lili												
10/4/2002	Hurricane Lili												
Hurricane Lili Total													
7/14/2003	Tropical Storm Claudette												
7/15/2003	Tropical Storm Claudette												
7/16/2003	Tropical Storm Claudette												
Tropical Storm Claudette Total													
8/10/2004	Tropical Storm Bonnie												
8/11/2004	Tropical Storm Bonnie												
8/12/2004	Tropical Storm Bonnie												
8/13/2004	Tropical Storm Bonnie												
Tropical Storm Bonnie Total													
9/13/2004	Hurricane Ivan												
9/14/2004	Hurricane Ivan												
9/15/2004	Hurricane Ivan												
9/16/2004	Hurricane Ivan												
9/17/2004	Hurricane Ivan												
9/18/2004	Hurricane Ivan												
9/19/2004	Hurricane Ivan												
9/20/2004	Hurricane Ivan												
9/21/2004	Hurricane Ivan												
9/22/2004	Hurricane Ivan												
9/23/2004	Hurricane Ivan												
9/24/2004	Hurricane Ivan												
9/25/2004	Hurricane Ivan												
9/26/2004	Hurricane Ivan												
9/27/2004	Hurricane Ivan												
9/28/2004	Hurricane Ivan												
9/29/2004	Hurricane Ivan												
9/30/2004	Hurricane Ivan												
10/1/2004	Hurricane Ivan												
10/2/2004	Hurricane Ivan												
10/3/2004	Hurricane Ivan												
10/4/2004	Hurricane Ivan												
10/5/2004	Hurricane Ivan												
10/6/2004	Hurricane Ivan												
Hurricane Ivan Total													

REDACTED

04414-04

DOCUMENT NUMBER-DATE
03888 APR 20 05
FPSC-COMMISSION CLERK

ATTACHMENT
B

[redacted]

CONFIDENTIAL

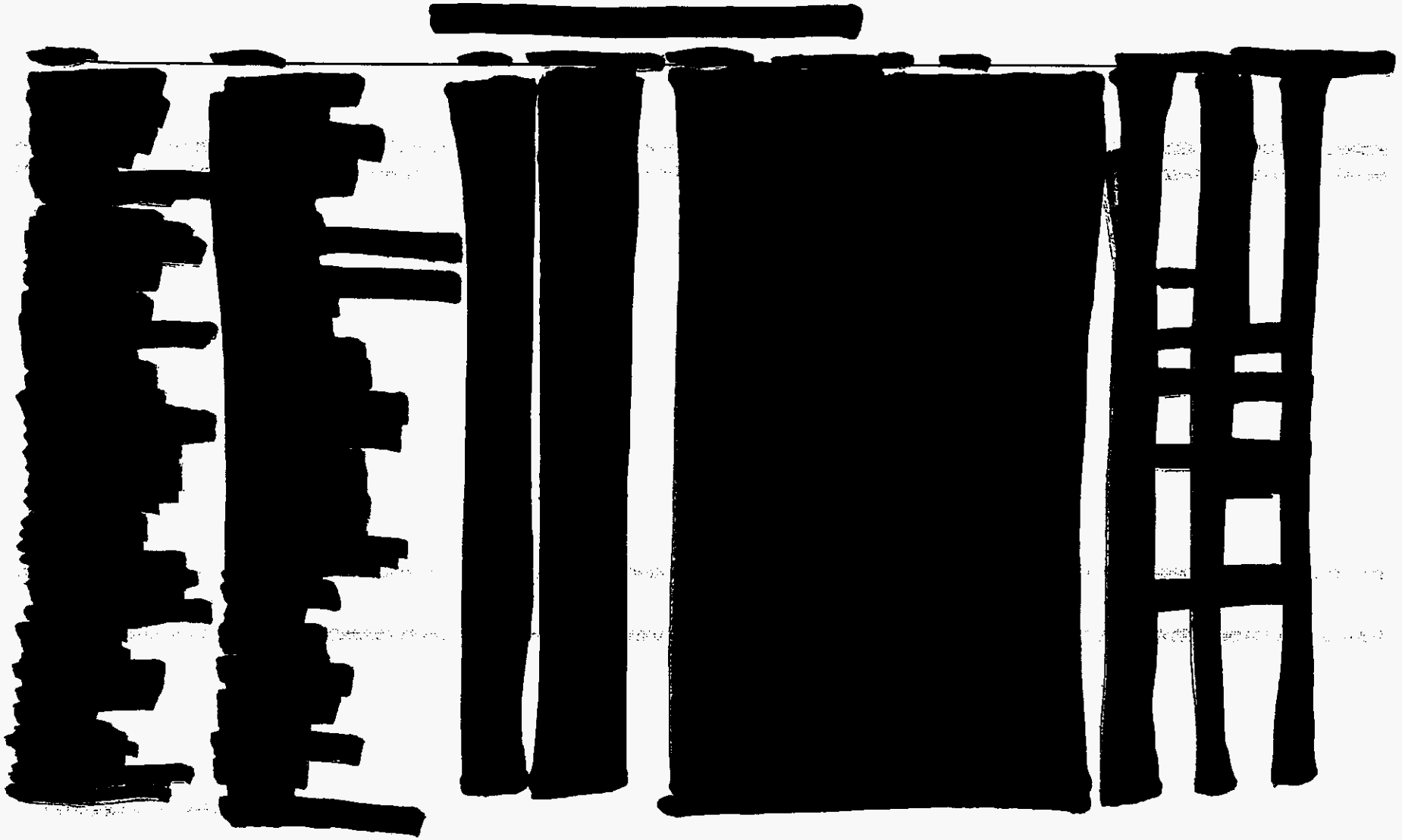
CONFIDENTIAL

ATTACHMENT
C

[redacted]

CONFIDENTIAL

ATTACHMENT
D



CONFIDENTIAL

ATTACHMENT
E

Summary of Natural Gas consumption at Hines.

CONFIDENTIAL

Year	Month	Hines 4 Monthly (Dth/month)	Hines 4 Daily (Dth/Day)

REDACTED

ATTACHMENT H

REDACTED

ATTACHMENT H

REDACTED

ATTACHMENT H

REDACTED

ATTACHMENT F

REDACTED

ATTACHMENT F

REDACTED

ATTACHMENT F

Progress Energy Florida
Ten-Year Site Plan

April 2004

2004-2013

Submitted to:
Florida Public Service Commission



Progress Energy

ATTACHMENT
G

TABLE OF CONTENTS

	Page
List of Required Schedules	i
List of Tables and Figures	ii
Code Identification Sheet	iii
Introduction	1
CHAPTER 1 DESCRIPTION OF EXISTING FACILITIES	
Existing Facilities Overview	1-1
Service Area Map (Figure 1.1)	1-3
Electric System Map (Figure 1.2)	1-4
Existing Generating Facilities (Schedule 1)	1-5
CHAPTER 2 FORECAST OF ELECTRIC POWER DEMAND AND ENERGY CONSUMPTION	
Overview	2-1
Energy Consumption and Demand Forecast Schedules	2-3
History and Forecast of Energy Consumption and Number of Customers by Customer Class (Sch. 2.1-2.3)	2-4
History and Forecast of Base, High, and Low Summer Peak Demand (MW) (Sch. 3.1.1-3.1.3)	2-7
History and Forecast of Base, High, and Low Winter Peak Demand (MW) (Sch. 3.2.1-3.2.3)	2-10
History and Forecast of Base, High, and Low Annual Net Energy for Load (GWh) (Sch. 3.3.1-3.3.3)	2-13
Previous Year Actual and Two-Year Forecast of Peak Demand and Net Energy for Load by Month (Sch. 4)	2-16
Fuel Requirements and Energy Sources	2-17
Fuel Requirements (Sch. 5)	2-18
Energy Sources (GWh) (Sch. 6.1)	2-19
Energy Sources (Percent) (Sch. 6.2)	2-20
Forecasting Methods and Procedures	2-21
Introduction	2-21
Forecast Assumptions	2-21
Customer, Energy, and Demand Forecast (Figure 2.1)	2-22
General Assumptions	2-23
Short-Term Economic Assumptions	2-25
Long-Term Economic Assumptions	2-26
Forecast Methodology	2-27
Energy and Customer Forecast	2-28

Peak Demand Forecast 2-31
High and Low Forecast Scenarios 2-33
Conservation Goals 2-34
Residential Programs 2-35
Commercial/Industrial (C/I) Programs 2-37
Research and Development Programs 2-39

CHAPTER 3 FORECAST OF FACILITIES REQUIREMENTS

Resource Planning Forecast 3-1
Overview of Current Forecast 3-1
Total Capacity Resources Of Power Plants and Purchased Power Contracts (Table 3.1) 3-3
Qualifying Facility Generation Contracts (Table 3.2) 3-4
Forecast of Capacity, Demand and Scheduled Maintenance at Time of Summer Peak (Sch. 7.1) 3-5
Forecast of Capacity, Demand and Scheduled Maintenance at Time of Winter Peak (Sch. 7.2) 3-6
Planned and Prospective Generating Facility Additions and Changes (Sch. 8) 3-7
Status Report and Specifications of Proposed Generating Facilities (Sch. 9) 3-8
Status Report and Specifications of Proposed Directly Associated Transmission Lines (Sch. 10) 3-17
Integrated Resource Planning Overview 3-18
IRP Process Overview (Figure 3.1) 3-19
The IRP Process 3-20
Key Corporate Forecasts 3-23
Current Planning Results 3-24
Transmission Planning 3-25
List of Proposed Bulk Transmission Line Additions (Table 3.3) 3-27

CHAPTER 4 ENVIRONMENTAL AND LAND USE INFORMATION

Preferred Sites 4-1
Hines Energy Complex Site 4-2
Hines Energy Complex Site (Polk County) (Figure 4.1) 4-4
Intercession City Site 4-5
Intercession City Site (Osceola County) (Figure 4.2) 4-6
Anclote Site 4-7
Anclote Site (Pasco County) (Figure 4.3) 4-8
DeBary Site 4-9
DeBary Site (Volusia County) (Figure 4.4) 4-10

LIST OF
REQUIRED SCHEDULES

Schedule		Page
1	Existing Generating Facilities	1-5
2.1	History and Forecast of Energy Consumption and Number of Customers by Customer Class (Rural and Residential and Commercial)	2-4
2.2	History and Forecast of Energy Consumption and Number of Customers by Customer Class (Industrial and Other)	2-5
2.3	History and Forecast of Energy Consumption and Number of Customers by Customer Class (Net Energy for Load)	2-6
3.1.1	History and Forecast of Summer Peak Demand (MW) - Base Case	2-7
3.1.2	History and Forecast of Summer Peak Demand (MW) - High Load Forecast	2-8
3.1.3	History and Forecast of Summer Peak Demand (MW) - Low Load Forecast	2-9
3.2.1	History and Forecast of Winter Peak Demand (MW) - Base Case	2-10
3.2.2	History and Forecast of Winter Peak Demand (MW) - High Load Forecast	2-11
3.2.3	History and Forecast of Winter Peak Demand (MW) - Low Load Forecast	2-12
3.3.1	History and Forecast of Annual Net Energy for Load (GWh) - Base Case	2-13
3.3.2	History and Forecast of Annual Net Energy for Load (GWh) - High Load Forecast	2-14
3.3.3	History and Forecast of Annual Net Energy for Load (GWh) -Low Load Forecast	2-15
4	Previous Year Actual and Two-Year Forecast of Peak Demand and Net Energy for Load by Month	2-16
5	Fuel Requirements	2-18
6.1	Energy Sources (GWh)	2-19
6.2	Energy Sources (Percent)	2-20
7.1	Forecast of Capacity, Demand, and Scheduled Maintenance at Time of Summer Peak	3-5
7.2	Forecast of Capacity, Demand, and Scheduled Maintenance at Time of Winter Peak	3-6
8	Planned and Prospective Generating Facility Additions and Changes	3-7
9	Status Report and Specifications of Proposed Generating Facilities	3-8
10	Status Report and Specifications of Proposed Directly Associated Transmission Lines	3-17

LIST OF
TABLES AND FIGURES

Tables		Page
3.1	Total Capacity Resources of Power Plants and Purchased Power Contracts	3-3
3.2	Qualifying Facility Generation Contracts	3-4
3.3	List of Proposed Bulk Transmission Line Additions	3-27

Figures		Page
1.1	Service Area Map	1-3
1.2	Electric System Map	1-4
2.1	Customer, Energy, and Demand Forecast	2-22
3.1	IRP Process Overview	3-19
4.1	Hines Energy Complex Site (Polk County)	4-4
4.2	Intercession City Site (Osceola County)	4-6
4.3	Anclote Site (Pasco County)	4-8
4.4	DeBary Site (Volusia County)	4-10

CODE IDENTIFICATION SHEET

Generating Unit Type

ST - Steam Turbine - Non-Nuclear
NP - Steam Power - Nuclear
GT - Gas Turbine (Combustion Turbine)
CC - Combined-cycle
SPP - Small Power Producer
COG - Cogeneration Facility

Fuel Type

NUC - Nuclear (Uranium)
NG - Natural Gas
RFO - No. 6 Residual Fuel Oil
DFO - No. 2 Distillate Fuel Oil
BIT - Bituminous Coal
MSW - Municipal Solid Waste
WH - Waste Heat
BIO - Biomass

Fuel Transportation

WA - Water
TK - Truck
RR - Railroad
PL - Pipeline
UN - Unknown

Future Generating Unit Status

A - Generating unit capability increased
FC - Existing generator planned for conversion to another fuel or energy source
P - Planned for installation but not authorized; not under construction
RP - Proposed for repowering or life extension
RT - Existing generator scheduled for retirement
T - Regulatory approval received but not under construction
U - Under construction, less than or equal to 50% complete
V - Under construction, more than 50% complete

This page intentionally left blank

INTRODUCTION

Section 186.801 of the Florida Statutes requires electric generating utilities to submit a Ten-Year Site Plan (TYSP) to the Florida Public Service Commission (FPSC). The TYSP includes historical and projected data pertaining to the utility's load and resource needs as well as a review of those needs. It is compiled in accordance with FPSC Rules 25-22.070 through 25.072, Florida Administrative Code.

Progress Energy Florida's (PEF's) TYSP is based on projections of long-term planning requirements that are dynamic in nature and subject to change. These planning documents should be used for general guidance concerning PEF's planning assumptions and projections, and should not be taken as an assurance that particular events discussed in the TYSP will materialize or that particular plans will be implemented. Information and projections pertinent to periods further out in time are inherently subject to greater uncertainty.

The TYSP document contains four chapters as described below:

CHAPTER 1
DESCRIPTION OF EXISTING FACILITIES

CHAPTER 2
FORECAST OF ELECTRICAL POWER DEMAND AND ENERGY CONSUMPTION

CHAPTER 3
FORECAST OF FACILITIES REQUIREMENTS

CHAPTER 4
ENVIRONMENTAL AND LAND USE INFORMATION

This page intentionally left blank

CHAPTER 1

DESCRIPTION OF EXISTING FACILITIES



This page intentionally left blank

CHAPTER 1
DESCRIPTION OF EXISTING FACILITIES

EXISTING FACILITIES OVERVIEW

OWNERSHIP

Progress Energy Florida (PEF) is a wholly owned subsidiary of Progress Energy, Inc. (Progress Energy), a registered holding company under the Public Utility Holding Company Act (PUHCA) of 1935. Progress Energy and its subsidiaries, including PEF, are subject to the regulatory provisions of the PUHCA. Progress Energy is the parent company of PEF and certain other subsidiaries.

AREA OF SERVICE

PEF provided electric service during 2003 to an average of 1.5 million customers in Florida. Its service area covers approximately 20,000 square miles and includes the densely populated areas around Orlando, as well as the cities of St. Petersburg and Clearwater. PEF is interconnected with 21 municipal and 9 rural electric cooperative systems. Major wholesale power sales customers include Seminole Electric Cooperative, Inc., Florida Municipal Power Agency, and Florida Power & Light Company. PEF is subject to the rules and regulations of the Federal Energy Regulatory Commission (FERC) and the Florida Public Service Commission (FPSC). PEF's Service Area is shown in Figure 1.1.

TRANSMISSION/DISTRIBUTION

As of December 31, 2003, PEF had approximately 5,000 circuit miles of transmission lines including about 200 miles of 500 kV lines and about 1,500 miles of 230 kV lines. PEF had distribution lines of approximately 25,000 circuit miles of overhead conductor and about 15,000 circuit miles of underground cable. Distribution and transmission substations in service had a transformer capacity of approximately 45,000,000 kVA in 614 transformers. Distribution line transformers numbered 356,930 with an aggregate capacity of about 18,000,000 kVA. A map of the Electric System can be found in Figure 1.2.

ENERGY MANAGEMENT

PEF customers participating in the company's residential Energy Management program are managing future growth and costs. Approximately 380,000 customers participated in the Energy Management program at the end of the year, contributing about 735,000 kW of winter peak-shaving capacity for use during high load periods.

TOTAL CAPACITY RESOURCE

As of December 31, 2003, PEF had total summer capacity resources of approximately 9,782 MW consisting of installed capacity of 8,475 MW (excluding Crystal River 3 joint ownership) and 1,307 MW of firm purchased power. Hines Unit 2, a 516 MW combined-cycle unit, was placed into service in December 2003. Additional information on PEF's existing generating resources is shown on Schedule 1 and Table 3.1.

FIGURE 1.1

PROGRESS ENERGY FLORIDA

Service Area Map

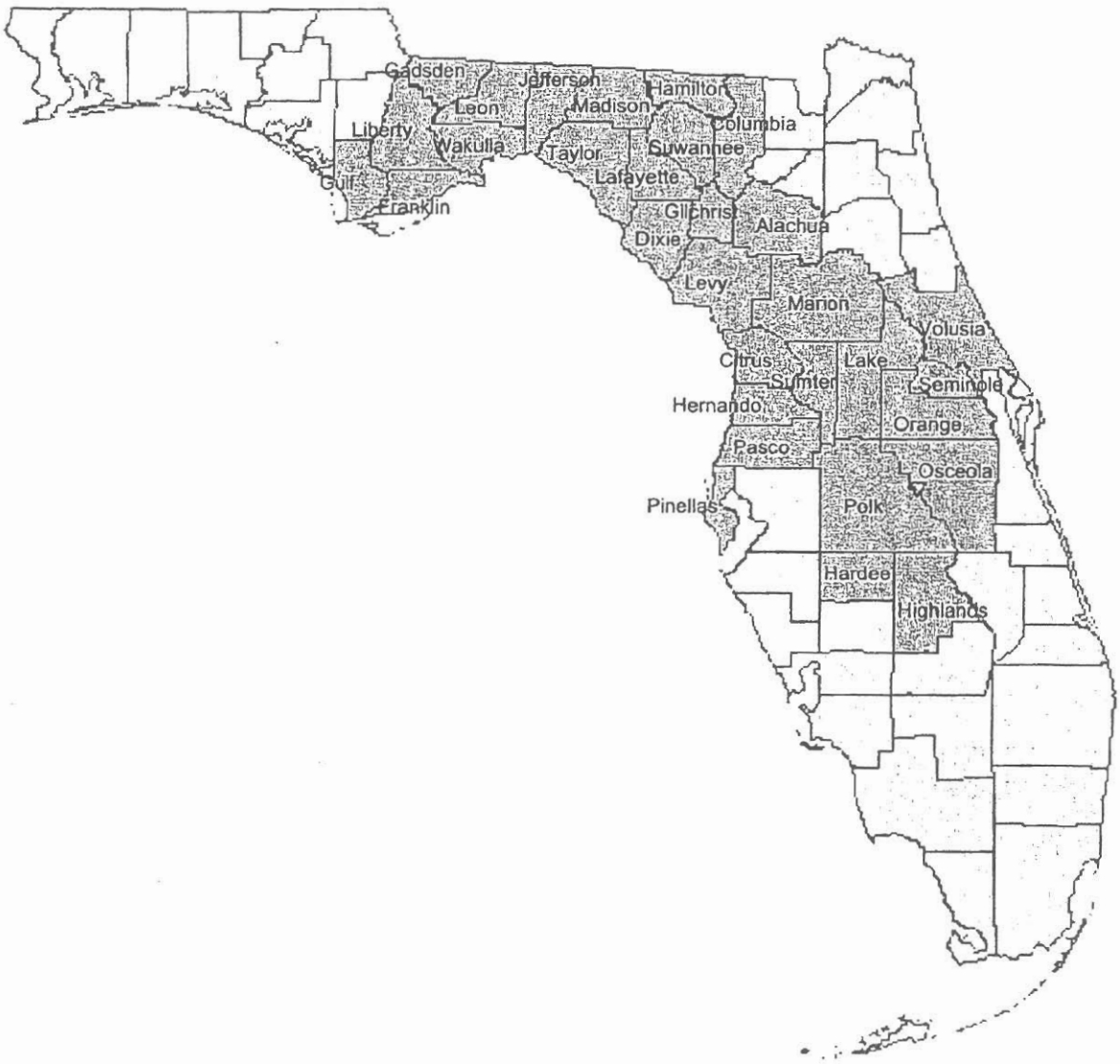
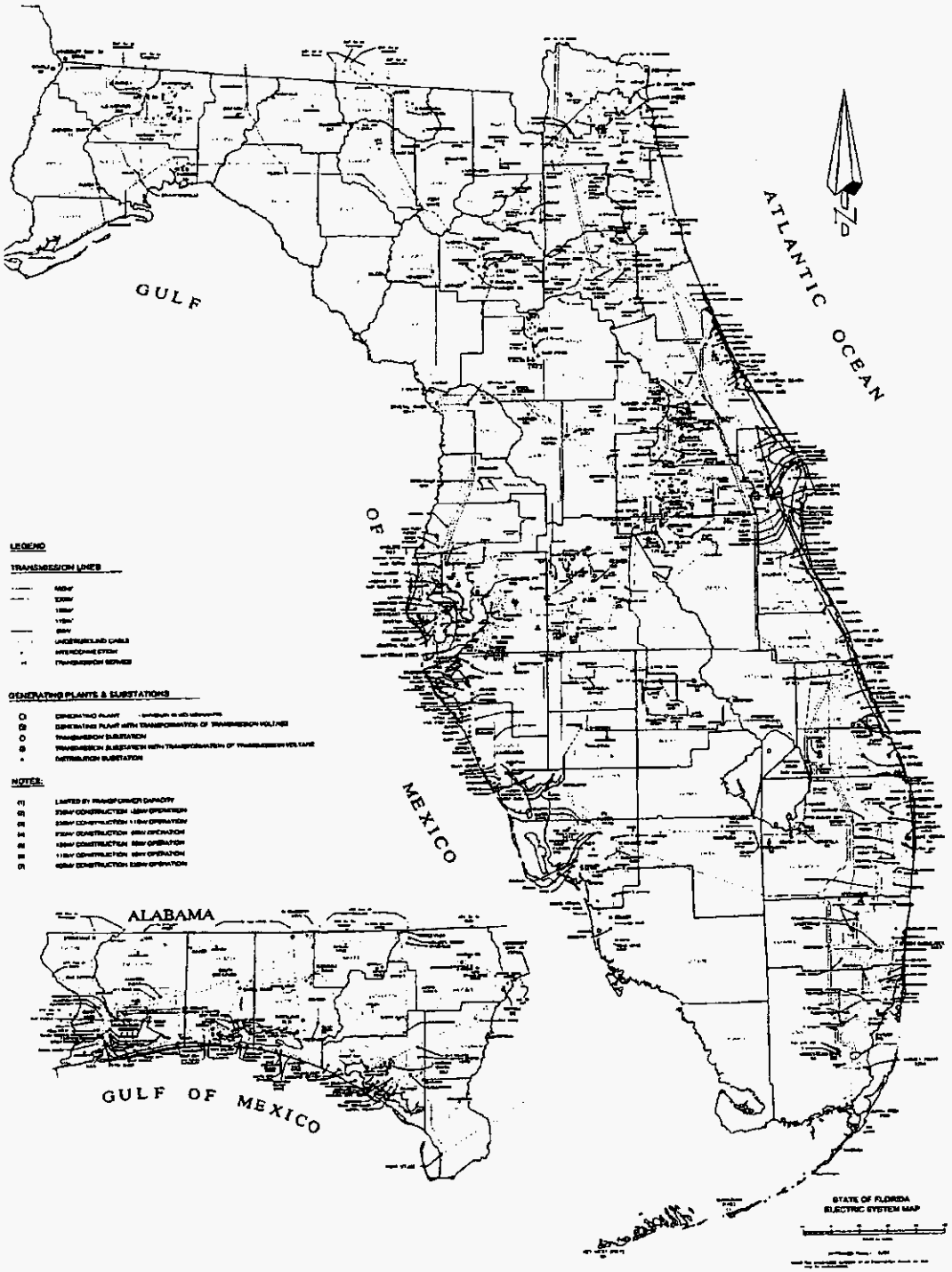


FIGURE 1.2

PROGRESS ENERGY FLORIDA

Electric System Map



PROGRESS ENERGY FLORIDA

SCHEDULE 1

EXISTING GENERATING FACILITIES

AS OF DECEMBER 31, 2003

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
									COM'L IN-	EXPECTED	GEN. MAX.	NET CAPABILITY	
	UNIT	LOCATION	UNIT	FUEL		FUEL TRANSPORT		ALT. FUEL	SERVICE	RETIREMENT	NAMEPLATE	SUMMER	WINTER
PLANT NAME	NO.	(COUNTY)	TYPE	PRI.	ALT.	PRI.	ALT.	DAYS USE	MO./YEAR	MO./YEAR	KW	MW	MW
STEAM													
ANCLOTE	1	PASCO	ST	RFO	NG	PL	PL		10/74		556,200	498	522
ANCLOTE	2	PASCO	ST	RFO	NG	PL	PL		10/78		556,200	495	522
BARTOW	1	PINELLAS	ST	RFO		WA			09/58		127,500	121	123
BARTOW	2	PINELLAS	ST	RFO		WA			08/61		127,500	119	121
BARTOW	3	PINELLAS	ST	RFO	NG	WA	PL		07/63		239,360	204	208
CRYSTAL RIVER	1	CITRUS	ST	BIT		WA,RR			10/66		440,550	379	383
CRYSTAL RIVER	2	CITRUS	ST	BIT		WA,RR			11/69		523,800	486	491
CRYSTAL RIVER	3 *	CITRUS	ST	NUC		TK			03/77		890,460	769	788
CRYSTAL RIVER	4	CITRUS	ST	BIT		WA,RR			12/82		739,260	720	735
CRYSTAL RIVER	5	CITRUS	ST	BIT		WA,RR			10/84		739,260	717	732
SUWANNEE RIVER	1	SUWANNEE	ST	RFO	NG	TK	PL		11/53		34,500	32	33
SUWANNEE RIVER	2	SUWANNEE	ST	RFO	NG	TK	PL		11/54		37,500	31	32
SUWANNEE RIVER	3	SUWANNEE	ST	RFO	NG	TK	PL		10/56		75,000	80	81
												4,651	4,771
COMBINED-CYCLE													
HINES ENERGY COMPLEX	1	POLK	CC	NG	DFO	PL	TK	6	04/99		546,550	482	529
HINES ENERGY COMPLEX	2	POLK	CC	NG	DFO	PL	TK	6	12/03		598,000	516	582
TIGER BAY	1	POLK	CC	NG		PL			08/97		278,223	207	223
												1,205	1,334
COMBUSTION TURBINE													
AVON PARK	P1	HIGHLANDS	GT	NG	DFO	PL	TK	3	12/68		33,790	26	32
AVON PARK	P2	HIGHLANDS	GT	DFO		TK			12/68		33,790	26	32
BARTOW	P1, P3	PINELLAS	GT	DFO		WA			5/72-6/72		111,400	92	106
BARTOW	P2	PINELLAS	GT	NG	DFO	PL	WA	8	06/72		55,700	46	53
BARTOW	P4	PINELLAS	GT	NG	DFO	PL	WA	8	06/72		55,700	49	60
BAYBORO	P1-P4	PINELLAS	GT	DFO		WA,TK			04/73		226,800	184	232
DEBARY	P1-P6	VOLUSIA	GT	DFO		TK,RR			12/75-04/76		401,220	324	390
DEBARY	P7-P9	VOLUSIA	GT	NG	DFO	PL	TK,RR	8	10/92		345,000	258	279
DEBARY	P10	VOLUSIA	GT	DFO		TK,RR			10/92		115,000	85	93
HIGGINS	P1-P2	PINELLAS	GT	DFO		TK			03/69-04/69		67,580	54	64
HIGGINS	P3-P4	PINELLAS	GT	NG	DFO	PL	TK	1	12/70-01/71		85,850	68	70
INTERCESSION CITY	P1-P6	OSCEOLA	GT	DFO		PL,TK			05/74		340,200	294	366
INTERCESSION CITY	P7-P10	OSCEOLA	GT	NG	DFO	PL	PL,TK	5	10/93		460,000	352	376
INTERCESSION CITY	P11 **	OSCEOLA	GT	DFO		PL,TK			01/97		165,000	143	170
INTERCESSION CITY	P12-P14	OSCEOLA	GT	NG	DFO	PL	PL,TK	5	12/00		345,000	252	294
RIO PINAR	P1	ORANGE	GT	DFO		TK			11/70		19,290	13	16
SUWANNEE RIVER	P1	SUWANNEE	GT	NG	DFO	PL	TK	10	10/80		61,200	55	67
SUWANNEE RIVER	P2	SUWANNEE	GT	DFO		TK			10/80		61,200	54	67
SUWANNEE RIVER	P3	SUWANNEE	GT	NG	DFO	PL	TK	10	11/80		61,200	55	67
TURNER	P1-P2	VOLUSIA	GT	DFO		TK			10/70		38,580	26	32
TURNER	P3	VOLUSIA	GT	DFO		TK			08/74		71,200	65	82
TURNER	P4	VOLUSIA	GT	DFO		TK			08/74		71,200	63	80
UNIV. OF FLA.	P1	ALACHUA	GT	NG		PL			01/94		43,000	35	41
												2,619	3,069

* REPRESENTS APPROXIMATELY 91.8% PEF OWNERSHIP OF UNIT

** SUMMER CAPABILITY (JUNE THROUGH SEPTEMBER) OWNED BY GEORGIA POWER COMPANY

TOTAL RESOURCES (MW) 8,475 9,174

This page intentionally left blank

CHAPTER 2

FORECAST OF ELECTRIC POWER DEMAND AND ENERGY CONSUMPTION



This page intentionally left blank

CHAPTER 2
FORECAST OF ELECTRIC POWER DEMAND
AND
ENERGY CONSUMPTION

OVERVIEW

The following Schedules 2, 3 and 4 represent PEF's history and forecast of customers, energy sales (GWh), and peak demand (MW). High and low scenarios are also presented for sensitivity purposes.

The base case was developed using assumptions to predict a forecast with a 50/50 probability, or most likely scenario. The high and low scenarios, which have a 90/10 probability of occurrence or an 80 percent probability of an outcome falling between the high and low cases, employed a Monte Carlo simulation procedure that studied 1,000 possible outcomes of retail demand and energy.

PEF's customer growth is expected to average 1.7 percent between 2004 and 2013, less than the ten-year historical average of 2.2 percent. The ten-year historical growth rate falls to 2.0 percent when accounting for the creation of PEF's Seasonal Service Rate tariff, which artificially inflates customer growth figures. Slower population growth -- based on the latest projection from the University of Florida's Bureau of Economic and Business Research -- results in a lower base case customer projection when compared to the higher historical growth rate. This translates into lower projected energy and demand growth rates from historic rate levels.

Net energy for load, which had grown at an average of 3.9 percent between 1994 and 2003, is expected to increase by 2.1 percent per year from 2004-2013 in the base case, 2.4 percent in the high case and 1.8 percent in the low case. Projected weakness from the wholesale jurisdiction has contributed to lower projected PEF system growth rates compared to prior forecasts.

Summer net firm demand is expected to grow an average of 2.3 percent per year during the next ten years. This compares to the 3.3 percent average annual growth rate experienced throughout

the last ten years. High and low summer growth rates for net firm demand are 2.6 percent and 2.0 percent per year, respectively. Winter net firm demand is projected to grow at 2.3 percent per year after having increased by 5.9 percent per year from 1994 to 2003. The high historical growth figure is driven by an extreme weather peak day in 2003 and a fairly mild winter peak weather condition in 1994. High and low winter net firm demand growth rates are 2.6 percent and 2.0 percent, respectively.

Summer net firm retail demand is expected to grow an average of 2.4 percent per year during the next ten years; this compares to the 3.7 percent average annual growth rate experienced throughout the last ten years. High and low summer growth rates for net firm retail demand are 2.8 percent and 2.1 percent per year, respectively. Winter net firm retail demand is projected to grow at approximately 2.0 percent per year after having increased by 6.0 percent per year from 1994 to 2003. High and low winter net firm retail demand growth rates are 2.4 percent and 1.6 percent, respectively.

ENERGY CONSUMPTION AND DEMAND FORECAST SCHEDULES

SCHEDULE	DESCRIPTION
2.1, 2.2 and 2.3	History and Forecast of Energy Consumption and Number of Customers by Customer Class
3.1.1, 3.1.2 and 3.1.3	History and Forecast of Base, High and Low Summer Peak Demand (MW)
3.2.1, 3.2.2 and 3.2.3	History and Forecast of Base, High, and Low Winter Peak Demand (MW)
3.3.1, 3.3.2 and 3.3.3	History and Forecast of Base, High and Low Annual Net Energy for Load (GWh)
4	Previous Year Actual and Two-Year Forecast of Peak Demand and Net Energy for Load by Month

PROGRESS ENERGY FLORIDA

SCHEDULE 2.1
HISTORY AND FORECAST OF ENERGY CONSUMPTION AND
NUMBER OF CUSTOMERS BY CUSTOMER CLASS

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	RURAL AND RESIDENTIAL					COMMERCIAL		
YEAR	PEF POPULATION	MEMBERS PER HOUSEHOLD	GWh	AVERAGE NO. OF CUSTOMERS	AVERAGE KWh CONSUMPTION PER CUSTOMER	GWh	AVERAGE NO. OF CUSTOMERS	AVERAGE KWh CONSUMPTION PER CUSTOMER
1994	2,734,821	2.485	13,863	1,100,537	12,597	8,252	122,987	67,097
1995	2,801,105	2.491	14,938	1,124,679	13,282	8,612	126,189	68,247
1996	2,847,802	2.494	15,481	1,141,671	13,560	8,848	129,440	68,356
1997	2,895,266	2.495	15,080	1,160,611	12,993	9,257	132,504	69,862
1998	2,959,509	2.502	16,526	1,182,786	13,972	9,999	136,345	73,336
1999	3,047,293	2.511	16,245	1,213,470	13,387	10,327	140,897	73,295
2000	3,044,449	2.467	17,116	1,234,286	13,867	10,813	143,475	75,368
2001	3,141,867	2.465	17,604	1,274,672	13,810	11,061	146,983	75,251
2002	3,207,661	2.465	18,754	1,301,515	14,409	11,420	150,577	75,842
2003	3,286,782	2.468	19,429	1,331,914	14,587	11,553	154,294	74,876
2004	3,352,412	2.468	19,704	1,358,414	14,505	12,105	156,903	77,150
2005	3,410,218	2.466	20,212	1,382,699	14,618	12,535	159,634	78,523
2006	3,468,155	2.465	20,706	1,406,712	14,719	12,955	162,422	79,761
2007	3,526,276	2.464	21,206	1,431,102	14,818	13,392	165,425	80,955
2008	3,588,935	2.465	21,713	1,455,971	14,913	13,833	168,552	82,070
2009	3,653,234	2.467	22,222	1,481,124	15,003	14,270	171,715	83,103
2010	3,714,098	2.466	22,705	1,505,866	15,078	14,698	174,825	84,073
2011	3,772,892	2.466	23,180	1,529,665	15,154	15,118	177,814	85,021
2012	3,827,099	2.465	23,668	1,552,660	15,244	15,533	180,703	85,959
2013	3,879,660	2.463	24,159	1,575,153	15,338	15,950	183,527	86,908

PROGRESS ENERGY FLORIDA

SCHEDULE 2.2
HISTORY AND FORECAST OF ENERGY CONSUMPTION AND
NUMBER OF CUSTOMERS BY CUSTOMER CLASS

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	INDUSTRIAL						
YEAR	GWh	AVERAGE NO. OF CUSTOMERS	AVERAGE KWh CONSUMPTION PER CUSTOMER	RAILROADS AND RAILWAYS GWh	STREET & HIGHWAY LIGHTING GWh	OTHER SALES TO PUBLIC AUTHORITIES GWh	TOTAL SALES TO ULTIMATE CONSUMERS GWh
1994	3,580	3,186	1,123,666	0	26	1,954	27,675
1995	3,864	3,143	1,229,399	0	27	2,058	29,499
1996	4,224	2,927	1,443,116	0	26	2,205	30,784
1997	4,188	2,830	1,479,859	0	27	2,299	30,851
1998	4,375	2,707	1,616,180	0	27	2,459	33,386
1999	4,334	2,629	1,648,536	0	27	2,509	33,442
2000	4,249	2,535	1,676,134	0	28	2,626	34,832
2001	3,872	2,551	1,517,836	0	28	2,698	35,263
2002	3,835	2,535	1,512,821	0	28	2,822	36,859
2003	4,001	2,643	1,513,810	0	29	2,946	37,957
2004	4,144	2,625	1,578,667	0	29	3,066	39,048
2005	4,197	2,625	1,598,857	0	29	3,191	40,164
2006	4,281	2,625	1,630,857	0	29	3,310	41,281
2007	4,328	2,625	1,648,762	0	30	3,428	42,384
2008	4,372	2,625	1,665,524	0	30	3,546	43,494
2009	4,416	2,625	1,682,286	0	30	3,666	44,604
2010	4,453	2,625	1,696,381	0	30	3,789	45,675
2011	4,482	2,625	1,707,429	0	31	3,911	46,722
2012	4,511	2,625	1,718,476	0	31	4,024	47,767
2013	4,538	2,625	1,728,762	0	31	4,136	48,814

PROGRESS ENERGY FLORIDA

SCHEDULE 2.3
HISTORY AND FORECAST OF ENERGY CONSUMPTION AND
NUMBER OF CUSTOMERS BY CUSTOMER CLASS

(1)	(2)	(3)	(4)	(5)	(6)
YEAR	SALES FOR RESALE GWh	UTILITY USE & LOSSES GWh	NET ENERGY FOR LOAD GWh	OTHER CUSTOMERS (AVERAGE NO.)	TOTAL NO. OF CUSTOMERS
1994	1,819	1,680	31,174	17,181	1,243,891
1995	1,846	2,322	33,667	17,774	1,271,785
1996	2,089	1,842	34,715	18,035	1,292,073
1997	1,758	1,996	34,605	18,562	1,314,507
1998	2,340	2,037	37,763	19,013	1,340,851
1999	3,267	2,451	39,160	19,601	1,376,597
2000	3,732	2,678	41,242	20,004	1,400,299
2001	3,839	1,830	40,933	20,752	1,444,958
2002	3,173	2,534	42,567	21,156	1,475,783
2003	3,359	2,595	43,911	21,665	1,510,516
2004	3,349	2,764	45,161	22,159	1,540,101
2005	2,927	2,654	45,745	22,735	1,567,693
2006	3,011	2,828	47,120	23,310	1,595,069
2007	2,890	2,770	48,044	23,885	1,623,037
2008	2,672	2,881	49,047	24,463	1,651,611
2009	2,593	2,950	50,147	25,039	1,680,503
2010	2,580	3,008	51,263	25,616	1,708,932
2011	2,549	3,085	52,356	26,191	1,736,295
2012	2,563	3,148	53,478	26,769	1,762,757
2013	2,581	3,213	54,608	27,345	1,788,650

PROGRESS ENERGY FLORIDA

SCHEDULE 3.1.1
HISTORY AND FORECAST OF SUMMER PEAK DEMAND (MW)
BASE CASE

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(OTH)	(10)
YEAR	TOTAL	WHOLESALE	RETAIL	INTERRUPTIBLE	RESIDENTIAL LOAD MANAGEMENT	RESIDENTIAL CONSERVATION	COMM. / IND. LOAD MANAGEMENT	COMM. / IND. CONSERVATION	OTHER DEMAND REDUCTIONS	NET FIRM DEMAND
1994	6,880	787	6,093	262	527	52	30	81	154	5,774
1995	7,523	959	6,564	269	503	64	40	106	160	6,381
1996	7,470	828	6,642	309	565	69	41	120	167	6,199
1997	7,786	874	6,912	288	555	78	41	131	170	6,523
1998	8,367	943	7,424	291	438	97	42	142	182	7,175
1999	9,039	1,326	7,713	292	505	113	45	153	183	7,747
2000	8,911	1,319	7,592	277	455	127	48	155	75	7,774
2001	8,841	1,117	7,724	283	414	139	54	156	75	7,720
2002	9,421	1,203	8,218	305	390	153	43	159	75	8,296
2003	8,886	887	7,999	300	347	172	44	164	75	7,742
2004	9,143	774	8,369	369	304	187	47	165	75	7,997
2005	9,255	689	8,565	374	272	201	49	167	75	8,117
2006	9,651	889	8,762	377	246	216	51	168	75	8,519
2007	9,888	928	8,960	378	225	230	53	169	75	8,758
2008	10,066	904	9,162	360	208	244	55	170	75	8,953
2009	10,215	848	9,367	349	194	258	58	171	75	9,110
2010	10,418	852	9,567	330	180	272	60	172	75	9,329
2011	10,582	823	9,759	331	168	286	62	173	75	9,486
2012	10,737	792	9,945	332	156	301	65	174	75	9,635
2013	10,921	795	10,127	333	146	315	67	176	75	9,810

Historical Values (1994 - 2003):

Col. (2) = recorded peak + implemented load control + residential and commercial/industrial conservation and customer-owned self-service cogeneration.

Cols. (5) - (9) = cumulative conservation and load control capabilities at peak. Col. (8) includes commercial load management and standby generation.

Col. (OTH) = Residential Heat Works load control, voltage reduction and customer-owned self-service cogeneration.

Col. (10) = (2) - (5) - (6) - (7) - (8) - (9) - (OTH).

Projected Values (2004 - 2013):

Cols. (2) - (4) = forecasted peak without load control, conservation, and customer-owned self-service cogeneration.

Cols. (5) - (9) = cumulative conservation and load control capabilities at peak. Col. (8) includes commercial load management and standby generation.

Col. (OTH) = customer-owned self-service cogeneration.

Col. (10) = (2) - (5) - (6) - (7) - (8) - (9) - (OTH).

PROGRESS ENERGY FLORIDA

SCHEDULE 3.1.2
HISTORY AND FORECAST OF SUMMER PEAK DEMAND (MW)
HIGH LOAD FORECAST

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(OTH)	(10)
YEAR	TOTAL	WHOLESALE	RETAIL	INTERRUPTIBLE	RESIDENTIAL LOAD MANAGEMENT	RESIDENTIAL CONSERVATION	COMM. / IND. LOAD MANAGEMENT	COMM. / IND. CONSERVATION	OTHER DEMAND REDUCTIONS	NET FIRM DEMAND
1994	6,880	787	6,093	262	527	52	30	81	154	5,774
1995	7,523	959	6,564	269	503	64	40	106	160	6,381
1996	7,470	828	6,642	309	565	69	41	120	167	6,199
1997	7,786	874	6,912	288	555	78	41	131	170	6,523
1998	8,367	943	7,424	291	438	97	42	142	182	7,175
1999	9,039	1,326	7,713	292	505	113	45	153	183	7,747
2000	8,911	1,319	7,592	277	455	127	48	155	75	7,774
2001	8,841	1,117	7,724	283	414	139	54	156	75	7,720
2002	9,421	1,203	8,218	305	390	153	43	159	75	8,296
2003	8,886	887	7,999	300	347	172	44	164	75	7,742
2004	9,291	774	8,517	369	304	187	47	165	75	8,145
2005	9,418	689	8,728	374	272	201	49	167	75	8,281
2006	9,844	889	8,955	377	246	216	51	168	75	8,712
2007	10,099	928	9,171	378	225	230	53	169	75	8,969
2008	10,310	904	9,406	360	208	244	55	170	75	9,198
2009	10,475	848	9,627	349	194	258	58	171	75	9,371
2010	10,733	852	9,882	330	180	272	60	172	75	9,644
2011	10,949	823	10,126	331	168	286	62	173	75	9,853
2012	11,138	792	10,346	332	156	301	65	174	75	10,036
2013	11,391	795	10,597	333	146	315	67	176	75	10,280

Historical Values (1994 - 2003):

Col. (2) = recorded peak + implemented load control + residential and commercial/industrial conservation and customer-owned self-service cogeneration.

Cols. (5) - (9) = cumulative conservation and load control capabilities at peak. Col. (8) includes commercial load management and standby generation.

Col. (OTH) = Residential Heat Works load control, voltage reduction and customer-owned self-service cogeneration.

Col. (10) = (2) - (5) - (6) - (7) - (8) - (9) - (OTH).

Projected Values (2004 - 2013):

Cols. (2) - (4) = forecasted peak without load control, conservation, and customer-owned self-service cogeneration.

Cols. (5) - (9) = cumulative conservation and load control capabilities at peak. Col. (8) includes commercial load management and standby generation.

Col. (OTH) = customer-owned self-service cogeneration.

Col. (10) = (2) - (5) - (6) - (7) - (8) - (9) - (OTH).

PROGRESS ENERGY FLORIDA

SCHEDULE 3.1.3
HISTORY AND FORECAST OF SUMMER PEAK DEMAND (MW)
LOW LOAD FORECAST

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(OTH)	(10)
YEAR	TOTAL	WHOLESALE	RETAIL	INTERRUPTIBLE	RESIDENTIAL LOAD MANAGEMENT	RESIDENTIAL CONSERVATION	COMM. / IND. LOAD MANAGEMENT	COMM. / IND. CONSERVATION	OTHER DEMAND REDUCTIONS	NET FIRM DEMAND
1994	6,880	787	6,093	262	527	52	30	81	154	5,774
1995	7,523	959	6,564	269	503	64	40	106	160	6,381
1996	7,470	828	6,642	309	565	69	41	120	167	6,199
1997	7,786	874	6,912	288	555	78	41	131	170	6,523
1998	8,367	943	7,424	291	438	97	42	142	182	7,175
1999	9,039	1,326	7,713	292	505	113	45	153	183	7,747
2000	8,911	1,319	7,592	277	455	127	48	155	75	7,774
2001	8,841	1,117	7,724	283	414	139	54	156	75	7,720
2002	9,421	1,203	8,218	305	390	153	43	159	75	8,296
2003	8,886	887	7,999	300	347	172	44	164	75	7,742
2004	8,988	774	8,214	369	304	187	47	165	75	7,842
2005	9,088	689	8,398	374	272	201	49	167	75	7,951
2006	9,461	889	8,572	377	246	216	51	168	75	8,329
2007	9,672	928	8,744	378	225	230	53	169	75	8,542
2008	9,816	904	8,912	360	208	244	55	170	75	8,704
2009	9,925	848	9,077	349	194	258	58	171	75	8,821
2010	10,083	852	9,232	330	180	272	60	172	75	8,994
2011	10,226	823	9,403	331	168	286	62	173	75	9,130
2012	10,332	792	9,540	332	156	301	65	174	75	9,230
2013	10,465	795	9,671	333	146	315	67	176	75	9,354

Historical Values (1994 - 2003):

Col. (2) = recorded peak + implemented load control + residential and commercial/industrial conservation and customer-owned self-service cogeneration.

Cols. (5) - (9) = cumulative conservation and load control capabilities at peak. Col. (8) includes commercial load management and standby generation.

Col. (OTH) = Residential Heat Works load control, voltage reduction and customer-owned self-service cogeneration.

Col. (10) = (2) - (5) - (6) - (7) - (8) - (9) - (OTH).

Projected Values (2004 - 2013):

Cols. (2) - (4) = forecasted peak without load control, conservation, and customer-owned self-service cogeneration.

Cols. (5) - (9) = cumulative conservation and load control capabilities at peak. Col. (8) includes commercial load management and standby generation.

Col. (OTH) = customer-owned self-service cogeneration.

Col. (10) = (2) - (5) - (6) - (7) - (8) - (9) - (OTH).

PROGRESS ENERGY FLORIDA

SCHEDULE 3.2.1
HISTORY AND FORECAST OF WINTER PEAK DEMAND (MW)
BASE CASE

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(OTH)	(10)
YEAR	TOTAL	WHOLESALE	RETAIL	INTERRUPTIBLE	RESIDENTIAL LOAD MANAGEMENT	RESIDENTIAL CONSERVATION	COMM. / IND. LOAD MANAGEMENT	COMM. / IND. CONSERVATION	*OTHER* DEMAND REDUCTIONS	NET FIRM DEMAND
1993/94	7,184	972	6,212	*199*	759	90	2	66	165	5,903
1994/95	9,084	1,145	7,939	281	997	101	5	75	131	7,494
1995/96	10,562	1,489	9,073	255	1,156	106	15	95	201	8,734
1996/97	8,486	1,235	7,251	290	917	133	16	*104*	*190*	*6,836*
1997/98	7,752	941	6,811	318	663	164	17	112	168	6,310
1998/99	10,473	1,741	8,732	305	874	196	18	117	187	8,776
1999/00	10,040	1,728	8,312	225	849	229	20	119	182	8,416
2000/01	11,450	1,984	9,466	255	809	254	29	120	194	9,789
2001/02	10,676	1,624	9,052	285	770	278	24	121	188	9,010
2002/03	11,555	1,538	10,017	271	768	313	27	124	200	9,852
2003/04	10,626	1,408	9,218	520	735	343	30	*125*	248	8,625
2004/05	10,922	1,508	9,414	523	715	372	33	126	251	8,903
2005/06	*11,049*	*1,437*	9,612	379	698	401	36	127	255	9,153
2006/07	11,519	1,714	9,805	380	687	431	39	128	258	9,596
2007/08	11,672	1,672	10,001	361	681	461	43	129	261	9,737
2008/09	11,850	1,649	10,202	351	678	491	46	130	265	9,891
2009/10	12,099	1,697	10,402	341	676	519	49	131	268	10,114
2010/11	12,287	1,692	10,595	332	675	549	52	132	271	10,276
2011/12	12,475	1,694	10,781	333	675	578	55	*133*	*274*	*10,426*
2012/13	12,692	1,730	10,962	334	676	607	58	134	277	10,605

Historical Values (1994 - 2003):

Col. (2) = recorded peak + implemented load control + residential and commercial/industrial conservation and customer-owned self-service cogeneration.

Cols. (5) - (9) = cumulative conservation and load control capabilities at peak. Col. (8) *includes commercial load management* and standby generation.

Col. (OTH) = Residential Heat Works load control, voltage reduction and customer-owned self-service cogeneration.

Col. (10) = (2) - (5) - (6) - (7) - (8) - (9) - (OTH).

Projected Values (2004 - 2013):

Cols. (2) - (4) = forecasted peak without load control, conservation, and customer-owned self-service cogeneration.

Cols. (5) - (9) = cumulative *conservation and load control* capabilities at peak. Col. (8) includes commercial load management and standby generation.

Col. (OTH) = voltage reduction and customer-owned self-service cogeneration.

Col. (10) = (2) - (5) - (6) - (7) - (8) - (9) - (OTH).

PROGRESS ENERGY FLORIDA

SCHEDULE 3.2.2
HISTORY AND FORECAST OF WINTER PEAK DEMAND (MW)
HIGH LOAD FORECAST

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(OTH)	(10)
YEAR	TOTAL	WHOLESALE	RETAIL	INTERRUPTIBLE	RESIDENTIAL LOAD MANAGEMENT	RESIDENTIAL CONSERVATION	COMM. / IND. LOAD MANAGEMENT	COMM. / IND. CONSERVATION	OTHER DEMAND REDUCTIONS	NET FIRM DEMAND
1993/94	7,184	972	6,212	199	759	90	2	66	165	5,903
1994/95	9,084	1,145	7,939	281	997	101	5	75	131	7,494
1995/96	10,562	1,489	9,073	255	1,156	106	15	95	201	8,734
1996/97	8,486	1,235	7,251	290	917	133	16	104	190	6,836
1997/98	7,752	941	6,811	318	663	164	17	112	168	6,310
1998/99	10,473	1,741	8,732	305	874	196	18	117	187	8,776
1999/00	10,040	1,728	8,312	225	849	229	20	119	182	8,416
2000/01	11,450	1,984	9,466	255	809	254	29	120	194	9,789
2001/02	10,676	1,624	9,052	285	770	278	24	121	188	9,010
2002/03	11,555	1,538	10,017	271	768	313	27	124	200	9,852
2003/04	10,788	1,408	9,381	520	735	343	30	125	248	8,788
2004/05	11,100	1,508	9,592	523	715	372	33	126	251	9,081
2005/06	11,258	1,437	9,821	379	698	401	36	127	255	9,362
2006/07	11,747	1,714	10,033	380	687	431	39	128	258	9,824
2007/08	11,936	1,672	10,264	361	681	461	43	129	261	10,001
2008/09	12,130	1,649	10,482	351	678	491	46	130	265	10,171
2009/10	12,435	1,697	10,738	341	676	519	49	131	268	10,451
2010/11	12,679	1,692	10,987	332	675	549	52	132	271	10,668
2011/12	12,902	1,694	11,208	333	675	578	55	133	274	10,854
2012/13	13,190	1,730	11,460	334	676	607	58	134	277	11,104

Historical Values (1994 - 2003):

Col. (2) = recorded peak + implemented load control + residential and commercial/industrial conservation and customer-owned self-service cogeneration.

Cols. (5) - (9) = cumulative conservation and load control capabilities at peak. Col. (8) includes commercial load management and standby generation.

Col. (OTH) = Residential Heat Works load control, voltage reduction and customer-owned self-service cogeneration.

Col. (10) = (2) - (5) - (6) - (7) - (8) - (9) - (OTH).

Projected Values (2004 - 2013):

Cols. (2) - (4) = forecasted peak without load control, conservation, and customer-owned self-service cogeneration.

Cols. (5) - (9) = cumulative conservation and load control capabilities at peak. Col. (8) includes commercial load management and standby generation.

Col. (OTH) = voltage reduction and customer-owned self-service cogeneration.

Col. (10) = (2) - (5) - (6) - (7) - (8) - (9) - (OTH).

PROGRESS ENERGY FLORIDA

SCHEDULE 3.2.3
HISTORY AND FORECAST OF WINTER PEAK DEMAND (MW)
LOW LOAD FORECAST

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(OTH)	(10)
YEAR	TOTAL	WHOLESALE	RETAIL	INTERRUPTIBLE	RESIDENTIAL LOAD MANAGEMENT	RESIDENTIAL CONSERVATION	COMM. / IND. LOAD MANAGEMENT	COMM. / IND. CONSERVATION	*OTHER* DEMAND REDUCTIONS	NET FIRM DEMAND
1993/94	7,184	972	6,212	199	759	90	2	66	165	5,903
1994/95	9,084	1,145	7,939	281	997	101	5	75	131	7,494
1995/96	10,562	1,489	9,073	255	1,156	106	15	95	201	8,734
1996/97	8,486	1,235	7,251	290	917	133	16	104	190	6,836
1997/98	7,752	941	6,811	318	663	164	17	112	168	6,310
1998/99	*10,473*	*1,741*	8,732	305	874	196	18	117	187	8,776
1999/00	10,040	1,728	8,312	225	849	229	20	119	182	8,416
2000/01	11,450	1,984	9,466	255	809	254	29	120	194	9,789
2001/02	10,676	1,624	9,052	285	770	278	24	121	188	9,010
2002/03	11,555	1,538	10,017	271	768	313	27	124	200	9,852
2003/04	10,457	1,408	9,050	520	735	343	30	125	248	8,457
2004/05	10,742	1,508	9,234	523	715	372	33	126	251	8,723
2005/06	*10,843*	*1,437*	9,406	379	698	401	36	127	255	8,947
2006/07	11,285	1,714	9,571	380	687	431	39	128	258	9,362
2007/08	11,404	1,672	9,732	361	681	461	43	129	261	9,469
2008/09	11,540	1,649	9,892	351	678	491	46	130	265	9,581
2009/10	11,740	1,697	10,043	341	676	519	49	131	268	9,756
2010/11	11,907	1,692	10,215	332	675	549	52	132	271	9,896
2011/12	12,044	1,694	10,350	333	675	578	55	133	274	9,996
2012/13	12,207	1,730	10,477	334	676	607	58	134	277	10,121

Historical Values (1994 - 2003):

Col. (2) = recorded peak + implemented load control + residential and commercial/industrial conservation and customer-owned self-service cogeneration.

Cols. (5) - (9) = cumulative conservation and load control capabilities at peak. Col. (8) includes commercial load management and standby generation.

Col. (OTH) = Residential Heat Works load control, voltage reduction and customer-owned self-service cogeneration.

Col. (10) = (2) - (5) - (6) - (7) - (8) - (9) - (OTH).

Projected Values (2004 - 2013):

Cols. (2) - (4) = forecasted peak without load control, conservation, and customer-owned self-service cogeneration.

Cols. (5) - (9) = cumulative conservation and *load control capabilities at peak.* Col. (8) includes commercial load management and standby generation.

Col. (OTH) = voltage reduction and customer-owned self-service cogeneration.

Col. (10) = (2) - (5) - (6) - (7) - (8) - (9) - (OTH).

PROGRESS ENERGY FLORIDA

SCHEDULE 3.3.1
HISTORY AND FORECAST OF ANNUAL NET ENERGY FOR LOAD (GWh)
BASE CASE

(1)	(2)	(3)	(4)	(OTH)	(5)	(6)	(7)	(8)	(9)
YEAR	TOTAL	RESIDENTIAL CONSERVATION	COMM. / IND. CONSERVATION	OTHER ENERGY REDUCTIONS*	RETAIL	WHOLESALE	UTILITY USE & LOSSES	NET ENERGY FOR LOAD	LOAD FACTOR (%) **
1994	32,150	219	220	536	27,675	1,819	1,680	31,174	51.2
1995	34,696	234	246	549	29,499	1,846	2,322	33,667	49.8
1996	35,812	249	285	562	30,785	2,089	1,841	34,715	44.9
1997	35,753	268	317	563	30,850	1,758	1,997	34,605	49.0
1998	38,950	289	333	565	33,387	2,340	2,036	37,763	53.9
1999	40,376	312	339	565	33,441	3,267	2,452	39,160	50.0
2000	42,486	334	345	565	34,832	3,732	2,678	41,242	50.5
2001	42,200	354	349	564	35,263	3,839	1,831	40,933	47.5
2002	43,860	377	352	564	36,859	3,173	2,535	42,567	50.0
2003	45,232	400	357	564	37,957	3,359	2,595	43,911	47.7
2004	46,505	420	359	565	37,957	3,354	3,850	45,161	59.7
2005	47,110	441	360	564	39,048	3,349	3,348	45,745	58.7
2006	48,508	462	362	564	40,163	2,927	4,030	47,120	58.8
2007	49,453	482	363	564	41,281	3,011	3,752	48,044	57.2
2008	50,479	502	365	565	42,383	2,890	3,774	49,047	57.5
2009	51,599	522	366	564	43,495	2,672	3,980	50,147	57.9
2010	52,737	542	368	564	44,606	2,593	4,064	51,263	57.9
2011	53,851	562	369	564	45,676	2,580	4,100	52,356	58.2
2012	54,996	582	371	565	46,723	2,549	4,206	53,478	58.5
2013	56,147	602	373	564	47,766	2,563	4,279	54,608	58.8

* Column (OTH) includes Conservation Energy For Lighting and Public Authority Customers, Customer-Owned Self-service Cogeneration and Load Control Programs.

** Load Factors for historical years are calculated using the actual winter peak demand except the 1998 historical load factor which is based on the actual summer peak demand.
Load Factors for future years are calculated using the net firm winter peak demand (Schedule 3.2.1)

PROGRESS ENERGY FLORIDA

SCHEDULE 3.3.2
HISTORY AND FORECAST OF ANNUAL NET ENERGY FOR LOAD (GWh)
HIGH LOAD FORECAST

(1)	(2)	(3)	(4)	(OTH)	(5)	(6)	(7)	(8)	(9)
YEAR	TOTAL	RESIDENTIAL CONSERVATION	COMM. / IND. CONSERVATION	OTHER ENERGY REDUCTIONS*	RETAIL	WHOLESALE	UTILITY USE & LOSSES	NET ENERGY FOR LOAD	LOAD FACTOR (%) **
1994	32,150	219	220	536	27,675	1,819	1,680	31,174	51.2
1995	34,696	234	246	549	29,499	1,846	2,322	33,667	49.8
1996	35,812	249	285	562	30,785	2,089	1,841	34,715	44.9
1997	35,753	268	317	563	30,850	1,758	1,997	34,605	49.0
1998	38,950	289	333	565	33,387	2,340	2,036	37,763	53.9
1999	40,376	312	339	565	33,441	3,267	2,452	39,160	50.0
2000	42,486	334	345	565	34,832	3,732	2,678	41,242	50.5
2001	42,200	354	349	564	35,263	3,839	1,831	40,933	47.5
2002	43,860	377	352	564	36,859	3,173	2,535	42,567	50.0
2003	45,232	400	357	564	37,957	3,359	2,595	43,911	47.7
2004	47,317	420	359	565	39,777	3,354	2,842	45,973	59.6
2005	47,975	441	360	564	40,973	3,349	2,288	46,610	58.6
2006	49,530	462	362	564	42,241	2,927	2,974	48,142	58.7
2007	50,578	482	363	564	43,436	3,011	2,722	49,169	57.1
2008	51,783	502	365	565	44,721	2,890	2,740	50,351	57.3
2009	52,999	522	366	564	45,913	2,672	2,962	51,547	57.9
2010	54,431	542	368	564	47,260	2,593	3,104	52,957	57.8
2011	55,833	562	369	564	48,583	2,580	3,175	54,338	58.1
2012	57,178	582	371	565	49,808	2,549	3,303	55,660	58.4
2013	58,694	602	373	564	51,210	2,563	3,382	57,155	58.8

- Column (OTH) includes Conservation Energy For Lighting and Public Authority Customers, Customer-Owned Self-service Cogeneration and Load Control Programs.

** Load Factors for historical years are calculated using the actual winter peak demand except the 1998 historical load factor which is based on the actual summer peak demand.
Load Factors for future years are calculated using the net firm winter peak demand (Schedule 3.2.2)

PROGRESS ENERGY FLORIDA

SCHEDULE 3.3.3
HISTORY AND FORECAST OF ANNUAL NET ENERGY FOR LOAD (GWh)
LOW LOAD FORECAST

(1)	(2)	(3)	(4)	(OTH)	(5)	(6)	(7)	(8)	(9)
YEAR	TOTAL	RESIDENTIAL CONSERVATION	COMM. / IND. CONSERVATION	OTHER ENERGY REDUCTIONS*	RETAIL	WHOLESALE	UTILITY USE & LOSSES	NET ENERGY FOR LOAD	LOAD FACTOR (%) **
1994	32,150	219	220	536	27,675	1,819	1,680	31,174	51.2
1995	34,696	234	246	549	29,499	1,846	2,322	33,667	49.8
1996	35,812	249	285	562	30,785	2,089	1,841	34,715	44.9
1997	35,753	268	317	563	30,850	1,758	1,997	34,605	49.0
1998	38,950	289	333	565	33,387	2,340	2,036	37,763	53.9
1999	40,376	312	339	565	33,441	3,267	2,452	39,160	50.0
2000	42,486	334	345	565	34,832	3,732	2,678	41,242	50.5
2001	42,200	354	349	564	35,263	3,839	1,831	40,933	47.5
2002	43,860	377	352	564	36,859	3,173	2,535	42,567	50.0
2003	45,232	400	357	564	37,957	3,359	2,595	43,911	47.7
2004	45,659	420	359	565	38,288	3,354	2,673	44,315	59.7
2005	46,235	441	360	564	39,344	3,349	2,177	44,870	58.7
2006	47,501	462	362	564	40,338	2,927	2,848	46,113	58.8
2007	48,300	482	363	564	41,304	3,011	2,576	46,891	57.2
2008	49,142	502	365	565	42,244	2,890	2,576	47,710	57.4
2009	50,039	522	366	564	43,145	2,672	2,770	48,587	57.9
2010	50,933	542	368	564	43,980	2,593	2,886	49,459	57.9
2011	51,924	562	369	564	44,917	2,580	2,932	50,429	58.2
2012	52,796	582	371	565	45,705	2,549	3,024	51,278	58.4
2013	53,654	602	373	564	46,480	2,563	3,072	52,115	58.8

* Column (OTH) includes Conservation Energy For Lighting and Public Authority Customers, Customer-Owned Self-service Cogeneration and Load Control Programs.

** Load Factors for historical years are calculated using the actual winter peak demand except the 1998 historical load factor which is based on the actual summer peak demand.
Load Factors for future years are calculated using the net firm winter peak demand (Schedule 3.2.3)

PROGRESS ENERGY FLORIDA

SCHEDULE 4

PREVIOUS YEAR ACTUAL AND TWO-YEAR FORECAST OF PEAK DEMAND AND NET ENERGY FOR LOAD BY MONTH

(1)	(2)	(3)	(4)	(5)	(6)	(7)
	ACTUAL		FORECAST		FORECAST	
	2003		2004		2005	
	PEAK DEMAND	NEL	PEAK DEMAND	NEL	PEAK DEMAND	NEL
MONTH	MW	GWh	MW	GWh	MW	GWh
JANUARY	10,507	3,842	8,626	3,662	8,903	3,578
FEBRUARY	6,508	2,814	6,838	3,170	7,040	3,240
MARCH	7,178	3,239	5,729	3,361	5,912	3,451
APRIL	7,209	3,190	6,228	3,250	6,408	3,354
MAY	8,037	4,016	7,185	3,921	7,450	4,025
JUNE	8,287	4,016	7,751	4,183	7,871	4,234
JULY	8,476	4,351	7,993	4,447	8,115	4,491
AUGUST	8,254	4,220	7,996	4,537	8,116	4,594
SEPTEMBER	7,982	3,988	7,534	4,215	7,636	4,278
OCTOBER	7,383	3,631	6,846	3,704	7,027	3,744
NOVEMBER	6,887	3,201	5,712	3,226	5,844	3,239
DECEMBER	8,172	3,403	7,010	3,485	7,224	3,517
TOTAL		43,911		45,161		45,745

FUEL REQUIREMENTS AND ENERGY SOURCES

PEF's two-year actual and ten-year projected nuclear, coal, oil, and gas requirements (by fuel units) are shown on Schedule 5. PEF's two-year actual and ten-year projected energy sources, in GWh and percent, are shown by fuel type on Schedules 6.1 and 6.2, respectively. PEF's fuel requirements and energy sources reflect a diverse fuel supply system that is not dependent on any one-fuel source. Natural gas consumption is projected to increase as plants are added to meet future load growth. PEF's coal, nuclear, and purchased power requirements are projected to remain relatively stable over the ten-year planning horizon.

PROGRESS ENERGY FLORIDA

SCHEDULE 5

FUEL REQUIREMENTS

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
				-ACTUAL-											
	FUEL REQUIREMENTS		UNITS	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
(1)	NUCLEAR		TRILLION BTU	69	62	69	63	68	63	69	52	68	63	69	63
(2)	COAL		1,000 TON	5,557	6,173	6,385	6,664	6,564	6,375	6,445	6,879	6,678	6,812	6,853	6,866
(3)	RESIDUAL	TOTAL	1,000 BBL	9,851	10,701	10,152	9,994	8,204	9,159	7,618	7,570	5,982	6,562	5,732	6,062
(4)		STEAM	1,000 BBL	9,851	10,701	10,152	9,994	8,204	9,159	7,618	7,570	5,982	6,562	5,732	6,062
(5)		CC	1,000 BBL	0	0	0	0	0	0	0	0	0	0	0	0
(6)		CT	1,000 BBL	0	0	0	0	0	0	0	0	0	0	0	0
(7)		DIESEL	1,000 BBL	0	0	0	0	0	0	0	0	0	0	0	0
(8)	DISTILLATE	TOTAL	1,000 BBL	1,548	1,076	723	844	538	580	368	716	622	912	615	800
(9)		STEAM	1,000 BBL	108	119	35	30	39	34	36	47	145	143	178	154
(10)		CC	1,000 BBL	0	32	0	0	0	0	0	0	0	0	0	0
(11)		CT	1,000 BBL	1,440	925	688	814	499	546	332	669	477	769	437	646
(12)		DIESEL	1,000 BBL	0	0	0	0	0	0	0	0	0	0	0	0
(13)	NATURAL GAS	TOTAL	1,000 MCF	55,916	52,180	55,222	59,474	75,156	85,571	95,041	109,803	131,853	148,327	154,830	165,725
(14)		STEAM	1,000 MCF	4,717	832	0	0	0	0	0	0	0	0	0	0
(15)		CC	1,000 MCF	35,526	36,370	41,571	44,642	63,386	70,917	83,107	94,606	119,643	133,758	144,069	153,471
(16)		CT	1,000 MCF	15,673	14,978	13,651	14,832	11,770	14,654	11,934	15,197	12,210	14,569	10,761	12,254
(17)	OTHER (SPECIFY)														
	SEASONAL PURCHASE	CT	1,000 BBL	N/A	N/A	0	12	0	0	0	0	0	0	0	0
	SEASONAL PURCHASE	CT	1,000 MCF	N/A	N/A	19	97	0	0	0	0	0	0	0	0

PROGRESS ENERGY FLORIDA

SCHEDULE 6.1

ENERGY SOURCES (GWh)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
				-ACTUAL-											
	ENERGY SOURCES		UNITS	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
(1)	ANNUAL FIRM INTERCHANGE 1/		GWh	27	97	154	146	80	89	74	105	97	8	0	0
(2)	NUCLEAR		GWh	6,700	6,039	6,658	6,131	6,640	6,092	6,658	5,089	6,640	6,146	6,658	6,145
(3)	COAL		GWh	14,406	16,111	16,485	17,198	16,919	16,433	16,614	17,775	17,260	17,626	17,741	17,776
(4)	RESIDUAL	TOTAL	GWh	6,319	6,785	6,258	6,149	4,990	5,553	4,513	4,557	3,603	3,984	3,445	3,664
(5)		STEAM	GWh	6,319	6,785	6,258	6,149	4,990	5,553	4,513	4,557	3,603	3,984	3,445	3,664
(6)		CC	GWh	0	0	0	0	0	0	0	0	0	0	0	0
(7)		CT	GWh	0	0	0	0	0	0	0	0	0	0	0	0
(8)		DIESEL	GWh	0	0	0	0	0	0	0	0	0	0	0	0
(9)	DISTILLATE	TOTAL	GWh	607	405	286	336	206	260	160	318	231	363	219	316
(10)		STEAM	GWh	0	0	0	0	0	0	0	0	0	0	0	0
(11)		CC	GWh	0	19	0	0	0	0	0	0	0	0	0	0
(12)		CT	GWh	607	386	286	336	206	260	160	318	231	363	219	316
(13)		DIESEL	GWh	0	0	0	0	0	0	0	0	0	0	0	0
(14)	NATURAL GAS	TOTAL	GWh	6,446	6,155	7,020	7,589	10,101	11,558	13,054	15,018	18,362	20,645	21,821	23,314
(15)		STEAM	GWh	462	83	0	0	0	0	0	0	0	0	0	0
(16)		CC	GWh	4,816	4,938	5,881	6,355	9,101	10,244	11,959	13,671	17,256	19,350	20,832	22,216
(17)		CT	GWh	1,168	1,134	1,139	1,234	1,000	1,314	1,095	1,347	1,106	1,295	989	1,098
(18)	OTHER 2/														
	QF PURCHASES		GWh	5,091	5,022	4,677	4,587	4,589	4,463	4,362	3,673	3,584	3,584	3,594	3,393
	IMPORT FROM OUT OF STATE		GWh	3,317	3,555	3,623	3,609	3,595	3,596	3,612	3,612	1,486	0	0	0
	EXPORT TO OUT OF STATE		GWh	-346	-258	0	0	0	0	0	0	0	0	0	0
(19)	NET ENERGY FOR LOAD		GWh	42,567	43,911	45,161	45,745	47,120	48,044	49,047	50,147	51,263	52,356	53,478	54,608

1/ NET ENERGY PURCHASED (+) OR SOLD (-) WITHIN THE FRCC REGION.

2/ NET ENERGY PURCHASED (+) OR SOLD (-).

PROGRESS ENERGY FLORIDA

SCHEDULE 6.2

ENERGY SOURCES (PERCENT)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
				-ACTUAL-											
	ENERGY SOURCES		UNITS	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
(1)	ANNUAL FIRM INTERCHANGE 1/		%	0.1%	0.2%	0.3%	0.3%	0.2%	0.2%	0.2%	0.2%	0.2%	0.0%	0.0%	0.0%
(2)	NUCLEAR		%	15.7%	13.8%	14.7%	13.4%	14.1%	12.7%	13.6%	10.1%	13.0%	11.7%	12.4%	11.3%
(3)	COAL		%	33.8%	36.7%	36.5%	37.6%	35.9%	34.2%	33.9%	35.4%	33.7%	33.7%	33.2%	32.6%
(4)	RESIDUAL	TOTAL	%	14.8%	15.5%	13.9%	13.4%	10.6%	11.6%	9.2%	9.1%	7.0%	7.6%	6.4%	6.7%
(5)		STEAM	%	14.8%	15.5%	13.9%	13.4%	10.6%	11.6%	9.2%	9.1%	7.0%	7.6%	6.4%	6.7%
(6)		CC	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
(7)		CT	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
(8)		DIESEL	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
(9)	DISTILLATE	TOTAL	%	1.4%	0.9%	0.6%	0.7%	0.4%	0.5%	0.3%	0.6%	0.5%	0.7%	0.4%	0.6%
(10)		STEAM	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
(11)		CC	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
(12)		CT	%	1.4%	0.9%	0.6%	0.7%	0.4%	0.5%	0.3%	0.6%	0.5%	0.7%	0.4%	0.6%
(13)		DIESEL	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
(14)	NATURAL GAS	TOTAL	%	15.1%	14.0%	15.5%	16.6%	21.4%	24.1%	26.6%	29.9%	35.8%	39.4%	40.8%	42.7%
(15)		STEAM	%	1.1%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
(16)		CC	%	11.3%	11.2%	13.0%	13.9%	19.3%	21.3%	24.4%	27.3%	33.7%	37.0%	39.0%	40.7%
(17)		CT	%	2.7%	2.6%	2.5%	2.7%	2.1%	2.7%	2.2%	2.7%	2.2%	2.5%	1.8%	2.0%
(18)	OTHER 2/														
	QF PURCHASES		%	12.0%	11.4%	10.4%	10.0%	9.7%	9.3%	8.9%	7.3%	7.0%	6.8%	6.7%	6.2%
	IMPORT FROM OUT OF STATE		%	7.8%	8.1%	8.0%	7.9%	7.6%	7.5%	7.4%	7.2%	2.9%	0.0%	0.0%	0.0%
	EXPORT TO OUT OF STATE		%	-0.8%	-0.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
(19)	NET ENERGY FOR LOAD		%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

1/ NET ENERGY PURCHASED (+) OR SOLD (-) WITHIN THE FRCC REGION.

2/ NET ENERGY PURCHASED (+) OR SOLD (-).

FORECASTING METHODS AND PROCEDURES

INTRODUCTION

Accurate forecasts of long-range electric energy consumption, customer growth and peak demand are essential elements in electric utility planning. Accurate projections of a utility's future load growth require a forecasting methodology with the ability to account for a variety of factors influencing electric energy usage over the planning horizon. PEF's forecasting framework utilizes a set of econometric models to achieve this end. This chapter will describe the underlying methodology of the customer, energy, and peak demand forecasts including any assumptions incorporated within each. Also included is a description of how Demand-Side Management (DSM) impacts the forecast, the development of high and low forecast scenarios and a review of DSM programs.

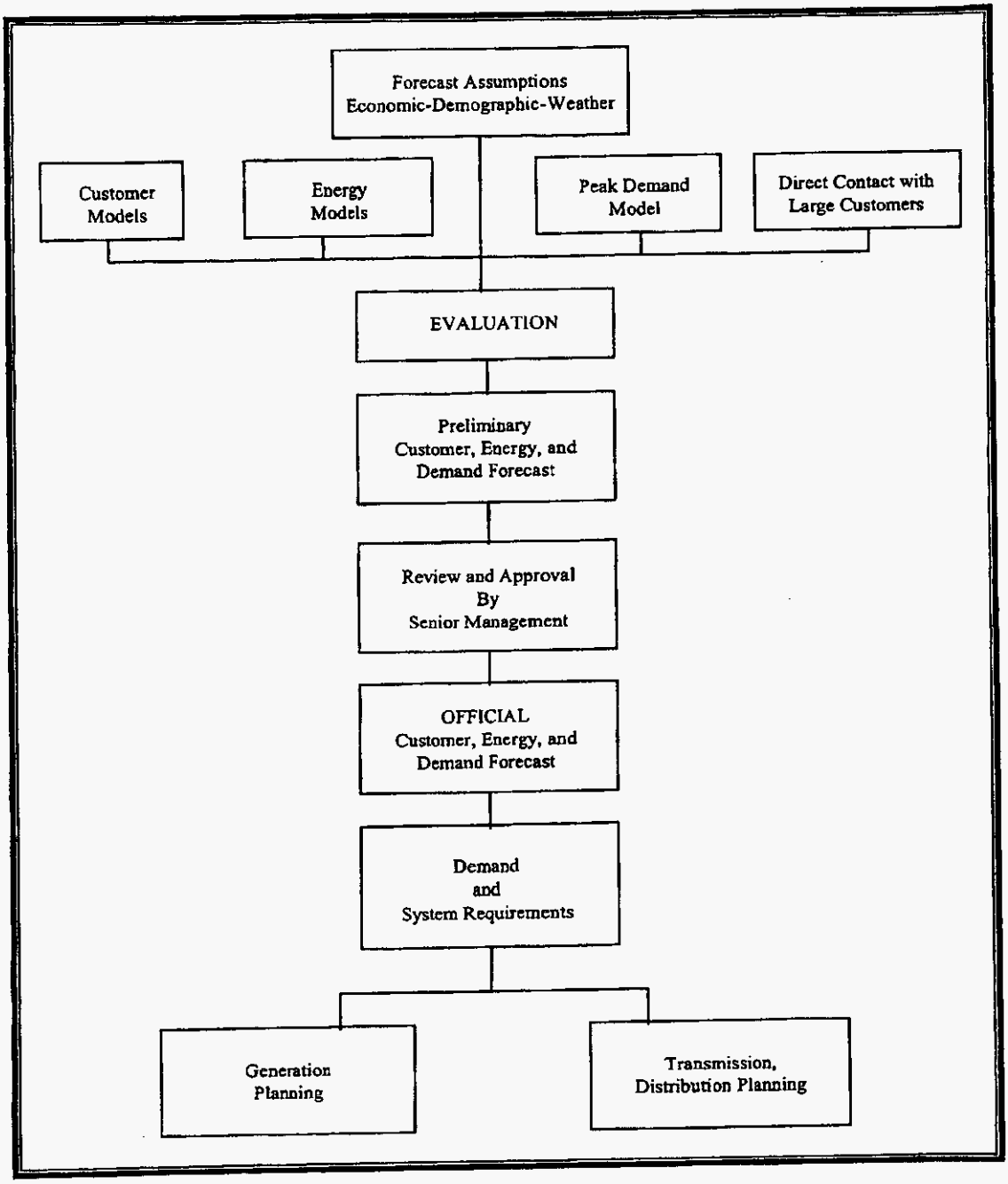
Figure 2.1, entitled "Customer, Energy and Demand Forecast", gives a general description of PEF's forecasting process. Highlighted in the diagram is a disaggregated modeling approach that blends the impacts of average class usage as well as customer growth based on a specific set of assumptions for each class. Also accounted for is some direct contact with large customers. These inputs provide the forecaster at PEF with the tools needed to frame the most likely scenario of the company's future demand.

FORECAST ASSUMPTIONS

The first step in any forecasting effort is the development of assumptions upon which the forecast is based. The Financial Planning & Regulatory Services Department develops these assumptions based on discussions with a number of departments within PEF, as well as through the research efforts of a number of external sources. These assumptions specify major factors that influence the level of customers, energy sales, or peak demand over the forecast horizon. The following set of assumptions forms the basis for the forecast presented in this document.

FIGURE 2.1

Customer, Energy, and Demand Forecast



GENERAL ASSUMPTIONS

1. Normal weather conditions are assumed over the forecast horizon using a sales-weighted average of conditions at the St. Petersburg, Orlando and Tallahassee weather stations. For kilowatt-hour sales projections, normal weather is based on a historical thirty-year average of service area weighted billing month degree-days. Seasonal peak demand projections are based on a thirty-year historical average of system-weighted temperatures at time of seasonal peak.

2. The population projections produced by the Bureau of Economic and Business Research (BEBR) at the University of Florida as published in "Florida Population Studies Bulletin No. 134 (January 2003) provide the basis for development of the customer forecast. State and national economic assumptions produced by Economy.Com in their national and Florida forecasts (Quarter 2, 2003) are also incorporated.

3. Within the Progress Energy Florida (PEF) service area the phosphate mining industry is the dominant sector in the industrial sales class. Five major customers accounted for almost 30% of the industrial class MWh sales in 2003. These energy intensive customers mine and process phosphate-based fertilizer products for the global marketplace. Both supply and demand conditions for their products are dictated by global conditions that include, but are not limited to, foreign competition, national/international agricultural industry conditions, exchange-rate fluctuations, and international trade pacts.

   Load and energy consumption at the PEF-served mining or chemical processing sites depend heavily on plant operations that are heavily influenced by the state of these global conditions as well as local conditions. Until recently there has been excess mining capacity in the industry due to weak farm commodity prices and a strong U.S. exchange rate. Weak farm commodity prices lead to lower crop production, which results in less demand for fertilizer products. A strong U.S. currency results in U.S. fertilizer producers becoming less price-competitive. More recently, industry energy consumption has rebounded somewhat, although not to the levels experienced in the year 2000. The increase is mainly due to the elimination of extended vacation shutdowns that occurred during the lean times. A continued improvement into 2004 is

based on a weaker U.S. dollar that will result in improved price competitiveness of the Florida producers worldwide.

4. PEF supplies load and energy service to wholesale customers on a "full", "partial" and "supplemental" requirement basis. Full requirements (FR) customers' demand and energy is assumed to grow at a rate that approximates their historical trend. Partial requirements (PR) customer load is assumed to reflect the current contractual obligations received by PEF as of May 31, 2003. The forecast of energy and demand to PR customers reflects the nature of the stratified load they have contracted for, plus their ability to receive dispatched energy from power marketers any time it is more economical for them to do so. Contracts for PR service included in this forecast are with FMPA, New Smyrna Beach, Tallahassee, Homestead, Reedy Creek Utilities, Florida Power & Light, and Seminole Electric Cooperative, Inc. (SECI). PEF's contractual arrangement with SECI includes a "supplemental" service contract (1983 contract) for service over and above stated levels they commit to supply themselves. The firm PR contract with SECI includes 150 MW of stratified intermediate service (October 1995 contract) which is projected to continue through the forecast horizon. The firm PR contract with SECI also includes amendments to provide an additional 150 MW of stratified intermediate service beginning June 2006, and 150 MW of stratified peaking service beginning December 2006. Agreements to provide interruptible service at two individual SECI metering sites have also been included in this projection.

5. This forecast assumes that PEF will successfully renew all future franchise agreements.

6. This forecast incorporates demand and energy reductions from PEF's dispatchable and non-dispatchable DSM programs required to meet the approved goals set by the Florida Public Service Commission.

7. Expected energy and demand reductions from self-service cogeneration are also included in this forecast. PEF will supply the supplemental load of self-service cogeneration customers. While PEF offers "standby" service to all cogeneration customers, the forecast does not assume an unplanned need for standby power.

8. This forecast assumes that the regulatory environment and the obligation to serve our retail customers will continue throughout the forecast horizon. Regarding wholesale customers, the company does not plan for generation resources unless a long-term contract is in place. Current FR customers are assumed to renew their contracts with PEF except those who have given notice to terminate. Current PR contracts are projected to terminate as terms reach their expiration date. Deviation from these assumptions can occur based on information provided by the Progress Energy Ventures term marketing organization.

SHORT-TERM ECONOMIC ASSUMPTIONS

The short-term economic outlook (one year out) is still influenced by the terrorist events of September 11, 2001. While it is believed that the Florida tourist and travel industry is just now reaching pre 9/11 levels, the airline industry continues to struggle. This has kept travel-related tourist activities subdued the past two years. The continued reaction on the part of the Federal Reserve Board to dictate loose monetary policies, which hold down interest rates to 40-year lows, helped stimulate the national economy in 2003, especially the housing and automotive industries. This forecast incorporates a moderate economic upturn realizing that a boost from the housing and automotive industries, typical during the initial stages of economic expansion, will most likely not pack its usual punch. The recent Federal tax cuts and mortgage refinancing will continue to fuel economic expansion in 2004.

Going forward, this forecast assumes that the Federal Reserve Board (FRB) will orchestrate a proper balance of economic growth with low inflation via monetary policy measures. A shift from pursuing inflationary pressures to maintaining economic growth will keep the economy from slipping back into recession. Energy prices are also expected to settle at an equilibrium level between the depressed prices of the 1998-1999 period and recent high levels. Geopolitically, this forecast assumes no additional terrorist event in the U.S. and no "shock" to any supply or demand condition such as oil embargos. This means a return to "trend" level economic growth for the remaining years of the planning horizon is assumed.

On a regional basis, the aftermath of the September 11th attack will have a lingering but fading impact on travel and tourism industries in Florida. Airline industry financial woes will limit

volume of passenger service for the foreseeable future. Interest rate levels will continue to influence the pace of economic growth in Florida through its effect on the construction industry. On the other hand, low returns on interest-bearing accounts hurt many senior citizens and reduce their disposable incomes. Personal income is expected to continue growing as population and jobs expand but not at the torrid pace experienced in the 1990s.

LONG-TERM ECONOMIC ASSUMPTIONS

The long-term economic outlook assumes that changes in economic and demographic conditions will follow a trended behavior pattern. The main focus involves identifying these trends. No attempt is made to predict business cycle fluctuations during this period.

Population Growth Trends

This forecast assumes Florida will experience slower in-migration and population growth over parts of the long term, as reflected in the BEBR projections.

Florida's climate and low cost of living have historically attracted a major share of the retirement population from the eastern half of the United States. This will continue to occur, but at less than historic rates for several reasons. First, Americans entering retirement age during the late 1990s and early twenty-first century were born during the Great Depression era of the 1930s. This decade experienced a low birth rate due to the economic conditions at that time. Now that this generation is retiring, there exists a smaller pool of retirees capable of migrating to Florida. As we enter into the second decade of the new century and the baby-boom generation enters retirement age, the reverse effect can be expected.

Second, the enormous growth in population and corresponding development of the 1980s and 1990s made portions of Florida less desirable for retirement living. This diminished the quality of retiree life, and along with increasing competition from neighboring states, is expected to cause a slight decline in Florida's share of these prospective new residents over the long term.

Another reason for a population growth slowdown deals with a younger age cohort. With the bulk of Florida's in-migrants under age 45, the baby boom generation born between 1945 and

1963 helped fuel the rapid population increase Florida experienced during the 1980s. In fact, slower population in-migration to Florida can be expected as the baby boom generation enters the 40s and 50s age bracket. This age group has been significantly characterized as immobile when studies focusing on interstate population flows or job changes are conducted.

Economic Growth Trends

Florida's rapid population growth of the 1980s created a period of strong job creation, especially in the service sector industries. While the service-oriented economy expanded to support an increasing population level, there were also significant numbers of corporations migrating to Florida capitalizing on the low cost, low tax business environment. This being the case, increased job opportunities in Florida created greater in-migration among the nation's working age population. Florida's ability to attract businesses from other states because of its "comparative advantage" is expected to continue throughout the forecast period but at a less significant level.

The forecast assumes negative growth in real electricity price. That is, the change in the nominal price of electricity over time is expected to be less than the overall rate of inflation. This also implies that fuel price escalation will track at or below the general rate of inflation throughout the forecast horizon.

Real personal incomes are assumed to increase throughout the forecast period thereby boosting the average customer's ability to purchase electricity -- especially since the price of electricity is expected to increase at a rate below general inflation. As incomes grow faster than the price of electricity, consumers, on average, will remain inclined to purchase additional electric appliances and increase their utilization of existing end-uses.

FORECAST METHODOLOGY

The PEF forecast of customers, energy sales and peak demand is developed using customer class-specific econometric models. These models are expressly designed to capture class-specific variation over time. By modeling customer growth and average energy usage individually, the forecaster can better capture subtle changes in existing customer usage as well

as growth from new customers. Peak demand models are projected on a disaggregated basis as well. This allows for appropriate handling of individual assumptions in the areas of wholesale contracts, load management and interruptible service.

ENERGY AND CUSTOMER FORECAST

In the retail jurisdiction, customer class models have been specified showing a historical relationship to weather and economic/demographic indicators using monthly data for sales models and annual data for customer models. Sales are regressed against "driver" variables that best explain monthly fluctuations over the historical sample period. Forecasts of these input variables are either derived internally or come from a review of the latest projections made by several independent forecasting concerns. The external sources of data include Economy.Com and the University of Florida's Bureau of Economic and Business Research. Internal company forecasts are used for projections of electricity price, weather conditions and the length of the billing month. Normal weather, which is assumed throughout the forecast horizon, is based on the 30-year average of heating and cooling degree-days by month as measured at the St Petersburg, Orlando and Tallahassee weather stations. Projections of PEF's demand-side management (conservation programs) are also incorporated as reductions to the forecast. Specific sectors are modeled as follows:

Residential Sector

Residential kWh usage per customer is modeled as a function of real Florida personal income, cooling degree-days, heating degree-days, the real price of electricity to the residential class and the average number of billing days in each sales month. This equation captures significant variation in residential usage caused by economic cycles, weather fluctuations, electric price movements and sales month duration. Projections of kWh usage per customer combined with the customer forecast provide the forecast of total residential energy sales. The residential customer forecast is developed by correlating annual customer growth with PEF service area population growth. County level population projections for the 29 counties, in which PEF serves residential customers, are provided by the BEBR.

Commercial Sector

Commercial kWh use per customer is forecast based on commercial (non-agricultural, non-manufacturing and non-governmental) employment, the real price of electricity to the commercial class, the average number of billing days in each sales month and heating and cooling degree-days. The measure of cooling degree-days utilized here differs slightly from that used in the residential sector reflecting the unique behavior pattern of this class with respect to its cooling needs. Commercial customers are projected as a function of the number of residential customers served.

Industrial Sector

Energy sales to this sector are separated into two sub-sectors. A significant portion of industrial energy use is consumed by the phosphate mining industry. Because this one industry comprises nearly a 30% share of the total industrial class, it is separated and modeled apart from the rest of the class. The term "non-phosphate industrial" is used to refer to those customers who comprise the remaining portion of total industrial class sales. Both groups are impacted significantly by changes in economic activity. However, adequately explaining sales levels requires separate explanatory variables. Non-phosphate industrial energy sales are modeled using Florida manufacturing employment and a Florida industrial production index developed by Economy.Com, the real price of electricity to the industrial class, and the average number of sales month billing days.

The industrial phosphate mining industry is modeled using customer-specific information with respect to expected market conditions. Since this sub-sector is comprised of only five customers, the forecast is dependent upon information received from direct customer contact. PEF industrial customer representatives provide specific phosphate customer information regarding customer production schedules, inventory levels, area mine-out and start-up predictions, and changes in self-generation or energy supply situations over the forecast horizon.

Street Lighting

Electricity sales to the street and highway lighting class are projected to increase due to growth in the service area population base. Because this class comprised less than 0.01% of PEF's 2003 electric sales and just 0.1% of total customers, a simple time trend was used to project energy consumption and customer growth in this class.

Public Authorities

Energy sales to public authorities (SPA), comprised mostly of government operated services, is also projected to grow with the size of the service area. The level of government services, and thus energy use per customer, can be tied to the population base, as well as to the state of the economy. Factors affecting population growth will affect the need for additional governmental services (i.e., schools, city services, etc.) thereby increasing SPA energy usage per customer. Government employment has been determined to be the best indicator of the level of government services provided. This variable, along with heating and cooling degree-days, the real price of electricity and the average number of sales month billing days, results in a significant level of explained variation over the historical sample period. Intercept shift variables are also included in this model to account for the large change in school-related energy use in the billing months of January, July and August. SPA customers are projected linearly as a function of a time-trend.

Sales for Resale Sector

The Sales for Resale sector encompasses all firm sales to other electric power entities. This includes sales to other utilities (municipal or investor-owned) as well as power agencies (Rural Electric Authority or Municipal).

Seminole Electric Cooperative, Incorporated (SECI) is a wholesale, or sales for resale, customer of PEF on both a supplemental contract basis and contract demand basis. Under the supplemental contract, PEF provides service for those energy requirements above the level of generation capacity served by either SECI's own facilities or its firm purchase obligations. Monthly supplemental energy is developed using an average of several years' historical load shape of total load in the PEF control area, subtracting out the level of SECI "committed" capacity from each hour. Beyond supplemental service, PEF has an agreement with SECI to serve stratified intermediate and peaking energy. This agreement involves serving 150 MW of stratified intermediate demand that is assumed to remain a requirement on the PEF system throughout the forecast horizon. This contract has been amended to provide an additional 150 MW stratified intermediate product and a 150 MW stratified peaking product beginning in 2006. Energy usage under this contract is projected using typical intermediate and peak load factors,

respectively. Agreements to provide non-firm or interruptible service are currently in effect between PEF and SECI at two separate metering points amounting to an estimated 65 MW.

The municipal sales for resale class includes a number of customers, divergent not only in scope of service, (i.e., full or partial requirement), but also in composition of ultimate consumers. Each customer is modeled separately in order to accurately reflect its individual profile. The majority of customers in this class are municipalities whose full energy requirements are met by PEF. The full requirement customers are modeled individually using local weather station data and population growth trends. Since the ultimate consumers of electricity in this sector are, to a large degree, residential and commercial customers, it is assumed that their use patterns will follow those of the PEF retail-based residential and commercial customer classes. PEF serves partial requirement service (PR) to municipalities such as New Smyrna Beach (NSB), Homestead and Tallahassee, and other power providers like Florida Municipal Power Agency (FMPA) and Florida Power & Light. In each case, these customers contract with PEF for a specific level and type of demand needed to provide their particular electrical system with an appropriate level of reliability. The terms of the FMPA and NSB contracts are subject to change each year via a letter of "declared" MW nomination. More specifically, this means that the level and type of demand and energy under contract can increase or decrease for each year a value is nominated. The energy forecast for each contract is derived using its historical load factors where enough history exists, or typical load factors for a given type of contracted stratified load. The energy projections for the Florida Municipal Power Agency (FMPA) also include a "losses service contract" for energy PEF supplies to FMPA for transmission losses incurred when "wheeling" power to their ultimate customers in PEF's transmission area. This projection is based on the projected requirements of the aggregated needs of the cities of Ocala, Leesburg and Bushnell.

PEAK DEMAND FORECAST

The forecast of peak demand also employs a disaggregated econometric methodology. For seasonal (winter and summer) peak demands, as well as each month of the year, PEF's coincident system peak is dissected into five major components. These components consist of potential firm retail load, conservation and load management program capability, wholesale demand, company use demand and interruptible demand.

Potential firm retail load refers to projections of PEF retail hourly seasonal net peak demand (excluding the non-firm interruptible/curtailable/standby services) before the cumulative effects of any conservation activity or the activation of PEF's Load Management program. The historical values of this series are constructed to show the size of PEF's firm retail net peak demand assuming no utility-induced conservation or load control had taken place. The value of constructing such a "clean" series enables the forecaster to observe and correlate the underlying trend in retail peak demand to total system customer levels and coincident weather conditions at the time of the peak without the impacts of year-to-year variation in conservation activity or load control reductions. Seasonal peaks are projected using historical seasonal peak data regardless of which month the peak occurred. The projections become the potential retail demand projection for the month of January (winter) and August (summer) since this is typically when the seasonal peaks occur. The non-seasonal peak months are projected the same as the seasonal peaks, but the analysis is limited to the specific month being projected.

Energy conservation and direct load control estimates are consistent with PEF's DSM goals that have been approved by the Florida Public Service Commission. These estimates are incorporated into the MW forecast. Projections of dispatchable and cumulative non-dispatchable DSM are subtracted from the projection of potential firm retail demand resulting in a projected series of retail demand figures one would expect to occur.

Sales for Resale demand projections represent load supplied by PEF to other electric utilities such as SECI, FMPA, and other electric distribution companies. The SECI supplemental demand projection is based on a trend of their historical demand within the PEF control area. The level of MW to be served by PEF is dependent upon the amount of generation resources SECI supplies itself or contracts from others. An assumption has been made that beyond the last year of committed capacity declaration (five years out), SECI will shift their level of self-serve resources to meet their base and intermediate load needs. For FMPA and NSB demand projections, historical ratios of coincident-to-contract levels of demand are applied to future MW contract levels. Demand requirements continue at the MW level indicated by the final year in their respective contract declaration letter. The full requirements municipal demand forecast is estimated for individual cities using linear econometric equations modeling both weather and economic impacts specific to

each locale. The seasonal (winter and summer) projections become the January and August peak values, respectively. The non-seasonal peak months are calculated using monthly allocation factors derived from applying the historical relationship between each winter month (November to March) relative to the winter peak, and each summer month (April to October) in relation to the summer peak demand.

PEF "company use" at the time of system peak is estimated using load research metering studies and is assumed to remain stable over the forecast horizon. The interruptible and curtailable service (IS and CS) load component is developed from historic trends, as well as the incorporation of specific information obtained from PEF's large industrial accounts by field representatives.

Each of the peak demand components described above is a positive value except for the DSM program MW impacts and IS and CS load. These impacts represent a reduction in peak demand and are assigned a negative value. Total system peak demand is then calculated as the arithmetic sum of the five components.

HIGH AND LOW FORECAST SCENARIOS

The high and low bandwidth scenarios around the base MWh energy sales forecast are developed using a Monte Carlo simulation applied to a multivariate regression model that closely replicates the base retail MWh energy forecast in aggregate. This model accounts for variation in Gross Domestic Product, retail customers and electricity price. The base forecasts for these variables were developed based on input from Economy.Com and internal company price projections. Variation around the base forecast predictor variables used in the Monte Carlo simulation was based on an 80 percent confidence interval calculated around variation in each variable's historic growth rate. While the total number of degree-days (weather) was also incorporated into the model specification, the high and low scenarios do not attempt to capture extreme weather conditions. Normal weather conditions were assumed in all three scenarios.

The Monte Carlo simulation was produced through the estimation of 1,000 scenarios for each year of the forecast horizon. These simulations allowed for random normal variation in the growth trajectories of the economic input variables (while accounting for cross-correlation

amongst these variables), as well as simultaneous variation in the equation (model error) and coefficient estimates. These scenarios were then sorted and rank ordered from one to a thousand, while the simulated scenario with no variation was adjusted to equal the base forecast.

The low retail scenario was chosen from among the ranked scenarios resulting in a bandwidth forecast reflecting an approximate probability of occurrence of 0.10. The high retail scenario similarly represents a bandwidth forecast with an approximate probability of occurrence of 0.90. In both scenarios the high and low peak demand bandwidth forecasts are projected from the energy forecasts using the load factor implicit in the base forecast scenario.

CONSERVATION GOALS

In October 1999, the FPSC established new conservation goals for PEF that span the ten-year period from 2000 through 2009 (in Docket 971005-EG, Order No. PSC-99-1942-FOF-EG). As required by Rule 25-17.0021(4), Florida Administrative Code, PEF then submitted for Commission approval a new DSM Plan that was specifically designed to meet the new conservation goals. PEF's DSM Plan was subsequently approved by the Commission on April 17, 2000 (in Docket 991789-EG, Order No. PSC-00-750-PAA-EG). The following tables present PEF's historical DSM performance by showing the Commission-approved conservation goals as well as the conservation savings actually achieved through PEF's DSM programs for the reporting years of 2000-2003.

Historical Residential Conservation Savings Goals and Achievements

	Cumulative Summer MW		Cumulative Winter MW		Cumulative Energy GWh	
Year	Goal	Achieved	Goal	Achieved	Goal	Achieved
2000	10	17	30	35	15	21
2001	20	29	64	72	32	42
2002	32	43	102	111	50	65
2003	45	59	142	152	69	90

Historical Commercial/Industrial Conservation Savings Goals and Achievements

	Cumulative Summer MW		Cumulative Winter MW		Cumulative Energy GWh	
Year	Goal	Achieved	Goal	Achieved	Goal	Achieved
2000	4	12	4	12	2	6
2001	8	18	7	17	4	10
2002	11	28	11	24	6	14
2003	15	35	15	29	8	18

The forecasts contained in this Ten-Year Site Plan document are based on PEF's DSM Plan and, therefore, appropriately reflect the level of DSM savings required to meet the Commission-established conservation goals. PEF's DSM Plan consists of five residential programs, eight commercial and industrial programs, and one research and development program. The programs are subject to periodic monitoring and evaluation for the purpose of ensuring that all DSM resources are acquired in a cost-effective manner and that the program savings are durable. Following is a brief description of these programs.

RESIDENTIAL PROGRAMS

Home Energy Check Program

This energy audit program provides customers with an analysis of their current energy use and recommendations on how they can save on their electricity bills through low-cost or no-cost energy-saving practices and measures. The Home Energy Check program offers PEF customers the following types of audits: Type 1: Free Walk-Through Audit (Home Energy Check); Type 2: Customer-completed Mail In Audit (Do It Yourself Home Energy Check); Type 3: Online Home Energy Check (Internet Option) - a customer-completed audit; Type 4: Phone Assisted Audit - a customer assisted survey of structure and appliance use; Type 5: Computer Assisted Audit; Type 6: Home Energy Rating Audit (Class I, II, III). The Home Energy Check Program serves as the foundation of the Home Energy Improvement Program in that the audit is a prerequisite for participation in the energy saving measures offered in the Home Energy Improvement Program.

Home Energy Improvement Program

This is the umbrella program to increase energy efficiency for existing residential homes. It combines efficiency improvements to the thermal envelope with upgraded electric appliances. The program provides incentives for attic insulation upgrades, duct testing and repair, high efficiency electric heat pumps, heat recovery units, and dedicated heat pump water heaters.

Residential New Construction Program

This program promotes energy efficient new home construction in order to provide customers with more efficient dwellings combined with improved environmental comfort. The program provides education and information to the design and building community on energy efficient equipment and construction. It also facilitates the design and construction of energy efficient homes by working directly with the builders to comply with program requirements. The program provides incentives to the builder for high efficiency electric heat pumps, heat recovery units, and dedicated heat pump water heaters. The highest level of the program incorporates the Environmental Protection Agency's Energy Star Homes Program and qualifies participants for cooperative advertising.

Low Income Weatherization Assistance Program

This umbrella program seeks to improve energy efficiency for low-income customers in existing residential dwellings. It combines efficiency improvements to the thermal envelope with upgraded electric appliances. The program provides incentives for attic insulation upgrades, duct testing and repair, reduced air infiltration, water heater wrap, HVAC maintenance, high efficiency heat pumps, heat recovery units, and dedicated heat pump water heaters.

Residential Energy Management Program

This is a voluntary customer program that allows PEF to reduce peak demand and thus defer generation construction. Peak demand is reduced by interrupting service to selected electrical equipment with radio-controlled switches installed on the customer's premises. These interruptions are at PEF's option, during specified time periods, and coincident with hours of peak demand. Participating customers receive a monthly credit on their electricity bills. Due to the cost of new installations, this program was modified in the 1999 filing to allow for

participation in a winter-only program that provides for direct load control of water heating and central heating appliances during the months of November through March.

COMMERCIAL/INDUSTRIAL (C/I) PROGRAMS

Business Energy Check Program

This energy audit program provides commercial and industrial customers with an assessment of the current energy usage at their facilities, recommendations on how they can improve the environmental conditions of their facilities while saving on their electricity bills, and information on low-cost energy efficiency measures. The Business Energy Check consists of the following types of audits: A free walk-through audit, and a paid walk-through audit. Small business customers also have the option to complete a Business Energy Check online at Progress Energy's website. In most cases, this program is a prerequisite for participation in the other C/I programs.

Better Business Program

This is the umbrella efficiency program for existing commercial and industrial customers. The program provides customers with information, education, and advice on energy-related issues and incentives on efficiency measures that are cost-effective to PEF and its customers. The Better Business Program promotes energy efficient heating, ventilation, air conditioning (HVAC), motors, and some building retrofit measures (in particular, ceiling insulation upgrade, duct leakage test and repair, and window film retrofit).

Commercial/Industrial New Construction Program

The primary goal of this program is to foster the design and construction of energy efficient buildings. The new construction program: 1) provides education and information to the design community on all aspects of energy efficient building design; 2) requires that the building design, at a minimum, surpass the state energy code; 3) provides financial incentives for specific energy efficient equipment; and 4) provides energy design awards to building design teams. Incentives will be provided for high efficiency HVAC equipment, motors, and heat recovery units.

Innovation Incentive Program

This program promotes a reduction in demand and energy by subsidizing energy conservation projects for customers in PEF's service territory. The intent of the program is to encourage legitimate energy efficiency measures that reduce kW demand and/or kWh energy, but are not addressed by other programs. Energy efficiency opportunities are identified by PEF representatives during a Business Energy Check audit. If a candidate project meets program specifications, it will be eligible for an incentive payment, subject to PEF approval.

Commercial Energy Management Program (Rate Schedule GSLM-1)

This direct load control program reduces PEF's demand during peak or emergency conditions. As described in PEF's DSM Plan, this program is currently closed to new participants. It is applicable to existing program participants who have electric space cooling equipment suitable for interruptible operation and are eligible for service under the Rate Schedule GS-1, GST-1, GSD-1, or GSDT-1. The program is also applicable to existing participants who have any of the following electrical equipment installed on permanent residential structures and utilized for domestic (household) purposes: 1) water heater(s), 2) central electric heating systems(s), 3) central electric cooling system(s), and/or 4) swimming pool pump(s). Customers receive a monthly credit on their bills depending on the type of equipment in the program and the interruption schedule.

Standby Generation Program

This demand control program reduces PEF's demand based upon the indirect control of customer generation equipment. This is a voluntary program available to all commercial, industrial, and agricultural customers who have on-site generation capability and are willing to reduce their PEF demand when PEF deems it necessary. The customers participating in the Standby Generation program receive a monthly credit on their electricity bills according to the demonstrated ability of the customer to reduce demand at PEF's request.

Interruptible Service Program

This direct load control program reduces PEF's demand at times of capacity shortage during peak or emergency conditions. The program is available to qualified non-residential customers

with an average billing demand of 500 kW or more, who are willing to have their power interrupted. PEF will have remote control of the circuit breaker or disconnect switch supplying the customer's equipment. In return for this ability to interrupt load, customers participating in the Interruptible Service program receive a monthly interruptible demand credit applied to their electric bills. In response to customer requests, PEF has implemented improvements in the way in which these customer resources are called upon during periods of capacity shortage. Customer response has been favorable to the improvements that have been implemented.

Curtailable Service

This direct load control program reduces PEF's demand at times of capacity shortage during peak or emergency conditions. The program is available to qualified non-residential customers with an average billing demand of 500 kW or more, who are willing to curtail 25 percent of their average monthly billing demand. Customers participating in the Curtailable Service program receive a monthly curtailable demand credit applied to their electric bills.

RESEARCH AND DEVELOPMENT PROGRAMS

Technology Development Program

The primary purpose of this program is to establish a system to "Aggressively pursue research, development and demonstration projects jointly with others as well as individual projects" (Rule 25-17.001, {5}(f), Florida Administration Code). PEF will undertake certain development, educational and demonstration projects that have promise to become cost-effective demand reduction and energy efficiency programs. In most cases, each demand reduction and energy efficiency project that is proposed and investigated under this program requires field-testing with actual customers.

This page intentionally left blank

CHAPTER 3

FORECAST OF FACILITIES REQUIREMENTS



This page intentionally left blank

CHAPTER 3

FORECAST OF FACILITIES REQUIREMENTS

RESOURCE PLANNING FORECAST

OVERVIEW OF CURRENT FORECAST

Supply-Side Resources

PEF has a summer total capacity resource of 9,782 MW, as shown in Table 3.1. This capacity resource includes utility purchased power (474 MW), non-utility purchased power (833 MW), combustion turbine (2,619 MW, 143 MW of which is owned by Georgia Power for the months June through September), nuclear (769 MW), fossil steam (3,882 MW) and combined-cycle plants (1,205 MW). Table 3.2 shows PEF's contracts for firm capacity provided by Qualifying Facilities (QFs).

Demand-Side Programs

Total DSM resources are shown in Schedules 3.1.1 and 3.2.1 of Chapter 2. These programs include Non-Dispatchable DSM, Interruptible Load, and Dispatchable Load Control resources. PEF's 2004 Ten-Year Site Plan Demand-Side Management projections are consistent with the DSM Goals established by the Commission in Docket No. 971005-EG.

Capacity and Demand Forecast

PEF's forecasts of capacity and demand for the projected summer and winter peaks are shown in Schedules 7.1 and 7.2, respectively. PEF's forecasts of capacity and demand are based on serving expected growth in retail requirements in its regulated service area and meeting commitments to wholesale power customers who have entered into supply contracts with PEF. In its planning process, PEF balances its supply plan for the needs of retail and wholesale customers and endeavors to ensure that cost-effective resources are available to meet the needs across the customer base. Over the years, as wholesale markets have grown more competitive, PEF has remained active in the competitive solicitations while planning in a manner that maintains an appropriate balance of commitments and resources within the overall regulated supply framework.

Base Expansion Plan

PEF's planned supply resource additions and changes are shown in Schedule 8 and are referred to as PEF's Base Expansion Plan. This Plan includes 2,885 MW (summer rating) of proposed new capacity additions through the summer of 2013. As identified in Schedule 8, PEF's next planned need is the Hines 3 Unit, a 516 MW (summer) power block with a December 2005 in-service date. PEF's self-build option for Hines Unit 3 was determined to be the most cost-effective alternative (FPSC Docket No. 020953-EI, Order No. PSC-03-0175-FOF-EI, issued February 4, 2003). In accordance with Rule 25-22.082 (F.A.C.), PEF issued a request for proposals (RFP) on October 7, 2003 to solicit competitive proposals for supply-side alternatives to its next planned combined-cycle unit, a fourth gas-fired combined-cycle unit at the Hines Energy Complex. Proposals have been received and are currently being evaluated.

PEF's Base Expansion Plan projects requirements for additional combined-cycle units with proposed in-service dates of 2007, 2009, 2010, 2012 and 2013. These high efficiency gas-fired combined-cycle units, together with three CT units planned for December 2006 help the PEF system meet the growing energy requirements of its customer base and also contribute to meeting the requirements of the 1990 Clean Air Act Amendments. Fuel switching, SO_2 emission allowance purchases, re-dispatching of system generation and technology improvements are additional options available to PEF to ensure compliance with these important environmental requirements. Status reports and specifications for new generation facilities are included in Schedule 9. As shown in Schedule 10, there are no new transmission lines associated with the Hines 3 combined-cycle addition.

Current planning studies identify gas-fired units as the most economic alternatives for system expansion over the ten-year planning term. New coal units may become a competitive option beyond the ten-year timeframe should forecasted gas prices continue to increase versus coal over that term. The uncertainties associated with fuel price forecasts and the long lead times required to site, permit, license, engineer, and construct a coal unit will require additional study of coal options in the next planning cycle.

TABLE 3.1

PROGRESS ENERGY FLORIDA

TOTAL CAPACITY RESOURCES OF POWER PLANTS AND PURCHASED POWER CONTRACTS

AS OF DECEMBER 31, 2003

PLANTS	NUMBER OF UNITS	SUMMER NET DEPENDABLE CAPABILITY (MW)	
Nuclear Steam			
Crystal River	1	769	*(1)*
Total Nuclear Steam	1	769	
Fossil Steam			
Crystal River	4	2,302	
Anclote	2	993	
Paul L. Bartow	3	444	
Suwannee River	3	143	
Total Fossil Steam	12	3,882	
Combined-cycle			
Hines Energy Complex	2	998	
Tiger Bay	1	207	
Total Combined-cycle	3	1,205	
Combustion Turbine			
DeBary	10	667	
Intercession City	14	1,041	*(2)*
Bayboro	4	184	
Bartow	4	187	
Suwannee	3	164	
Turner	4	154	
Higgins	4	122	
Avon Park	2	52	
University of Florida	1	35	
Rio Pinar	1	13	
Total Combustion Turbine	47	2,619	
Total Units	63		
Total Net Generating Capability		8,475	

(1) Adjusted for sale of approximately 8.2% of total capacity
(2) Includes 143 MW owned by Georgia Power Company (Jun-Sep)

Purchased Power			
Qualifying Facility Contracts	19	833	
Investor Owned Utilities	2	474	
TOTAL CAPACITY RESOURCES		9,782	

TABLE 3.2

PROGRESS ENERGY FLORIDA

QUALIFYING FACILITY GENERATION CONTRACTS

AS OF DECEMBER 31, 2003

Facility Name	Firm Capacity (MW)
Bay County Resource Recovery	11.0
Cargill	15.0
Dade County Resource Recovery	43.0
El Dorado	114.2
Jefferson Power	2.0
Lake Cogen	110.0
Lake County Resource Recovery	12.8
LFC Jefferson	8.5
LFC Madison	8.5
Mulberry	79.2
Orange Cogen (CFR-Biogen)	74.0
Orlando Cogen	79.2
Pasco Cogen	109.0
Pasco County Resource Recovery	23.0
Pinellas County Resource Recovery	54.8
Ridge Generating Station	39.6
Royster	30.8
Timber Energy	12.5
US Agrichem	5.6
TOTAL	**832.7**

PROGRESS ENERGY FLORIDA

SCHEDULE 7.1

FORECAST OF CAPACITY, DEMAND AND SCHEDULED MAINTENANCE

AT TIME OF SUMMER PEAK

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	TOTAL INSTALLED CAPACITY	FIRM CAPACITY IMPORT	FIRM CAPACITY EXPORT	QF	TOTAL CAPACITY AVAILABLE	SYSTEM FIRM SUMMER PEAK DEMAND	RESERVE MARGIN BEFORE MAINTENANCE		SCHEDULED MAINTENANCE	RESERVE MARGIN AFTER MAINTENANCE	
YEAR	MW	MW	MW	MW	MW	MW	MW	% OF PEAK	MW	MW	% OF PEAK
2004	8,332	474	0	833	9,639	7,997	1,642	21%	0	1,642	21%
2005	8,332	642 *	0	820	9,794	8,117	1,677	21%	0	1,677	21%
2006	8,848	642 *	0	820	10,310	8,519	1,791	21%	0	1,791	21%
2007	9,322	484	0	802	10,608	8,758	1,850	21%	0	1,850	21%
2008	9,783	484	0	787	11,054	8,954	2,100	23%	0	2,100	23%
2009	9,783	484	0	647	10,914	9,110	1,804	20%	0	1,804	20%
2010 **	10,739	70	0	647	11,456	9,330	2,126	23%	0	2,126	23%
2011	10,739	0	0	647	11,386	9,486	1,900	20%	0	1,900	20%
2012	11,217	0	0	647	11,864	9,634	2,230	23%	0	2,230	23%
2013	11,217	0	0	537	11,754	9,811	1,943	20%	0	1,943	20%

* Progress Energy is currently negotiating a firm purchase of approximately 158 MW which is expected to run from the summer of 2005 through the winter of 2006/2007. The deal is not yet consummated as of the time of the Ten-Year Site Plan filing. Since the purchase is expected to be from peaking capacity, no energy impact has been included in the plan at this time.

** Progress Energy currently has a contract with the Southern Companies to purchase approximately 400 MW of firm capacity through May, 2010. The expansion plan currently shows the addition of a combined-cycle unit, to be placed in service in May, 2010, as a placeholder for extension of the contract. Discussions are currently underway to extend the contract, and it is expected that agreement will be reached either with the Southern Companies, or another supplier, which will continue the import of this firm capacity and energy across the Florida-Georgia interface well beyond the planning period presented. While the exact terms of the contract extension/replacement are not known at this time, the combined-cycle unit placed in service in 2010 is a reasonable match to the capacity and energy expected to be obtained in either a contract extension or agreement with another supplier.

PROGRESS ENERGY FLORIDA

SCHEDULE 7.2

FORECAST OF CAPACITY, DEMAND AND SCHEDULED MAINTENANCE

AT TIME OF WINTER PEAK

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	TOTAL INSTALLED CAPACITY	FIRM CAPACITY IMPORT	FIRM CAPACITY EXPORT	QF	TOTAL CAPACITY AVAILABLE	SYSTEM FIRM WINTER PEAK DEMAND	RESERVE MARGIN BEFORE MAINTENANCE		SCHEDULED MAINTENANCE	RESERVE MARGIN AFTER MAINTENANCE	
YEAR	MW	MW	MW	MW	MW	MW	MW	% OF PEAK	MW	MW	% OF PEAK
2003 / 04	9,174	494 *		833	10,501	8,626	1,875	22%	0	1,875	22%
2004 / 05	9,174	672 *	0	820	10,666	8,903	1,763	20%	0	1,763	20%
2005 / 06	9,756	642 **	0	820	11,218	9,153	2,065	23%	0	2,065	23%
2006 / 07	10,320	642 **	0	802	11,764	9,595	2,169	23%	0	2,169	23%
2007 / 08	10,837	484	0	787	12,108	9,737	2,371	24%	0	2,371	24%
2008 / 09	10,837	484	0	678	11,999	9,891	2,108	21%	0	2,108	21%
2009 / 10	11,373	484	0	647	12,504	10,114	2,390	24%	0	2,390	24%
2010 / 11 ***	11,909	70	0	647	12,626	10,275	2,351	23%	0	2,351	23%
2011 / 12	11,909	0	0	647	12,556	10,427	2,129	20%	0	2,129	20%
2012 / 13	12,445	0	0	647	13,092	10,606	2,486	23%	0	2,486	23%

* Includes Seasonal Purchase of 20 MW in 2003/04 and 188 MW in 2004/05.

** Progress Energy is currently negotiating a firm purchase of approximately 158 MW which is expected to run from the summer of 2005 through the winter of 2006/2007. The deal is not yet consummated as of the time of the Ten-Year Site Plan filing. Since the purchase is expected to be from peaking capacity, no energy impact has been included in the plan at this time.

*** Progress Energy currently has a contract with the Southern Companies to purchase approximately 400 MW of firm capacity through May, 2010. The expansion plan currently shows the addition of a combined-cycle unit, to be placed in service in May, 2010, as a placeholder for extension of the contract. Discussions are currently underway to extend the contract, and it is expected that agreement will be reached either with the Southern Companies, or another supplier, which will continue the import of this firm capacity and energy across the Florida-Georgia interface well beyond the planning period presented. While the exact terms of the contract extension/replacement are not known at this time, the combined-cycle unit placed in service in 2010 is a reasonable match to the capacity and energy expected to be obtained in either a contract extension or agreement with another supplier.

PROGRESS ENERGY FLORIDA

SCHEDULE 8
PLANNED AND PROSPECTIVE GENERATING FACILITY ADDITIONS AND CHANGES

AS OF JANUARY 1, 2004 THROUGH DECEMBER 31, 2013

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	UNIT	LOCATION	UNIT	FUEL		FUEL TRANSPORT		CONST. START	COML IN-SERVICE	EXPECTED RETIREMENT	GEN. MAX. NAMEPLATE	NET CAPABILITY SUMMER	NET CAPABILITY WINTER		
PLANT NAME	NO.	(COUNTY)	TYPE	PRI.	ALT.	PRI.	ALT.	MO./YR	MO./YR	MO./YR	KW	MW	MW	STATUS	NOTES
HINES ENERGY COMPLEX	3	POLK	CC	NG	DFO	PL	TK	9/2003	12/2005			516	582	U	
PEAKER	1	UNKNOWN	GT	NG	DFO	PL	UN	12/2005	12/2006			158	188	P	
PEAKER	2	UNKNOWN	GT	NG	DFO	PL	UN	12/2005	12/2006			158	188	P	
PEAKER	3	UNKNOWN	GT	NG	DFO	PL	UN	12/2005	12/2006			158	188	P	
HINES ENERGY COMPLEX	4	POLK	CC	NG	DFO	PL	TK	9/2005	12/2007			461	517	P	
HINES ENERGY COMPLEX	5	POLK	CC	NG	DFO	PL	TK	9/2007	12/2009			478	536	P	
HINES ENERGY COMPLEX	6	POLK	CC	NG	DFO	PL	TK	2/2008	5/2010			478	536	P	
COMBINED-CYCLE	1	UNKNOWN	CC	NG	DFO	PL	UN	2/2010	5/2012			478	536	P	
COMBINED-CYCLE	2	UNKNOWN	CC	NG	DFO	PL	UN	9/2011	12/2013			478	536	P	

PROGRESS ENERGY FLORIDA

SCHEDULE 9
STATUS REPORT AND SPECIFICATIONS OF PROPOSED GENERATING FACILITIES

AS OF JANUARY 1, 2004

(1)	Plant Name and Unit Number:	HINES ENERGY COMPLEX UNIT #3
(2)	Capacity	
	a. Summer:	516
	b. Winter:	582
(3)	Technology Type:	COMBINED-CYCLE
(4)	Anticipated Construction Timing	
	a. Field construction start date:	9/2003
	b. Commercial in-service date:	12/2005 (EXPECTED)
(5)	Fuel	
	a. Primary fuel:	NATURAL GAS
	b. Alternate fuel:	DISTILLATE FUEL OIL
(6)	Air Pollution Control Strategy:	DRY LOW NOx COMBUSTION with SELECTIVE CATALYTIC REDUCTION
(7)	Cooling Method:	COOLING POND
(8)	Total Site Area:	8,200 ACRES
(9)	Construction Status:	UNDER CONSTRUCTION, LESS THAN 50% COMPLETE
(10)	Certification Status:	SITE PERMITTED
(11)	Status with Federal Agencies:	SITE PERMITTED
(12)	Projected Unit Performance Data	
	a. Planned Outage Factor (POF):	5.8 %
	b. Forced Outage Factor (FOF):	3.0 %
	c. Equivalent Availability Factor (EAF):	91.4 %
	d. Resulting Capacity Factor (%):	69.0 %
	e. Average Net Operating Heat Rate (ANOHR):	6,962 BTU/kWh
(13)	Projected Unit Financial Data	
	a. Book Life (Years):	25
	b. Total Installed Cost (In-service year $/kW):	435.57
	c. Direct Construction Cost ($/kW):	389.18
	d. AFUDC Amount ($/kW):	46.39
	e. Escalation ($/kW):	0.00
	f. Fixed O&M ($/kW-yr):	1.32
	g. Variable O&M ($/mWh):	2.10
	h. K Factor:	NO CALCULATION

PROGRESS ENERGY FLORIDA

SCHEDULE 9
STATUS REPORT AND SPECIFICATIONS OF PROPOSED GENERATING FACILITIES

AS OF JANUARY 1, 2004

(1)	Plant Name and Unit Number:	PEAKER 1
(2)	Capacity	
	a. Summer:	158
	b. Winter:	188
(3)	Technology Type:	COMBUSTION TURBINE
(4)	Anticipated Construction Timing	
	a. Field construction start date:	12/2005
	b. Commercial in-service date:	12/2006 (EXPECTED)
(5)	Fuel	
	a. Primary fuel:	NATURAL GAS
	b. Alternate fuel:	DISTILLATE FUEL OIL
(6)	Air Pollution Control Strategy:	DRY LOW NOx COMBUSTION (NATURAL GAS) WATER INJECTION (DISTILLATE FUEL OIL)
(7)	Cooling Method:	AIR
(8)	Total Site Area:	UNKNOWN ACRES
(9)	Construction Status:	PLANNED
(10)	Certification Status:	PLANNED
(11)	Status with Federal Agencies:	PLANNED
(12)	Projected Unit Performance Data	
	a. Planned Outage Factor (POF):	6.9 %
	b. Forced Outage Factor (FOF):	4.7 %
	c. Equivalent Availability Factor (EAF):	88.7 %
	d. Resulting Capacity Factor (%):	12.0 %
	e. Average Net Operating Heat Rate (ANOHR):	10,711 BTU/kWh
(13)	Projected Unit Financial Data	
	a. Book Life (Years):	25
	b. Total Installed Cost (In-service year $/kW):	336.94
	c. Direct Construction Cost ($/kW):	298.90
	d. AFUDC Amount ($/kW):	22.91
	e. Escalation ($/kW):	15.13
	f. Fixed O&M ($/kW-yr):	2.38
	g. Variable O&M ($/mWh):	11.15
	h. K Factor:	NO CALCULATION

PROGRESS ENERGY FLORIDA

SCHEDULE 9
STATUS REPORT AND SPECIFICATIONS OF PROPOSED GENERATING FACILITIES

AS OF JANUARY 1, 2004

(1)	Plant Name and Unit Number:	PEAKER 2
(2)	Capacity	
	a. Summer:	158
	b. Winter:	188
(3)	Technology Type:	COMBUSTION TURBINE
(4)	Anticipated Construction Timing	
	a. Field construction start date:	12/2005
	b. Commercial in-service date:	12/2006 (EXPECTED)
(5)	Fuel	
	a. Primary fuel:	NATURAL GAS
	b. Alternate fuel:	DISTILLATE FUEL OIL
(6)	Air Pollution Control Strategy:	DRY LOW NOx COMBUSTION (NATURAL GAS) WATER INJECTION (DISTILLATE FUEL OIL)
(7)	Cooling Method:	AIR
(8)	Total Site Area:	UNKNOWN ACRES
(9)	Construction Status:	PLANNED
(10)	Certification Status:	PLANNED
(11)	Status with Federal Agencies:	PLANNED
(12)	Projected Unit Performance Data	
	a. Planned Outage Factor (POF):	6.9 %
	b. Forced Outage Factor (FOF):	4.7 %
	c. Equivalent Availability Factor (EAF):	88.7 %
	d. Resulting Capacity Factor (%):	12.0 %
	e. Average Net Operating Heat Rate (ANOHR):	10,711 BTU/kWh
(13)	Projected Unit Financial Data	
	a. Book Life (Years):	25
	b. Total Installed Cost (In-service year $/kW):	336.94
	c. Direct Construction Cost ($/kW):	298.90
	d. AFUDC Amount ($/kW):	22.91
	e. Escalation ($/kW):	15.13
	f. Fixed O&M ($/kW-yr):	2.38
	g. Variable O&M ($/mWh):	11.15
	h. K Factor:	NO CALCULATION

PROGRESS ENERGY FLORIDA

SCHEDULE 9
STATUS REPORT AND SPECIFICATIONS OF PROPOSED GENERATING FACILITIES

AS OF JANUARY 1, 2004

(1)	Plant Name and Unit Number:	PEAKER 3
(2)	Capacity	
	a. Summer:	158
	b. Winter:	188
(3)	Technology Type:	COMBUSTION TURBINE
(4)	Anticipated Construction Timing	
	a. Field construction start date:	12/2005
	b. Commercial in-service date:	12/2006 (EXPECTED)
(5)	Fuel	
	a. Primary fuel:	NATURAL GAS
	b. Alternate fuel:	DISTILLATE FUEL OIL
(6)	Air Pollution Control Strategy:	DRY LOW NOx COMBUSTION (NATURAL GAS) WATER INJECTION (DISTILLATE FUEL OIL)
(7)	Cooling Method:	AIR
(8)	Total Site Area:	UNKNOWN ACRES
(9)	Construction Status:	PLANNED
(10)	Certification Status:	PLANNED
(11)	Status with Federal Agencies:	PLANNED
(12)	Projected Unit Performance Data	
	a. Planned Outage Factor (POF):	6.9 %
	b. Forced Outage Factor (FOF):	4.7 %
	c. Equivalent Availability Factor (EAF):	88.7 %
	d. Resulting Capacity Factor (%):	12.0 %
	e. Average Net Operating Heat Rate (ANOHR):	10,711 BTU/kWh
(13)	Projected Unit Financial Data	
	a. Book Life (Years):	25
	b. Total Installed Cost (In-service year $/kW):	336.94
	c. Direct Construction Cost ($/kW):	298.90
	d. AFUDC Amount ($/kW):	22.91
	e. Escalation ($/kW):	15.13
	f. Fixed O&M ($/kW-yr):	2.38
	g. Variable O&M ($/mWh):	11.15
	h. K Factor:	NO CALCULATION

PROGRESS ENERGY FLORIDA

SCHEDULE 9
STATUS REPORT AND SPECIFICATIONS OF PROPOSED GENERATING FACILITIES

AS OF JANUARY 1, 2004

(1)	Plant Name and Unit Number:	HINES ENERGY COMPLEX UNIT #4
(2)	Capacity	
	a. Summer:	461
	b. Winter:	517
(3)	Technology Type:	COMBINED-CYCLE
(4)	Anticipated Construction Timing	
	a. Field construction start date:	9/2005
	b. Commercial in-service date:	12/2007 (EXPECTED)
(5)	Fuel	
	a. Primary fuel:	NATURAL GAS
	b. Alternate fuel:	DISTILLATE FUEL OIL
(6)	Air Pollution Control Strategy:	DRY LOW NOx COMBUSTION with SELECTIVE CATALYTIC REDUCTION
(7)	Cooling Method:	COOLING POND
(8)	Total Site Area:	8,200 ACRES
(9)	Construction Status:	PLANNED
(10)	Certification Status:	SITE PERMITTED
(11)	Status with Federal Agencies:	SITE PERMITTED
(12)	Projected Unit Performance Data	
	a. Planned Outage Factor (POF):	6.0 %
	b. Forced Outage Factor (FOF):	3.0 %
	c. Equivalent Availability Factor (EAF):	91.2 %
	d. Resulting Capacity Factor (%):	64.0 %
	e. Average Net Operating Heat Rate (ANOHR):	7,158 BTU/kWh
(13)	Projected Unit Financial Data	
	a. Book Life (Years):	25
	b. Total Installed Cost (In-service year $/kW):	474.06
	c. Direct Construction Cost ($/kW):	428.47
	d. AFUDC Amount ($/kW):	45.59
	e. Escalation ($/kW):	0.00
	f. Fixed O&M ($/kW-yr):	1.20
	g. Variable O&M ($/mWh):	2.78
	h. K Factor:	NO CALCULATION

PROGRESS ENERGY FLORIDA

SCHEDULE 9
STATUS REPORT AND SPECIFICATIONS OF PROPOSED GENERATING FACILITIES

AS OF JANUARY 1, 2004

(1)	Plant Name and Unit Number:	HINES ENERGY COMPLEX UNIT #5
(2)	Capacity	
	a. Summer:	478
	b. Winter:	536
(3)	Technology Type:	COMBINED-CYCLE
(4)	Anticipated Construction Timing	
	a. Field construction start date:	9/2007
	b. Commercial in-service date:	12/2009 (EXPECTED)
(5)	Fuel	
	a. Primary fuel:	NATURAL GAS
	b. Alternate fuel:	DISTILLATE FUEL OIL
(6)	Air Pollution Control Strategy:	DRY LOW NOx COMBUSTION with SELECTIVE CATALYTIC REDUCTION
(7)	Cooling Method:	COOLING POND
(8)	*Total Site Area:*	8,200 ACRES
(9)	Construction Status:	PLANNED
(10)	Certification Status:	SITE PERMITTED
(11)	*Status with Federal Agencies:*	SITE PERMITTED
(12)	Projected Unit Performance Data	
	a. Planned Outage Factor (POF):	6.9 %
	b. Forced Outage Factor (FOF):	6.7 %
	c. Equivalent Availability Factor (EAF):	86.9 %
	d. Resulting Capacity Factor (%):	50.0 %
	e. Average Net Operating Heat Rate (ANOHR):	7,124 BTU/kWh
(13)	Projected Unit Financial Data	
	a. Book Life (Years):	25
	b. Total Installed Cost (In-service year $/kW):	513.42
	c. Direct Construction Cost ($/kW):	406.80
	d. AFUDC Amount ($/kW):	53.17
	e. Escalation ($/kW):	53.45
	f. Fixed O&M ($/kW-yr):	2.95
	g. Variable O&M ($/mWh):	2.41
	h. K Factor:	NO CALCULATION

PROGRESS ENERGY FLORIDA

SCHEDULE 9
STATUS REPORT AND SPECIFICATIONS OF PROPOSED GENERATING FACILITIES

AS OF JANUARY 1, 2004

(1)	Plant Name and Unit Number:	HINES ENERGY COMPLEX UNIT #6
(2)	Capacity	
	a. Summer:	478
	b. Winter:	536
(3)	Technology Type:	COMBINED-CYCLE
(4)	Anticipated Construction Timing	
	a. Field construction start date:	2/2008
	b. Commercial in-service date:	5/2010 (EXPECTED)
(5)	Fuel	
	a. Primary fuel:	NATURAL GAS
	b. Alternate fuel:	DISTILLATE FUEL OIL
(6)	Air Pollution Control Strategy:	DRY LOW NOx COMBUSTION with SELECTIVE CATALYTIC REDUCTION
(7)	Cooling Method:	COOLING POND
(8)	Total Site Area:	8,200 ACRES
(9)	Construction Status:	PLANNED
(10)	Certification Status:	SITE PERMITTED
(11)	Status with Federal Agencies:	SITE PERMITTED
(12)	Projected Unit Performance Data	
	a. Planned Outage Factor (POF):	6.9 %
	b. Forced Outage Factor (FOF):	6.7 %
	c. Equivalent Availability Factor (EAF):	86.9 %
	d. Resulting Capacity Factor (%):	50.0 %
	e. Average Net Operating Heat Rate (ANOHR):	7,124 BTU/kWh
(13)	Projected Unit Financial Data	
	a. Book Life (Years):	25
	b. Total Installed Cost (In-service year $/kW):	526.26
	c. Direct Construction Cost ($/kW):	406.80
	d. AFUDC Amount ($/kW):	54.50
	e. Escalation ($/kW):	64.96
	f. Fixed O&M ($/kW-yr):	2.95
	g. Variable O&M ($/mWh):	2.41
	h. K Factor:	NO CALCULATION

PROGRESS ENERGY FLORIDA

SCHEDULE 9
STATUS REPORT AND SPECIFICATIONS OF PROPOSED GENERATING FACILITIES

AS OF JANUARY 1, 2004

(1)	Plant Name and Unit Number:	PEAKER 3
(2)	Capacity	
	a. Summer:	158
	b. Winter:	188
(3)	Technology Type:	COMBUSTION TURBINE
(4)	Anticipated Construction Timing	
	a. *Field construction start date:*	12/2005
	b. Commercial in-service date:	12/2006 (EXPECTED)
(5)	Fuel	
	a. Primary fuel:	NATURAL GAS
	b. Alternate fuel:	*DISTILLATE FUEL OIL*
(6)	*Air Pollution Control Strategy:*	DRY LOW NOx COMBUSTION (NATURAL GAS) WATER INJECTION (DISTILLATE FUEL OIL)
(7)	Cooling Method:	AIR
(8)	Total Site Area:	UNKNOWN ACRES
(9)	Construction Status:	PLANNED
(10)	Certification Status:	PLANNED
(11)	Status with Federal Agencies:	PLANNED
(12)	Projected Unit Performance Data	
	a. Planned Outage Factor (POF):	6.9 %
	b. Forced Outage Factor (FOF):	4.7 %
	c. Equivalent Availability Factor (EAF):	88.7 %
	d. Resulting Capacity Factor (%):	12.0 %
	e. Average Net Operating Heat Rate (ANOHR):	10,711 BTU/kWh
(13)	Projected Unit Financial Data	
	a. Book Life (Years):	25
	b. Total Installed Cost (In-service year $/kW):	336.94
	c. Direct Construction Cost ($/kW):	298.90
	d. *AFUDC* Amount ($/kW):	22.91
	e. Escalation ($/kW):	15.13
	f. Fixed O&M ($/kW-yr):	2.38
	g. Variable O&M ($/mWh):	11.15
	h. K Factor:	NO CALCULATION

PROGRESS ENERGY FLORIDA

SCHEDULE 9
STATUS REPORT AND SPECIFICATIONS OF PROPOSED GENERATING FACILITIES

AS OF JANUARY 1, 2004

(1)	Plant Name and Unit Number:	HINES ENERGY COMPLEX UNIT #4
(2)	Capacity	
	a. Summer:	461
	b. Winter:	517
(3)	Technology Type:	COMBINED-CYCLE
(4)	Anticipated Construction Timing	
	a. Field construction start date:	9/2005
	b. Commercial in-service date:	12/2007 (EXPECTED)
(5)	Fuel	
	a. Primary fuel:	NATURAL GAS
	b. Alternate fuel:	DISTILLATE FUEL OIL
(6)	Air Pollution Control Strategy:	DRY LOW NOx COMBUSTION with SELECTIVE CATALYTIC REDUCTION
(7)	Cooling Method:	COOLING POND
(8)	Total Site Area:	8,200 ACRES
(9)	Construction Status:	PLANNED
(10)	Certification Status:	SITE PERMITTED
(11)	Status with Federal Agencies:	SITE PERMITTED
(12)	Projected Unit Performance Data	
	a. Planned Outage Factor (POF):	6.0 %
	b. Forced Outage Factor (FOF):	3.0 %
	c. Equivalent Availability Factor (EAF):	91.2 %
	d. Resulting Capacity Factor (%):	64.0 %
	e. Average Net Operating Heat Rate (ANOHR):	7,158 BTU/kWh
(13)	Projected Unit Financial Data	
	a. Book Life (Years):	25
	b. Total Installed Cost (In-service year $/kW):	474.06
	c. Direct Construction Cost ($/kW):	428.47
	d. AFUDC Amount ($/kW):	45.59
	e. Escalation ($/kW):	0.00
	f. Fixed O&M ($/kW-yr):	1.20
	g. Variable O&M ($/mWh):	2.78
	h. K Factor:	NO CALCULATION

PROGRESS ENERGY FLORIDA

SCHEDULE 9
STATUS REPORT AND SPECIFICATIONS OF PROPOSED GENERATING FACILITIES

AS OF JANUARY 1, 2004

(1)	Plant Name and Unit Number:	HINES ENERGY COMPLEX UNIT #5
(2)	Capacity	
	a. Summer:	478
	b. Winter:	536
(3)	Technology Type:	COMBINED-CYCLE
(4)	Anticipated Construction Timing	
	a. Field construction start date:	9/2007
	b. Commercial in-service date:	12/2009 (EXPECTED)
(5)	Fuel	
	a. Primary fuel:	NATURAL GAS
	b. Alternate fuel:	DISTILLATE FUEL OIL
(6)	Air Pollution Control Strategy:	DRY LOW NOx COMBUSTION with SELECTIVE CATALYTIC REDUCTION
(7)	Cooling Method:	COOLING POND
(8)	Total Site Area:	8,200 ACRES
(9)	Construction Status:	PLANNED
(10)	Certification Status:	SITE PERMITTED
(11)	Status with Federal Agencies:	SITE PERMITTED
(12)	Projected Unit Performance Data	
	a. Planned Outage Factor (POF):	6.9 %
	b. Forced Outage Factor (FOF):	6.7 %
	c. Equivalent Availability Factor (EAF):	86.9 %
	d. Resulting Capacity Factor (%):	50.0 %
	e. Average Net Operating Heat Rate (ANOHR):	7,124 BTU/kWh
(13)	Projected Unit Financial Data	
	a. Book Life (Years):	25
	b. Total Installed Cost (In-service year $/kW):	513.42
	c. Direct Construction Cost ($/kW):	406.80
	d. AFUDC Amount ($/kW):	53.17
	e. Escalation ($/kW):	53.45
	f. Fixed O&M ($/kW-yr):	2.95
	g. Variable O&M ($/mWh):	2.41
	h. K Factor:	NO CALCULATION

PROGRESS ENERGY FLORIDA

SCHEDULE 9
STATUS REPORT AND SPECIFICATIONS OF PROPOSED GENERATING FACILITIES

AS OF JANUARY 1, 2004

(1)	Plant Name and Unit Number:	HINES ENERGY COMPLEX UNIT #6
(2)	Capacity	
	a. Summer:	478
	b. Winter:	536
(3)	Technology Type:	COMBINED-CYCLE
(4)	Anticipated Construction Timing	
	a. Field construction start date:	2/2008
	b. Commercial in-service date:	5/2010 (EXPECTED)
(5)	Fuel	
	a. Primary fuel:	NATURAL GAS
	b. Alternate fuel:	DISTILLATE FUEL OIL
(6)	Air Pollution Control Strategy:	DRY LOW NOx COMBUSTION with SELECTIVE CATALYTIC REDUCTION
(7)	Cooling Method:	COOLING POND
(8)	Total Site Area:	8,200 ACRES
(9)	Construction Status:	PLANNED
(10)	Certification Status:	SITE PERMITTED
(11)	Status with Federal Agencies:	SITE PERMITTED
(12)	Projected Unit Performance Data	
	a. Planned Outage Factor (POF):	6.9 %
	b. Forced Outage Factor (FOF):	6.7 %
	c. Equivalent Availability Factor (EAF):	86.9 %
	d. Resulting Capacity Factor (%):	50.0 %
	e. Average Net Operating Heat Rate (ANOHR):	7,124 BTU/kWh
(13)	Projected Unit Financial Data	
	a. Book Life (Years):	25
	b. Total Installed Cost (In-service year $/kW):	526.26
	c. Direct Construction Cost ($/kW):	406.80
	d. AFUDC Amount ($/kW):	54.50
	e. Escalation ($/kW):	64.96
	f. Fixed O&M ($/kW-yr):	2.95
	g. Variable O&M ($/mWh):	2.41
	h. K Factor:	NO CALCULATION

PROGRESS ENERGY FLORIDA

SCHEDULE 9
STATUS REPORT AND SPECIFICATIONS OF PROPOSED GENERATING FACILITIES

AS OF JANUARY 1, 2004

(1)	Plant Name and Unit Number:	COMBINED-CYCLE 1
(2)	Capacity	
	a. Summer:	478
	b. Winter:	536
(3)	Technology Type:	COMBINED-CYCLE
(4)	Anticipated Construction Timing	
	a. Field construction start date:	2/2010
	b. Commercial in-service date:	5/2012 (EXPECTED)
(5)	Fuel	
	a. Primary fuel:	NATURAL GAS
	b. Alternate fuel:	DISTILLATE FUEL OIL
(6)	Air Pollution Control Strategy:	DRY LOW NOx COMBUSTION with SELECTIVE CATALYTIC REDUCTION
(7)	Cooling Method:	UNKNOWN
(8)	Total Site Area:	UNKNOWN ACRES
(9)	Construction Status:	PLANNED
(10)	Certification Status:	PLANNED
(11)	Status with Federal Agencies:	PLANNED
(12)	Projected Unit Performance Data	
	a. Planned Outage Factor (POF):	6.9 %
	b. Forced Outage Factor (FOF):	6.7 %
	c. Equivalent Availability Factor (EAF):	86.9 %
	d. Resulting Capacity Factor (%):	50.0 %
	e. Average Net Operating Heat Rate (ANOHR):	7,124 BTU/kWh
(13)	Projected Unit Financial Data	
	a. Book Life (Years):	25
	b. Total Installed Cost (In-service year $/kW):	552.90
	c. Direct Construction Cost ($/kW):	406.80
	d. AFUDC Amount ($/kW):	57.26
	e. Escalation ($/kW):	88.84
	f. Fixed O&M ($/kW-yr):	2.95
	g. Variable O&M ($/mWh):	2.41
	b. K Factor:	NO CALCULATION

PROGRESS ENERGY FLORIDA

SCHEDULE 9
STATUS REPORT AND SPECIFICATIONS OF PROPOSED GENERATING FACILITIES

AS OF JANUARY 1, 2004

(1)	Plant Name and Unit Number:	COMBINED-CYCLE 2
(2)	Capacity	
	a. Summer:	478
	b. Winter:	536
(3)	Technology Type:	COMBINED-CYCLE
(4)	Anticipated Construction Timing	
	a. Field construction start date:	9/2011
	b. Commercial in-service date:	12/2013 (EXPECTED)
(5)	Fuel	
	a. Primary fuel:	NATURAL GAS
	b. Alternate fuel:	DISTILLATE FUEL OIL
(6)	Air Pollution Control Strategy:	DRY LOW NOx COMBUSTION with SELECTIVE CATALYTIC REDUCTION
(7)	Cooling Method:	UNKNOWN
(8)	Total Site Area:	UNKNOWN ACRES
(9)	Construction Status:	PLANNED
(10)	Certification Status:	PLANNED
(11)	Status with Federal Agencies:	PLANNED
(12)	Projected Unit Performance Data	
	a. Planned Outage Factor (POF):	6.9 %
	b. Forced Outage Factor (FOF):	6.7 %
	c. Equivalent Availability Factor (EAF):	86.9 %
	d. Resulting Capacity Factor (%):	50.0 %
	e. Average Net Operating Heat Rate (ANOHR):	7,124 BTU/kWh
(13)	Projected Unit Financial Data	
	a. Book Life (Years):	25
	b. Total Installed Cost (In-service year $/kW):	566.72
	c. Direct Construction Cost ($/kW):	406.80
	d. AFUDC Amount ($/kW):	58.69
	e. Escalation ($/kW):	101.23
	f. Fixed O&M ($/kW-yr):	2.95
	g. Variable O&M ($/mWh):	2.41
	h. K Factor:	NO CALCULATION

PROGRESS ENERGY FLORIDA

SCHEDULE 10
STATUS REPORT AND SPECIFICATIONS OF PROPOSED DIRECTLY ASSOCIATED TRANSMISSION LINES

HINES UNIT #3

(1)	POINT OF ORIGIN AND TERMINATION:	N/A
(2)	NUMBER OF LINES:	N/A
(3)	RIGHT-OF-WAY:	N/A
(4)	LINE LENGTH:	N/A
(5)	VOLTAGE:	N/A
(6)	ANTICIPATED CONSTRUCTION TIMING:	N/A
(7)	ANTICIPATED CAPITAL INVESTMENT:	N/A
(8)	SUBSTATIONS:	N/A
(9)	PARTICIPATION WITH OTHER UTILITIES:	N/A

INTEGRATED RESOURCE PLANNING OVERVIEW

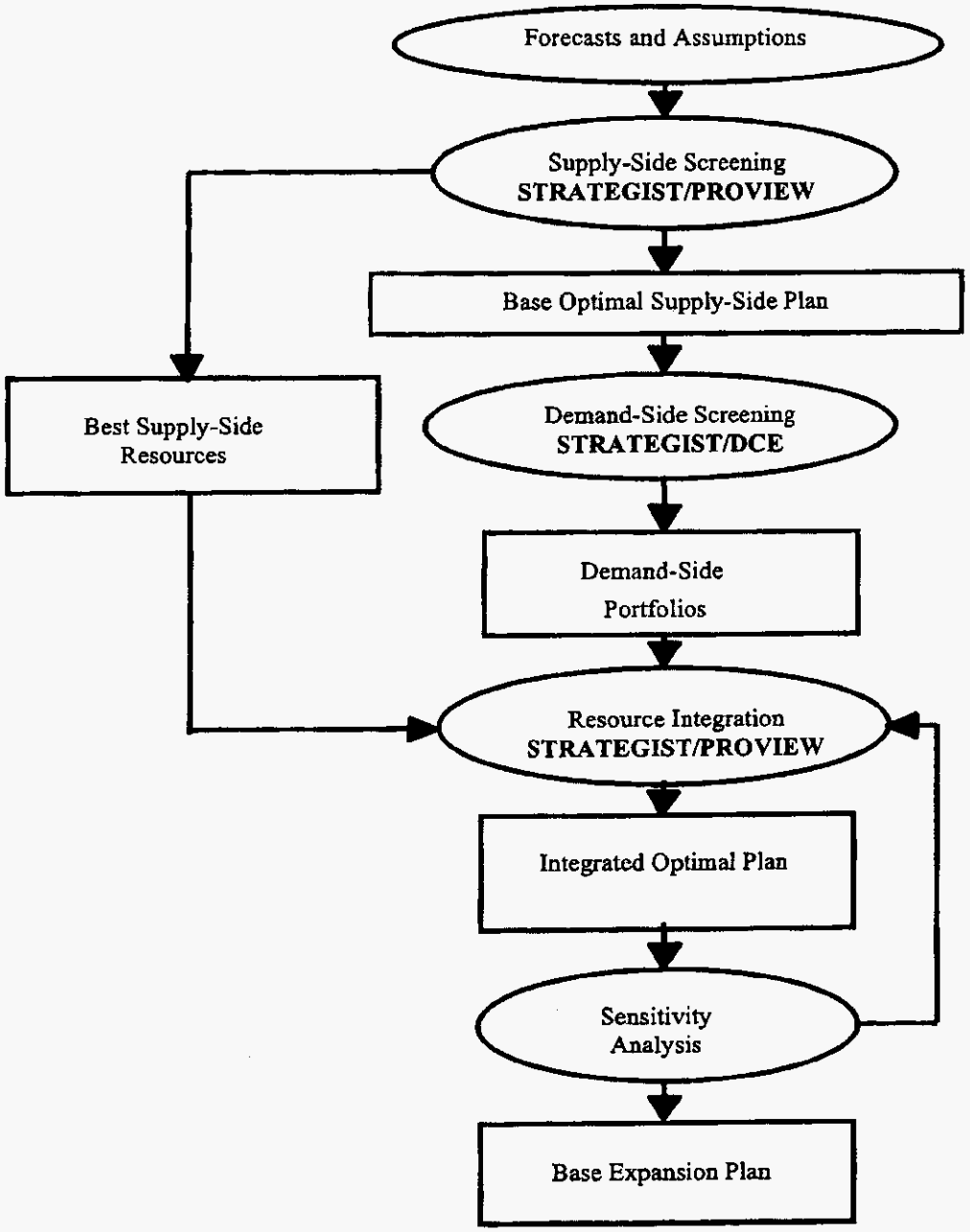
PEF employs an Integrated Resource Planning (IRP) process to determine the most cost-effective mix of supply- and demand-side alternatives that will reliably satisfy our customers' future energy needs. PEF's IRP process incorporates state-of-the-art computer models used to evaluate a wide range of future generation alternatives and cost-effective conservation and dispatchable demand-side management programs on a consistent and integrated basis.

An overview of PEF's IRP Process is shown in Figure 3.1. The process begins with the development of various forecasts, including demand and energy, fuel prices, and economic assumptions. Future supply- and demand-side resource alternatives are identified and extensive cost and operating data are collected to enable these to be modeled in detail. These alternatives are optimized together to determine the most cost-effective plan for PEF to pursue over the next ten years to meet the company's reliability criteria. The resulting ten-year plan, the Integrated Optimal Plan, is then tested under different sensitivity scenarios to identify variances, if any, which would warrant reconsideration of any of the base plan assumptions. If the plan is judged robust under sensitivity analysis and works within the corporate framework, it evolves as the Base Expansion Plan. This process is discussed in more detail in the following section titled "The IRP Process".

The Integrated Resource Plan provides PEF with substantial guidance in assessing and optimizing the Company's overall resource mix on both the supply side and the demand side. When a decision supporting a significant resource commitment is being developed (e.g. plant construction, power purchase, DSM program implementation), the Company will move forward with directional guidance from the IRP and delve much further into the specific levels of examination required. This more detailed assessment will typically address very specific technical requirements and cost estimates, detailed corporate financial considerations, and the most current dynamics of the business and regulatory environments.

FIGURE 3.1

IRP Process Overview



THE IRP PROCESS

Forecasts and Assumptions

The evaluation of possible supply- and demand-side alternatives, and development of the optimal plan, is an integral part of the IRP process. These steps together comprise the integration process that begins with the development of forecasts and collection of input data. Base forecasts that reflect PEF's view of the most likely future scenarios are developed, along with high and low forecasts that reflect alternative future scenarios. Computer models used in the process are brought up-to-date to reflect this data, along with the latest operating parameters and maintenance schedules for PEF's existing generating units. This establishes a consistent starting point for all further analysis.

Reliability Criteria

Utilities require a margin of generating capacity above the firm demands of their customers in order to provide reliable service. Periodic scheduled outages are required to perform maintenance and inspections of generating plant equipment and to refuel nuclear plants. At any given time during the year, some capacity may be out of service due to unanticipated equipment failures resulting in forced outages of generation units. Adequate reserve capacity must be available to accommodate these outages and to compensate for higher than projected peak demand due to forecast uncertainty and abnormal weather. In addition, some capacity must be available for operating reserves to maintain the balance between supply and demand on a moment-to-moment basis.

PEF plans its resources in a manner consistent with utility industry planning practices, and employs both deterministic and probabilistic reliability criteria in the resource planning process. A Reserve Margin criterion is used as a deterministic measure of PEF's ability to meet its forecasted seasonal peak load with firm capacity. The FPSC approved a joint proposal from the investor-owned utilities in peninsular Florida to increase the minimum planning Reserve Margin level to 20 percent by the summer of 2004 (Docket No. 981890-EU, Order No. PSC-99-2507-S-EU). PEF thus plans its resources to satisfy the 20 percent minimum Reserve Margin criterion.

Loss of Load Probability (LOLP) is a probabilistic criterion that measures the probability that a company will be unable to meet its load throughout the year. While Reserve Margin only considers

the peak load and amount of installed resources, LOLP also takes into account generating unit sizes, capacity mix, maintenance scheduling, unit availabilities, and capacity assistance available from other utilities. A standard probabilistic reliability threshold commonly used in the electric utility industry, and the criterion employed by PEF, is a maximum of one day in ten years loss of load probability.

PEF has based its resource planning on the use of dual reliability criteria since the early 1990s, a practice that has been accepted by the FPSC. PEF's resource portfolio is designed to satisfy the minimum 20% Reserve Margin requirement and probabilistic analyses are conducted to ensure that the one day in ten years LOLP criterion is also satisfied. By using both the Reserve Margin and LOLP planning criteria, PEF's resource portfolio is designed to have sufficient capacity available to meet customer peak demand, and to provide reliable generation service under all expected load conditions.

Supply-Side Screening

Potential supply-side resources are screened to determine those that are the most cost-effective. Data used for the screening analysis is compiled from various industry sources and PEF's experiences. The wide range of resource options is pre-screened to set aside those that do not warrant a detailed cost-effectiveness analysis. Typical screening criteria are costs, fuel source, technology maturity, environmental parameters, and overall resource feasibility.

Economic evaluation of generation alternatives is performed using the PROVIEW module of the STRATEGIST optimization program. The optimization program evaluates revenue requirements for specific resource plans generated from multiple combinations of future resource additions that meet system reliability criteria and other system constraints. All resource plans are then ranked by system revenue requirements. The optimization run produces the optimal supply-side resource plan, which is considered the "Base Optimal Supply-Side Plan."

Demand-Side Screening

Like supply-side resources, data for large numbers of potential demand-side resources is also collected. These resources are pre-screened to eliminate those alternatives that are still in research

and development, addressed by other regulations (building code), or not applicable to PEF's customers. The demand-side screening module of STRATEGIST, DCE (formerly known as DSVIEW), is updated with cost data and load impact parameters for each potential DSM measure to be evaluated.

The Base Optimal Supply-Side Plan is used to establish avoidable units for screening future demand-side resources. Each future demand-side alternative is individually tested in this plan over the ten-year planning horizon to determine the benefit or detriment that the addition of this demand-side resource provides to the overall system. DCE calculates the benefits and costs for each demand-side measure evaluated and reports the appropriate ratios for the Rate Impact Measure (RIM), the Total Resource Cost Test (TRC), and the Participant Test. Demand-side programs that pass the RIM test are then bundled together to create demand-side portfolios. These portfolios contain the appropriate DSM options and make the optimization solvable with the STRATEGIST model.

Resource Integration and the Integrated Optimal Plan

The cost-effective generation alternatives and the demand-side portfolios developed in the screening process can then be optimized together to formulate an Integrated Optimal Plan. The optimization program considers all possible future combinations of supply- and demand-side alternatives that meet the company's reliability criteria in each year of the ten-year study period and reports those that provide both flexibility and low revenue requirements for PEF's ratepayers.

Developing the Base Expansion Plan

The plans that provide the lowest revenue requirements are then further tested using sensitivity analysis. The economics of the plan are evaluated under high and low forecast scenarios for load, fuel, and financial assumptions to ensure that the plan does not unduly burden the company or the ratepayers if the future unfolds in a manner significantly different from the base forecasts. From the sensitivity assessment, the ten-year plan that is identified as achieving the best balance of flexibility and cost is then reviewed within the corporate framework to determine how the plan potentially impacts or is impacted by many other factors. If the plan is judged robust under this review, it evolves as the Base Expansion Plan.

KEY CORPORATE FORECASTS

Fuel Forecast

Base Fuel Case: The base case fuel price forecast was developed using short-term and long-term market price projections from industry-recognized sources. Coal prices are expected to be relatively stable month to month; however, oil and natural gas prices are expected to be more volatile on a day-to-day and month-to-month basis.

In the short term, the base cost for coal is based on the existing contractual structure between Progress Fuels Corporation (PFC) and Progress Energy Florida and both contract and spot market coal and transportation arrangements between PFC and its various suppliers. For the longer term, the costs are based on market forecasts reflective of expected market conditions. Oil and natural gas prices are estimated based on current and expected contracts and spot purchase arrangements as well as near-term and long-term market forecasts. Oil and natural gas commodity prices are driven primarily by open market forces of supply and demand. Natural gas firm transportation cost is determined primarily by pipeline tariff rates and tends to change less frequently than commodity prices.

Financial Forecast

The key financial assumptions used in PEF's most recent planning studies were 48% debt and 52% equity PEF capital structure, projected debt cost of 6.5%, and an equity return of 12.0%. These assumptions resulted in a weighted average cost of capital of 9.36% and an after-tax discount rate of 8.16%. In recent planning work, PEF did not test the sensitivity of the base resource plan to varying financial assumptions. This is due to the fact that the most economical options are combined-cycle (CC) and combustion turbine (CT) gas-fired units with relatively short construction lead times and low capital costs. These options have lower capital costs than alternatives; therefore, higher financial assumptions would not be expected to alter the results in any significant way.

Lower cost of capital escalation rates would favor options with longer construction lead times and higher capital costs. However, PEF does not expect escalation rates to go much lower than the current base case forecast. Consequently, PEF does not believe that financial assumption sensitivity cases are needed.

CURRENT PLANNING RESULTS

TYSP Supply-Side Resources

In this TYSP, PEF's supply-side resources include the projected combined-cycle expansion of the Hines Energy Complex (HEC) with Units 3 through 5 forecasted to be in-service by December 2005, 2007, and 2009, and Unit 6 to be in-service by May 2010. The new units at Hines are state-of-the-art combined-cycle units similar to HEC Unit 2. As new advancements in combined-cycle technologies mature, PEF will continue to examine the merits of these new alternatives to ensure the lowest possible expansion costs. The TYSP also includes three combustion turbine units planned in-service December 2006 and two generic combined-cycle units with planned in-service dates of May 2012 and December 2013. PEF had previously projected the next peaking addition to be installed at the Intercession City site. However, the Company is currently conducting more detailed analyses of other existing generation sites including Anclote and DeBary, and has not finalized its decision on the preferred site(s) for these combustion turbine additions.

Plan Sensitivities

Sensitivities to load and fuel forecasts were analyzed against the base plan. The base plan of constructing combined-cycle and combustion turbine units on gas was determined to be robust with respect to changes in the load and fuel forecasts. The low load forecast sensitivity required less combined-cycle and combustion turbine generation; the high load forecast indicated that additional combined-cycle and combustion turbine units would potentially be required.

The high and low fuel forecast sensitivity results did not suggest any significant reconsideration of the base plan. The higher fuel prices resulted in an improvement in the economics of pulverized coal, particularly beyond the 10-year planning horizon. The additional sensitivity, which assumes the current differential price of oil and gas to coal remains constant over time, did not demonstrate any significant change in the relative economics of alternatives when compared to the base plan. This current differential in oil and gas to coal prices, however, includes recent spikes in natural gas prices that historically have been of a short-term nature and, thus, are not expected to continue over the planning horizon. PEF will continue to monitor these fuel price relationships and watch for any signs of a long-term structural change.

Request for Proposals

In accordance with Rule 25-22.082 (F.A.C.), PEF issued a request for proposals (RFP) on October 7, 2003 to solicit competitive proposals for supply-side alternatives to its next planned combined-cycle unit, a fourth gas-fired combined-cycle unit at Hines Energy Complex. Proposals have been received and are currently being evaluated.

TRANSMISSION PLANNING

PEF's transmission planning assessment practices are developed to test the ability of the planned system to meet the reliability criteria as outlined in the FERC Form 715 filing. This involves the use of load flow and transient stability programs to model various contingency situations that may occur, and determining if the system response meets the reliability criteria. In general, this involves running simulations for the loss of any single line, generator, or transformer. PEF normally runs this analysis for system load levels from minimum to peak for all possible contingencies, and for both summer and winter. Additional studies are performed to determine the system response to credible, less probable criteria, to assure the system meets PEF and Florida Reliability Coordinating Council, Inc. (FRCC) criteria. These studies include the loss of multiple generators or lines, and combinations of each, and some load loss is permissible under these more severe disturbances. These credible, less probable scenarios are also evaluated at various load levels, since some of the more severe situations occur at average or minimum load conditions. In particular, critical fault clearing times are typically the shortest (most severe) at minimum load conditions, with just a few large base load units supplying the system needs.

As noted in the PEF reliability criteria, some remedial actions are allowed to reduce system loadings, in particular, sectionalizing is allowed to reduce loading on lower voltage lines for bulk system contingencies, but the risk to load on the sectionalized system must be reasonable (it would not be considered prudent to operate for long periods with a sectionalized system). In addition, the number of remedial action steps and the overall complexity of the scheme are evaluated to determine overall acceptability.

Presently, PEF uses the following reference documents to calculate Available Transfer Capability (ATC) for required transmission path postings on the Florida Open Access Same-Time Information System (OASIS):

- FRCC: FRCC ATC Calculation and Coordination Procedures, November 4, 2003, which is posted on the FRCC website: (http://www.frcc.com/downloads/frccatc.pdf)

- NERC: Transmission Transfer Capability, May 1, 1995

- NERC: Available Transfer Capability – Definitions and Determination, July 30, 1996

PEF uses the FRCC Capacity Benefit Margin (CBM) methodology to assess its CBM needs. This methodology is:

"FRCC Transmission Providers make an assessment of the CBM needed on their respective systems by using either deterministic or probabilistic generation reliability analysis. The appropriate amount of transmission interface capability is then reserved for CBM on a per interface basis, taking into account the amount of generation available on other interconnected systems, the respective load peaking diversities of those systems, and Transmission Reliability Margin (TRM). Operating reserves may be included if appropriate in TRM and subsequently subtracted from the CBM if needed."

PEF currently has zero CBM reserved on each of its interfaces (posted paths). PEF's CBM on each path is currently established through the transmission provider functions within PEF using deterministic and probabilistic generation reliability analysis.

Currently, PEF proposes no bulk transmission additions that must be certified under the Florida Transmission Line Siting Act (TLSA). PEF's proposed bulk transmission line additions are shown below:

TABLE 3.3

PROGRESS ENERGY FLORIDA

LIST OF PROPOSED BULK TRANSMISSION LINE ADDITIONS

2004-2013

MVA RATING WINTER	LINE OWNERSHIP	TERMINALS		LINE LENGTH (CKT.-MILES)	COMMERCIAL IN-SERVICE DATE (MO./YEAR)	NOMINAL VOLTAGE (kV)
1141	PEF/FPL	VANDOLAH	WHIDDEN	14	10 / 2004	230
1141	PEF	LAKE BRYAN	WINDERMERE #1	10 *	10 / 2006	230
1141	PEF	LAKE BRYAN	WINDERMERE #2	10	10 / 2006	230
1141	PEF	HINES ENERGY COMPLEX	WEST LAKE WALES #1	21	5 / 2007	230
1141	PEF	INTERCESSION CITY	GIFFORD	10	4 / 2008	230
1141	PEF	HINES ENERGY COMPLEX	WEST LAKE WALES #2	21	5 / 2009	230
1141	PEF	INTERCESSION CITY	WEST LAKE WALES #1	30 *	6 / 2010	230
1141	PEF	INTERCESSION CITY	WEST LAKE WALES #2	30	6 / 2010	230

* Rebuild existing circuit

This page intentionally left blank

CHAPTER 4

ENVIRONMENTAL AND LAND USE INFORMATION



This page intentionally left blank

CHAPTER 4

ENVIRONMENTAL AND LAND USE INFORMATION

PREFERRED SITES

PEF's base expansion plan proposes new combined-cycle generation at the Hines Energy Complex (HEC) site in Polk County. New proposed peaking simple-cycle combustion turbine generation site options include Intercession City (Osceola County), Anclote (Pasco County), and DeBary (Volusia County). While the Intercession City, Anclote, and DeBary sites are suitable for new peaking generation, PEF continues to evaluate other available sites for future supply alternatives.

The next proposed combined-cycle unit at the HEC site is scheduled for commercial operation in December 2005. The next proposed peaking simple-cycle unit is scheduled for commercial operation in December 2006. The HEC, Intercession City, Anclote, and DeBary sites meet all of PEF's siting requirements for capacity throughout the planning horizon. PEF's existing sites, as identified in Table 3.1 of Chapter 3, include the capability to further develop generation. All appropriate permitting requirements will be addressed for PEF's preferred sites as discussed in the following site descriptions. The base expansion plan does not include any potential new sites for generating additions. Therefore, detailed environmental or land use data are not included.

HINES ENERGY COMPLEX SITE

In 1990, PEF completed a statewide search for a new 3,000 MW coal capable power plant site. As a result of this work, a large tract of mined-out phosphate land in south central Polk County was selected as the primary alternative. This 8,200-acre site is located south of the City of Bartow, near the cities of Fort Meade and Homeland, south of S.R. 640 and west of U.S. 17/98 (reference Figure 4.1). It is an area that has been extensively mined and remains predominantly unreclaimed.

The Governor and cabinet approved site certification for ultimate site development and construction of the first 470 MW increment on January 25, 1994, in accordance with the rules of the Power Plant Siting Act. Due to the thorough screening during the selection process, and the disturbed nature of the site, there were no major environmental limitations. As would be the situation at any location in the state, air emissions and water consumption were significant issues during the licensing process.

The site's initial preparation involved moving over 10 million cubic yards of soil and draining 4 billion gallons of water. Construction of the energy complex will recycle the land for a beneficial use and promote habitat restoration.

The Hines Energy Complex is visited by several species of wildlife, including alligators, bobcats, turtles, and over 50 species of birds. The Hines site also contains a wildlife corridor, which creates a continuous connection between the Peace River and the Alafia River.

PEF arranged for the City of Bartow to provide treated effluent for cooling pond make-up. The complex's cooling pond initially covered 722 acres with an eventual expansion to 2,500 acres.

The Hines Energy Complex is designed and permitted to be a zero discharge site. This means that there will be no discharges to surface waters either from the power plant facilities or from storm water runoff. Based on this design, storm water runoff from the site can be used as cooling pond make-up, minimizing groundwater withdrawals.

The Florida Department of Environmental Protection air rules currently list all of Polk County as attainment for ambient air quality standards. The environmental impact on the site will be

minimized by PEF's close coordination with regulatory agencies to ensure compliance with all applicable environmental regulations.

As future generation units are added, the remaining network of on-site clay settling ponds will be converted to cooling ponds and combustion waste storage areas to support power plant operations. Given the disturbed nature of the property, considerable development has been required in order to make it usable for electric utility application. An industrial rail network and an adequate road system service the site.

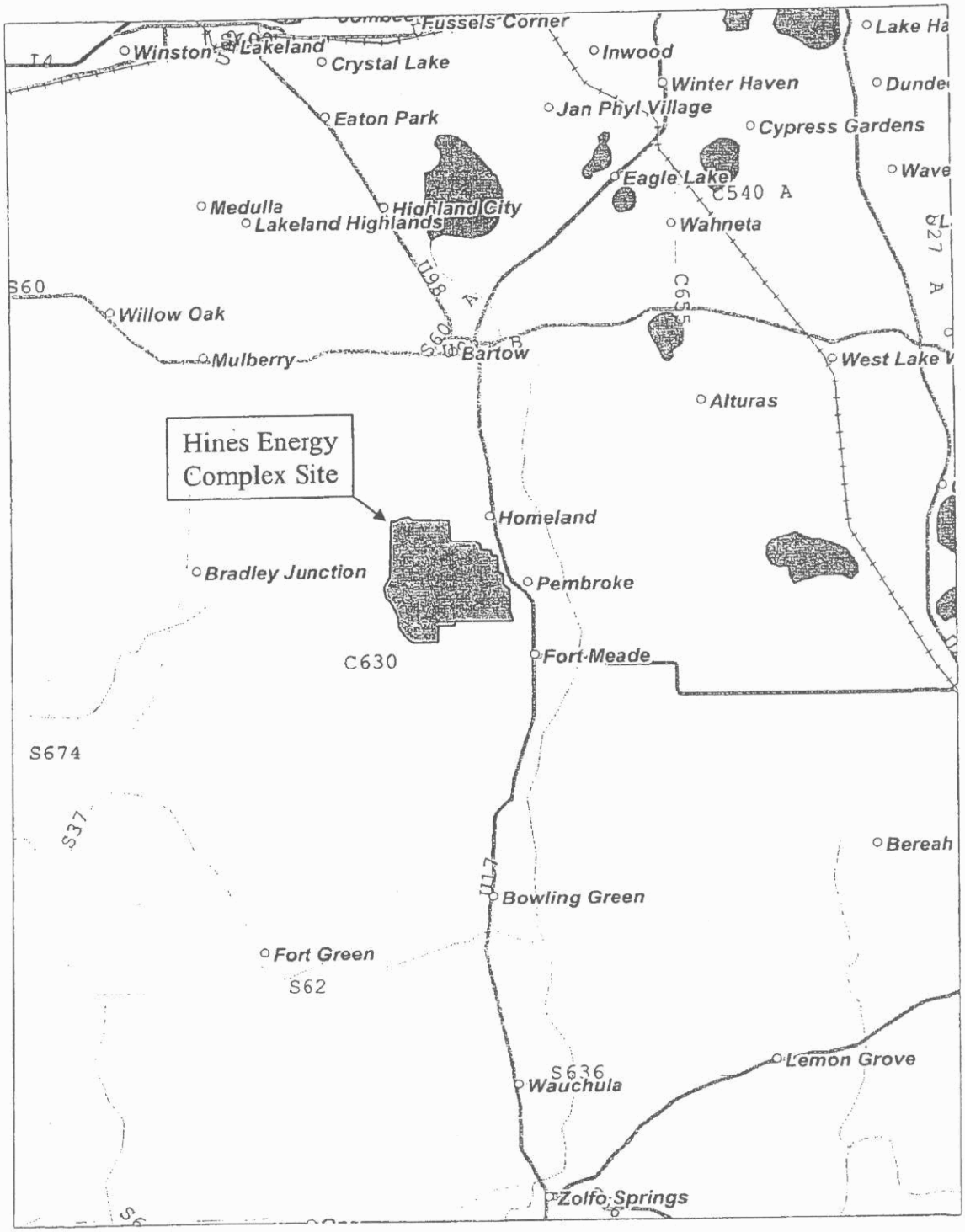
The first combined-cycle unit at this site, with a capacity of 482 MW summer and 529 MW winter, began commercial operation in April 1999. The transmission improvements associated with this first unit were the rebuilding of the 230/115 kV double circuit Barcola to Ft. Meade line by increasing the conductor sizes and converting the line to double circuit 230 kV operation.

The second combined-cycle unit at this site entered commercial operation in December 2003 with seasonal capacity ratings of 516 MW summer and 582 MW winter. The transmission improvement associated with the second combined-cycle unit at this site involved the addition of a 230 kV circuit from the Hines Energy Complex to Barcola.

The third HEC combined-cycle unit is planned for commercial operation in December 2005 with seasonal capacity ratings of 516 MW summer and 582 MW winter, and requires no transmission upgrades.

FIGURE 4.1

Hines Energy Complex Site (Polk County)



INTERCESSION CITY SITE

Intercession City was chosen as a potential site for installation of peaking combustion turbine units. The seasonal ratings for each proposed peaking combustion turbine unit are projected to be 158 MW summer and 188 MW winter.

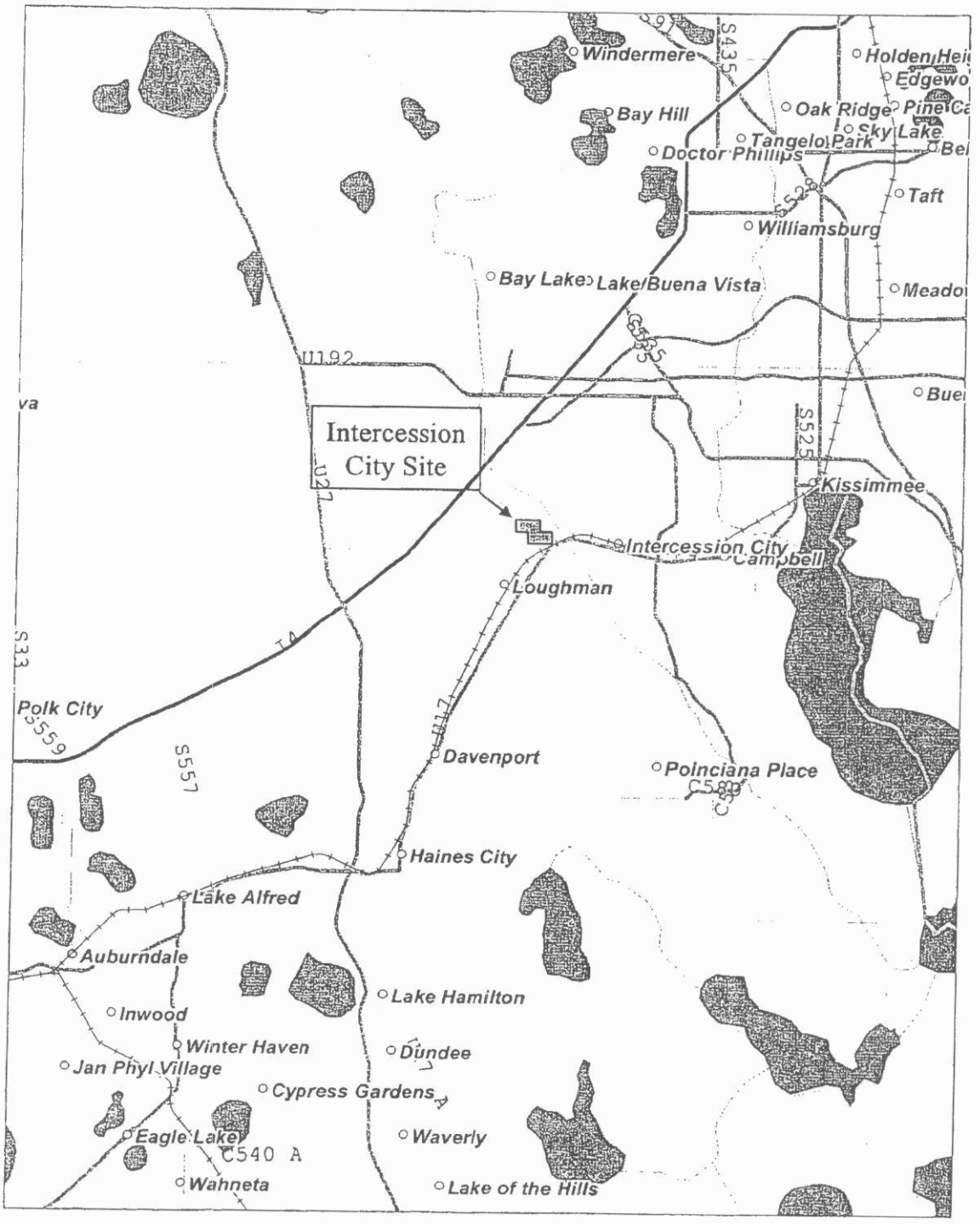
The Intercession City site (Figure 4.2) consists of 162 acres in Osceola County, two miles west of Intercession City. The site is immediately west of Reedy Creek and the adjacent Reedy Creek Swamp. The site is adjacent to a secondary effluent pipeline from a municipal wastewater treatment plant, an oil pipeline, and natural gas from the Florida Gas Transmission (FGT) and Gulfstream pipelines.

The Florida Department of Environmental Protection air rules currently list all of Osceola County as attainment for ambient air quality standards. The environmental impact on the site will be minimized by PEF's close coordination with regulatory agencies to ensure compliance with all applicable environmental regulations.

Transmission modifications will be required to accommodate the additional combustion turbine peaking units identified in this expansion plan.

FIGURE 4.2

Intercession City Site (Osceola County)



ANCLOTE SITE

Anclote was chosen as a potential site for installation of peaking combustion turbine units. The seasonal ratings for each proposed peaking combustion turbine unit are projected to be 158 MW summer and 188 MW winter.

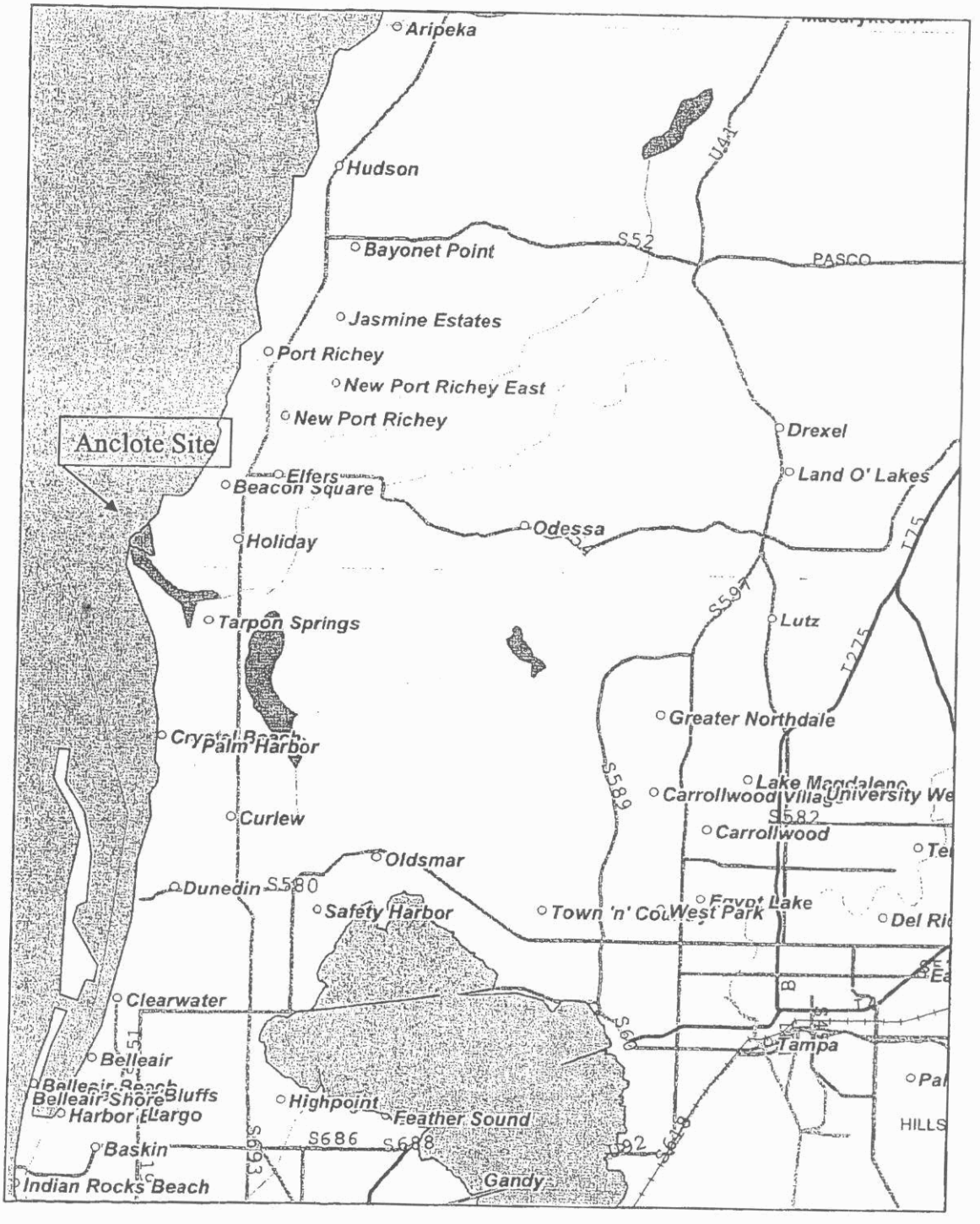
The Anclote site (Figure 4.3) consists of approximately 400 acres in Pasco County. The site is located in Holiday Florida at the mouth of the Anclote River. The site receives make-up water from the city of Tarpon Springs, fuel oil through a pipeline from the Bartow plant, and natural gas from the Florida Gas Transmission (FGT) Pipeline.

The Florida Department of Environmental Protection air rules currently list all of Pasco County as attainment for ambient air quality standards. The environmental impact on the site will be minimized by PEF's close coordination with regulatory agencies to ensure compliance with all applicable environmental regulations.

Transmission modifications will be required to accommodate the additional combustion turbine peaking units identified in this expansion plan.

FIGURE 4.3

Anclote Site (Pasco County)



POD #12

Murphy, Pam (CPL)

From: [redacted]
Sent: Friday, August 06, 2004 9:57 AM
To: Murphy, Pam (CP&L)
Cc: Rhodes, Rick
Subject: Meeting in Raleigh

I understand that Rick is out this week and he suggested that I get with you on setting up a meeting in Raleigh. I had proposed the morning of August 26th if that works for you. Please let me know ASAP so that I can get it on Brad's calendar. I am out on vacation this week but will be checking my email. Thanks!



Rhodes, Rick

From: [redacted]
Sent: Tuesday, July 27, 2004 9:46 AM
To: Rhodes, Rick; Murphy, Pam (CP&L)
Subject: [redacted]

CONFIDENTIAL

Wanted to be sure that you saw our announcement. Please give me a call if you have any questions!

FPL Group Resources and RasGas Announce Heads of Agreement to Supply LNG to Florida Via Proposed Bahamas LNG Terminal
[Business Wire]

JUNO BEACH, Fla. & DOHA, Qatar--(BUSINESS WIRE)--July 27, 2004--FPL Group Resources LLC, a subsidiary of FPL Group, Inc. (NYSE:FPL), and Ras Laffan Liquefied Natural Gas Company Limited (II) (RasGas (II)), a joint venture between Qatar Petroleum and ExxonMobil RasGas Inc. (an ExxonMobil affiliate), today announced signature of a Heads of Agreement (HOA) to supply liquefied natural gas (LNG) from Qatar to a proposed LNG terminal and regasification facility located at South Riding Point on Grand Bahama Island.

Under terms of the HOA, an affiliate of FPL Group Resources and RasGas (II) have entered into an exclusive relationship and expect to complete an LNG sale and purchase agreement for approximately 800,000 million British Thermal Units (MMBtu) per day of LNG, or approximately 6 million tons per annum to be delivered over a 25-year period beginning in mid 2008.

The feed gas will come from Qatar's North Field, the largest offshore non-associated natural gas field in the world, with proven natural gas reserves in excess of 900 trillion cubic feet (tcf). FPL Group Resources plans to sell the regasified LNG to wholesale customers throughout Florida.

RasGas ventures are currently engaged in projects that are expected to deliver over 36 million tons per year to Korea, India, Europe and the US by 2011.

"Today's announcement is another important step in bringing an additional supply of much needed natural gas to South Florida," said Brad Williams, vice president, Gas Projects, for FPL Group Resources. "RasGas is a proven leader in the global LNG business and shares our commitment to safety and environmental stewardship. We look forward to continue working with the Bahamian government to ensure the success of this project."

"Qatar Petroleum, through its joint venture participation in RasGas (II), is very pleased for this opportunity to sign a long-term agreement for the supply of liquefied natural gas to FPL Group Resources LLC for the United States market. We anticipate a close and mutually beneficial relationship with the Bahamas, as that country is an integral part of this project's success," said Dr. Ibrahim Ibrahim, vice chairman, RasGas Board of Directors.

The HOA is subject to the FPL Group Resources affiliate successfully competing to provide regasified LNG to Florida Power & Light Company and other Florida customers and obtaining certain regulatory approvals. Florida Power & Light is expected to issue a Request for Proposals seeking a supply of gas from LNG as a new fuel source to generate electricity for its customers.

As previously announced, FPL Group Resources recently executed a precedent agreement with Seafarer Bahamas Pipeline Ltd. and Seafarer US Pipeline Inc., subsidiaries of the El Paso Corporation for transportation of regasified LNG from the proposed LNG terminal on Grand Bahama Island.

FPL Group, with annual revenues of more than $9 billion, is nationally known as a high-quality, efficient, and customer-driven organization focused on energy-related products and services. With a growing presence in 26 states, it is widely recognized as one of the country's premier power companies. Its principal subsidiary, Florida Power & Light Company, serves more than 4.2 million customer accounts in Florida. FPL Energy, LLC, an FPL Group energy-generating subsidiary, is a leader in producing electricity from clean and renewable fuels. Additional information is available on the Internet at http://www.FPLGroup.com, http://www.FPL.com and http://www.FPLEnergy.com.

RasGas (II) is a joint venture formed in 2001 between Qatar Petroleum and ExxonMobil RasGas Inc. (70/30 percent). The venture encompasses production operations from Qatar's giant North Field for the manufacture of LNG, and exports LNG to current and anticipated markets in Asia/Pacific, Europe and the United States. By 2011, the RasGas venture is expected to process and supply more than 36 million tons a year of LNG to meet rising global demand. For additional information visit http://www.rasgas.com. CAUTIONARY STATEMENTS AND RISK FACTORS THAT MAY AFFECT FUTURE RESULTS

In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 (Reform Act), FPL Group, Inc. (FPL Group) and Florida Power & Light Company (FPL) are hereby filing cautionary statements identifying important factors that could cause FPL Group's or FPL's actual results to differ materially from those projected in forward-looking statements (as such term is defined in the Reform Act) made by or on behalf of FPL Group and FPL in this press release, in response to questions or otherwise. Any statements that express, or involve discussions as to expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as will likely result, are expected to, will continue, is anticipated, believe, could, estimated, may, plan, potential, projection, target, outlook) are not statements of historical facts and may be forward-looking. Forward-looking statements involve estimates, assumptions and uncertainties. Accordingly, any such statements are qualified in their entirety by reference to, and are accompanied by, the following important factors (in addition to any assumptions and other factors referred to specifically in connection with such forward-looking statements) that could cause FPL Group's or FPL's actual results to differ materially from those contained in forward-looking statements made by or on behalf of FPL Group and FPL.

Any forward-looking statement speaks only as of the date on which such statement is made, and FPL Group and FPL undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time and it is not possible for management to predict all of such factors, nor can it assess the impact of each such factor on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

The following are some important factors that could have a significant impact on FPL Group's and FPL's operations and financial results, and could cause FPL Group's and FPL's actual results or outcomes to differ materially from those discussed in the forward-looking statements:

-- FPL Group and FPL are subject to changes in laws or regulations, including the Public Utility Regulatory Policies Act of 1978, as amended

(PURPA), and the Public Utility Holding Company Act of 1935, as amended (Holding Company Act), changing governmental policies and regulatory actions, including those of the Federal Energy Regulatory Commission (FERC), the Florida Public Service Commission (FPSC) and the utility commissions of other states in which FPL Group has operations, and the U.S. Nuclear Regulatory Commission (NRC), with respect to, among other things, allowed rates of return, industry and rate structure, operation of nuclear power facilities, operation and construction of plant facilities, operation and construction of transmission facilities, acquisition, disposal, depreciation and amortization of assets and facilities, recovery of fuel and purchased power costs, decommissioning costs, return on common equity and equity ratio limits, and present or prospective wholesale and retail competition (including but not limited to retail wheeling and transmission costs). The FPSC has the authority to disallow recovery by FPL of costs that it considers excessive or imprudently incurred.

-- The regulatory process generally restricts FPL's ability to grow earnings and does not provide any assurance as to achievement of earnings levels.

-- FPL Group and FPL are subject to extensive federal, state and local environmental statutes, rules and regulations relating to air quality, water quality, waste management, wildlife mortality, natural resources and health and safety that could, among other things, restrict or limit the output of certain facilities or the use of certain fuels required for the production of electricity and/or increase costs. There are significant capital, operating and other costs associated with compliance with these environmental statutes, rules and regulations, and those costs could be even more significant in the future.

-- FPL Group and FPL operate in a changing market environment influenced by various legislative and regulatory initiatives regarding deregulation, regulation or restructuring of the energy industry, including deregulation of the production and sale of electricity. FPL Group and its subsidiaries will need to adapt to these changes and may face increasing competitive pressure.

-- FPL Group's and FPL's results of operations could be affected by their ability to renegotiate franchise agreements with municipalities and counties in Florida.

-- The operation of power generation facilities involves many risks, including start up risks, breakdown or failure of equipment, transmission lines or pipelines, use of new technology, the dependence on a specific fuel source or the impact of unusual or adverse weather conditions (including natural disasters such as hurricanes), as well as the risk of performance below expected levels of output or efficiency. This could result in lost revenues and/or increased expenses. Insurance, warranties or performance guarantees may not cover any or all of the lost revenues or increased expenses, including the cost of replacement power. In addition to these risks, FPL Group's and FPL's nuclear units face certain risks that are unique to the nuclear industry including the ability to dispose of spent nuclear fuel, as well as additional regulatory actions up to and including shutdown of the units stemming from public safety concerns, whether at FPL Group's and FPL's plants, or at the plants of other nuclear operators. Breakdown or failure of an FPL Energy, LLC (FPL Energy) operating facility may prevent the facility from performing under applicable power sales agreements which, in certain situations, could result in termination of the agreement or incurring a liability for liquidated damages.

-- FPL Group's and FPL's ability to successfully and timely complete their power generation facilities currently under construction, those projects yet to begin construction or capital improvements to existing facilities is contingent upon many variables and subject to substantial risks. Should any such efforts be unsuccessful, FPL Group and FPL could

be subject to additional costs, termination payments under committed contracts, and/or the write-off of their investment in the project or improvement.

-- FPL Group and FPL use derivative instruments, such as swaps, options, futures and forwards to manage their commodity and financial market risks, and to a lesser extent, engage in limited trading activities. FPL Group could recognize financial losses as a result of volatility in the market values of these contracts, or if a counterparty fails to perform. In the absence of actively quoted market prices and pricing information from external sources, the valuation of these derivative instruments involves management's judgment or use of estimates. As a result, changes in the underlying assumptions or use of alternative valuation methods could affect the reported fair value of these contracts. In addition, FPL's use of such instruments could be subject to prudency challenges and if found imprudent, cost recovery could be disallowed by the FPSC.

-- There are other risks associated with FPL Group's non-rate regulated businesses, particularly FPL Energy. In addition to risks discussed elsewhere, risk factors specifically affecting FPL Energy's success in competitive wholesale markets include the ability to efficiently develop and operate generating assets, the successful and timely completion of project restructuring activities, maintenance of the qualifying facility status of certain projects, the price and supply of fuel, transmission constraints, competition from new sources of generation, excess generation capacity and demand for power. There can be significant volatility in market prices for fuel and electricity, and there are other financial, counterparty and market risks that are beyond the control of FPL Energy. FPL Energy's inability or failure to effectively hedge its assets or positions against changes in commodity prices, interest rates, counterparty credit risk or other risk measures could significantly impair its future financial results. In keeping with industry trends, a portion of FPL Energy's power generation facilities operate wholly or partially without long-term power purchase agreements. As a result, power from these facilities is sold on the spot market or on a short-term contractual basis, which may affect the volatility of FPL Group's financial results. In addition, FPL Energy's business depends upon transmission facilities owned and operated by others; if transmission is disrupted or capacity is inadequate or unavailable, FPL Energy's ability to sell and deliver its wholesale power may be limited.

-- FPL Group is likely to encounter significant competition for acquisition opportunities that may become available as a result of the consolidation of the power industry. In addition, FPL Group may be unable to identify attractive acquisition opportunities at favorable prices and to successfully and timely complete and integrate them.

-- FPL Group and FPL rely on access to capital markets as a significant source of liquidity for capital requirements not satisfied by operating cash flows. The inability of FPL Group and FPL to maintain their current credit ratings could affect their ability to raise capital on favorable terms, particularly during times of uncertainty in the capital markets which, in turn, could impact FPL Group's and FPL's ability to grow their businesses and would likely increase interest costs.

-- FPL Group's and FPL's results of operations can be affected by changes in the weather. Weather conditions directly influence the demand for electricity and natural gas and affect the price of energy commodities, and can affect the production of electricity at wind and hydro-powered facilities. In addition, severe weather can be destructive, causing outages and/or property damage, which could require additional costs to be incurred.

-- FPL Group and FPL are subject to costs and other effects of legal and administrative proceedings, settlements, investigations and claims, as well as the effect of new, or changes in, tax rates or policies, rates

of inflation, accounting standards, securities laws or corporate governance requirements.

-- FPL Group and FPL are subject to direct and indirect effects of terrorist threats and activities. Generation and transmission facilities, in general, have been identified as potential targets. The effects of terrorist threats and activities include, among other things, terrorist actions or responses to such actions or threats, the inability to generate, purchase or transmit power, the risk of a significant slowdown in growth or a decline in the U.S. economy, delay in economic recovery in the United States, and the increased cost and adequacy of security and insurance.

-- FPL Group's and FPL's ability to obtain insurance, and the cost of and coverage provided by such insurance, could be affected by national events as well as company-specific events.

-- FPL Group and FPL are subject to employee workforce factors, including loss or retirement of key executives, availability of qualified personnel, collective bargaining agreements with union employees or work stoppage.

The issues and associated risks and uncertainties described above are not the only ones FPL Group and FPL may face. Additional issues may arise or become material as the energy industry evolves. The risks and uncertainties associated with these additional issues could impair FPL Group's and FPL's businesses in the future.



Rhodes, Rick

From: [redacted]
Sent: Tuesday, April 27, 2004 8:27 AM
To: Rhodes, Rick
Subject: [redacted]

Importance: High

Progress RFP Response by Sailf...

Sent this yesterday, but never received a confirmation that you received it. Please let me know if you receive this email. THANKS!!

[redacted]

CONFIDENTIAL

----- Forwarded by [redacted] on 04/27/2004 08:25 AM -----

[redacted] To: "Rhodes, Rick" <Rick.Rhodes@pgnmail.com>

cc:

[redacted] 04/26/2004 03:19 PM Subject: [redacted]

Attached please find our response to your Request for Proposal dated April 5, 2004. As we discussed, our proposal is "nonconforming" but we appreciate your consideration and would like the opportunity to work with you to structure a deal that fits both our needs. We will be available to discuss this proposal at your convenience by phone or in person. Also, we wanted to let you know that the contractual obligations of the company submitting this proposal, [redacted] Ltd., will be supported by the credit of [redacted]

Please give me a call if you have any questions about our response. I look forward to hearing from you - - and keep watch out for an announcement of our supply deal which should be completed in the next few weeks!

(See attached file: Progress RFP Response by [redacted]

[redacted]



April 26, 2004

Progress Energy Inc.
P.O. Box 1551 – PEB 10A
Raleigh, NC 27602

CONFIDENTIAL

Attention: Rick Rhodes

Re: Letter of Intent

Ladies and Gentlemen:

[redacted]

3. **Governing Law.** [redacted]

4. **Scope of Project.** [redacted]

5. **Relationship of the Parties.** [redacted]

6. **Binding Nature.** [redacted]

7. **Assignment.** [redacted]

8. **Dispute Resolution.** [redacted]

9. **Damages.** [redacted]

[redacted]

10. **Non-Exclusivity.** [redacted]

11. **Corporate Approvals.** [redacted]

12. **Confidentiality.** [redacted]

Very truly yours,

[redacted]

By: _____

Its: [redacted]

Accepted and Agreed to this _____ Day of _____, 2004:

Florida Power Corporation

By: _____

Its: _____

CONFIDENTIAL

EXHIBIT "A" to
Letter of Intent dated April 26, 2004

[redacted]

Term:

Commencing on or about May 1, 2008 or such other date as the parties mutually agree (such date being the "Effective Date") and extending a period of twenty-five (25) years from the Effective Date.

Daily Contract Quantity ("DCQ"):

Seller agrees to sell and deliver to Buyer, and Buyer agrees to purchase and take from Seller, on a firm baseload basis, a daily contract quantity (the "DCQ") delivered on a ratable basis throughout the twenty-four (24) hour gas day. Buyer must elect, prior to execution of the Definitive Agreements, a fixed, single quantity which shall apply for each period.

DCQ for Period 1 (May 1, 2008 – April 30, 2009):
45,000 – 60,000 MMBtu per day as elected by Buyer and mutually agreed by the Parties in the Definitive Agreements

DCQ for Period 2 (May 1, 2009 – April 30, 2033):
60,000 – 100,000 MMBtu per day as elected by Buyer and mutually agreed by the Parties in the Definitive Agreements

Delivery Point:

Seller will sell and deliver and Buyer will purchase and take the DCQ to Buyer at the interconnection of the facilities of FGT and Seafarer US Pipeline in Palm Beach County, Florida (the "Delivery Point"). Buyer shall be responsible for all transportation costs and requirements on FGT to move gas from the Delivery Point to Buyer's Hines Energy Complex in Polk County, Florida (the "Hines Facility"). Seller will cooperate with Buyer to minimize Buyer's transportation costs on FGT required to transport the DCQ to the Hines Facility.

Contract Price:

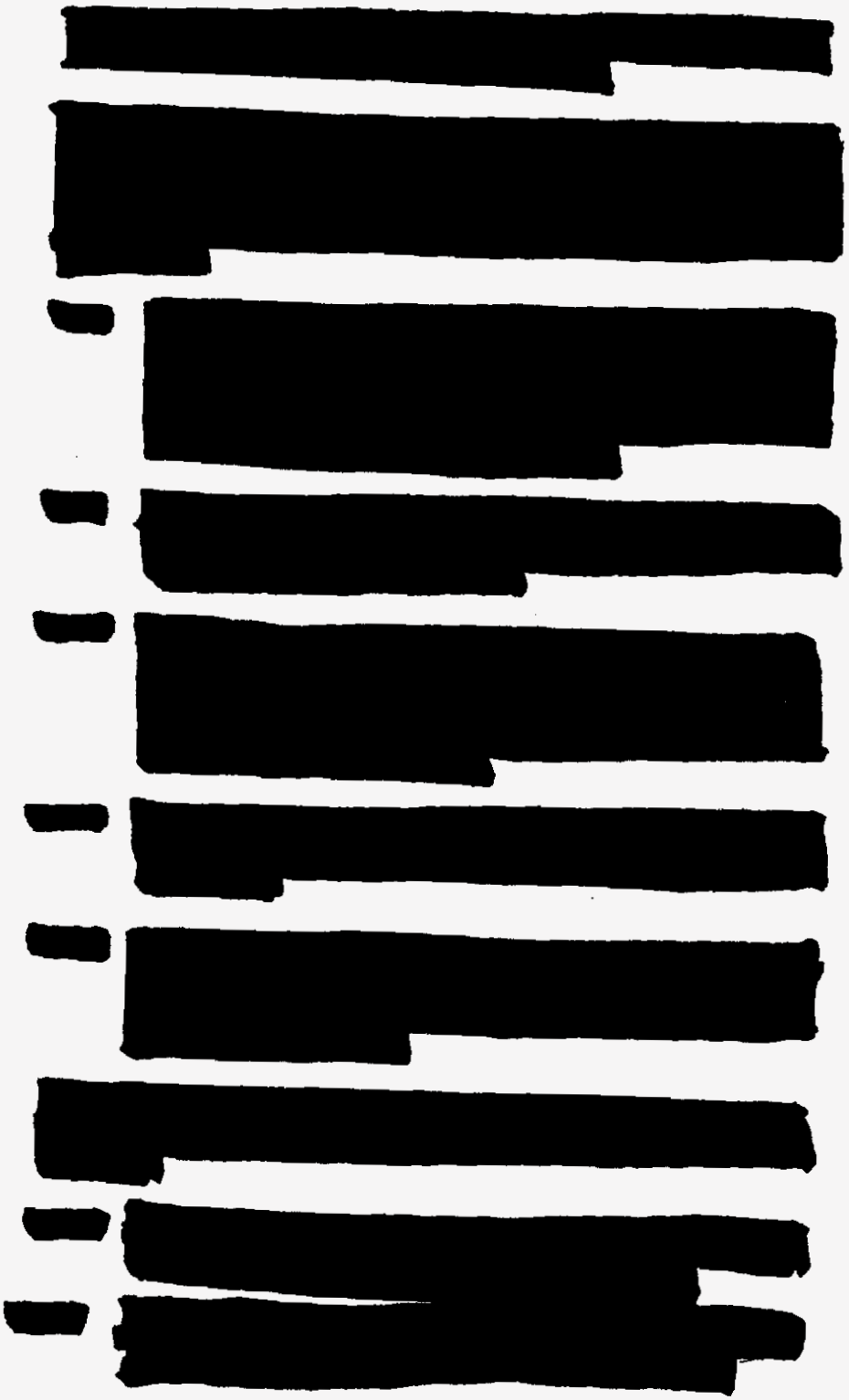
The contract price per MMBtu shall be equal to the sum of the Final Day Settlement Price for the applicable NYMEX Henry Hub natural gas futures contract for such month and either (a) $0.495 per MMBtu if Buyer elects to accept the Force Majeure language as included in the Force Majeure section of this Exhibit "A" or (b)

[redacted]

Liquidated Damages: [redacted]

Force Majeure: [redacted]

CONFIDENTIAL



CONFIDENTIAL

[redacted]

Force Majeure Exclusion:

[redacted]

CONFIDENTIAL

Conditions Precedent:

Billing and Payment:

Quality Specifications:

Nominations and Balancing:

CONFIDENTIAL

Credit and Security: [redacted]

Limitation of Damages: [redacted]

Assignment: [redacted]

Miscellaneous: [redacted]

This proposal is submitted as a basis for further negotiation and does not constitute a binding offer.

Rhodes, Rick

From: [redacted]
Sent: Monday, April 26, 2004 3:20 PM
To: Rhodes, Rick
Subject: [redacted] CONFIDENTIAL

Importance: High

Progress RFP Response by [redacted]

Attached please find our response to your Request for Proposal dated April 5, 2004. As we discussed, our proposal is "nonconforming" but we appreciate your consideration and would like the opportunity to work with you to structure a deal that fits both our needs. We will be available to discuss this proposal at your convenience by phone or in person. Also, we wanted to let you know that the contractual obligations of the company submitting this proposal, [redacted] Ltd., will be supported by the credit of [redacted]

Please give me a call if you have any questions about our response. I look forward to hearing from you - - and keep watch out for an announcement of our supply deal which should be completed in the next few weeks!

(See attached file: Progress RFP Response by [redacted] DOC)

[redacted] CONFIDENTIAL

April 26, 2004

Progress Energy Inc.
P.O. Box 1551 – PEB 10A
Raleigh, NC 27602

Attention: Rick Rhodes

CONFIDENTIAL

Re: Letter of Intent

Ladies and Gentlemen:



PEF 000254
Docket No. 041414-EI

CONFIDENTIAL

3. **Governing Law.** [redacted]

4. **Scope of Project.** [redacted]

5. **Relationship of the Parties.** [redacted]

6. **Binding Nature.** [redacted]

7. **Assignment.** [redacted]

8. **Dispute Resolution.** [redacted]

9. **Damages.** [redacted]

CONFIDENTIAL

[redacted]

10. **Non-Exclusivity.** [redacted]

11. **Corporate Approvals.** [redacted]

12. **Confidentiality.** [redacted]

Very truly yours,

[redacted]

By: _____

Its: VP Natural Gas

Accepted and Agreed to this _____ Day of _____, 2004:

Florida Power Corporation

By: _____

Its: _____

CONFIDENTIAL

EXHIBIT "A" to
Letter of Intent dated April 26, 2004

[redacted]

Term: [redacted]

Daily Contract Quantity ("DCQ"): [redacted]

Delivery Point: [redacted]

Contract Price: [redacted]

PEF 000257
Docket No. 041414-EI

CONFIDENTIAL

[redacted]

Liquidated Damages: [redacted]

Force Majeure: [redacted]

CONFIDENTIAL

[redacted]

Force Majeure Exclusion:

[redacted]

CONFIDENTIAL

Conditions Precedent:

[redacted]

Billing and Payment:

[redacted]

Quality Specifications:

[redacted]

Nominations and Balancing:

[redacted]

CONFIDENTIAL

Credit and Security: [redacted]

Limitation of Damages: [redacted]

Assignment: [redacted]

Miscellaneous: [redacted]

This proposal is submitted as a basis for further negotiation and does not constitute a binding offer.

Rhodes, Rick

From: [redacted]
Sent: Wednesday, April 14, 2004 12:40 PM
To: Rhodes, Rick
Subject: *Press Release*

[redacted] Press Release.doc (43...

Just in case you didn't see this today:

(See attached file: [redacted] Press Release.doc)

We will give you a call at 2:00.

[redacted]

CONFIDENTIAL

News
For Immediate Release

El Paso Corporation Announces Agreements with FPL Group Resources for Capacity Rights on the Seafarer Pipeline, Begins FERC Filing Process

HOUSTON, TEXAS, APRIL 14, 2004—El Paso Corporation (NYSE:EP) today announced that subsidiaries of the company have executed binding precedent agreements with an affiliate of FPL Group Resources for 800,000 dekatherms per day of capacity on the proposed Seafarer Pipeline System. The system will transport natural gas from the proposed High Rock liquefied natural gas (LNG) regasification facility in the Bahamas to Southern Florida. FPL Group Resources is a subsidiary of FPL Group, Inc. (NYSE:FPL) and operates independent of its affiliate Florida Power & Light Company.

The FPL Group Resources' affiliate obtained the full pipeline capacity after bidding in the open season that was held from December 18, 2003 to January 19, 2004. Transportation service is estimated to begin in 2008 when the pipeline project and the Bahamas LNG facility are scheduled to be completed. The agreements are subject to customary conditions, including receipt of necessary governmental approvals.

"We're pleased to have secured the agreements with FPL Group Resources for capacity on Seafarer," said John W. Somerhalder II, president of El Paso's Pipeline Group. "Demonstrating market support is a key issue with state and federal regulatory agencies as they evaluate projects to meet demand for natural gas markets in the southeastern United States. We believe these agreements, along with clear technical and environmental advantages, should place Seafarer in the lead to win a competitive process to provide additional natural gas supplies to Florida Power & Light, as well as securing long-term contracts with other utilities and wholesale natural gas consumers in Florida."

El Paso has requested to use Federal Energy Regulatory Commission's (FERC) new pre-filing process. This process would allow El Paso to work jointly with FERC to address environmental issues, conduct community outreach initiatives, and consult with other permitting agencies before the company formally submits its complete Section 7 application for the Seafarer Pipeline System. The pre-filing process would enable FERC to expedite review of El Paso's formal application.

PEF 000264
Docket No. 041414-EI

The Seafarer Pipeline System consists of an 87-mile international segment from the proposed High Rock LNG regasification terminal in the Bahamas to the United States-Bahamas Exclusive Economic Zone (EEZ) boundary in the Atlantic Ocean and a 41-mile U.S. segment from the EEZ to an onshore interconnect with the existing Florida Gas Transmission pipeline system in Palm Beach County, Florida.

El Paso Corporation provides natural gas and related energy products in a safe, efficient, dependable manner. The company owns North America's largest natural gas pipeline system and one of North America's largest independent natural gas producers. For more information, visit www.elpaso.com.

Cautionary Statement Regarding Forward-Looking Statements

This release includes forward-looking statements and projections, made in reliance on the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The company has made every reasonable effort to ensure that the information and assumptions on which these statements and projections are based are current, reasonable, and complete. However, a variety of factors could cause actual results to differ materially from the projections, anticipated results or other expectations expressed in this release, including, without limitation, the ability to implement and achieve our objectives in the long-range plan; the successful implementation of the settlement related to the western energy crisis; actions by the credit rating agencies; the successful close of our financing transactions; our ability to successfully exit the energy trading business; our ability to divest of certain assets; changes in commodity prices for oil, natural gas, and power; inability to realize anticipated synergies and cost savings associated with restructurings and divestitures on a timely basis; changes in reserves estimates based upon internal and third party reserve analyses; general economic and weather conditions in geographic regions or markets served by El Paso Corporation and its affiliates, or where operations of the company and its affiliates are located; the uncertainties associated with governmental regulation; the uncertainties associated with the outcome of governmental investigations; the outcome of pending litigation including shareholder derivative and class actions; political and currency risks associated with international operations of the company and its affiliates especially due to the instability in Brazil and economic conditions in Mexico; difficulty in integration of the operations of previously acquired companies, competition, and other factors described in the company's (and its affiliates') Securities and Exchange Commission filings. While the company makes these statements and projections in good faith, neither the company nor its management can guarantee that anticipated future results will be achieved. Reference must be made to those filings for additional important factors that may affect actual results. The company assumes no obligation to publicly update or revise any forward-looking statements made herein or any other forward-looking statements made by the company, whether as a result of new information, future events, or otherwise.

Contacts

Investor and Public Relations
Bruce L. Connery, Vice President
Office: (713) 420-5855
Fax: (713) 420-4417

Media Relations
Kim Wallace, Manager
Office: (713) 420-6330
Fax: (713) 420-6341

PEF 000265
Docket No. 041414-EI

Rhodes, Rick

From: [redacted]
Sent: Tuesday, April 13, 2004 4:31 PM
To: Rhodes, Rick
Subject: RE: [redacted]

How about 2:00 Eastern time tomorrow? Let me a phone number, and we will give you a call. Thanks!!

[redacted] CONFIDENTIAL

"Rhodes, Rick" <Rick.Rhodes@pgnm [redacted]
04/13/2004 03:32 PM

To: [redacted]
cc:
Subject: RE: [redacted]

Tomorrow afternoon would be fine. Anytime between 2-4pm EST. Let me know what would work for you...

Rick Rhodes
Term Gas Lead
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

-----Original Message-----
From: [redacted]
Sent: Tuesday, April 13, 2004 3:07 PM
To: Rhodes, Rick
Subject: RE: [redacted]

We would like to schedule a conference call to update you on our project and discuss the RFP. Are you available tomorrow afternoon or Thursday morning? If these times do not work, just let me know when you are available. Thanks!

[redacted]

[redacted]

"Rhodes, Rick"

<Rick.Rhodes@pgnm

To: "Rhodes, Rick"

<Rick.Rhodes@pgnmail.com>, [redacted]

[redacted]

cc:

[redacted]

04/13/2004 10:48

Subject: RE: [redacted]

AM

Attached are the special provisions for our NAESB. Let me know if you have any questions.

<<NAESB-FPC-Special Provisions-11.10.2003.doc>>

Rick Rhodes
Term Gas Lead
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

-----Original Message-----
From: Rhodes, Rick
Sent: Monday, April 05, 2004 1:57 PM
To: [redacted]
Subject:
Importance: High
Sensitivity: Confidential

CONFIDENTIAL

[redacted]

Florida Power Corporation d/b/a Progress Energy Florida, Inc. (FPC) seeks proposals from you to supply natural gas for the requirements listed in the attached RFP. A successful deal will require the execution of a NAESB with the attached Special Provisions, unless your firm already has an approved GISB or NAESB with FPC.

You are encouraged to submit your bid via e-mail. FAX response is acceptable, but e-mail is preferable.

We look forward to your response. Feel free to contact me at the number below with any questions. Thanks in advance for your timely response by this April 26, 2004 deadline.

*** IMMEDIATELY UPON RECEIPT, PLEASE RESPOND TO THE E-MAIL TO CONFIRM RECEIPT ***

<< File: [redacted] CONFIDENTIAL

Rick Rhodes
Term Gas Lead
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

(See attached file: NAESB-FPC-Special Provisions-11.10.2003.doc)

Rhodes, Rick

From: [redacted]
Sent: Tuesday, April 13, 2004 3:07 PM
To: Rhodes, Rick
Subject: RE: [redacted]

NAESB-FPC-Special Provisions-1...

We would like to schedule a conference call to update you on our project and discuss the RFP. Are you available tomorrow afternoon or Thursday morning? If these times do not work, just let me know when you are available. Thanks!

[redacted] CONFIDENTIAL

"Rhodes, Rick" <Rick.Rhodes@pgnmail.com>, [redacted]
04/13/2004 10:48 AM

To: "Rhodes, Rick" <Rick.Rhodes@pgnmail.com>, [redacted]
cc:
Subject: RE: [redacted]

Attached are the special provisions for our NAESB. Let me know if you have any questions.

<<NAESB-FPC-Special Provisions-11.10.2003.doc>>

Rick Rhodes
Term Gas Lead
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

-----Original Message-----
From: Rhodes, Rick
Sent: Monday, April 05, 2004 1:57 PM
To: [redacted]

Subject: [redacted] CONFIDENTIAL
Importance: High
Sensitivity: Confidential

[redacted]

Florida Power Corporation d/b/a Progress Energy Florida, Inc. (FPC) seeks proposals from you to supply natural gas for the requirements listed in the attached RFP. A successful deal will require the execution of a NAESB with the attached Special Provisions, unless your firm already has an approved GISB or NAESB with FPC.

You are encouraged to submit your bid via e-mail. FAX response is acceptable, but e-mail is preferable.

We look forward to your response. Feel free to contact me at the number below with any questions. Thanks in advance for your timely response by this April 26, 2004 deadline.

*** IMMEDIATELY UPON RECEIPT, PLEASE RESPOND TO THE E-MAIL TO CONFIRM RECEIPT ***

<< File: [redacted] CONFIDENTIAL

Rick Rhodes
Term Gas Lead
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

(See attached file: NAESB-FPC-Special Provisions-11.10.2003.doc)

DRAFT – FOR DISCUSSION PURPOSES ONLY

SPECIAL PROVISIONS
For
BASE CONTRACT FOR SALE AND PURCHASE OF NATURAL GAS
(NAESB)

between

Florida Power Corporation d/b/a Progress Energy Florida, Inc.

and

_____

Dated _____

The parties agree to amend the General Terms and Conditions of the Base Contract as follows:

SECTION 1.1

The following shall be added immediately following Section 1.1:

1.1.1 From time to time, the parties may, but shall not be obligated to, enter into transactions for the purchase and sale of Gas. Nothing contained in this Base Contract shall be construed as requiring either party to enter into any transactions hereunder. Neither party shall be obligated hereunder unless and until a transaction has been agreed to pursuant to the procedures described herein. Each transaction shall be governed by this Base Contract and the terms agreed by the parties for such transaction. All transactions are entered into in reliance on the fact that this Base Contract and all such transactions form a single integrated agreement between the parties, and the parties would not otherwise enter into any transactions.

SECTION 1.2 (Oral Transaction Procedure)

Add as the sixth sentence of this section: Any failure by the Confirming Party to send a Transaction Confirmation for any transaction shall not affect the enforceability of any transaction actually entered into nor shall such failure constitute or be deemed to constitute a breach of this contract."

SECTION 1.3

Add in the third sentence of this section after 'binding': "with respect to the differing terms".

SECTION 1.4

(1) Delete the fourth sentence of this section in its entirety.

(2) Add as the last sentence of this section: "Each party waives any objections to the introduction of the recorded conversations into evidence to prove a contract whether based on the Statute of Frauds, the parol evidence rule, or the best evidence rule. Each party waives any objection or defense to its authority

or the authority of its employee provided that such employee can be identified on the relevant employing party's recording."

SECTION 2.4

Add the following at the end of this section: "and shall run from 8 a.m. to 5 p.m. E.P.T."

SECTION 2

The following shall be added as Section 2.30: "Affiliate" means, in relation to a party to this Contract, any entity controlled, directly or indirectly, by such party, any entity that controls, directly or indirectly, such party, or any entity directly or indirectly under common control with such party. For this purpose, "control" of any entity or party means ownership of a majority of the issued shares or voting power or control in fact of the entity or party.

The following shall be added as Section 2.31: "Merger Event" means, with respect to a party or other entity, that such party or other entity consolidates or amalgamates with, or merges into or with, or transfers substantially all of its assets to another entity and (i) the resulting entity fails to assume all of the obligations of such party or other entity hereunder or (ii) the benefits of any credit support provided pursuant to or related to this Contract fail to extend to the performance by such resulting, surviving or transferee entity of its obligations hereunder or (iii) the resulting entity's creditworthiness is materially weaker than that of such party or other entity immediately prior to such action.

The following shall be added as Section 2.32: "Specified Transaction" means any transaction (other than a transaction entered into pursuant to this Contract) now existing or hereafter entered into between one party to this Base Contract (or any guarantor of such party) and the other party to this Base Contract (or any guarantor of such party) that is a forward contract or swap agreement, in each case as defined in the United States Bankruptcy Code.

SECTION 6

Add as the last sentence in this section: "Failure by either party to furnish such documentation shall not give rise to a breach of this Contract."

SECTION 7.6

Add as the third sentence of this section: "Such right shall include, but not be limited to, copies of any and all statements and/or records pertaining to transportation of the relevant commodity for any completed transaction between the parties, or any transaction for which any such transportation charges are included in the billing and/or invoices, and/or are the subject of any bona fide dispute between the parties, and without regard as to whether such records and/or statements were generated by the party being audited or the relevant Transporter."

SECTION 7.7

Add as the last sentence of this section (if applicable): "Both parties agree to terminate any existing and/or separate netting agreement(s) that relate solely to transactions for the purchase/sale of natural gas and further agree to be bound by the netting terms specified herein."

SECTION 8.3

Section 8.3 shall be amended by adding the following to the end thereof: "Each party shall indemnify, defend and hold harmless the other party against any taxes for which such party is responsible under Section 6."

SECTION 10.2

(1) Add after 'its guarantor' in the first sentence of this section: "if applicable"

(2) Add after 'payment is due' in (viii) of this section: "and such amount is not the subject of a bona fide dispute, pursuant to Section 7.4."

(3) Delete the word "or" immediately preceding "(viii)";

(4) The following shall be added immediately preceding the words "then the other party": "(ix) make any representation or warranty herein that was false or misleading in any material respect when made or when deemed made or repeated; (x) fail to perform any material covenant or obligation set forth in this Contract (except to the extent constituting a separate Event of Default, and except for such party's obligations to deliver or receive Gas, the exclusive remedy for which is provided in Section 3) if such failure is not remedied within three (3) Business Days after written notice; (xi) be the subject of a Merger Event; (xii) disaffirm, disclaim, repudiate or reject, in whole or in part, or challenge the validity of, this Contract or any transaction entered into pursuant to this Contract; (xiii) default (howsoever determined) under a Specified Transaction which, after giving effect to any applicable notice requirement or grace period, results in a liquidation of, an acceleration of obligations under, or an early termination of, that Specified Transaction; (xiv) default, after giving effect to any applicable notice requirement or grace period, in making any payment or delivery due on the last payment date or delivery date of a Specified Transaction; (xv) disaffirm, disclaim, repudiate or reject, in whole or in part, or challenge the validity of, any Specified Transaction; or (xvi) with respect to a party's guarantor only, the failure of such guarantor's guaranty to be in full force and effect for purposes of this Contract (other than in accordance with its terms) prior to the satisfaction of all obligations of such party under each transaction to which such guaranty shall relate without the written consent of the other party or such guarantor shall repudiate, disaffirm, disclaim, or reject, in whole or in part, or challenge the validity of any guaranty;"

(5) immediately following the words "suspend deliveries or payments upon Notice", add the words: "(subject to the limitation in Section 10.9 below)".

SECTION 10

Section 10.5 shall be amended as follows:

(1) immediately following the first appearance of the words "United States Bankruptcy Code", add the following: ", except such transactions that provide for delivery of Gas within two (2) days after such transaction has been agreed to by the parties;" and

(2) immediately following the second appearance of the words "United States Bankruptcy Code", add the following: "; is an "eligible contract participant" as such term is defined in the Commodity Exchange Act, as amended 7 U.S.C. § 1 (a) (12); and (z) it is an "eligible commercial entity" as such term is defined in the Commodity Exchange Act, as amended 7 U.S.C. § 1 (a) (11)".

SECTION 10 (ADDITIONAL)

The following shall be added as new Section 10.8: "If the Defaulting Party disputes the Non-Defaulting Party's calculation of the Net Settlement Amount, in whole or in part, the Defaulting Party shall, within two (2) Business Days of receipt of Non-Defaulting Party's calculation thereof, provide to the Non-Defaulting Party a detailed written explanation of the basis for such dispute; provided, however, that if the Net Settlement Amount is due from the Defaulting Party, the Defaulting Party must pay the Net Settlement Amount by the deadline described in Section 10.4."

The following shall be added as new Section 10.9: "Notwithstanding any other provision of this Contract, if an Event of Default shall have occurred and be continuing, the Non-Defaulting Party, upon written notice to the Defaulting Party, shall have the right (i) to withhold any payment due to the Defaulting Party under this Contract and/or suspend performance under any or all transactions hereunder; provided, however, in no event shall any such withholding or suspension continue for longer than ten (10) Business Days with respect to any single transaction hereunder unless an Early Termination Date shall have been declared and notice thereof pursuant to Section 10.3 given, and (ii) exercise any remedy available at law or in equity."

SECTION 11.3

The following phrase shall be deleted: ", or a regulatory agency disallowing, in whole or in part, the pass through of costs resulting from this Agreement".

SECTION 12

(1) Add the following before 'written Notice' in the first sentence of this section: "prior".

(2) Delete the second sentence of this section and replace it with the following: "The rights of either party pursuant to Section 7.6, Section 10 and Section 14.10, the obligations to make payment hereunder, the obligation of either party to indemnify the other and the obligation to maintain specified confidentiality, pursuant hereto shall survive the termination of this Base Contract or any transaction."

SECTION 13

Section 13 shall be amended as follows: (a) Add "13.1" immediately preceding the first word of the first paragraph; and (b) delete the words "UNLESS EXPRESSLY HEREIN PROVIDED".

The following shall be added as new Section 13.2: "Neither party shall be liable to the other party for losses or damages which result from (i) an event of Force Majeure preventing performance under this Contract; or (ii) Claims (as defined below) made against such other party by third parties due to the performance or non-performance of this Contract, whether such Claims arise in contract, tort or otherwise; or (iii) the death of or bodily injury to such other party's employees, contractors or agents or damage to such other party's property due to the performance or non-performance of this Contract. For purposes of this Section 13.2, "Claims" means all third party claims or actions, threatened or filed and whether groundless, false or fraudulent, that directly or indirectly relate to the subject matter of an indemnity, and the resulting losses, damages, expenses, attorneys fees and court costs, whether incurred by settlement or otherwise, and whether such claims or actions are threatened or filed prior to or after the termination of this Contract."

SECTION 14.1

Everything after the first sentence shall be deleted and replaced with the following: "No assignment of this Contract, in whole or in part, will be made without the prior written consent of the non-assigning

party, which consent shall not be unreasonably withheld or delayed; provided, however, either party may transfer its interest to any parent or Affiliate by assignment, merger or otherwise without the prior approval of the other party if (i) such transfer or assignment is to an entity whose creditworthiness is equal to or better than that of the transferee party immediately preceding the transfer, (ii) such transfer has no adverse tax consequences to the non-transferring party, and (iii) the assignee agrees in writing to be bound.

SECTION 14.2

Add the following as the last two sentences of this section: "The parties shall in good faith renegotiate and reform any such affected provision so as to give effect to the original intent of the parties. This Agreement shall be considered for all purposes as prepared through the joint efforts of the parties and shall not be construed against one party or the other as a result of the preparation, substitution, submission, or other event of negotiation, drafting or execution hereof."

SECTION 14.5

Add at the end of this section: "(except if New York law has been indicated on the Base Contract, in which case the parties agree not to exclude General Obligations Law 5-1401)."

SECTION 14.8

Section 14.8 shall be amended by adding the following to the end thereof: "As of the date first mentioned on the Base Contract and the date of entering into each transaction hereunder, each party represents and warrants to the other party that: (a) it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation; (b) it has all current and future valid and applicable state and federal regulatory authorizations, consents, or approvals required for it to legally perform its obligations under this Contract; (c) this Contract, and each other document executed and delivered in accordance with this Contract constitutes its legally valid and binding obligations enforceable against it in accordance with their respective terms (subject to applicable bankruptcy, reorganization, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application regardless of whether enforcement is sought in a proceeding in equity or at law); (d) there are no proceedings similar to those described in Section 10.2 (i) through (v) pending or being contemplated by it or, to its knowledge, threatened against it; (e) there is not pending or, to its knowledge, threatened against it or any of its Affiliates any legal proceedings that could materially adversely affect its ability to perform its obligations under this Contract; (f) no Event of Default with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Contract; (g) it is acting for its own account, has made its own independent decision to enter into this Contract and as to whether this Contract is appropriate or proper for it based upon its own judgment, is not relying upon the advice or recommendations of the other party in so doing, and is capable of assessing the merits of and understanding, and understands and accepts, the terms, conditions and risks of this Contract; (h) with respect to each transaction hereunder that is an option, it is a producer, processor, commercial user of or merchant handling Gas, and it is entering into such transaction for purposes related to its business as such; and (i) it has entered into this Contract in connection with the conduct of its business and it has the capacity or ability to make or take delivery of the Gas referred to in any transaction hererunder to which it is a party and the material economic terms of each transaction are subject to individual negotiation by the parties."

SECTION 14.10

Add after 'published index' in (iv) of this section: "provided, however, that such information shall be handled in an aggregate form with other data such that it cannot be used to identify the parties to a Transaction."

SECTION 14.11

Delete the words "Transaction Confirmation" and replace them with the following: "separate agreement (not a Transaction Confirmation)".

SECTION 14 (ADDITIONAL)

The following shall be added as new Section 14.12: "This Base Contract and any Transaction Confirmation may be executed in several counterparts, and all such counterparts shall constitute one agreement binding on both parties hereto and shall have the same force and effect as an original instrument."

The following shall be added as new Section 14.13: "The language used in this Base Contract is the product of both parties' efforts and each party hereby irrevocably waives the benefit of any rule of contract construction which disfavors the drafter of a contract or the drafter of specific language in a contract."

The following shall be added as new Section 14.14: "Any original executed Base Contract, Transaction Confirmation, or other related document may be photocopied and stored on computer tapes and disks (the "Imaged Agreement"). The Imaged Agreement, if introduced as evidence on paper, the Transaction Confirmation, if introduced as evidence in automated facsimile form, a tape or other electronic recording of an oral transaction (the "Transaction Tape"), if introduced as evidence in its original form and as transcribed onto paper, and all computer records of the foregoing, if introduced as evidence in printed format, in any judicial, arbitration, mediation or administrative proceedings, will be admissible as between the parties to the same extent and under the same conditions as other business records originated and maintained in documentary form. Neither party shall object to the admissibility of the Transaction Tape, the Transaction Confirmation or the Imaged Agreement (or photocopies of the transcription of the Transaction Tape, the Transaction Confirmation or the Imaged Agreement) on the basis that such were not originated or maintained in documentary form under either the hearsay rule, the best evidence rule or the parol evidence rule."

The following shall be added as new Section 14.15: Index Transactions. The following provisions shall be applicable to transactions where the Contract Price for a transaction is determined by reference to a third-party information source or with respect or where the Spot Price is applied:

14.15.1 Market Disruption. If a Market Disruption Event (as defined below) occurs during the Determination Period (as defined below), the Floating Price (as defined below) for the affected Trading Day(s) (as defined below) shall be determined pursuant to the Floating Price specified in the transaction for the first Trading Day thereafter on which no Market Disruption Event exists; provided, however, that if the Floating Price is not so determined within three Business Days after the first Trading Day on which the Market Disruption Event occurred or existed, then the Parties shall negotiate in good faith to agree on a Floating Price (or a method for determining a Floating Price), and if the Parties have not so agreed on or before the twelfth Business Day following the first Trading Day on which the Market Disruption Event occurred or existed, then the Floating Price shall be determined in good faith by Progress Energy Florida, Inc. by taking the average of two or more dealer quotes. "Market Disruption Event" means, with respect to any Price Source (as defined below), any of the following events (the existence of which shall be determined in good faith by Progress Energy Florida, Inc.): (i) the failure of the Price Source to announce

or publish information necessary for determining the Floating Price; (ii) the failure of trading to commence or the permanent discontinuation or material suspension of trading in the relevant options contract or commodity on the Exchange (as defined below) or in the market specified for determining a Floating Price; (iii) the temporary or permanent discontinuance or unavailability of the Price Source (iv) the temporary or permanent closing of any Exchange specified for determining a Floating Price; or (v) a material change in the formula for the method of determining the Floating Price. "Price Source" means, in respect of a transaction, the publication (or such other origin of reference, including an Exchange) containing (or reporting) the specified price (or prices from which the specified price is calculated) in the relevant transaction. "Floating Price" means the Contract Price specified in a transaction that is based upon a Price Source. "Exchange" means, in respect of a transaction, the exchange or principal trading market specified in the relevant transaction, "Determination Period" means each calendar Month, a part or all of which is within the Delivery Period of a transaction. "Trading Day" means a day in respect of which the relevant Price Source published the Floating Price.

14.15.2 Corrections to Published Prices. For purposes of determining the relevant prices for any day, if the price published or announced on a given day and used or to be used to determine a relevant price is subsequently corrected and the correction is published or announced by the person responsible for that publication or announcement, either Party may notify the other Party of (i) that correction and (ii) the amount (if any) that is payable as a result of that correction. If a Party gives notice that an amount is so payable, the Party that originally either received or retained such amount will, not later than two Business Days after the effectiveness of that notice, pay, subject to any applicable conditions precedent, to the other Party that amount, together with interest at a rate equal to the lower of (x) the then-effective prime rate of interest published under "Money Rates" by The Wall Street Journal; or (y) the maximum applicable lawful interest rate, for the period from and including the day on which payment originally was (or was not) made to but excluding the day of payment of the refund or payment resulting from that correction.

14.15.3 Calculation of Floating Price. For the purposes of the calculation of a Floating Price, all numbers shall be rounded to three decimal places. If the fourth decimal number is five or greater, then the third decimal number shall be increased by one, and if the fourth decimal number is less than five, then the third decimal number shall remain unchanged.

The following shall be added as new Section 14.16: "In the event either party is a municipality, county, governmental board, public power authority, public utility district, joint action agency, or other similar political subdivision or public entity of the United States, one or more States or territories or any combination thereof (a "Governmental Entity"), the following shall apply:

(a) The following sentence shall be added to the end of Section 11.3: "With respect to Governmental Entities, Force Majeure does not include any action taken by the Governmental Entity in its governmental capacity."

(b) Governmental Entity warrants and covenants that with respect to its contractual obligations hereunder and performance thereof, it will not claim immunity on the grounds of sovereignty or similar grounds with respect to itself or its revenues or assets from (a) suit, (b) jurisdiction of court (including a court located outside the jurisdiction of its organization), (c) relief by way of injunction, order for specific performance or recovery of property, (d) attachment of assets, or (e) execution or enforcement of any judgment."

IN WITNESS WHEREOF, the parties hereto have executed these Special Provisions, to the Base Contract in duplicate, as of the date of the Base Contract.

Florida Power Corporation

By: _____
Name: _____
Title: _____

_____

By: _____
Name: _____
Title: _____

Rhodes, Rick

From: [redacted]
Sent: Monday, April 05, 2004 2:09 PM
To: Rhodes, Rick
Subject: Re: [redacted]

CONFIDENTIAL

[redacted]231 KB

I received the document. Look forward to talking to you soon to update you on our project!

[redacted]

CONFIDENTIAL

"Rhodes, Rick" <Rick.Rhodes@pgnm[redacted]ail.com>

04/05/2004 01:57 PM

To: [redacted]

cc:

Subject: [redacted]

[redacted]

Florida Power Corporation d/b/a Progress Energy Florida, Inc. (FPC) seeks proposals from you to supply natural gas for the requirements listed in the attached RFP. A successful deal will require the execution of a NAESB with the attached Special Provisions, unless your firm already has an approved GISB or NAESB with FPC.

You are encouraged to submit your bid via e-mail. FAX response is acceptable, but e-mail is preferable.

We look forward to your response. Feel free to contact me at the number below with any questions. Thanks in advance for your timely response by this April 26, 2004 deadline.

*** IMMEDIATELY UPON RECEIPT, PLEASE RESPOND TO THE E-MAIL TO CONFIRM RECEIPT ***

[redacted] CONFIDENTIAL

Rick Rhodes
Term Gas Lead
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

(See attached file: lng rfp bahamas.doc)

Progress Energy

Regulated Commercial Operations Department
P. O. Box 1551 - PEB 10A
Raleigh, North Carolina 27602

[redacted]

March 21, 2005

CONFIDENTIAL

Dear Sir or Madam:

Subject: Request for Proposal for [redacted] Gas Supply - Bundled

Florida Power Corporation d/b/a Progress Energy Florida, Inc. (hereinafter referred to as Buyer) is requesting proposals for long-term gas supply sourced out of your company's [redacted]

Term [redacted]

Volume [redacted]

Primary Receipt Point [redacted]

Service [redacted]

Mandatory Pricing [redacted]

Optional Pricing [redacted]

Force Majeure [redacted]

CONFIDENTIAL

March 21, 2005

Nominations:

Requirements

Gas Quality

[redacted]

Proposals are DUE by: **Monday, April 26, 2004, 4:00 p.m. EST**

Proposals Proposals are preferred to be submitted via e-mail to the address below. Proposals may be submitted by FAX. Proposals received AFTER the DUE date may be considered at Buyer's discretion. All Proposals MUST reference [redacted] Questions related to deal points should be directed to the author at the number listed during business hours (EST).

Please send proposals to:

Progress Energy Inc.
Attn: Rick Rhodes
P. O. Box 1551 - PEB 10A
Raleigh, North Carolina 27602
Telephone: 919-546-7613

Send e-mail responses to: **rick.rhodes@pgnmail.com**

Send FAX responses to: **919-546-2922**

Sincerely,

Rick Rhodes

Term Gas Lead
919-546-7613

Rhodes, Rick

From: [redacted]
Sent: Monday, April 05, 2004 2:08 PM
To: Rhodes, Rick
Subject: [redacted]

CONFIDENTIAL

Return Receipt

Your document : [redacted]

was received by: [redacted]

at: 04/05/2004 02:08:10 PM

Rhodes, Rick

From: [redacted]
Sent: Friday, February 13, 2004 11:20 AM
To: Rhodes, Rick
Subject: RE: Confidentiality Agreement



Confidentiality Agreement with...

This works for us. I will get two copies executed and sent to you on Monday. Thanks!

[redacted]

CONFIDENTIAL

[redacted] "Rhodes, Rick" <Rick.Rhodes@pgnmail.com> 02/11/2004 03:57 PM

To: [redacted]
cc:
Subject: RE: Confidentiality Agreement

[redacted]

Our legal department made a couple of changes that are red-lined in the attached document. Let me know if this looks ok. Thanks!

Rick Rhodes
Term Gas Lead
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

-----Original Message-----
From: [redacted] [mailto [redacted]
Sent: Tuesday, February 03, 2004 1:37 PM
To: Rick.Rhodes@pgnmail.com
Subject: Confidentiality Agreement

Here is a draft of a proposed CA. Please let me know if you have any comments or questions. THANKS!!

(See attached file: Progress Energy 013004.doc)



(See attached file: Confidentiality Agreement with FPL.doc)

CONFIDENTIAL

CONFIDENTIALITY AGREEMENT

This Confidentiality Agreement (this "**Agreement**"), is made and entered into as of the ___ day of February, 2004, by and between [redacted]. Each of [redacted] and [redacted] are sometimes referred to herein as a "**Party**" and collectively as the "**Parties.**"

Deleted: Progress Energy [redacted]

Deleted: _____, *[jurisdiction of formation] [type of entity]*

Deleted: Progress

Deleted:

Deleted: Progress

Deleted: Progress

Recitals

A. [redacted] and FPC desire to hold discussions and exchange information regarding the potential sale and purchase of natural gas (the "**Proposed Transaction**").

B. In the course of evaluating, negotiating or consummating the Proposed Transaction, one party hereto (the "**Disclosing Party**") may provide certain Confidential Information (as defined in Section 1 of this Agreement) to the other party hereto (the "**Receiving Party**").

Agreement

Now, therefore, in consideration of the mutual promises and covenants made herein, and with the intent to be legally bound hereby, Disclosing Party and Receiving Party agree as follows:

1. **Confidential Information**. "Confidential Information" shall mean all information, regardless of the form in which it is communicated or maintained (whether oral, written, electronic or visual) and whether prepared by Disclosing Party or otherwise, which is disclosed to Receiving Party in connection with the Proposed Transaction and including all reports, analyses, notes or other information that are based on, contain or reflect any such Confidential Information; however, Confidential Information shall not include the following:

(a) information which is at the time of the disclosure or becomes publicly available other than as a result of a violation of this Agreement;

(b) information which is or becomes available on a non-confidential basis from a source which is not known to the Receiving Party to be prohibited from disclosing such information pursuant to a legal, contractual or fiduciary obligation; or

(c) information which the Receiving Party can demonstrate was legally in its possession prior to disclosure by the Disclosing Party.

2. **Nondisclosure and Use of Confidential Information**. Confidential Information shall not be used for any purpose other than to evaluate, negotiate or

consummate the Proposed Transaction. Confidential Information shall be held in strict confidence by Receiving Party and shall not be disclosed without prior written consent of Disclosing Party, except to those Affiliates, and the principals, directors, officers, employees, attorneys and advisors of either the Receiving Party or such Affiliates, to whom disclosure is reasonably necessary in connection with the evaluation, negotiation or consummation of the Proposed Transaction (with respect to the Receiving Party, "**Representatives**"). Receiving Party will require all Representatives to whom it discloses Confidential Information to observe the non-disclosure obligations of this Agreement and will be liable to Disclosing Party hereunder for any breach of this Agreement by any of its Representatives. For purposes of this Agreement, "**Affiliates,**" with respect to a party, means any entity controlled, directly or indirectly, by the party, any entity that controls, directly or indirectly, the party or any entity directly or indirectly under common control with the party. For this purpose, "control" of a party means ownership of a majority of the voting power of the party.

3. **Required Disclosure.** Notwithstanding anything in Section 2 to the contrary, and subject to all terms and provisions of this Section 3, a Receiving Party may disclose Confidential Information if necessary to comply with any applicable law, order, regulation, ruling, subpoena or order of a governmental authority or tribunal with competent jurisdiction. In the event that Receiving Party is so requested or required to disclose any Confidential Information, the Receiving Party shall promptly notify the Disclosing Party of such request or requirement prior to disclosure so that Disclosing Party may, if it so elects, seek an appropriate protective order or otherwise seek to contest, limit or protect the confidentiality of any such requested or required disclosure. With respect to any disclosure made by Receiving Party pursuant to this Section 3, Receiving Party agrees to furnish only that portion of the Confidential Information that it reasonably determines, in consultation with its counsel, is consistent with the scope of the subpoena or demand and to exercise reasonable efforts to obtain assurance that confidential treatment will be accorded such Confidential Information. Receiving Party will provide reasonable cooperation to Disclosing Party and its legal counsel with respect to performance of the covenants undertaken pursuant to this Section 3.

4. **Remedies.** The Receiving Party agrees that money damages may not be a sufficient remedy for any breach of this Agreement and that Disclosing Party shall be entitled to injunctive or other equitable relief to remedy or prevent any breach or threatened breach of this Agreement. Such remedy shall not be the exclusive remedy for any breach of this Agreement, but shall be in addition to all other rights and remedies available at law or in equity; provided, however, that NEITHER PARTY HERETO SHALL BE LIABLE TO THE OTHER FOR ANY INDIRECT, CONSEQUENTIAL, SPECIAL, PUNITIVE, TREBLE OR EXEMPLARY DAMAGES.

5. **Return or Destruction.** Upon request of Disclosing Party, all Confidential Information (except for Confidential Information that is included in analyses, compilations, models, studies or other documents prepared by the Receiving Party) in the possession and/or control of Receiving Party shall be returned to Disclosing Party or

destroyed, at the option and instruction of Disclosing Party. All Confidential Information in possession of the Receiving Party that is (a) included in analyses, compilations, models, studies or other documents prepared by the Receiving Party, or (b) not requested by the Disclosing Party to be returned or destroyed will be held by the Receiving Party in accordance with this Agreement or destroyed. With respect to any Confidential Information which the Receiving Party is required to return or destroy pursuant to this Section 5, the Receiving Party will do so without retaining any copies thereof.

6. **No Other Agreement.** It is understood that this Agreement is not intended to and does not, obligate either party to enter into any further agreements or to proceed with any possible relationship, project or other transaction whatsoever.

7. **No License/Obligation.** It is understood that nothing contained in this Agreement shall be construed as granting or conferring rights by license or otherwise in any Confidential Information disclosed to Receiving Party. Further, at no time is the Disclosing Party obligated to furnish any information hereunder and may do so in its own discretion and nothing herein shall prevent either party hereto from using its own Confidential Information which it furnished hereunder for dealings with third parties for any purpose.

8. **Amendment.** Any amendment to this Agreement must be in writing and signed by an authorized representative of each party.

9. **No Assignment.** This Agreement may not be assigned by either party unless prior written consent is obtained from the other party hereto; provided, however, that either party may assign this Agreement to an Affiliate without such prior consent. With respect to any such assignment to an Affiliate, however, the assigning party will continue to be bound by the obligations and covenants of this Agreement that it undertakes as the Receiving Party. This Agreement shall be binding on and shall inure to the benefit of the successors and permitted assigns of the parties hereto.

10. **No Representation or Warranty.** Disclosing Party makes no representation or warranty as to the accuracy or completeness of the Confidential Information. Neither the Disclosing Party, nor any of its principals, directors, officers, employees, attorneys and advisors shall be subject to liability resulting from the use of the Confidential Information by the Receiving Party.

11. **Non-Waiver.** No waiver of any provision of this Agreement shall be deemed to be nor shall constitute a waiver of any other provision whether or not similar, nor shall any waiver constitute a continuing waiver.

12. **Governing Law.** This Agreement shall be governed by, and construed in accordance with the laws of the State of Florida without regard to its conflict of laws provisions.

13. **Term.** This Agreement and the obligations contained herein shall remain in effect for a period of one (1) year from the date of this Agreement.

14. **Counterparts.** This Agreement may be signed in counterparts, each of which may be deemed an original, and all of which together constitute one and the same agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first set forth above.

CONFIDENTIAL

[redacted] FLORIDA POWER CORPORATION Deleted [redacted]

By:_____ By:_____
Name:_____ Name:_____
Title:_____ Title: _____

Rhodes, Rick

From: [redacted]
Sent: Tuesday, February 03, 2004 1:37 PM
To: Rick.Rhodes@pgnmail.com
Subject: Confidentiality Agreement

Progress Energy 013004.doc (38...

Here is a draft of a proposed CA. Please let me know if you have any comments or questions. THANKS!!

(See attached file: Progress Energy 013004.doc)

[redacted]

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIALITY AGREEMENT

This Confidentiality Agreement (this "**Agreement**"), is made and entered into as of the ___ day of February, 2004, by and between [redacted] and Progress Energy [redacted] a _____, [redacted] ("Progress"). Each of FPLR and Progress are sometimes referred to herein as a "**Party**" and collectively as the "**Parties.**"

Recitals

A. [redacted] and Progress desire to hold discussions and exchange information regarding the potential sale and purchase of natural gas (the "**Proposed Transaction**").

B. In the course of evaluating, negotiating or consummating the Proposed Transaction, one party hereto (the "**Disclosing Party**") may provide certain Confidential Information (as defined in Section 1 of this Agreement) to the other party hereto (the "**Receiving Party**").

Agreement

Now, therefore, in consideration of the mutual promises and covenants made herein, and with the intent to be legally bound hereby, Disclosing Party and Receiving Party agree as follows:

1. **Confidential Information.** "Confidential Information" shall mean all information, regardless of the form in which it is communicated or maintained (whether oral, written, electronic or visual) and whether prepared by Disclosing Party or otherwise, which is disclosed to Receiving Party in connection with the Proposed Transaction and including all reports, analyses, notes or other information that are based on, contain or reflect any such Confidential Information; however, Confidential Information shall not include the following:

(a) information which is at the time of the disclosure or becomes publicly available other than as a result of a violation of this Agreement;

(b) information which is or becomes available on a non-confidential basis from a source which is not known to the Receiving Party to be prohibited from disclosing such information pursuant to a legal, contractual or fiduciary obligation; or

(c) information which the Receiving Party can demonstrate was legally in its possession prior to disclosure by the Disclosing Party.

2. **Nondisclosure and Use of Confidential Information.** Confidential Information shall not be used for any purpose other than to evaluate, negotiate or consummate the Proposed Transaction. Confidential Information shall be held in strict confidence by Receiving Party and shall not be disclosed without prior written consent of Disclosing Party, except to those Affiliates, and the principals, directors, officers, employees, attorneys and advisors of either the Receiving Party or such Affiliates, to whom disclosure is reasonably necessary in connection with the evaluation, negotiation or consummation of the Proposed Transaction (with respect to the Receiving Party, "**Representatives**"). Receiving Party will require all Representatives to whom it discloses Confidential Information to observe the non-disclosure obligations of this Agreement and will be liable to Disclosing Party hereunder for any breach of this Agreement by any of its Representatives. For purposes of this Agreement, "**Affiliates,**" with respect to a party, means any entity controlled, directly or indirectly, by the party, any entity that controls, directly or indirectly, the party or any entity directly or indirectly under common control with the party. For this purpose, "control" of a party means ownership of a majority of the voting power of the party.

3. **Required Disclosure.** Notwithstanding anything in Section 2 to the contrary, and subject to all terms and provisions of this Section 3, a Receiving Party may disclose Confidential Information if necessary to comply with any applicable law, order, regulation, ruling, subpoena or order of a governmental authority or tribunal with competent jurisdiction. In the event that Receiving Party is so requested or required to disclose any Confidential Information, the Receiving Party shall promptly notify the Disclosing Party of such request or requirement prior to disclosure so that Disclosing Party may, if it so elects, seek an appropriate protective order or otherwise seek to contest, limit or protect the confidentiality of any such requested or required disclosure. With respect to any disclosure made by Receiving Party pursuant to this Section 3, Receiving Party agrees to furnish only that portion of the Confidential Information that it reasonably determines, in consultation with its counsel, is consistent with the scope of the subpoena or demand and to exercise reasonable efforts to obtain assurance that confidential treatment will be accorded such Confidential Information. Receiving Party will provide reasonable cooperation to Disclosing Party and its legal counsel with respect to performance of the covenants undertaken pursuant to this Section 3.

4. **Remedies.** The Receiving Party agrees that money damages may not be a sufficient remedy for any breach of this Agreement and that Disclosing Party shall be entitled to injunctive or other equitable relief to remedy or prevent any breach or threatened breach of this Agreement. Such remedy shall not be the exclusive remedy for any breach of this Agreement, but shall be in addition to all other rights and remedies available at law or in equity; provided, however, that NEITHER PARTY HERETO SHALL BE LIABLE TO THE OTHER FOR ANY INDIRECT, CONSEQUENTIAL, SPECIAL, PUNITIVE, TREBLE OR EXEMPLARY DAMAGES.

5. **Return or Destruction.** Upon request of Disclosing Party, all Confidential Information (except for Confidential Information that is included in analyses,

compilations, models, studies or other documents prepared by the Receiving Party) in the possession and/or control of Receiving Party shall be returned to Disclosing Party or destroyed, at the option and instruction of Disclosing Party. All Confidential Information in possession of the Receiving Party that is (a) included in analyses, compilations, models, studies or other documents prepared by the Receiving Party, or (b) not requested by the Disclosing Party to be returned or destroyed will be held by the Receiving Party in accordance with this Agreement or destroyed. With respect to any Confidential Information which the Receiving Party is required to return or destroy pursuant to this Section 5, the Receiving Party will do so without retaining any copies thereof.

6. **No Other Agreement.** It is understood that this Agreement is not intended to and does not, obligate either party to enter into any further agreements or to proceed with any possible relationship, project or other transaction whatsoever.

7. **No License/Obligation.** It is understood that nothing contained in this Agreement shall be construed as granting or conferring rights by license or otherwise in any Confidential Information disclosed to Receiving Party. Further, at no time is the Disclosing Party obligated to furnish any information hereunder and may do so in its own discretion and nothing herein shall prevent either party hereto from using its own Confidential Information which it furnished hereunder for dealings with third parties for any purpose.

8. **Amendment.** Any amendment to this Agreement must be in writing and signed by an authorized representative of each party.

9. **No Assignment.** This Agreement may not be assigned by either party unless prior written consent is obtained from the other party hereto; provided, however, that either party may assign this Agreement to an Affiliate without such prior consent. With respect to any such assignment to an Affiliate, however, the assigning party will continue to be bound by the obligations and covenants of this Agreement that it undertakes as the Receiving Party. This Agreement shall be binding on and shall inure to the benefit of the successors and permitted assigns of the parties hereto.

10. **No Representation or Warranty.** Disclosing Party makes no representation or warranty as to the accuracy or completeness of the Confidential Information. Neither the Disclosing Party, nor any of its principals, directors, officers, employees, attorneys and advisors shall be subject to liability resulting from the use of the Confidential Information by the Receiving Party.

11. **Non-Waiver.** No waiver of any provision of this Agreement shall be deemed to be nor shall constitute a waiver of any other provision whether or not similar, nor shall any waiver constitute a continuing waiver.

12. **Governing Law.** This Agreement shall be governed by, and construed in accordance with the laws of the State of Florida without regard to its conflict of laws provisions.

13. **Term.** This Agreement and the obligations contained herein shall remain in effect for a period of one (1) year from the date of this Agreement.

14. **Counterparts.** This Agreement may be signed in counterparts, each of which may be deemed an original, and all of which together constitute one and the same agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first set forth above.

[redacted] CONFIDENTIAL [redacted]

By:_____
Name:_____
Title:_____

By:_____
Name:_____
Title: _____

Rhodes, Rick

From: [redacted]
Sent: Tuesday, January 27, 2004 11:55 AM
To: rick.rhodes@pgnmail.com
Subject: Conversion Table



LNG Conversion.ppt
(69 KB)

Here is a copy of the conversion table slide that we discussed. Thanks for taking the time to meet with me last week - I look forward to working with all of you on our LNG project.

(See attached file: LNG Conversion.ppt)

[redacted]

CONFIDENTIAL

LNG Conversions and Information

Liquid, gas, volume, energy content

(all of the following are based on HOT gas of approx. 1,100 btu)

138,000 m^3_{LNG} (liquid) – this is typical new ship size today
= 62,522 tonnes
= 86.28 MMm^3_{gas}
= 3.0 BCF = 3.35 MM mmBtu
= 868,000 bbl (1 bbl = 0.159 m^3)
takes ~ 1.5 days to load one ship 10-12 hours to off-load

1 mmBtu = 25.753 m^3_{GAS}
1 mmBtu = 1.055 GJ
1 tonne $_{LNG}$ = 2.21 m^3_{LNG} = 1,380 m^3 of gas = 53.6 mmBtu = 48,715 cf of gas
1 m^3_{LNG} = 24.3 mmbtu = 22,071 cf of gas
1 MJ = .024 m^3 of gas 41 MJ = 1 m^3 of gas
the size of LNG carrier varies from a small size 64,000 m^3 to the large 138,000 m^3 liquid
the size of LNG trains also varies from 250,000 dt/d of inlet gas to 825,000 dt/d

http://www.omanlng.com/
http://www.atlanticlng.com/
http://www.nlng.com/default
http://www.rasgas.com/

FPL GROUP

Murphy, Pam (CPL)

From: Rhodes, Rick
Sent: Wednesday, April 14, 2004 12:52 PM
To: Adams, Melanie; Trimble, John; Murphy, Pam (CP&L); Richardson, John; Mccluskey, Edward; Lewis, Robert
Subject: FW: Press Release



Seafarer Press Release.doc (43...

fyi

Rick Rhodes
Term Gas Lead
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

-----Original Message-----
From: Heather_Subblefield@fpl.com [mailto:Heather_Subblefield@fpl.com]
Sent: Wednesday, April 14, 2004 12:40 PM
To: Rhodes, Rick
Subject: Press Release

Just in case you didn't see this today:

(See attached file: Seafarer Press Release.doc)

We will give you a call at 2:00.

HEATHER STUBBLEFIELD
Director- Natural Gas
FPL Group Resources, LLC
FGR/JB
700 Universe Blvd.
Juno Beach, FL 33408
(561) 691-2145
(561) 691-7633 (Fax)
(561) 818-3690 (Cell)

News
For Immediate Release

elpaso

El Paso Corporation Announces Agreements with FPL Group Resources for Capacity Rights on the Seafarer Pipeline, Begins FERC Filing Process

HOUSTON, TEXAS, APRIL 14, 2004—El Paso Corporation (NYSE:EP) today announced that subsidiaries of the company have executed binding precedent agreements with an affiliate of FPL Group Resources for 800,000 dekatherms per day of capacity on the proposed Seafarer Pipeline System. The system will transport natural gas from the proposed High Rock liquefied natural gas (LNG) regasification facility in the Bahamas to Southern Florida. FPL Group Resources is a subsidiary of FPL Group, Inc. (NYSE:FPL) and operates independent of its affiliate Florida Power & Light Company.

The FPL Group Resources' affiliate obtained the full pipeline capacity after bidding in the open season that was held from December 18, 2003 to January 19, 2004. Transportation service is estimated to begin in 2008 when the pipeline project and the Bahamas LNG facility are scheduled to be completed. The agreements are subject to customary conditions, including receipt of necessary governmental approvals.

"We're pleased to have secured the agreements with FPL Group Resources for capacity on Seafarer," said John W. Somerhalder II, president of El Paso's Pipeline Group. "Demonstrating market support is a key issue with state and federal regulatory agencies as they evaluate projects to meet demand for natural gas markets in the southeastern United States. We believe these agreements, along with clear technical and environmental advantages, should place Seafarer in the lead to win a competitive process to provide additional natural gas supplies to Florida Power & Light, as well as securing long-term contracts with other utilities and wholesale natural gas consumers in Florida."

El Paso has requested to use Federal Energy Regulatory Commission's (FERC) new pre-filing process. This process would allow El Paso to work jointly with FERC to address environmental issues, conduct community outreach initiatives, and consult with other permitting agencies before the company formally submits its complete Section 7 application for the Seafarer Pipeline System. The pre-filing process would enable FERC to expedite review of El Paso's formal application.

PEF 000298
Docket No. 041414-EI

The Seafarer Pipeline System consists of an 87-mile international segment from the proposed High Rock LNG regasification terminal in the Bahamas to the United States-Bahamas Exclusive Economic Zone (EEZ) boundary in the Atlantic Ocean and a 41-mile U.S. segment from the EEZ to an onshore interconnect with the existing Florida Gas Transmission pipeline system in Palm Beach County, Florida.

El Paso Corporation provides natural gas and related energy products in a safe, efficient, dependable manner. The company owns North America's largest natural gas pipeline system and one of North America's largest independent natural gas producers. For more information, visit www.elpaso.com.

Cautionary Statement Regarding Forward-Looking Statements

This release includes forward-looking statements and projections, made in reliance on the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The company has made every reasonable effort to ensure that the information and assumptions on which these statements and projections are based are current, reasonable, and complete. However, a variety of factors could cause actual results to differ materially from the projections, anticipated results or other expectations expressed in this release, including, without limitation, the ability to implement and achieve our objectives in the long-range plan; the successful implementation of the settlement related to the western energy crisis; actions by the credit rating agencies; the successful close of our financing transactions; our ability to successfully exit the energy trading business; our ability to divest of certain assets; changes in commodity prices for oil, natural gas, and power; inability to realize anticipated synergies and cost savings associated with restructurings and divestitures on a timely basis; changes in reserves estimates based upon internal and third party reserve analyses; general economic and weather conditions in geographic regions or markets served by El Paso Corporation and its affiliates, or where operations of the company and its affiliates are located; the uncertainties associated with governmental regulation; the uncertainties associated with the outcome of governmental investigations; the outcome of pending litigation including shareholder derivative and class actions; political and currency risks associated with international operations of the company and its affiliates especially due to the instability in Brazil and economic conditions in Mexico; difficulty in integration of the operations of previously acquired companies, competition, and other factors described in the company's (and its affiliates') Securities and Exchange Commission filings. While the company makes these statements and projections in good faith, neither the company nor its management can guarantee that anticipated future results will be achieved. Reference must be made to those filings for additional important factors that may affect actual results. The company assumes no obligation to publicly update or revise any forward-looking statements made herein or any other forward-looking statements made by the company, whether as a result of new information, future events, or otherwise.

Contacts

Investor and Public Relations
Bruce L. Connery, Vice President
Office: (713) 420-5855
Fax: (713) 420-4417

Media Relations
Kim Wallace, Manager
Office: (713) 420-6330
Fax: (713) 420-6341

Caldwell, Rob

From: Boulmay, Ramon
Sent: Tuesday, July 27, 2004 2:05 PM
To: Caldwell, Rob
Subject: RE: FPL Inks LNG Supply Deal

Sounds like the equivalent of an LOI. I'll get some legal confirmation of this.

-----Original Message-----
From: Caldwell, Rob
Sent: Tuesday, July 27, 2004 1:42 PM
To: Boulmay, Ramon
Subject: Re: FPL Inks LNG Supply Deal

I've never heard of an hoa. Sounds like they still have some work to do. Rob

---
Sent from my BlackBerry Wireless Handheld

-----Original Message-----
From: Boulmay, Ramon <ramon.boulmay@pgnmail.com>
To: Caldwell, Rob <rob.caldwell@pgnmail.com>
Sent: Tue Jul 27 13:36:26 2004
Subject: FPL Inks LNG Supply Deal

-----Original Message-----
From: Rhodes, Rick
Sent: Tuesday, July 27, 2004 1:03 PM
To: Murphy, Pam (CP&L); Adams, Melanie; Trimble, John; Boulmay, Ramon
Subject: FW: FPLR LNG Supply

fyi

Rick Rhodes
Term Gas Lead
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

-----Original Message-----
From: Heather_Subblefield@fpl.com [mailto:Heather_Subblefield@fpl.com]
Sent: Tuesday, July 27, 2004 9:46 AM
To: Rhodes, Rick; Murphy, Pam (CP&L)
Subject: FPLR LNG Supply

Wanted to be sure that you saw our announcement. Please give me a call if you have any questions!

FPL Group Resources and RasGas Announce Heads of Agreement to Supply LNG to Florida Via Proposed Bahamas LNG Terminal
[Business Wire]

JUNO BEACH, Fla. & DOHA, Qatar--(BUSINESS WIRE)--July 27, 2004--FPL Group Resources LLC, a subsidiary of FPL Group, Inc. (NYSE:FPL), and Ras Laffan Liquefied Natural Gas Company Limited (II) (RasGas (II)), a joint venture between Qatar Petroleum and ExxonMobil RasGas Inc. (an

PEF 000300
Docket No. 041414-EI

ExxonMobil affiliate), today announced signature of a Heads of Agreement (HOA) to supply liquefied natural gas (LNG) from Qatar to a proposed LNG terminal and regasification facility located at South Riding Point on Grand Bahama Island.

Under terms of the HOA, an affiliate of FPL Group Resources and RasGas (II) have entered into an exclusive relationship and expect to complete an LNG sale and purchase agreement for approximately 800,000 million British Thermal Units (MMBtu) per day of LNG, or approximately 6 million tons per annum to be delivered over a 25-year period beginning in mid 2008.

The feed gas will come from Qatar's North Field, the largest offshore non-associated natural gas field in the world, with proven natural gas reserves in excess of 900 trillion cubic feet (tcf). FPL Group Resources plans to sell the regasified LNG to wholesale customers throughout Florida.

RasGas ventures are currently engaged in projects that are expected to deliver over 36 million tons per year to Korea, India, Europe and the US by 2011.

"Today's announcement is another important step in bringing an additional supply of much needed natural gas to South Florida," said Brad Williams, vice president, Gas Projects, for FPL Group Resources. "RasGas is a proven leader in the global LNG business and shares our commitment to safety and environmental stewardship. We look forward to continue working with the Bahamian government to ensure the success of this project."

"Qatar Petroleum, through its joint venture participation in RasGas (II), is very pleased for this opportunity to sign a long-term agreement for the supply of liquefied natural gas to FPL Group Resources LLC for the United States market. We anticipate a close and mutually beneficial relationship with the Bahamas, as that country is an integral part of this project's success," said Dr. Ibrahim Ibrahim, vice chairman, RasGas Board of Directors.

The HOA is subject to the FPL Group Resources affiliate successfully competing to provide regasified LNG to Florida Power & Light Company and other Florida customers and obtaining certain regulatory approvals. Florida Power & Light is expected to issue a Request for Proposals seeking a supply of gas from LNG as a new fuel source to generate electricity for its customers.

As previously announced, FPL Group Resources recently executed a precedent agreement with Seafarer Bahamas Pipeline Ltd. and Seafarer US Pipeline Inc., subsidiaries of the El Paso Corporation for transportation of regasified LNG from the proposed LNG terminal on Grand Bahama Island.

FPL Group, with annual revenues of more than $9 billion, is nationally known as a high-quality, efficient, and customer-driven organization focused on energy-related products and services. With a growing presence in 26 states, it is widely recognized as one of the country's premier power companies. Its principal subsidiary, Florida Power & Light Company, serves more than 4.2 million customer accounts in Florida. FPL Energy, LLC, an FPL Group energy-generating subsidiary, is a leader in producing electricity from clean and renewable fuels. Additional information is available on the Internet at http://www.FPLGroup.com, http://www.FPL.com and http://www.FPLEnergy.com.

RasGas (II) is a joint venture formed in 2001 between Qatar Petroleum and ExxonMobil RasGas Inc. (70/30 percent). The venture encompasses production operations from Qatar's giant North Field for the manufacture of LNG, and exports LNG to current and anticipated markets in Asia/Pacific, Europe and the United States. By 2011, the RasGas venture

is expected to process and supply more than 36 million tons a year of LNG to meet rising global demand. For additional information visit http://www.rasgas.com. CAUTIONARY STATEMENTS AND RISK FACTORS THAT MAY AFFECT FUTURE RESULTS

In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 (Reform Act), FPL Group, Inc. (FPL Group) and Florida Power & Light Company (FPL) are hereby filing cautionary statements identifying important factors that could cause FPL Group's or FPL's actual results to differ materially from those projected in forward-looking statements (as such term is defined in the Reform Act) made by or on behalf of FPL Group and FPL in this press release, in response to questions or otherwise. Any statements that express, or involve discussions as to expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as will likely result, are expected to, will continue, is anticipated, believe, could, estimated, may, plan, potential, projection, target, outlook) are not statements of historical facts and may be forward-looking. Forward-looking statements involve estimates, assumptions and uncertainties. Accordingly, any such statements are qualified in their entirety by reference to, and are accompanied by, the following important factors (in addition to any assumptions and other factors referred to specifically in connection with such forward-looking statements) that could cause FPL Group's or FPL's actual results to differ materially from those contained in forward-looking statements made by or on behalf of FPL Group and FPL.

Any forward-looking statement speaks only as of the date on which such statement is made, and FPL Group and FPL undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time and it is not possible for management to predict all of such factors, nor can it assess the impact of each such factor on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

The following are some important factors that could have a significant impact on FPL Group's and FPL's operations and financial results, and could cause FPL Group's and FPL's actual results or outcomes to differ materially from those discussed in the forward-looking statements:

-- FPL Group and FPL are subject to changes in laws or regulations, including the Public Utility Regulatory Policies Act of 1978, as amended (PURPA), and the Public Utility Holding Company Act of 1935, as amended (Holding Company Act), changing governmental policies and regulatory actions, including those of the Federal Energy Regulatory Commission (FERC), the Florida Public Service Commission (FPSC) and the utility commissions of other states in which FPL Group has operations, and the U.S. Nuclear Regulatory Commission (NRC), with respect to, among other things, allowed rates of return, industry and rate structure, operation of nuclear power facilities, operation and construction of plant facilities, operation and construction of transmission facilities, acquisition, disposal, depreciation and amortization of assets and facilities, recovery of fuel and purchased power costs, decommissioning costs, return on common equity and equity ratio limits, and present or prospective wholesale and retail competition (including but not limited to retail wheeling and transmission costs). The FPSC has the authority to disallow recovery by FPL of costs that it considers excessive or imprudently incurred.

-- The regulatory process generally restricts FPL's ability to grow earnings and does not provide any assurance as to achievement of earnings levels.

-- FPL Group and FPL are subject to extensive federal, state and local

environmental statutes, rules and regulations relating to air quality, water quality, waste management, wildlife mortality, natural resources and health and safety that could, among other things, restrict or limit the output of certain facilities or the use of certain fuels required for the production of electricity and/or increase costs. There are significant capital, operating and other costs associated with compliance with these environmental statutes, rules and regulations, and those costs could be even more significant in the future.

-- FPL Group and FPL operate in a changing market environment influenced by various legislative and regulatory initiatives regarding deregulation, regulation or restructuring of the energy industry, including deregulation of the production and sale of electricity. FPL Group and its subsidiaries will need to adapt to these changes and may face increasing competitive pressure.

-- FPL Group's and FPL's results of operations could be affected by their ability to renegotiate franchise agreements with municipalities and counties in Florida.

-- The operation of power generation facilities involves many risks, including start up risks, breakdown or failure of equipment, transmission lines or pipelines, use of new technology, the dependence on a specific fuel source or the impact of unusual or adverse weather conditions (including natural disasters such as hurricanes), as well as the risk of performance below expected levels of output or efficiency. This could result in lost revenues and/or increased expenses. Insurance, warranties or performance guarantees may not cover any or all of the lost revenues or increased expenses, including the cost of replacement power. In addition to these risks, FPL Group's and FPL's nuclear units face certain risks that are unique to the nuclear industry including the ability to dispose of spent nuclear fuel, as well as additional regulatory actions up to and including shutdown of the units stemming from public safety concerns, whether at FPL Group's and FPL's plants, or at the plants of other nuclear operators. Breakdown or failure of an FPL Energy, LLC (FPL Energy) operating facility may prevent the facility from performing under applicable power sales agreements which, in certain situations, could result in termination of the agreement or incurring a liability for liquidated damages.

-- FPL Group's and FPL's ability to successfully and timely complete their power generation facilities currently under construction, those projects yet to begin construction or capital improvements to existing facilities is contingent upon many variables and subject to substantial risks. Should any such efforts be unsuccessful, FPL Group and FPL could be subject to additional costs, termination payments under committed contracts, and/or the write-off of their investment in the project or improvement.

-- FPL Group and FPL use derivative instruments, such as swaps, options, futures and forwards to manage their commodity and financial market risks, and to a lesser extent, engage in limited trading activities. FPL Group could recognize financial losses as a result of volatility in the market values of these contracts, or if a counterparty fails to perform. In the absence of actively quoted market prices and pricing information from external sources, the valuation of these derivative instruments involves management's judgment or use of estimates. As a result, changes in the underlying assumptions or use of alternative valuation methods could affect the reported fair value of these contracts. In addition, FPL's use of such instruments could be subject to prudency challenges and if found imprudent, cost recovery could be disallowed by the FPSC.

-- There are other risks associated with FPL Group's non-rate regulated businesses, particularly FPL Energy. In addition to risks discussed elsewhere, risk factors specifically affecting FPL Energy's success in competitive wholesale markets include the ability to efficiently develop and operate generating assets, the successful and timely completion of

project restructuring activities, maintenance of the qualifying facility status of certain projects, the price and supply of fuel, transmission constraints, competition from new sources of generation, excess generation capacity and demand for power. There can be significant volatility in market prices for fuel and electricity, and there are other financial, counterparty and market risks that are beyond the control of FPL Energy. FPL Energy's inability or failure to effectively hedge its assets or positions against changes in commodity prices, interest rates, counterparty credit risk or other risk measures could significantly impair its future financial results. In keeping with industry trends, a portion of FPL Energy's power generation facilities operate wholly or partially without long-term power purchase agreements. As a result, power from these facilities is sold on the spot market or on a short-term contractual basis, which may affect the volatility of FPL Group's financial results. In addition, FPL Energy's business depends upon transmission facilities owned and operated by others; if transmission is disrupted or capacity is inadequate or unavailable, FPL Energy's ability to sell and deliver its wholesale power may be limited.

-- FPL Group is likely to encounter significant competition for acquisition opportunities that may become available as a result of the consolidation of the power industry. In addition, FPL Group may be unable to identify attractive acquisition opportunities at favorable prices and to successfully and timely complete and integrate them.

-- FPL Group and FPL rely on access to capital markets as a significant source of liquidity for capital requirements not satisfied by operating cash flows. The inability of FPL Group and FPL to maintain their current credit ratings could affect their ability to raise capital on favorable terms, particularly during times of uncertainty in the capital markets which, in turn, could impact FPL Group's and FPL's ability to grow their businesses and would likely increase interest costs.

-- FPL Group's and FPL's results of operations can be affected by changes in the weather. Weather conditions directly influence the demand for electricity and natural gas and affect the price of energy commodities, and can affect the production of electricity at wind and hydro-powered facilities. In addition, severe weather can be destructive, causing outages and/or property damage, which could require additional costs to be incurred.

-- FPL Group and FPL are subject to costs and other effects of legal and administrative proceedings, settlements, investigations and claims, as well as the effect of new, or changes in, tax rates or policies, rates of inflation, accounting standards, securities laws or corporate governance requirements.

-- FPL Group and FPL are subject to direct and indirect effects of terrorist threats and activities. Generation and transmission facilities, in general, have been identified as potential targets. The effects of terrorist threats and activities include, among other things, terrorist actions or responses to such actions or threats, the inability to generate, purchase or transmit power, the risk of a significant slowdown in growth or a decline in the U.S. economy, delay in economic recovery in the United States, and the increased cost and adequacy of security and insurance.

-- FPL Group's and FPL's ability to obtain insurance, and the cost of and coverage provided by such insurance, could be affected by national events as well as company-specific events.

-- FPL Group and FPL are subject to employee workforce factors, including loss or retirement of key executives, availability of qualified personnel, collective bargaining agreements with union employees or work stoppage.

The issues and associated risks and uncertainties described above are not the only ones FPL Group and FPL may face. Additional issues may arise or become material as the energy industry evolves. The risks and uncertainties associated with these additional issues could impair FPL Group's and FPL's businesses in the future.

HEATHER STUBBLEFIELD
Director- Natural Gas
FPL Group Resources, LLC
FGR/JB
700 Universe Blvd.
Juno Beach, FL 33408
(561) 691-2145
(561) 691-7633 (Fax)
(561) 818-3690 (Cell)

PEF 000305

Murphy, Pam (CPL)

From: Rhodes, Rick
Sent: Wednesday, November 17, 2004 9:53 AM
To: Murphy, Pam (CP&L); Adams, Melanie; Trimble, John
Subject: El Paso Corporation Announces Seafarer Pipeline FERC Filing



daw020_1.html (24 KB)

http://biz.yahoo.com/prnews/041117/daw020_1.html

Press Release Source: El Paso Corporation

El Paso Corporation Announces Seafarer Pipeline FERC Filing
Wednesday November 17, 9:37 am ET

HOUSTON, Nov. 17 /PRNewswire-FirstCall/ -- El Paso Corporation (NYSE: EP - News) today announced it has filed its formal application with the Federal Energy Regulatory Commission (FERC) for authority to construct and operate the U.S. portion of the proposed Seafarer natural gas pipeline project. The Seafarer project is designed to transport natural gas from the proposed High Rock liquefied natural gas regasification facility in the Bahamas to southern Florida. Subsidiaries of the company executed binding precedent agreements with an affiliate of FPL Group Resources for 800,000 dekatherms per day of capacity earlier in the year.

"We continue to make progress with the Seafarer project, which will provide a new source of natural gas supplies for southern Florida," said John W. Somerhalder II, president of El Paso's Pipeline Group. "Seafarer has market support with its existing pipeline capacity agreements, as well as clear technical and environmental advantages."

The Seafarer Pipeline System consists of an 87-mile international segment from the proposed High Rock LNG regasification terminal in the Bahamas to the United States-Bahamas Exclusive Economic Zone (EEZ) boundary in the Atlantic Ocean and a 41-mile U.S. segment from the EEZ to an onshore interconnect with the existing Florida Gas Transmission pipeline system in Palm Beach County, Florida.

El Paso has been working with FERC through the pre-filing process since March and has requested receipt of a certificate by July 31, 2005. Construction of the project is scheduled to begin in 2006, and the 26-inch pipeline is expected to be in service by 2008.

El Paso Corporation provides natural gas and related energy products in a safe, efficient, dependable manner. The company owns North America's largest natural gas pipeline system and one of North America's largest independent natural gas producers. For more information, visit http://www.elpaso.com .

Cautionary Statement Regarding Forward-Looking Statements

This release includes forward-looking statements and projections, made in reliance on the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The company has made every reasonable effort to ensure that the information and assumptions on which these statements and projections are based are current, reasonable, and complete. However, a variety of factors could cause actual results to differ materially from the projections, anticipated results or other expectations expressed in this release, including, without limitation, our ability to successfully construct and operate the proposed pipeline facilities described in this release; general economic conditions in geographic regions or markets served by El Paso Corporation and its affiliates, or where

operations of the company and its affiliates are located; the uncertainties associated with governmental regulation; competition, and other factors described in the company's (and its affiliates') Securities and Exchange Commission filings. While the company makes these statements and projections in good faith, neither the company nor its management can guarantee that anticipated future results will be achieved. Reference must be made to those filings for additional important factors that may affect actual results. The company assumes no obligation to publicly update or revise any forward-looking statements made herein or any other forward-looking statements made by the company, whether as a result of new information, future events, or otherwise.

Source: El Paso Corporation

YAHOO! FINANCE Search - Finance Home - Yahoo! - Help

PR Newswire

Welcome [Sign In] To track stocks & more, Regi

Financial News

Enter symbol(s) Basic Get Symbol Lookup

Power E*TRADE HARRISdirect get 20 FREE EQUITY TRADES $7 ONLINE TRADES

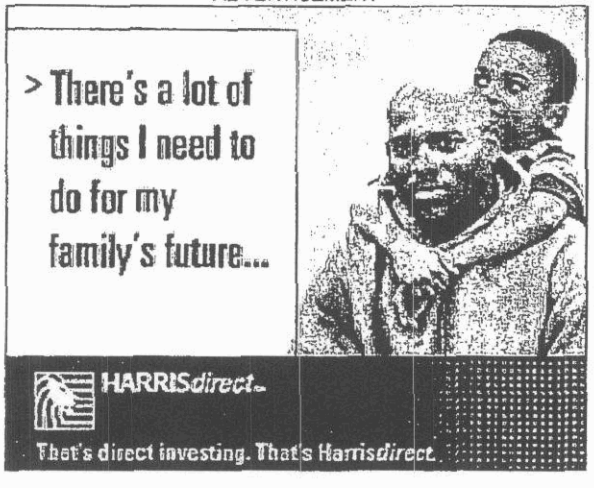
Press Release Source: El Paso Corporation

El Paso Corporation Announces Seafarer Pipeline FERC Filing

Wednesday November 17, 9:37 am ET

HOUSTON, Nov. 17 /PRNewswire-FirstCall/ -- El Paso Corporation (NYSE: EP - News) today announced it has filed its formal application with the Federal Energy Regulatory Commission (FERC) for authority to construct and operate the U.S. portion of the proposed Seafarer natural gas pipeline project. The Seafarer project is designed to transport natural gas from the proposed High Rock liquefied natural gas regasification facility in the Bahamas to southern Florida. Subsidiaries of the company executed binding precedent agreements with an affiliate of FPL Group Resources for 800,000 dekatherms per day of capacity earlier in the year.

ADVERTISEMENT



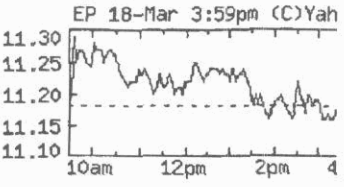
"We continue to make progress with the Seafarer project, which will provide a new source of natural gas supplies for southern Florida," said John W. Somerhalder II, president of El Paso's Pipeline Group. "Seafarer has market support with its existing pipeline capacity agreements, as well as clear technical and environmental advantages."

The Seafarer Pipeline System consists of an 87-mile international segment from the proposed High Rock LNG regasification terminal in the Bahamas to the United States-Bahamas Exclusive Economic Zone (EEZ) boundary in the Atlantic Ocean and a 41-mile U.S. segment from the EEZ to an onshore interconnect with the existing Florida Gas Transmission pipeline system in Palm Beach County, Florida.

El Paso has been working with FERC through the pre-filing process since March and has requested receipt of a certificate by July 31, 2005. Construction of the project is scheduled to begin in 2006, and the 26-inch pipeline is expected to be in service by 2008.

El Paso Corporation provides natural gas and related energy products in a safe, efficient, dependable manner. The company owns North America's largest natural gas

Related Quote



EP 9.32 +0.12 Ne

View Detailed Quote

Delayed 20 mins

Quote data provided by Reuters

Related News Stories

- [$$] Telltale Signs Are There Current Mood of Euphoria Means It's Time to Sell - at The Wall Street Journal Online (Tue Nov 1
- EL PASO CORP/DE Files SE form 8-K/A, Other Events, Financial Statements and Exhibits - EDGAR Online (Tue Nov
- [external] CORRECTED - (OFFICIAL)-El Paso buys pu options, updates debt level - Reuters (Tue Nov 16)
- Correction -- El Paso Corporation - PR Newswire (Tue Nov 16)

Mor

- By industry: Oil/energy, Utiliti

Top Stories

- Kmart, Sears to Merge in $1 Billion Deal - Associated Press (8: am)
- Consumer Prices See Bigge Gain Since May - Associated Pre (9:41 am)
- Stocks Open Higher on Kma Sears Merger - Associated Press (9:44 am)
- Authorities Raid Head Office Yukos Oil - Associated Press (9:33 am)

Mor

- Most-emailed articles

pipeline system and one of North America's largest independent natural gas producers. For more information, visit http://www.elpaso.com .

• Most-viewed articles

Cautionary Statement Regarding Forward-Looking Statements

This release includes forward-looking statements and projections, made in reliance on the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The company has made every reasonable effort to ensure that the information and assumptions on which these statements and projections are based are current, reasonable, and complete. However, a variety of factors could cause actual results to differ materially from the projections, anticipated results or other expectations expressed in this release, including, without limitation, our ability to successfully construct and operate the proposed pipeline facilities described in this release; general economic conditions in geographic regions or markets served by El Paso Corporation and its affiliates, or where operations of the company and its affiliates are located; the uncertainties associated with governmental regulation; competition, and other factors described in the company's (and its affiliates') Securities and Exchange Commission filings. While the company makes these statements and projections in good faith, neither the company nor its management can guarantee that anticipated future results will be achieved. Reference must be made to those filings for additional important factors that may affect actual results. The company assumes no obligation to publicly update or revise any forward-looking statements made herein or any other forward-looking statements made by the company, whether as a result of new information, future events, or otherwise.

Source: El Paso Corporation

Email Story Set News Alert Print Story

Search News

Sponsor Results

Harrisdirect IRA
Looking for in-depth research and an extensive selection of retirement investment options? Open a new Harrisdirect IRA account today.
www.harrisdirect.com

Free Financial Savings Guide
Sign up to get a free "Smart Money Management Workbook" from American Express financial advisors. In it you'll learn how to set and achieve your personal financial planning goals.
www.americanexpress.com

ING DIRECT - Orange Savings Account
2.20% annual percentage yield. Put your money to work earning a high savings rate in the nation with no fees and no minimums. Member FDIC. Open online in under five minutes.
home.ingdirect.com

(What's This?)

Copyright © 2004 Yahoo! Inc. All rights reserved. Privacy Policy - Terms of Service - Copyright Policy - Ad Feedback
Copyright © 2004 PR Newswire. All rights reserved. Republication or redistribution of PRNewswire content is expressly prohibited without the prior written consent of PRNewswire. PRNewswire shall not be liable for any errors or delays in the content, or for any actions taken in reliance thereon.

Murphy, Pam (CPL)

From: Rhodes, Rick
Sent: Tuesday, July 27, 2004 1:03 PM
To: Murphy, Pam (CP&L); Adams, Melanie; Trimble, John; Boulmay, Ramon
Subject: FW: FPLR LNG Supply

fyi

Rick Rhodes
Term Gas Lead
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

-----Original Message-----
From: Heather_Subblefield@fpl.com [mailto:Heather_Subblefield@fpl.com]
Sent: Tuesday, July 27, 2004 9:46 AM
To: Rhodes, Rick; Murphy, Pam (CP&L)
Subject: FPLR LNG Supply

Wanted to be sure that you saw our announcement. Please give me a call if you have any questions!

FPL Group Resources and RasGas Announce Heads of Agreement to Supply LNG to Florida Via Proposed Bahamas LNG Terminal
[Business Wire]

JUNO BEACH, Fla. & DOHA, Qatar--(BUSINESS WIRE)--July 27, 2004--FPL Group Resources LLC, a subsidiary of FPL Group, Inc. (NYSE:FPL), and Ras Laffan Liquefied Natural Gas Company Limited (II) (RasGas (II)), a joint venture between Qatar Petroleum and ExxonMobil RasGas Inc. (an ExxonMobil affiliate), today announced signature of a Heads of Agreement (HOA) to supply liquefied natural gas (LNG) from Qatar to a proposed LNG terminal and regasification facility located at South Riding Point on Grand Bahama Island.

Under terms of the HOA, an affiliate of FPL Group Resources and RasGas (II) have entered into an exclusive relationship and expect to complete an LNG sale and purchase agreement for approximately 800,000 million British Thermal Units (MMBtu) per day of LNG, or approximately 6 million tons per annum to be delivered over a 25-year period beginning in mid 2008.

The feed gas will come from Qatar's North Field, the largest offshore non-associated natural gas field in the world, with proven natural gas reserves in excess of 900 trillion cubic feet (tcf). FPL Group Resources plans to sell the regasified LNG to wholesale customers throughout Florida.

RasGas ventures are currently engaged in projects that are expected to deliver over 36 million tons per year to Korea, India, Europe and the US by 2011.

"Today's announcement is another important step in bringing an additional supply of much needed natural gas to South Florida," said Brad Williams, vice president, Gas Projects, for FPL Group Resources. "RasGas is a proven leader in the global LNG business and shares our commitment to safety and environmental stewardship. We look forward to continue working with the Bahamian government to ensure the success of this project."

PEF 000310
Docket No. 041414-EI

"Qatar Petroleum, through its joint venture participation in RasGas (II), is very pleased for this opportunity to sign a long-term agreement for the supply of liquefied natural gas to FPL Group Resources LLC for the United States market. We anticipate a close and mutually beneficial relationship with the Bahamas, as that country is an integral part of this project's success," said Dr. Ibrahim Ibrahim, vice chairman, RasGas Board of Directors.

The HOA is subject to the FPL Group Resources affiliate successfully competing to provide regasified LNG to Florida Power & Light Company and other Florida customers and obtaining certain regulatory approvals. Florida Power & Light is expected to issue a Request for Proposals seeking a supply of gas from LNG as a new fuel source to generate electricity for its customers.

As previously announced, FPL Group Resources recently executed a precedent agreement with Seafarer Bahamas Pipeline Ltd. and Seafarer US Pipeline Inc., subsidiaries of the El Paso Corporation for transportation of regasified LNG from the proposed LNG terminal on Grand Bahama Island.

FPL Group, with annual revenues of more than $9 billion, is nationally known as a high-quality, efficient, and customer-driven organization focused on energy-related products and services. With a growing presence in 26 states, it is widely recognized as one of the country's premier power companies. Its principal subsidiary, Florida Power & Light Company, serves more than 4.2 million customer accounts in Florida. FPL Energy, LLC, an FPL Group energy-generating subsidiary, is a leader in producing electricity from clean and renewable fuels. Additional information is available on the Internet at http://www.FPLGroup.com, http://www.FPL.com and http://www.FPLEnergy.com.

RasGas (II) is a joint venture formed in 2001 between Qatar Petroleum and ExxonMobil RasGas Inc. (70/30 percent). The venture encompasses production operations from Qatar's giant North Field for the manufacture of LNG, and exports LNG to current and anticipated markets in Asia/Pacific, Europe and the United States. By 2011, the RasGas venture is expected to process and supply more than 36 million tons a year of LNG to meet rising global demand. For additional information visit http://www.rasgas.com. CAUTIONARY STATEMENTS AND RISK FACTORS THAT MAY AFFECT FUTURE RESULTS

In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 (Reform Act), FPL Group, Inc. (FPL Group) and Florida Power & Light Company (FPL) are hereby filing cautionary statements identifying important factors that could cause FPL Group's or FPL's actual results to differ materially from those projected in forward-looking statements (as such term is defined in the Reform Act) made by or on behalf of FPL Group and FPL in this press release, in response to questions or otherwise. Any statements that express, or involve discussions as to expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as will likely result, are expected to, will continue, is anticipated, believe, could, estimated, may, plan, potential, projection, target, outlook) are not statements of historical facts and may be forward-looking. Forward-looking statements involve estimates, assumptions and uncertainties. Accordingly, any such statements are qualified in their entirety by reference to, and are accompanied by, the following important factors (in addition to any assumptions and other factors referred to specifically in connection with such forward-looking statements) that could cause FPL Group's or FPL's actual results to differ materially from those contained in forward-looking statements made by or on behalf of FPL Group and FPL.

Any forward-looking statement speaks only as of the date on which such statement is made, and FPL Group and FPL undertake no obligation to

update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time and it is not possible for management to predict all of such factors, nor can it assess the impact of each such factor on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

The following are some important factors that could have a significant impact on FPL Group's and FPL's operations and financial results, and could cause FPL Group's and FPL's actual results or outcomes to differ materially from those discussed in the forward-looking statements:

-- FPL Group and FPL are subject to changes in laws or regulations, including the Public Utility Regulatory Policies Act of 1978, as amended (PURPA), and the Public Utility Holding Company Act of 1935, as amended (Holding Company Act), changing governmental policies and regulatory actions, including those of the Federal Energy Regulatory Commission (FERC), the Florida Public Service Commission (FPSC) and the utility commissions of other states in which FPL Group has operations, and the U.S. Nuclear Regulatory Commission (NRC), with respect to, among other things, allowed rates of return, industry and rate structure, operation of nuclear power facilities, operation and construction of plant facilities, operation and construction of transmission facilities, acquisition, disposal, depreciation and amortization of assets and facilities, recovery of fuel and purchased power costs, decommissioning costs, return on common equity and equity ratio limits, and present or prospective wholesale and retail competition (including but not limited to retail wheeling and transmission costs). The FPSC has the authority to disallow recovery by FPL of costs that it considers excessive or imprudently incurred.

-- The regulatory process generally restricts FPL's ability to grow earnings and does not provide any assurance as to achievement of earnings levels.

-- FPL Group and FPL are subject to extensive federal, state and local environmental statutes, rules and regulations relating to air quality, water quality, waste management, wildlife mortality, natural resources and health and safety that could, among other things, restrict or limit the output of certain facilities or the use of certain fuels required for the production of electricity and/or increase costs. There are significant capital, operating and other costs associated with compliance with these environmental statutes, rules and regulations, and those costs could be even more significant in the future.

-- FPL Group and FPL operate in a changing market environment influenced by various legislative and regulatory initiatives regarding deregulation, regulation or restructuring of the energy industry, including deregulation of the production and sale of electricity. FPL Group and its subsidiaries will need to adapt to these changes and may face increasing competitive pressure.

-- FPL Group's and FPL's results of operations could be affected by their ability to renegotiate franchise agreements with municipalities and counties in Florida.

-- The operation of power generation facilities involves many risks, including start up risks, breakdown or failure of equipment, transmission lines or pipelines, use of new technology, the dependence on a specific fuel source or the impact of unusual or adverse weather conditions (including natural disasters such as hurricanes), as well as the risk of performance below expected levels of output or efficiency. This could result in lost revenues and/or increased expenses. Insurance, warranties or performance guarantees may not cover any or all of the lost revenues or increased expenses, including the cost of replacement

power. In addition to these risks, FPL Group's and FPL's nuclear units face certain risks that are unique to the nuclear industry including the ability to dispose of spent nuclear fuel, as well as additional regulatory actions up to and including shutdown of the units stemming from public safety concerns, whether at FPL Group's and FPL's plants, or at the plants of other nuclear operators. Breakdown or failure of an FPL Energy, LLC (FPL Energy) operating facility may prevent the facility from performing under applicable power sales agreements which, in certain situations, could result in termination of the agreement or incurring a liability for liquidated damages.

-- FPL Group's and FPL's ability to successfully and timely complete their power generation facilities currently under construction, those projects yet to begin construction or capital improvements to existing facilities is contingent upon many variables and subject to substantial risks. Should any such efforts be unsuccessful, FPL Group and FPL could be subject to additional costs, termination payments under committed contracts, and/or the write-off of their investment in the project or improvement.

-- FPL Group and FPL use derivative instruments, such as swaps, options, futures and forwards to manage their commodity and financial market risks, and to a lesser extent, engage in limited trading activities. FPL Group could recognize financial losses as a result of volatility in the market values of these contracts, or if a counterparty fails to perform. In the absence of actively quoted market prices and pricing information from external sources, the valuation of these derivative instruments involves management's judgment or use of estimates. As a result, changes in the underlying assumptions or use of alternative valuation methods could affect the reported fair value of these contracts. In addition, FPL's use of such instruments could be subject to prudency challenges and if found imprudent, cost recovery could be disallowed by the FPSC.

-- There are other risks associated with FPL Group's non-rate regulated businesses, particularly FPL Energy. In addition to risks discussed elsewhere, risk factors specifically affecting FPL Energy's success in competitive wholesale markets include the ability to efficiently develop and operate generating assets, the successful and timely completion of project restructuring activities, maintenance of the qualifying facility status of certain projects, the price and supply of fuel, transmission constraints, competition from new sources of generation, excess generation capacity and demand for power. There can be significant volatility in market prices for fuel and electricity, and there are other financial, counterparty and market risks that are beyond the control of FPL Energy. FPL Energy's inability or failure to effectively hedge its assets or positions against changes in commodity prices, interest rates, counterparty credit risk or other risk measures could significantly impair its future financial results. In keeping with industry trends, a portion of FPL Energy's power generation facilities operate wholly or partially without long-term power purchase agreements. As a result, power from these facilities is sold on the spot market or on a short-term contractual basis, which may affect the volatility of FPL Group's financial results. In addition, FPL Energy's business depends upon transmission facilities owned and operated by others; if transmission is disrupted or capacity is inadequate or unavailable, FPL Energy's ability to sell and deliver its wholesale power may be limited.

-- FPL Group is likely to encounter significant competition for acquisition opportunities that may become available as a result of the consolidation of the power industry. In addition, FPL Group may be unable to identify attractive acquisition opportunities at favorable prices and to successfully and timely complete and integrate them.

-- FPL Group and FPL rely on access to capital markets as a significant source of liquidity for capital requirements not satisfied by operating cash flows. The inability of FPL Group and FPL to maintain their current

credit ratings could affect their ability to raise capital on favorable terms, particularly during times of uncertainty in the capital markets which, in turn, could impact FPL Group's and FPL's ability to grow their businesses and would likely increase interest costs.

-- FPL Group's and FPL's results of operations can be affected by changes in the weather. Weather conditions directly influence the demand for electricity and natural gas and affect the price of energy commodities, and can affect the production of electricity at wind and hydro-powered facilities. In addition, severe weather can be destructive, causing outages and/or property damage, which could require additional costs to be incurred.

-- FPL Group and FPL are subject to costs and other effects of legal and administrative proceedings, settlements, investigations and claims, as well as the effect of new, or changes in, tax rates or policies, rates of inflation, accounting standards, securities laws or corporate governance requirements.

-- FPL Group and FPL are subject to direct and indirect effects of terrorist threats and activities. Generation and transmission facilities, in general, have been identified as potential targets. The effects of terrorist threats and activities include, among other things, terrorist actions or responses to such actions or threats, the inability to generate, purchase or transmit power, the risk of a significant slowdown in growth or a decline in the U.S. economy, delay in economic recovery in the United States, and the increased cost and adequacy of security and insurance.

-- FPL Group's and FPL's ability to obtain insurance, and the cost of and coverage provided by such insurance, could be affected by national events as well as company-specific events.

-- FPL Group and FPL are subject to employee workforce factors, including loss or retirement of key executives, availability of qualified personnel, collective bargaining agreements with union employees or work stoppage.

The issues and associated risks and uncertainties described above are not the only ones FPL Group and FPL may face. Additional issues may arise or become material as the energy industry evolves. The risks and uncertainties associated with these additional issues could impair FPL Group's and FPL's businesses in the future.

HEATHER STUBBLEFIELD
Director- Natural Gas
FPL Group Resources, LLC
FGR/JB
700 Universe Blvd.
Juno Beach, FL 33408
(561) 691-2145
(561) 691-7633 (Fax)
(561) 818-3690 (Cell)

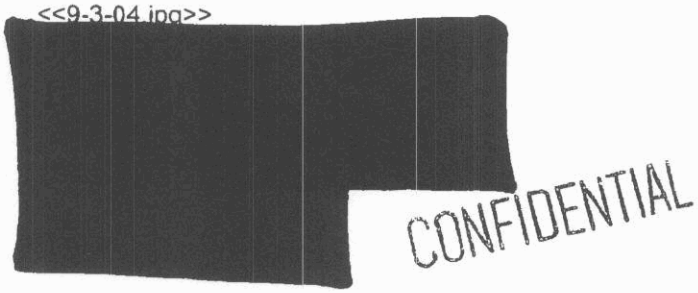
Caldwell, Rob

From: [redacted]
Sent: Friday, September 10, 2004 3:25 PM
To: Caldwell, Rob
Cc: Holmes, Norman G
Subject: RE: Southeast Pipeline Map

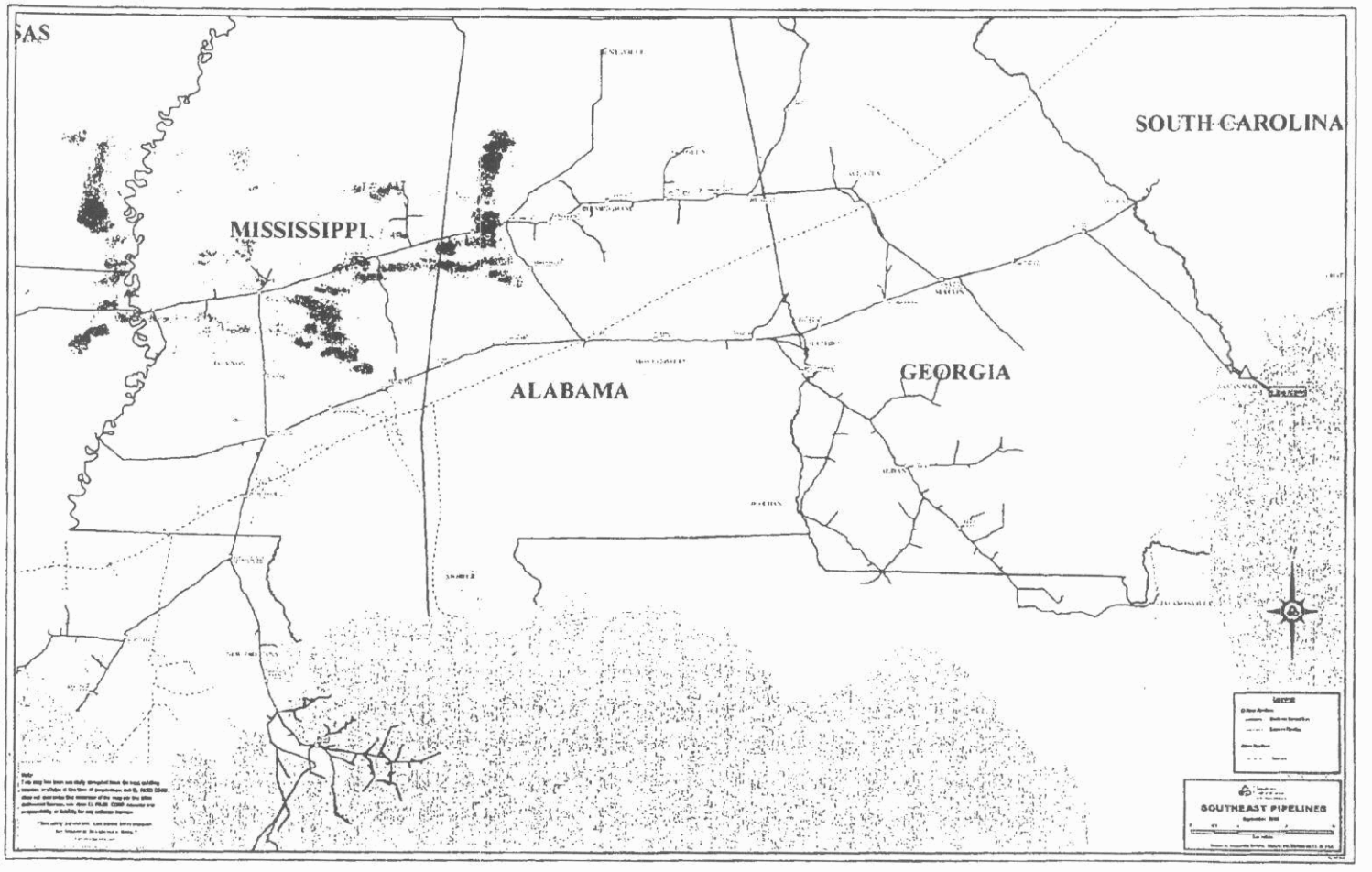
Rob,

Norman asked that I email you the attached map. Our drafting department converted this map to a jpg file so that it can be accessed and printed from your computer. Let me know if you have trouble opening this file or printing the enlarged copy. We can mail you copies if that would be easier.

<<9-3-04.jpg>>



****
This email and any files transmitted with it from the ElPaso Corporation are confidential and intended solely for the use of the individual or entity to whom they are addressed. If you have received this email in error please notify the sender.
****



PEF 000316
Docket No. 041414-EI

POD #13

Rhodes, Rick

From: [redacted]
Sent: Tuesday, April 27, 2004 7:56 AM
To: Rhodes, Rick
Cc: [redacted]
Subject: Response to Progress Energy [redacted]


Scanned Progress Energy Bid.ti...


Term Sheet 040427.doc (25 KB)

CONFIDENTIAL

Dear Rick,

I am happy to submit the attached cover letter and bid in response to the subject RFP. I will forward the original to you via courier.

Please do not hesitate to contact me to clarify any points in the documents. I look forward to hearing from you soon about the path forward.

Best regards,

[redacted]

<<Scanned Progress Energy Bid.tif>> <<Term Sheet 040427.doc>>

AVISO LEGAL:
Esta información es privada y confidencial y está dirigida únicamente a su destinatario. Si usted no es el destinatario original de este mensaje y por este medio pudo acceder a dicha información por favor elimine el mensaje. La distribución o copia de este mensaje está estrictamente prohibida. Esta comunicación es sólo para propósitos de información y no deberían ser considerados como una declaración oficial de Repsol YPF. La transmisión de e-mails no garantiza que el correo electrónico sea seguro o libre de error. Por consiguiente, no manifestamos que esta información sea completa o precisa. Toda información está sujeta a alterarse sin previo aviso.

This information is private and confidential and intended for the recipient only. If you are not the intended recipient of this message you are hereby notified that any review, dissemination, distribution or copying of this message is strictly prohibited. This communication is for information purposes only and should not be regarded as an official statement from Repsol YPF. Email transmission cannot be guaranteed to be secure or error-free. Therefore, we do not represent that this information is complete or accurate and it should not be relied upon as such. All information is subject to change without notice.

[redacted]

April 27, 2004

CONFIDENTIAL

VIA E-MAIL

Progress Energy Inc.
Attn: Rick Rhodes
Term Gas and Logistics Unit
P.O. Box 1551 – PEB 10A
Raleigh, NC 27602

CONFIDENTIAL

Re: Non Binding Proposal responding to [redacted]

Dear Rick:

[redacted]

[redacted]

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL

[redacted]

Term [redacted]

Volume [redacted]

Primary Receipt Point [redacted]

Service [redacted]

Pricing [redacted]

Options [redacted]

CONFIDENTIAL

[redacted]

[redacted]

Force Majeure [redacted]

Nominations [redacted]

Requirements [redacted]

Gas Quality [redacted]

[redacted]

Rhodes, Rick

From: [redacted]
Sent: Monday, April 26, 2004 5:06 PM
To: Rhodes, Rick
Subject: RFP

CONFIDENTIAL

Rich

You should also be receiving an email from [redacted] We have had some communication issues communicating with Spain and will deliver our response to your RFP on Tuesday. I hope you will be able to give it your full consideration.

Thanks
[redacted]

This communication is for use by the intended recipient and contains information that may be privileged, confidential or copyrighted under law. If you are not the intended recipient, you are hereby formally notified that any use, copying or distribution of this e-Mail, in whole or in part, is strictly prohibited. Please notify the sender by return e-Mail and delete this e-Mail from your system. Unless explicitly and conspicuously stated in the subject matter of the above e-Mail, this e-Mail does not constitute a contract offer, a contract amendment, or an acceptance of a contract offer. This e-Mail does not constitute consent to the use of sender's contact information for direct marketing purposes or for transfers of data to third parties.

This email has been scanned for all viruses by the MessageLabs service.

Rhodes, Rick

From: [redacted]
Sent: Monday, April 26, 2004 4:33 PM
To: Rhodes, Rick
Subject: [redacted]

Rick,

I wanted to drop you this e-mail and let you know that our response to the above RFP will be sent to you Tuesday April 27th. Let me know if this is a problem.
Thank you for your help and cooperation on this, it is greatly appreciated.

Sincerely,

[redacted]

CONFIDENTIAL

AVISO LEGAL:
Esta informacion es privada y confidencial y esta dirigida unicamente a su destinatario. Si usted no es el destinatario original de este mensaje y por este medio pudo acceder a dicha informacion *por favor elimine el mensaje*. La distribucion o copia de este mensaje esta estrictamente prohibida. Esta comunicacion es solo para propositos de informacion y no debe ser considerada como propuesta, aceptacion ni como una declaracion de voluntad oficial de REPSOL YPF S.A. y/o subsidiarias y/o afiliadas. *La transmision de e-mails no garantiza* que el correo electronico sea seguro o libre de error. Por consiguiente, no manifestamos que esta informacion sea completa o precisa. Toda informacion esta sujeta a alterarse sin previo aviso.

This information is private and confidential and intended for the recipient only. If you are not the intended recipient of *this message you are hereby notified* that any review, dissemination, distribution or copying of this message is strictly prohibited. This communication is for information purposes only and shall not be regarded neither as a proposal, acceptance nor as a statement of will or official statement from REPSOL YPF S.A. and/or subsidiaries and/or affiliates. Email transmission cannot be guaranteed to be secure or error-free. Therefore, we do not represent that this information is complete or accurate and it should not be relied upon as such. All information is subject to change without notice.

Rhodes, Rick

From: [redacted]
Sent: Monday, April 12, 2004 2:27 AM
To: Rick.Rhodes@pgnmail.com
Cc: [redacted]
Subject: RE: [redacted]
Sensitivity: Confidential

Dear Rick,

Thank you for the e-mail and copy of your RFP. [redacted] will review and respond by the deadline. We will call this week with any questions we may have.

Best regards,

[redacted]

CONFIDENTIAL

-----Original Message-----
From: Rhodes, Rick [mailto:Rick.Rhodes@pgnmail.com]
Sent: Monday, April 05, 2004 7:56 PM
To: [redacted]
Subject: [redacted]
Importance: High
Sensitivity: Confidential

[redacted]

Florida Power Corporation d/b/a Progress Energy Florida, Inc. (FPC) seeks proposals from you to supply natural gas for the requirements listed in the attached RFP. A successful deal will require the execution of a NAESB with the attached Special Provisions, unless your firm already has an approved GISB or NAESB with FPC.

You are encouraged to submit your bid via e-mail. FAX response is acceptable, but e-mail is preferable.

We look forward to your response. Feel free to contact me at the number below with any questions. Thanks in advance for your timely response by this April 26, 2004 deadline.

***** IMMEDIATELY UPON RECEIPT, PLEASE RESPOND TO THE E-MAIL TO CONFIRM RECEIPT *****

[redacted]

Rick Rhodes
Term Gas Lead
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

AVISO LEGAL:
Esta información es privada y confidencial y está dirigida únicamente a su destinatario. Si usted no es el destinatario original de este mensaje y por este medio pudo acceder a dicha información por favor elimine el mensaje. La distribución o copia de este mensaje está estrictamente prohibida. Esta comunicación es sólo para propósitos de información y no deberían ser considerados como una declaración oficial de Repsol YPF. La transmisión de e-mails no garantiza que el correo electrónico sea seguro o libre de error. Por consiguiente, no manifestamos que esta información sea completa o precisa. Toda información está sujeta a alterarse sin previo aviso.

This information is private and confidential and intended for the recipient only. If you are not the intended recipient of this message you are hereby notified that any review, dissemination, distribution or copying of this message is strictly prohibited. This communication is for information purposes only and should not be regarded as an official statement from Repsol YPF. Email transmission cannot be guaranteed to be secure or error-free. Therefore, we do not represent that this information is complete or accurate and it should not be relied upon as such. All information is subject to change without notice.

Rhodes, Rick

From: [redacted]
Sent: Monday, April 05, 2004 2:02 PM
To: Rhodes, Rick
Subject: [redacted]
Sensitivity: Confidential

Rick

I am in receipt of the RFP from Florida Power Corporation. Thank you for giving us the opportunity to respond to the RFP.

[redacted]

-----Original Message-----
From: Rhodes, Rick [mailto:Rick.Rhodes@pgnmail.com]
Sent: Monday, April 05, 2004 1:56 PM
To: [redacted]
Subject: [redacted]
Importance: High
Sensitivity: Confidential

CONFIDENTIAL

[redacted]

Florida Power Corporation d/b/a Progress Energy Florida, Inc. (FPC) seeks proposals from you to supply natural gas for the requirements listed in the attached RFP. A successful deal will require the execution of a NAESB with the attached Special Provisions, unless your firm already has an approved GISB or NAESB with FPC.

You are encouraged to submit your bid via e-mail. FAX response is acceptable, but e-mail is preferable.

We look forward to your response. Feel free to contact me at the number below with any questions. Thanks in advance for your timely response by this April 26, 2004 deadline.

***** IMMEDIATELY UPON RECEIPT, PLEASE RESPOND TO THE E-MAIL TO CONFIRM RECEIPT *****

[redacted]

Rick Rhodes
Term Gas Lead
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

This email has been scanned for all viruses by the MessageLabs service.

This communication is for use by the intended recipient and contains information that may be privileged, confidential or

copyrighted under law. If you are not the intended recipient, you are hereby formally notified that any use, copying or distribution of this e-Mail, in whole or in part, is strictly prohibited. Please notify the sender by return e-Mail and delete this e-Mail from your system. Unless explicitly and conspicuously stated in the subject matter of the above e-Mail, this e-Mail does not constitute a contract offer, a contract amendment, or an acceptance of a contract offer. This e-Mail does not constitute consent to the use of sender's contact information for direct marketing purposes or for transfers of data to third parties.

This email has been scanned for all viruses by the MessageLabs service.

Rhodes, Rick

From: [redacted]
Sent: Wednesday, September 03, 2003 2:34 PM
To: [redacted]
Cc: [redacted]
Subject: [redacted]

Importance: High


Cover Letter from AES to Progr...


Term Sheet for AES and Progres...

Rick-

On behalf of [redacted], I am forwarding the response of [redacted] to the Progress Energy Florida, Inc. RFP. [redacted] is travelling and therefore has not had a chance to finally review this. He will be calling you to discuss.

[redacted]

CONFIDENTIAL

>
>

PEF 000328
Docket No. 041414-EI

[redacted]

September 3, 2003

Progress Energy Inc.
Attn: Rick Rhodes
Term Gas and Logistics Unit
P.O. Box 1551 – PEB 10A
Raleigh, NC 27602

Re: [redacted] CONFIDENTIAL

Dear Rick:

[redacted]

Enclosure

Two Alhambra Plaza, Suite 1104, Coral Gables, FL 33134 • Tel: 305-444-4002 • Fax: 305-445-0615

[redacted]

Parties: [redacted]

Term: [redacted]

Maximum Daily Quantity ("MDQ"): [redacted]

Nature of Service: [redacted]

Primary Delivery Point(s): [redacted]

Price: [redacted]

CONFIDENTIAL

Quality Specifications:

Nominations:

Conditions Precedent:

CONFIDENTIAL

Force Majeure:

[redacted]

Liquidated Damages:

[redacted]

CONFIDENTIAL

Damages:

[redacted]

Miscellaneous Provisions

[redacted]

Rhodes, Rick

From: [redacted] CONFIDENTIAL
Sent: Thursday, May 06, 2004 5:39 PM
To: Rhodes, Rick
Subject: Emailing: CPI_PPI

Rick,

I have attempted to show you the math on the PPI. Below is a list of the PPI annual averages.The websight I got this from is http://cdrpc.org/cpi_ppi.html

Example: Base Year 2002 Adjustment Year 2003

PPI 2003 138.1 PPI 2002 131.1

(138.1 - 131.1)/100= .07 (% change) x 25% (adjustment %)= .0175 x $.395 = $.007 $.395 + $.007= $.402 (2003 Reservation Fee)
Check my math and let me know if you have questions. Keep in mind if the PPI calculation comes out as a negative change then the reservation fee would be adjusted downward. I will work on getting you an answer to the transportation question. Thanks for you patience and consideration. Look forward to talking to you soon.

Best Regards,

[redacted] CONFIDENTIAL

Producer Price Index

All Commodities Producer Price Index • 1982=100													
Year\Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	AVG.
1982	99.7	99.8	99.6	99.6	99.8	100.0	100.4	100.3	100.0	100.2	100.3	100.5	100.0
1983	100.2	100.5	100.4	100.4	100.8	101.0	101.3	101.8	102.0	102.2	102.1	102.3	101.3
1984	102.9	103.2	103.9	104.0	104.1	104.0	104.2	103.8	103.4	103.4	103.7	103.5	103.7
1985	103.4	103.3	103.1	103.3	103.5	103.3	103.2	102.7	102.1	102.9	103.4	103.6	103.2
1986	103.2	101.7	100.3	99.6	100.0	99.9	99.4	99.3	99.4	99.7	99.8	99.7	100.2
1987	100.5	101.0	101.2	101.9	102.6	103.0	103.5	103.8	103.7	104.1	104.2	104.2	102.8
1988	104.6	104.8	104.9	105.8	106.5	107.2	107.9	108.0	108.1	108.2	108.3	109.0	106.9
1989	110.5	110.8	111.5	112.3	113.2	112.9	112.8	112.0	112.4	112.8	112.7	113.0	112.2
1990	114.9	114.4	114.2	114.1	114.6	114.3	114.5	116.5	118.4	120.8	120.1	118.7	116.3

1991	119.0	117.2	116.2	116.0	116.5	116.4	116.1	116.2	116.1	116.4	116.4	115.9	116.5
1992	115.6	116.0	116.1	116.3	117.2	118.0	117.9	117.7	118.0	118.1	117.8	117.6	117.2
1993	118.0	118.4	118.7	119.3	119.7	119.5	119.2	118.7	118.7	119.1	119.0	118.4	118.9
1994	119.1	119.3	119.9	119.7	119.9	120.5	120.7	121.2	121.0	120.9	121.5	121.9	120.5
1995	122.9	123.5	123.9	124.6	124.9	125.3	125.3	125.1	125.2	125.3	125.4	125.7	124.8
1996	126.3	126.2	126.4	127.4	128.1	128.0	128.0	128.3	128.2	128.0	128.2	129.1	127.7
1997	129.7	128.5	127.3	127.0	127.4	127.2	126.9	127.2	127.5	127.8	127.9	126.8	127.6
1998	125.4	125.0	124.7	124.9	125.1	124.8	124.9	124.2	123.8	124.0	123.6	122.8	124.4
1999	122.9	122.3	122.6	123.6	124.7	125.2	125.7	126.9	128.0	127.7	128.3	127.8	125.5
2000	128.3	129.8	130.8	130.7	131.6	133.8	133.7	132.9	134.7	135.4	135.0	136.2	132.7
2001	140.0	137.4	135.9	136.4	136.8	135.5	133.4	133.4	133.3	130.3	129.8	128.1	134.2
2002	128.5	128.4	129.8	130.8	130.8	130.9	131.2	131.5	132.3	133.2	133.1	132.9	131.1
2003	135.3	137.6	141.2	136.8	136.7	138.0	137.7	138.0	138.5	139.3	138.9	139.4	138.1
2004	141.0	141.8	142.7										141.4
Year\Month	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**AVG.**

Source: U.S. Dept. of Labor, Bureau of Labor Statistics
Prepared by the Capital District Regional Planning Commission

The *provisional* 2002-2003 Annual Average Change in the "All Commodities" Producer Price Index was +5.30%.

More detailed information on the PPI may be obtained from the U.S. Department of Commerce, Bureau of Labor Statistics, PPI Home Page .

Average Annual Consumer & Producer Price Indices Chart (25Kb GIF)
Change in Average Annual Consumer & Producer Price Indices Chart (29Kb GIF)

CDRPC's *2001 Economic Update for the Capital District* and individual *2001 County Economic Data Chartbooks* contain additional economic data and information. For more information, see CDRPC Publications.

Return to CDRPC Home Page

AVISO LEGAL:
Esta informacion es privada y confidencial y esta dirigida unicamente a su destinatario. Si usted no es el destinatario original de este mensaje y por este medio pudo acceder a dicha informacic por favor elimine el mensaje. La distribucion o copia de este mensaje esta estrictamente prohibida. Esta comunicacion es solo para propositos de informacion y no debe ser considerada como propuesta, aceptacion ni como una declaracion de voluntad oficial de REPSOL YPF S.A. y/o subsidiarias y/o afiliadas. La transmision de e-mails no garantiza que el correo electronico sea seguro o libre de error. Por consiguiente, no manifestamos que esta informacion sea completa o precisa. Toda informacion esta sujeta a alterarse sin previo aviso.

This information is private and confidential and intended for the recipient only. If you are not the intended recipient of this message you are hereby notified that any review, dissemination,

distribution or copying of this message is strictly prohibited. This communication is for information purposes only and shall not be regarded neither as a proposal, acceptance nor as a statement of will or official statement from REPSOL YPF S.A. and/or subsidiaries and/or affiliates. Email transmission cannot be guaranteed to be secure or error-free. Therefore, we do not represent that this information is complete or accurate and it should not be relied upon as such. All information is subject to change without notice.

Rhodes, Rick

From: [redacted]
Sent: Wednesday, April 07, 2004 10:13 AM
To: Pam.Murphy@pgnmail.com; Rhodes, Rick
Subject: FW: Copy of Complaint and Exhibits

SFX17E9.pdf (4 MB)

Pam/Rick
Attached please find the complaint Ocean Express filed at FERC on Monday concerning the interconnection with FGT.

Ed

-----Original Message-----
From: [redacted] [mailto:[redacted]
Sent: Monday, April 05, 2004 5:38 PM
To: [redacted]; Aaron Samson
Subject: Copy of Complaint and Exhibits

Ed,

Attached is a copy of the complaint and the accompanying exhibits that we
filed today. Please let me know if you have any difficulty opening it.

Thanks,

[redacted]

CONFIDENTIAL

<<SFX17E9.pdf>>

This email has been scanned for all viruses by the MessageLabs service.

This communication is for use by the intended recipient and contains information that may be privileged, confidential or copyrighted under law. If you are not the intended recipient, you are hereby formally notified that any use, copying or distribution of this e-Mail, in whole or in part, is strictly prohibited. Please notify the sender by return e-Mail and delete this e-Mail from your system. Unless explicitly and conspicuously stated in the subject matter of the above e-Mail, this e-Mail does not constitute a contract offer, a contract amendment, or an acceptance of a contract offer. This e-Mail does not constitute consent to the use of sender's contact information for direct marketing purposes or for transfers of data to third parties.

This email has been scanned for all viruses by the MessageLabs service.

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

AES Ocean Express LLC	)	
	)	
Complainant	)	
	)	
v.	)	**Docket No. RP04-___-000**
	)	
Florida Gas Transmission Company	)	
	)	
Respondent	)	
	)	

COMPLAINT OF AES OCEAN EXPRESS LLC
AND REQUEST FOR FAST TRACK PROCESSING

Pursuant to Sections 5 and 7 of the Natural Gas Act ("NGA"), 15 U.S.C. §§717d and 717f, and Rule 206 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission ("Commission"), AES Ocean Express LLC ("Ocean Express") hereby files this Complaint against Florida Gas Transmission Company ("FGT") for its refusal to agree to an interconnection of the pipeline facilities of Ocean Express with those of FGT in Broward County, Florida.

The interconnection sought by Ocean Express will permit the delivery of substantial incremental natural gas supply to the Florida market through the introduction of regasified liquefied natural gas ("LNG") transported from the Ocean Cay, Bahamas LNG terminal. *See AES Ocean Express LLC*, Order Issuing Presidential Permit and NGA Sections 3 and 7 Authorizations, 106 F.E.R.C. (CCH) ¶ 61,090 (2004). Ocean Express has endeavored for almost two years to finalize an interconnection agreement with FGT. While agreement has largely been reached regarding the nature of the necessary facilities and the cost responsibility for their installation, FGT has insisted on additional burdensome conditions that are not justified

by FGT's FERC Gas Tariff or pipeline operating considerations. FGT's additional requirements for an interconnection impose unwarranted risks and unnecessary costs on Ocean Express and, together, have the effect of denying an interconnection in contravention of the Commission's policy regarding pipeline interconnections. The Commission should therefore order FGT to interconnect with Ocean Express in accordance with the terms and conditions set forth herein.

In support of the Complaint, Ocean Express respectfully submits the following:

I.
FAST-TRACK PROCESSING

Ocean Express states, as required by Rule 206(b)(11), that it is seeking use of the Commission's Fast Track processing in this proceeding for the following reason. Under the terms of Ocean Express's Certificate Order, Ocean Express has until January 29, 2007 to complete the construction of its pipeline. *See AES Ocean Express LLC*, 106 F.E.R.C. (CCH) at Ordering ¶ (E)(1). Without an interconnection agreement in place between Ocean Express and FGT, however, Ocean Express cannot begin to make the preparations necessary to begin construction and meet that deadline. As set forth in this complaint, FGT has insisted on a series of patently unfair provisions that are contrary to the Commission's policies and have prevented Ocean Express and FGT from reaching mutually agreeable interconnection terms. Prompt action is required to prevent the financial harm that Ocean Express will endure if its unable to complete the construction of its pipeline as set forth in its Certificate Order. Therefore, Ocean Express requests that the Commission process this complaint pursuant to its Fast Track procedures.

II.
CORRESPONDENCE AND COMMUNICATION

The names, addresses, and telephone numbers of the persons upon whom service is to be made and to whom communications are to be addressed in this proceeding are:

Randolph Q. McManus
G. Mark Cook
D. Kirk Morgan II
Baker Botts L.L.P.
The Warner
1299 Pennsylvania Avenue, NW
Washington, DC 20004
(202) 639-7700
(202) 639-7890 (fax)
rmcmanus@bakerbotts.com
mark.cook@bakerbotts.com
kirk.morgan@bakerbotts.com

Edward Cahill*
Vice President
AES Ocean Express LLC
Two Alhambra Plaza
Suite 1104
Coral Gables, FL 33134

III.
BACKGROUND INFORMATION

AES Ocean Express LLC is a Delaware corporation that is developing and will construct, own and operate a new 24-inch diameter, approximately 52.4-mile interstate natural gas pipeline extending from a receipt point on the Exclusive Economic Zone boundary between the United States and the Bahamas to delivery points in Broward County, Florida, together with certain ancillary facilities. Its principal place of business is located at Two Alhambra Plaza, Suite 1104, Coral Gables, FL 33134.

Ocean Express's pipeline will transport up to 842,000 Dth/day to southeastern Florida to help satisfy growing demand for natural gas, diversify the sources of supply to the state, and increase competitive alternatives to the existing pipeline infrastructure for the benefit of customers. *AES Ocean Express, LLC*, 103 F.E.R.C. (CCH) ¶ 61,030 at P 21 (2003). Arrangements for financing the pipeline are underway, and a financial closing is anticipated by

* Persons designated to receive service pursuant to Rule 2010 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.2010 (2003).

summer 2004.[1] Finalizing an interconnection agreement with FGT is therefore a "critical path" matter requiring prompt Commission action on this Complaint.

IV.
THE RELEVANT FACTS SUPPORTING THE COMPLAINT

As explained in the affidavit of Mr. Edward Cahill, attached as Exhibit A hereto (hereinafter, "Cahill Aff."), in the Spring of 2002, Ocean Express notified FGT of its desire to interconnect and requested that FGT provide Ocean Express its interconnect procedure. On April 15, 2002, FGT sent Ocean Express a letter (Attachment 1 to Cahill Aff.) listing conditions that would need to be met before FGT would grant Ocean Express's request for interconnection, including that FGT have flow control, that FGT be reimbursed for all required interconnection facilities, that construction of facilities by Ocean Express meet FGT's engineering criteria, and that deliveries of gas meet FGT's quality specifications and not exceed an acceptable Btu level, with FGT reserving the right, *inter alia*, to "shut in deliveries" if the gas did not meet "FGT's quality specifications and provisions and commercial requirements." *See* P 4 of Attachment 1 to Cahill Aff.

Responding to this letter, Ocean Express stated that it could conceptually agree to the conditions contained in the letter, but would require additional information, including cost estimates, a *pro forma* interconnection agreement ("IA"), and information pertaining to FGT's anticipated gas quality standards related to regasified LNG. Cahill Aff. at ¶ 4. Thereafter, as a result of a series of conversations and meetings,[2] FGT identified the facilities to be constructed and provided Ocean Express with cost estimates. *Id.* at ¶ 5. In late 2002, FGT provided a draft

[1] Construction of the Ocean Express pipeline is required to be completed within three years of the certificate order. *Id.* at Ordering ¶ E(1).

[2] In addition to numerous telephone conversation, Ocean Express representatives have met on at least five separate occasions with FGT representatives, each time in an effort to resolve issues raised by FGT. Cahill Aff. at ¶ 6.

interconnection agreement. *Id.* at ¶ 6. Since that time, multiple drafts have been exchanged. Throughout the process, in succeeding drafts, FGT has continued to add requirements and modify previous provisions in ways that substantively affect Ocean Express's rights and obligations. *Id.*

Nevertheless, Ocean Express has acquiesced in many of FGT's demands, and the parties have reached agreement on many issues, including Ocean Express's cost responsibilities, certain operating procedures, construction arrangements and access rights, gas quality specifications (except for temperature) to be filed by FGT as part of its Tariff, and an initial maximum heat content standard (Btu/scf) for the regasified LNG to be delivered by Ocean Express. *Id.* at ¶ 7. With one exception – a gas-fired heater (which, as demonstrated below, is unnecessary) – Ocean Express has accepted FGT's specification of the facilities to be constructed. *See* discussion, *infra*, VI.B.1.

The continuing problem confronting Ocean Express is FGT's insistence on conditions and concessions from Ocean Express that are not reasonably related to the required interconnection facilities or to operating conditions on FGT's system. *Id.* at ¶ 8. FGT has compounded these problems by proposing to retain virtually complete discretion to modify unilaterally its gas quality standards, thereby injecting unacceptable uncertainty into how the agreement will be implemented. *Id.* at ¶ 18. Together, FGT's positions, if accepted, would place unreasonable financial burdens and risks on Ocean Express and shippers on its system.

FGT's last complete draft of the IA was sent to Ocean Express in November (*see* Attachment 4 to Cahill Aff.), but it was subsequently modified by a wholesale reworking of Article III, "Operations, Gas Quality and Measurement," on March 18, 2004 (*see* Attachment 6 to Cahill Aff.). This draft, as modified, illustrates the unreasonable demands that FGT is making as a condition of interconnection. Specifically, FGT has conditioned an interconnection on: (i)

Ocean Express delivering gas at a minimum temperature of 80° F, even though this temperature is not set forth in FGT's Tariff and is not required for any valid operating reason; (ii) acceptance by Ocean Express of unspecified, vague "quality" standards in addition to a comprehensive set of agreed-upon, detailed gas quality specifications relating to gas composition and heating value; (iii) FGT retaining absolute authority to adopt, alter, and enforce at any time any "interchangeability" standards that it deems appropriate, in advance of a formal tariff amendment, with no input from Ocean Express; (iv) Ocean Express waiving its NGA rights to propose either higher gas Btu levels or different temperature specifications and agreeing to support any tariff filing FGT may choose to make regarding gas quality or interchangeability standards; (v) FGT's retaining absolute discretion to "shut-in" deliveries from Ocean Express for minor deviations from quality specifications, even when receipt of such gas will have no material impact on the operations of FGT or FGT's customers; (vi) allowing a single FGT customer to veto any proposed adjustment of the quality specifications listed in the IA or incorporated in the FGT Tariff; (vii) Ocean Express allowing FGT to control flows from Ocean Express in order to increase receipts into the FGT system at a level beyond hourly ratable deliveries so as to "best facilitate [] the operation of [FGT's] system"; and (viii) Ocean Express accepting a completely one-sided indemnity obligation.[3]

[3] Subsequent to its receipt of the November 21, 2003 draft IA, Ocean Express contacted the FERC Enforcement "Hot Line" in an effort to resolve the problems raised by these and other proposed provisions. *See* discussion, *infra*, at V. As a result of discussions conducted under the auspices of the Hot Line staff, in December of 2003 Ocean Express and FGT appeared to make progress toward resolution of one outstanding issue, relating to FGT's demand that Ocean Express fund, without limitation, the cost of studies or any customer meeting if such were required in connection with the consideration of LNG quality specifications. FGT, however, has since erased any of the progress that was made on this issue. FGT's latest proposal, circulated March 18, 2004, would give FGT the right to conduct any studies, hire any experts, or hold whatever meetings it would like regarding LNG gas quality issues. *See* Art.III.4 of Attachment 6 to Cahill Aff. Ocean Express, along with any other party with an interconnection agreement bringing regasified LNG into the FGT system, would be responsible for reimbursing FGT, on a pro rata basis, the costs associated with any such study, expert, or meeting. *Id.*

FGT's positions, even after the intervention of the Hot Line staff, confirm that it is unyielding in its insistence on unjustified conditions that would unfairly burden Ocean Express and that unreasonably frustrate Ocean Express's effort to secure a workable IA. By insisting on terms that shift costs and risks to Ocean Express and add uncertainty, FGT is creating barriers to an interconnection with the FGT system. As a result, FGT has created an impasse that necessitates the Commission's intervention to enforce its interconnection policy.

V.
THE ENFORCEMENT HOTLINE/POSSIBLE USE OF ADR

Rule 206(b)(9) requires that a complainant state whether it has attempted to use alternative dispute resolution ("ADR") procedures, and/or whether it believes that such procedures might be successful in resolving the complaint.

As evidenced by the communications described above, Ocean Express has engaged in extensive discussions with FGT since mid-April of 2002 in an attempt to achieve fair and reasonable interconnection terms. Although Ocean Express has been willing to accommodate many of FGT's questionable terms, it is unable to accept FGT's demands with regard to the several issues that are still in controversy and that are presented for resolution in this Complaint.

Ocean Express has also availed itself of the services of the Commission's Enforcement Hot Line. On December 19, 2003, Ocean Express and its counsel discussed the matter with Commission Enforcement staff. Cahill Aff. at ¶ 14. This discussion was followed by additional discussions between Ocean Express representatives and Commission Staff, and, as Ocean Express understands it, discussions between Staff and FGT, regarding FGT's positions. *Id.* On January 20, 2004, Commission Staff hosted a conference call with representatives of Ocean Express and FGT. As a result of this call, FGT agreed to provide certain hydraulic studies relevant to the "rate of flow" issue, but only on a confidential basis and only to the Staff. *Id.* at

¶ 15. FGT refused even to share with Ocean Express the assumptions upon which its studies were based. *Id.* While FGT subsequently made several new proposals to address the issues raised by Ocean Express, little progress was made because, in the main, FGT continued to insist on interconnection terms that would impose unjustified costs on Ocean Express and uncertainty regarding FGT's implementation of the IA. *Id.* at ¶ 17. In the end, despite the diligent efforts of the Enforcement Staff, the Hot Line process did not provide a means for resolution of the outstanding disputes with FGT.[4]

Ocean Express does not believe, at this juncture, that use of the Commission's ADR procedures will assist in resolving the remaining issues that divide Ocean Express and FGT. Ocean Express and FGT have now been discussing these issues and trading proposals for almost two years. Moreover, several of the central issues in dispute turn, in part, on questions of law and FGT's tariff obligations, which may not be amenable to resolution through the ADR process. Other issues involve technical disputes that could benefit from application of the Commission's expertise. Nevertheless, Ocean Express is willing to participate in any procedures deemed appropriate by the Commission, provided that such procedures are expeditiously undertaken. Ocean Express needs to resolve promptly the outstanding issues in order to finalize an IA and proceed with financing the pipeline.

VI.
COMPLAINT

As set forth below, FGT's insistence on unreasonable conditions and onerous provisions amounts to a frustration of Ocean Express's request for interconnection. FGT's positions (i) conflict with the Commission's pro-competitive policies requiring interconnection; (ii) have no basis in FGT's tariff; and (iii) cannot be justified on operational, environmental, or

[4] Ocean Express nevertheless appreciates the efforts undertaken by the Hot Line staff to assist in trying to resolve these matters.

legal grounds. The Commission should therefore order FGT to modify its positions as proposed herein.

A. FGT's Additional Conditions and Unreasonable Requirements Are a Violation of Commission Policies Requiring Interconnection

In Order No. 636, the Commission set forth a policy to "ensure that all shippers have meaningful access to the pipeline transportation grid so that willing buyers and sellers can meet in a competitive national market to transact the most efficient deals possible." FERC Stats. & Regs. ¶ 30,939 at 30,393 (1992). Five years later, in Order No. 637-C, the Commission reiterated its "goal of opening up the pipeline grid to form a national gas market for gas sellers and gas purchasers to meet in the most efficient manner." 78 F.E.R.C. (CCH) ¶ 61,186 at 61,766-67 (1997). To meet this goal, the Commission emphasized the importance of creating "new paths from existing supply basins to additional markets." *Id.* Applying the standards laid out in Order No. 636, in *Panhandle Eastern Pipeline Company*, 91 F.E.R.C. (CCH) ¶ 61,037 (2000), the Commission announced that a pipeline must permit a party to interconnect with its system provided that the party satisfies five conditions (the "Panhandle Conditions"):

> First, the party seeking the interconnection must be willing to bear the costs of the construction if the pipeline performs that task. In the alternative, the party seeking the interconnection could construct the facilities itself in compliance with the pipeline's technical requirements. Second, the proposed interconnection must not adversely affect the pipeline's operations. Third, the proposed interconnection and any resulting transportation must not diminish service to the pipeline's existing customers. Fourth, the proposed interconnection must not cause the pipeline to be in violation of any applicable environmental or safety laws or regulations with respect to the facilities required to establish an interconnection with the pipeline's existing facilities. Finally, the proposed interconnection must not cause the pipeline to be in violation of its right-of-way agreements or any other contractual obligations with respect to the interconnection facilities. *Id.* at 61,140.

The Commission went on to explain that, "[w]hen these conditions are met, *the pipeline cannot deny an interconnection*, regardless of whether it previously has allowed an interconnection for a similarly-situated shipper." *Id.* (emphasis added).

Ocean Express's interconnection proposal clearly meets the Panhandle Conditions. First, Ocean Express has fully accepted the responsibility to finance the construction of all facilities reasonably necessary for Ocean Express to interconnect with FGT and has expressly agreed to do so.[5] As to the second criterion, the introduction of a source of gas at the end of FGT's pipeline system will "not adversely affect the pipeline's operations." To the contrary, as demonstrated below, this interconnection should enhance FGT's operations and flexibility. When FGT claimed that the introduction of regasified LNG into its market area would require new gas quality standards, Ocean Express agreed to new gas quality specifications to be incorporated in FGT's Tariff that fully address this concern. *See* Cahill Aff. at ¶ 5. However, FGT's other claims, such as its position that the introduction of extremely dry regasified LNG will lead to liquid "drop out" and cause problems for its electricity generation customers, are without merit. *See* discussion, *infra*, at VI.B.1.

With regards to the third Panhandle Condition, FGT has provided no evidence demonstrating that Ocean Express's proposed interconnection would diminish service to FGT's existing customers. *See* Cahill Aff. at ¶ 9. FGT has asserted that the introduction of high pressure gas at the proposed interconnection would somehow alter FGT's ability to permit its existing firm customers to take deliveries at up to 6% of their daily entitlements in any hour. *Id.* But, as discussed *infra*, FGT has never provided to Ocean Express any study demonstrating how or why this would occur. Indeed, while FGT claims it has performed such a study, it has refused

[5] *See* Art. IV.1 of Attachment 4 to Cahill Aff. (detailing Ocean Express's agreement to bear all construction and equipment costs).

even to provide the assumptions that it may have used, making it impossible for Ocean Express to test the validity of FGT's claims.[6] Moreover, FGT's position is also counterintuitive. The introduction of high pressure gas at the south end of FGT's system should only enhance FGT's system and should not change or alter whatever ability FGT may now have, through line pack and compression, to afford its current customers the flexibility to take gas at up to 6% of their daily entitlements in any hour. *See* discussion, *infra*, at VI.B.6. Further, FGT's rates are established to recover its costs, including the costs of providing this flexibility to its firm shippers. FGT's demand that Ocean Express incur additional costs to permit FGT to draw on Ocean Express for deliveries at a minimum of a 6% hourly rate is simply an effort to shift costs to Ocean Express for a service *for which FGT is paid by its customers.*

As to the final two Panhandle Conditions, FGT has never asserted that permitting Ocean Express to interconnect would violate any environmental or safety regulations or cause FGT to be in violation of any right-of-way agreements or any other contractual obligations respecting the interconnection facilities. In short, under the terms of the Commission's interconnection policy as set forth in *Panhandle*, Ocean Express satisfies the conditions for interconnecting with FGT. FGT should be prohibited from insisting on additional provisions that only serve to frustrate the achievement of an interconnection to its system.

In the context of interconnection agreements, the Commission has also held that "[t]he importance of the public availability of pipeline tariff provisions stating clearly the nature of services to be provided by natural gas companies, and the charges required for such services, is not easily overstated." *ANR Pipeline Co.*, 84 F.E.R.C. (CCH) ¶ 61,106, at 61,534 (1998). If a pipeline does not set forth its interconnection standards in its tariff, or applies interconnection

[6] Ocean Express offered to enter into a confidentiality agreement to protect any FGT data deemed commercially sensitive, but FGT refused to consider this option. *See* Cahill. Aff. at ¶ 15.

standards not described in its tariff, the Commission is hampered in its ability to ensure that interconnection agreements are consistent with the Commission policy of promoting market access through interconnection. *Id.* Because the Commission "must assure that customers seeking market access are turned away only for compelling reasons," the Commission has been aggressive in its efforts to ensure that tariffs accurately reflect the terms and conditions on which pipelines will negotiate interconnection agreements.[7] Here, FGT's additional interconnection demands also have no basis in FGT's tariff and for this reason, too, should be rejected.

B. The Objectionable Conditions Insisted on by FGT are Impermissible under Panhandle

1. Temperature Specifications and Gas-Fired Heater.

FGT has insisted that a "gas-fired heater" be constructed and financed by Ocean Express on the premise that the pressure drop from the Ocean Express line to the FGT line will lower the temperature of the gas entering into FGT's system to such an extent that a heater is needed to raise the temperature to 80° F. *See* Art. II.5 of Attachment 4 to Cahill Aff. Nowhere in FGT's tariff, however, does FGT require a minimum temperature for gas entering its system.

Apart from this, FGT is technically wrong that Ocean Express's gas must be delivered at a temperature of 80° F. FGT claims this is necessary to maintain an existing (but

[7] For example, in *ANR Pipeline Co.*, the Commission granted a complaint filed by the ANR Pipeline Company and held that the Transcontinental Gas Pipe Line Corp. ("Transco") violated governing regulations by applying interconnection standards that were not included in its tariff and were inconsistent with the Commission's interconnection policies. There, the Commission required Transco "to allow, as soon as operationally possible, the interconnect requested by ANR, and to file...a revised policy on interconnects in accordance with the Commission policy." *Id.* Similarly, in *Panhandle Eastern Pipe Line Co.*, 81 F.E.R.C. (CCH) ¶ 61,295 at 62,397-98 (1997), the Commission ordered Panhandle Eastern Pipe Line Co. ("Panhandle") to revise a proposed provision of its interconnection policy that would have allowed Panhandle to reject any interconnection proposal that it determined would have "an adverse economic impact" on its operations. The Commission concluded that the provision was impermissibly vague and would allow Panhandle to circumvent the Commission's requirement that a tariff spell out the terms of a pipeline's interconnection policies. *Id.*

unstated) FGT delivery standard to meet one of its customer's requirements, namely, requirements of generating plants owned by Florida Power & Light Company ("FPL") proximate to the point of interconnection. In its October 8, 2003 letter to Ocean Express, FGT asserted that FPL required gas with "50 degrees of superheat over the hydrocarbon dew point."[8] Ocean Express's analysis, which is based on data from FGT, indicates that FGT's gas is currently below this asserted standard on many occasions.[9] But, in any event, because of the very dry nature of the regasified LNG, the introduction of regasified LNG from Ocean Cay will actually enhance FGT's ability to meet any such FPL "requirement." This is because the regasified LNG will have a dew point approximately 40° lower than the gas that normally flows in FGT's system, and, even if the system operates with only unblended regasified LNG from Ocean Express, it will meet the 50° of superheat that FGT claims is required under most operating conditions and never approach the dew point. *See* Attachment 2 to Cahill Aff.

FGT's most recent response to the analysis of Ocean Express's experts is that it is mistaken because it fails to assume that the gas will arrive on shore at a temperature of 50° or less (as FGT believes) and does not account for a "300 to 500 psig pressure drop [that] will occur between the FGT system and the FPL turbine units," leading to dramatic "cooling" that will cause "fallout of liquids." *See* P 10 of Attachment 7 to Cahill Aff.

The first problem with FGT's response is that FGT has never substantiated its "belief" that the regasified LNG will have a temperature of less than 50° F and has ignored Ocean Express's explanation as to why gas flowing on its system will likely be delivered to the

[8] *See* October 8, 2003 letter from Jack Boatman, FGT Vice President, to Ed Cahill, included as Attachment 3 to Cahill Aff. The FGT tariff nowhere provides for a 50° F superheat standard.

[9] An analysis of the compositional data and the corresponding dewpoint of the range of gases now in the FGT system shows that FGT itself does not meet a 50° F superheat or an 85° F dewpoint specification. *See* Attachment 2 to Cahill Aff.

proposed FGT take station at approximately 70° F.[10] FGT has also ignored the fact that Ocean Express has offered to operate at a lower pressure such that gas from Ocean Express would not be delivered at more than 400 pounds above FGT's system operating pressure at the interconnection point, thereby limiting the temperature reduction that results from the pressure drop before the gas is injected into FGT's system. *See* Cahill Aff. at ¶ 11.

Instead of offering any support for its belief that Ocean Express's gas will enter FGT's system at less than 50° F, FGT simply repeats its own assertions to justify its position. But, even accepting, for the sake of argument, that its gas would enter the take station at 50° F, this would not change the basic analysis that gas flowing from Ocean Express's pipeline into FGT will meet and, in most cases exceed, 50° F superheat. *See* Attachment 2 to Cahill Aff. The Ocean Express gas would still not approach its dew point and in all cases would improve the condition of the commingled stream when mixed with the FGT system gas. *Id.*

FGT is also wrong in claiming that Ocean Express will be unable to meet FGT's temperature "requirement" for gas delivered to FPL's generating plants because of a pressure drop that would occur between FGT's system and FPL's turbine units. The simulation model that is the basis for Ocean Express's calculations already accounts for large pressure drops at FPL's Fort Lauderdale Combined Cycle and Peaker Plants as well as the FPL Port Everglades Power Station. *See id.* FGT has never specifically challenged this analysis or pointed to any flaws in the modeling. Nor has FGT offered any justification whatsoever for its statement that the "pressure drop between Ocean Express and FGT will likely be much more than 400 psig." *See* P 10 of Attachment 7 to Cahill Aff. While Ocean Express has acknowledged that under low flow conditions on the Ocean Express pipeline, the delivered pressure to the FGT take station, if

[10] Once the regasified LNG reaches the onshore portion of Ocean Express's pipeline, it will quickly warm to the ambient ground temperature, assumed to be approximately 70° F. *See* Attachment 2 to Cahill Aff.

uncontrolled, would be quite high, possibly approaching the 2200 psig MAOP of the Ocean Express pipeline, Ocean Express has addressed this issue. Specifically, Ocean Express has made it clear to FGT on numerous occasion that it intends to control the pressure on Ocean Express in accordance with its rights under its upstream interconnection agreement with AES Ocean LNG. Ocean Express has offered assurance to FGT that it would control the delivery pressure to the FGT take station such that it would be no more than 400 psig above the FGT system pressure. *See* Cahill Aff. at ¶ 11.

In sum, just as FGT has failed to support its *ad hoc* decision to read into its tariff an unwritten temperature requirement, FGT has failed to support its assertion that gas from Ocean Express will not meet this "standard." Moreover, its speculation about liquid "drop out" cannot be credited. More telling, however, is the fact that FGT does not currently deliver gas that meets the 50° F superheat delivery condition that it seeks to impose on Ocean Express, vitiating any claim that operating conditions on FGT's system support FGT's temperature specification.

2. <u>Vague Quality Standards and Asserted Right to "Shut In" Gas Deliveries.</u>

With regard to gas quality standards, Ocean Express has agreed with FGT on a detailed set of specifications, spelled out in Exhibits "D" and "E" to the draft IA, which include specific gas constituent limitations and a maximum Btu level. *See* Attachment 5 to Cahill Aff. The agreement was reached based on FGT's concern with meeting the specifications of General Electric and Siemens Westinghouse gas turbines, given the predominance of electric generation load on its system. *See* Cahill Aff. at ¶ 5. Accordingly, the agreed-upon specifications reflect an amalgamation of the specifications of both turbine manufacturers. *Id.* The only exception to this is the Btu/scf of 1075, which is a standard that FGT proposed. *Id.*

Despite this agreement, FGT now also insists that other language be included in the proposed interconnection agreement to require that Ocean Express's gas, in addition to these specific quality and hydrocarbon constituent standards, must "meet the commercial requirements of FGT and FGT's customers . . . ." *See* Art.III.1.a(i) of Attachment 6 to Cahill Aff. Inasmuch as the agreed upon quality specifications were developed as a means to satisfy the "commercial requirements" of FGT and its customers and are designed to assure the interchangeability of gas from Ocean Express with gas flowing in FGT's system, it is wrong for FGT to insist on a further requirement in the IA that gas flowing into FGT's system also meet the undefined "commercial requirements" of FGT and its customers. To the extent this requirement and other language in FGT's proposed Section 1.a of Article III reiterate standards already included in FGT's tariff, they need not be set forth again here – such repetition is an unnecessary source of confusion and conflict. If it were incorporated into the IA, the standardless "commercial requirements" provision would give FGT virtually unbridled discretion to reject or accept gas even though it meets the objective quality specifications set out in Exhibits "D" and "E" to the IA.

Similarly, FGT has included an overly broad provision that any gas from Ocean Express "meet any other standard or requirement established by rule or order of the FERC." *See* Art. III.1.a(iv) of Attachment 6 to Cahill Aff. While Ocean Express accepts that gas delivered from its system would have to comply with any Commission standards of general applicability or that of specific applicability to FGT, the proposed language would allow FGT to apply any Commission approved standard even if established for a different pipeline, for a different region, or for different circumstances having no relevance to FGT. It would be unreasonable to permit FGT to "pick and choose" quality standards that the Commission may have approved for other systems, regardless of whether those standards are appropriate for FGT's system, and to expect Ocean Express to accept them whenever applied by FGT.

FGT's attempts to retain overly broad discretion to accept or reject Ocean Express's gas and to impose, unilaterally, new criteria for gas quality pose a significant risk to Ocean Express and its shippers. Should FGT assert that gas from Ocean Express fails to meet the vague "commercial requirements" of FGT's customers, for example, FGT would, under its approach, have the discretion to "shut in" gas flowing on the Ocean Express Pipeline. Notably, FGT has refused to condition this right to shut in gas with a requirement that it first provide Ocean Express with notice and an opportunity to cure. Nor will FGT agree that any deviation from the quality specifications must have a "material" impact on its operations before it orders a shut in. *See* Art. III.2 of Attachment 6 to Cahill Aff. Indeed, FGT will not even agree to use reasonable efforts to accept "out-of-spec" gas where doing so will not impair the operation of its system. For these reasons, the ambiguous quality specifications, coupled with the "shut-in" provisions that FGT insists upon, are unreasonable interconnection conditions. As the Commission has stated, vague provisions like these "would allow a pipeline to engage in undue discrimination in permitting interconnections." *Panhandle*, 91 F.E.R.C. (CCH) ¶ 61,037 at 61,143 (2000).

As noted, Ocean Express has accepted and agreed to support the specific gas quality standards (except for the unwarranted and unsupported minimum temperature specification, discussed *supra*) listed in Exhibits "D" and "E" of the draft IA. *See* Attachment 4 to Cahill Aff. Ocean Express has agreed to be bound by those quality standards. FGT, however, has provided Ocean Express with no assurance that it will promptly file to incorporate the quality standards into its tariff in order to avoid the possibility that Ocean Express would be held to a set of quality standards different than the standards that apply to other shippers (or its shippers) on the FGT system.

The standards set forth in Exhibits "D" and "E" should suffice without the addition in the IA of the ill-defined and vague "commercial requirements" provision that FGT has insisted upon. Accordingly, Ocean Express submits that the IA include the following language:

> All gas delivered into FGT's system shall conform to (i) the gas quality specifications and provisions set forth in FGT's FERC Gas Tariff, as such Tariff shall change from time to time, and (ii) the additional quality specifications for LNG as set forth in Exhibit "D" and Exhibit "E", which FGT will file to incorporate in FGT's FERC Gas Tariff within sixty days of receiving notice that Ocean Express has received the necessary financing for the construction of the Ocean Express pipeline.

The above provision sets forth the objective and identifiable quality standards with which Ocean Express would have to comply. By setting up a time frame for FGT to incorporate the agreed upon standards in its tariff, the provision also assures Ocean Express that it will not be held to quality standards different than those applied to other shippers on FGT's system. At the same time, the provision recognizes that FGT should have the right to amend its tariff and update the quality specifications that protect its system. In this sense, the provision balances Ocean Express's need to know the quality standards to which it will be held with FGT's need to have the flexibility necessary to adjust its quality standards as may be required.

3. **FGT Demands Extra-Tariff Authority To Adopt Any Interchangeability Standard that It Determines To Be Necessary**

FGT has insisted that any gas that Ocean Express delivers into the FGT system meet "any other interchangeability standards, such as the Lifting Index Limit, the Yellow Tipping Index, the Incomplete Combustion Index Limit, the Flashback Index and any other interchangeability index standard that FGT may in its reasonable discretion determine to be necessary." *See* Art. III.1.a.(iii) of Attachment 6 to Cahill Aff. Nothing in FGT's tariff permits it to exercise such a sweeping amount of discretion. Worse still, FGT has insisted that not only should it have the right to select any interchangeability standard(s) that it deems appropriate, it

should be allowed to impose the interchangeability standards by simply giving notice to Ocean Express.[11]

If FGT files, and the Commission approves, a specific interchangeability index for its tariff, then FGT can enforce this additional standard. Ocean Express has not attempted to insert provisions into the IA that would prevent FGT from taking such an action. Indeed, the quality specification provision that Ocean Express has suggested, set forth in the previous section, explicitly allows FGT the discretion to file a specific interchangeability index for its tariff. Outside of a tariff amendment, however, there is no basis for FGT to be accorded the discretion to apply one or more interchangeability standards that are not provided for in its tariff.

Prior to Commission approval of any tariff provision, FGT should not have the discretion to apply one or more interchangeability standards. FGT has attempted to justify its proposal by citing the Commission's recent efforts to establish objective standards applicable to regasified LNG that enters the domestic gas stream. *See* P 2 of Attachment 7 to Cahill Aff. The purpose of the Commission's initiative, however, has been "to explore regulatory goals that will *remove* unnecessary barriers to the development of LNG facilities and supply as a major source of natural gas to meet the *forecasted* future demand." *See* Natural Gas Markets Conference, Docket No. PL02-9-000, Notice of Public Conference, September 26, 2002 (emphasis added). FGT has turned this objective on its head, using the Commission's efforts to set

---

[11] FGT proposes that deliveries from Ocean Express, in addition to the agreed-upon specifications, also

> meet any other interchangeability standards, such as the Lifting Index Limit, the Yellow Tipping Index Limit, the Incomplete Combustion Index Limit, the Flashback Index and any other interchangeability index standard that FGT may in its reasonable discretion determine to be necessary and *either give notice to Ocean Express* or include in the filing of gas quality specifications in the FGT FERC Gas Tariff. *See* Art. III.1.a(iii) of Attachment 6 to Cahill Aff. (Emphasis added).

interchangeability standards as a justification for retaining complete discretion to revise or change quality standards unilaterally and to impose vague criteria that increase uncertainty for LNG facilities. *See* P 2 of Attachment 7 to Cahill Aff. Such discretion, which could be used in a discriminatory fashion, is precisely what tariff specifications are designed to preclude. In sum, the uncertainty and unpredictability inherent is FGT's proposals are directly at odds with the Commission's efforts to remove unnecessary barriers to the introduction of LNG into domestic markets.

4. **Required Waiver of NGA Rights**

FGT also seeks to condition any interconnection on Ocean Express supporting FGT's "initial" filing of changes to its tariff to implement the quality specifications set forth in Section 1.a of its proposed IA. *See* Art. III.1.b of Attachment 6 to Cahill Aff. The scope of this demand is unclear, however, since the "quality specifications" in Section 1.a include any and all of a series of "interchangeability standards" that FGT can adopt at any time "in its reasonable discretion." *Id.* at Art. III.1.a(iii). At a minimum, however, FGT has conditioned the interconnection on Ocean Express waiving its right to protest or seek modification of gas quality specification filings to be made by FGT.

Ocean Express has accepted and agreed to support all but two of the specific gas quality standards in Exhibits "D" and "E" proposed by FGT. For the only two standards that it objects to, the Btu content and temperature specifications, Ocean Express has merely sought to preserve its ability to propose an increase in the Btu content of gas delivered to FGT and to contest the "temperature" requirement. Ocean Express has therefore proposed that the following language be included in the IA:

> Ocean Express shall support the FGT filing of the quality specification set forth in Exhibits "D" and "E," *except that Ocean Express may (i) protest any FGT temperature specification and (ii) advocate a maximum Btu level of 1085 Btu/scf.* (emphasis added)

The ability to propose an increase in the Btu content of gas delivered to FGT and to contest the "temperature" specification is especially appropriate with respect to regasified LNG. The recently published National Petroleum Counsel Study,[12] for example, identified the need for accommodating a broad spectrum of imported LNG if LNG is to play a role in meeting growing domestic gas needs. Consequently, FGT's proposal to force Ocean Express to support without reservation any FGT tariff filing goes too far. Equally unreasonable is FGT's demand that Ocean Express agree not to challenge its proposal to add a temperature standard, particularly where that temperature requirement is not justified by operating conditions on FGT's system, as demonstrated above.

5. **Allowing a Single FGT Customer To Veto any Proposed Adjustment of the Quality Specifications Listed in the IA Is Unreasonable and Discriminatory**

Not only has FGT attempted to force Ocean Express to waive its right to protest FGT's future gas filings, FGT has insisted that even if a study were to demonstrate that a specific quality specification set forth in its IA with Ocean Express should be changed, FGT shall have the discretion not to propose a tariff amendment to implement revised quality specifications *if a single FGT customer objects to the proposed change*. *See* Art. III.1.c of Attachment 6 to Cahill Aff. This essentially gives every FGT customer – including any competitor of an Ocean Express shipper – the ability to veto any proposed change to the LNG quality specifications, without any evidence or justification. Plainly, FGT's tariff does not now afford its customers such power, and Ocean Express should not be required to accept this veto power as a condition for an interconnection. The Commission's review procedures provide a full and fair opportunity to air and evaluate any legitimate customer concern with respect to a proposed change in the FGT

[12] National Petroleum Council, Balancing Natural Gas Policy: Fueling the Demands of a Growing Economy, Volume I, Summary of Findings and Recommendations, September 2003, p. 64.

Tariff's gas quality specifications. Individual customers should not be preferentially empowered to foreclose access to the Commission for the resolution of such issues.

6. **Control of Hourly Flow Rate**

FGT has demanded that it maintain the right to control flows from Ocean Express so as to have wide discretion to increase receipts into the FGT system well beyond hourly ratable receipts. *See* Art. III.7 of Attachment 6 to Cahill Aff. The only arguable check on this discretion is FGT's statement that it would limit the hourly flow rate of deliveries into its system from Ocean Express to "six percent (6%) of the daily scheduled quantities" where Ocean Express reasonably determines that operational conditions "necessitate" such a limitation. *Id.* FGT's demand for such control of hourly flow rates has no basis in FGT's Tariff and no discernable basis in the operation of FGT's system. While FGT argues it has agreed to allow its customers to take gas at hourly flow rates of 6% of their daily scheduled requirements, that ability should not be affected for existing service by the introduction of high pressure gas at the southern end of FGT's system, and hardly justifies the control over flow rates demanded by FGT. *See* Cahill Aff. at ¶ 10.

Moreover, the standard proposed by FGT – that it be permitted to control flows so as to "best facilitate" FGT's own operations – is not condoned by *Panhandle*. There is a huge difference between requiring that an interconnection not "adversely affect operations" (*Panhandle's* requirement) and requiring that the interconnect actually "facilitate" the interconnecting pipeline's operation (FGT's proposed requirement). FGT should not be permitted to insist on a positive system benefit as a price of interconnection.[13]

[13] Plainly, the assumptions that FGT made would be important in evaluating FGT's claim. For example, if FGT assumed that its customer(s) was using a segmented service to receive gas from Ocean Express at the interconnection and under such circumstances FGT could not provide the customer flexibility to take at 6% of the daily quantity, this would not justify FGT's position,

As noted above, FGT has claimed that hydraulic studies support its position. But tellingly, FGT refused to share its studies with Ocean Express, asserting they reveal "commercially sensitive" information. When offered confidentiality protection under the auspices of the FERC Enforcement Staff "Hot Line" process, FGT still refused to reveal its study to Ocean Express. *Id.* at ¶ 15. FGT even refused to explain what assumptions it used in conducting its hydraulic analysis – information that can have no commercial sensitivity. *Id.* In short, FGT's unsupported position does not provide a basis for its discretion to control flows to "best facilitate" operation of FGT's system.

In contrast to FGT, Ocean Express has attempted to find middle ground with FGT on control of the rate of flow at the interconnection. Ocean Express has proposed that the following provision be incorporated into the IA:

> Ocean Express shall maintain an hourly rate of flow at the Meter Station during any day of 4.2% of the daily scheduled quantity for such day, provided that FGT may, on reasonable notice, request that Ocean Express accommodate an hourly rate of flow during a defined period of a day of up to six percent (6%) of the scheduled quantity for that day. Ocean Express shall have no obligation to increase the hourly flow rate above 4.2% of the daily scheduled quantities, provided that if, in Ocean Express's reasonable determination, the requirements of its shipper(s) and operational conditions will permit an increase in the hourly flow rate at the Meter Station of up to six percent (6%) of the daily scheduled quantities scheduled for delivery at such location.

This proposed language assures FGT that Ocean Express deliveries on to its system will be at least 4.2% of the daily quantity, and possibly 6% should the need arise. At the same time, the proposed language assures Ocean Express that it will not be forced to comply with an hourly flow rate at odds with the requirements of its shippers or operational restrictions.

---

since under the Commission's regulations, segmentation is only required to the extent that it is operationally feasible. *See* 18 C.F.R. § 284.7(d) (2003).

7. **One-Sided Indemnification**

FGT has also refused to allow for the normal "mutual indemnity" related to each party's respective obligations under the proposed IA. Rather, FGT has insisted on structuring indemnity provisions in a way that would absolve FGT of any liability for actions that FGT might take to control the quality of gas being introduced into the FGT system or in the construction or operation of equipment at the interconnection site. Under FGT's proposal, only Ocean Express would have an indemnity obligation. *See* Art. III.3 of Attachment 6 to Cahill Aff. This demand ignores FGT's own construction obligations under the proposed interconnection agreement and its operation of the interconnection, is unreasonable and, once again, has no basis in FGT's tariff. Most importantly, however, FGT's position is directly contrary to the Commission's well-established policy that prohibits pipelines from limiting their liability so they are not liable for damages, claims, suits, actions, or proceedings that result from their gross negligence, undue discrimination, or willful misconduct. *See, e.g., Guardian Pipeline, L.L.C.*, 101 F.E.R.C. (CCH) ¶ 61,107 at P 18 (2002) (stating that the Commission's policy prohibits a tariff provision that would protect a pipeline from "liability for direct damages arising from its own negligence").

As part of a more balanced approach, one that is consistent with the Commission's policy on indemnity clauses, Ocean Express has suggested that FGT's proposed indemnification provision be modified to include the following language:

> Each party shall indemnify and hold the other party harmless from all liabilities, losses, claims, expenses, suits, actions, costs, and damages including without limitation, environmental liability, (and including, without limitation, attorney's fees, expenses, and court costs) on any actions including injury to and death of persons arising from any act, including negligence or accident, in connection with the construction, installation, operation, and maintenance of its own facilities, provided, however, that neither party shall be responsible for the negligence or willful misconduct of the other party.

In addition to being consistent with the Commission's policies, this provision is also consistent with the industry standard. By establishing mutual indemnity, Ocean Express's proposed language takes into account the construction obligations of both Ocean Express and FGT.

VII. Relief Requested

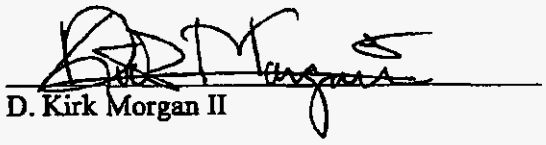
For the foregoing reasons, Ocean Express respectfully requests that the Commission direct FGT to establish an interconnection that will enable Ocean Express to make deliveries at Broward County, Florida, on terms specified herein. Specifically, the Commission should order FGT to adopt the IA provisions proposed herein by FGT and to withdraw the unreasonable conditions to which is Complaint is directed.

Respectfully submitted,

Randolph Q. McManus
G. Mark Cook
D. Kirk Morgan
Baker Botts L.L.P.
The Warner
1299 Pennsylvania Avenue, NW
Washington, DC 20004
(202) 639-7700
(202) 639-7890 (fax)
rmcmanus@bakerbotts.com
mark.cook@bakerbotts.com
kirk.morgan@bakerbotts.com
Counsel for AES Ocean Express LLC

CERTIFICATE OF SERVICE

I hereby certify that on this 5th day of April, 2004, I have served copies of the foregoing Complaint by instantaneous electronic delivery and hand delivery on counsel for the Respondent.



D. Kirk Morgan II

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

AES Ocean Express, LLC	)	**Docket No. RP04-___-000**
Complainant	)	
v.	)	
Florida Gas Transmission Company	)	
Respondent	)	**COMPLAINT**

NOTICE OF COMPLAINT

(April 5, 2003)

Take notice that on April 5, 2004, AES Ocean Express, LLC ("Complainant") submitted a complaint against the Florida Gas Transmission Company ("Respondent"). The Complainant asserts that for over two years it has attempted to establish an agreement that would allow it to interconnect its pipeline facilities with those of the Respondent in Broward County, Florida. The Complainant alleges that the Respondent has violated Commission policy by conditioning any interconnection agreement with the Complainant on unjust and unreasonable terms and conditions. The Complainant requests that the Commission direct the Respondent to establish an interconnection that will enable the Complainant to make deliveries at Broward County, Florida, on terms that are consistent with the Commission's interconnection policy.

Any person desiring to be heard or to protest this filing should file a motion to intervene or protest with the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426, in accordance with Rules 211 and 214 of the Commission's Rules of Practice and Procedure (18 C.F.R. §§ 385.211 and 385.214). All such motions or protests must be filed on or before _____, 2004. Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a motion to intervene. Answers to this Complaint shall be due on or before _____, 2004. Copies of this filing are on file with the Commission and are available for public inspection in the Public Reference Room. This filing may also be viewed on the Internet at http://www.ferc.fed.us/online/rims.htm. (call 202-208-2222 for assistance)

Magalie R. Salas,
Secretary

PEF 000363
Docket No. 041414-EI

EXHIBIT 1

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

AES Ocean Express LLC	)	
	)	
Complainant	)	
	)	
v.	)	**Docket No. RP04-___-000**
	)	
Florida Gas Transmission Company	)	
	)	
Respondent	)	

Affidavit of Edward Cahill

Commonwealth of Massachusetts

County of Worcester

I, Edward Cahill, being duly sworn, depose and state as follows:

1. My name is Edward Cahill and am a Vice President of AES Ocean Express LLC ("Ocean Express"), a position I have held since February 2002. In addition to working on regulatory issues for Ocean Express, I have had primary responsibility for negotiating an interconnection agreement with Florida Gas Transmission Company ("FGT"). Delivering regasified liquefied natural gas ("LNG") through Ocean Express to the Florida market depends on obtaining an interconnection with FGT, and therefore establishing an interconnection agreement with FGT has been a very high priority for Ocean Express.

2. First, I sent FGT a letter on March 6, 2002, explaining Ocean Express's interest in establishing an interconnection with FGT. This was shortly after Ocean Express filed its Application at the Federal Energy Regulatory Commission to construct and operate a new 24-

inch diameter, approximately 52.4-mile interstate natural gas pipeline extending from a receipt point on the Exclusive Economic Zone boundary between the United States and the Bahamas to delivery points in Broward County, Florida. In my March 6, 2002 letter, I also requested that FGT provide Ocean Express with its interconnect procedures.

3. Over two months later, in a letter dated April 15, 2002 (*see* Attachment 1), FGT responded to Ocean Express's interconnection request. In its letter, FGT listed conditions that would need to be met before FGT would grant Ocean Express's request for interconnection. These general conditions included the requirement that FGT have flow control, that FGT be reimbursed for all required interconnection facilities, that construction of facilities by Ocean Express meet FGT's engineering criteria, and that deliveries of gas meet FGT's quality specifications and not exceed an acceptable Btu level. The letter also stated that FGT reserved the right to "shut in deliveries" if the gas did not meet "FGT's quality specifications and provisions and commercial requirements."

4. In response to FGT's April 15, 2002 letter, I sent a letter to FGT explaining that, although Ocean Express could conceptually agree to FGT's very general conditions, Ocean Express would require additional, specific information, including cost estimates, a *pro forma* interconnection agreement, and information pertaining to FGT's anticipated gas quality standards related to regasified LNG.

5. Thereafter, we had an initial meeting with FGT to discuss the interconnection issues, including the gas quality specifications. I also asked for an estimate of the cost of the facilities that would be involved. FGT ultimately identified the facilities that would need to be constructed and provided Ocean Express with cost estimates. Additionally, after a series of follow-up meetings and the exchange of data, Ocean Express agreed to a detailed set of quality

specifications. The agreement was reached based on FGT's concern with meeting the specifications of General Electric and Siemens Westinghouse gas turbines, given the predominance of electric generation load on its system. Accordingly, the agreed upon specifications reflect an amalgamation of the specifications of both turbine manufacturers. The only exception is the Btu/scf specification, which which is a standard that FGT proposed.

6. In late 2002, FGT at least finally provided Ocean Express with a draft interconnection agreement. We have since had over five meetings, along with numerous phone calls, and exchanged multiple drafts of an IA with FGT in an effort to reach agreement on all substantive points. One major problem has been that, throughout the process, FGT has continued to add wholly new requirements in its successive drafts and to modify provisions from earlier drafts on which we thought we had agreement. This tactic has frustrated our efforts to make progress.

7. Nevertheless, Ocean Express has accepted many of FGT's demands. At this point, we believe that Ocean Express and FGT have reached agreement on many issues. These issues include Ocean Express's cost responsibilities, certain operating and gas monitoring procedures, construction arrangements and access rights, gas quality specifications (except for the temperature of the delivered gas) to be filed by FGT as part of its Tariff, and an initial maximum heat content standard (1075 Btu/scf). Ocean Express has argued, however, for a slightly higher Btu level of 1085 Btu/scf. But we are willing to compromise with FGT for its initial Tariff filing, provided that Ocean Express can reserve its right to propose an increase in the Btu level in the future. In this regard, we agreed to sponsor and pay for a study to examine whether a slightly higher Btu level should be adopted. I am aware, for example, that Cove Point permits LNG deliveries at a maximum Btu level of 1100 and that DOMAC operates with a

maximum heat content of 1090 Btu/scf. Finally, as to the facilities to be installed, with one exception – a gas-fired heater – Ocean Express has accepted FGT's specification of the facilities to be constructed.

8. The continuing problem confronting Ocean Express is FGT's insistence on additional conditions and concessions from Ocean Express that, in our view, are not required for an interconnection. Some of these could adversely affect Ocean Express or its shippers and could increase our costs. We don't think FGT has justified its demands based on operating conditions on its system. Of course, the greatest risk is the FGT threat to "shut in" deliveries using highly subjective, vague criteria.

9. From the outset, for example, we have confronted FGT's demand that the IA include a non-standard flow control provision that would allow FGT to flow gas from Ocean Express at any rate it deemed necessary, with the only limitation being that, if Ocean Express could demonstrate operational problems, FGT would agree to limit flows in an hour to 6% of daily scheduled quantities. FGT has justified this condition by claiming that it should be able to control flows in any manner that "best facilitates" operation of its own system. Our position has been that Ocean Express would deliver daily scheduled quantities ratably, provided that it would use reasonable efforts to accommodate an FGT request for a higher flow rate. In our negotiations, however, FGT has argued that because its Tariff permits its firm customers to take at up to a 6% hourly rate, FGT must have the right to take gas from Ocean Express at this rate. FGT has refused to share with us any hydraulic models or studies to support this position. Nor has FGT even shared the assumptions upon which its models and studies are supposedly based.

10. In our view, the introduction of gas flowing from the Ocean Express pipeline into the FGT system will not impair whatever ability FGT now has to provide its firm customers the ability to take their scheduled deliveries at an hourly rate of up to 1/16 of daily quantities. Furthermore, it would add extra costs for Ocean Express to accommodate FGT's demand. Our pipeline will not have substantial line pack and will receive deliveries from the AES Ocean LNG Ltd. terminal at rates nominated by the shipper on Ocean Express. Ocean Express has limited ability to control this flow of gas.

11. Another issue we have struggled with is FGT's insistence that Ocean Express construct and finance a "gas-fired heater." They argue that the pressure drop from the Ocean Express line to the FGT line will lower the temperature of the gas entering into FGT's system to such an extent that it will cause liquids in FGT's gas to drop out and therefore insist that a heater is needed to raise the temperature of gas flowing on Ocean Express to 80° F. But FGT has relied on several wrong assumptions to reach this conclusion. For example, FGT assumes that a more than 400 psig pressure drop will occur in delivery into FGT's system. This, however, ignores the fact that Ocean Express has repeatedly explained to FGT that it intends to control the pressure on Ocean Express in accordance with its rights under its interconnection agreement with AES Ocean LNG. Ocean Express has assured FGT that this would control the delivery pressure to the FGT take station such that it would be no more than 400 psig above the FGT system pressure.

12. FGT also makes a completely unwarranted assumption that gas flowing on Ocean Express will be 50° F or colder at the point of interconnection. The analysis of our experts, examining two separate sets of data provided to us by FGT, confirms that gas flowing in the Ocean Express pipeline will have warmed substantially due to nearshore water and ground

ambient temperatures, reaching approximately 73° F (or higher) at the interconnection. *See* Attachment 2. It should be pointed out that our experts' analysis was conservative because it used average year-round temperatures. After Ocean Express's gas arrives at the interconnection point, further warming would occur if the gas is mixed with FGT's gas or travels on the additional lateral lines prior to delivery to Florida Power & Light, FGT's customer in the immediate vicinity. In this regard, according to a letter that Mr. Jack Boatman, Vice President of Marketing for FGT, sent me on October 8, 2003 (*see* Attachment 3), FGT's system requires that gas be delivered with "50 degrees of superheat over the hydrocarbon dew point to meet FPL's requirements." Based on data from FGT, however, our experts' analysis indicates that FGT's gas is currently below this asserted standard on many occasions. Our experts' analysis of the compositional data and the corresponding dewpoint of the range of gases now in the FGT system also shows that FGT itself does not meet a 50° F superheat or an 85° F dewpoint specification. *See* Attachment 2. In any event, based on the analysis of our experts, Ocean Express's gas will almost always meet this specification, and to the extent it commingles with FGT's gas, it should only improve it.

13. After review of a draft IA that FGT sent to me on November 21, 2002 (*see* Attachment 4) in response to compromise language we had proposed, we concluded that negotiations with FGT were not bringing us closer to a final resolution. Not only did the FGT's November 21st draft preserve the unreasonable demands that FGT had insisted upon since negotiations began, the draft added additional vague quality standards and a one-sided indemnity provision. FGT even later modified the November 21st draft to add a requirement that Ocean Express waive its NGA rights to propose higher gas Btu levels or different temperature specifications. *See* Attachment 5. In other words, rather than eliminating issues between Ocean

Express and FGT, the November 21st draft rejected our effort at compromise and put new issues in dispute.

14. Still, hoping to avoid a fight at FERC, in a final effort to reach a mutually agreeable solution to the impasse between Ocean Express and FGT on the remaining issues, on December 19, 2003, Ocean Express representatives, including myself and Ocean Express's outside counsel, discussed with the Commission's Enforcement Hot Line Staff our problems with FGT's demands. This discussion was followed over the next several weeks by additional discussions between Ocean Express representatives and Commission Staff, and, we were told, discussions between Staff and FGT to ascertain FGT's response to Ocean Express's arguments.

15. On January 20, 2004, Commission Staff hosted a conference call with representatives of Ocean Express and FGT. As a result of this call, FGT agreed to provide the Staff with certain hydraulic studies relevant to the "rate of flow" issue, but once again refused to share with us either their studies or the assumptions underlying their studies. FGT refused to compromise on this issue despite Ocean Express's offer, one that is has made repeatedly, to enter into a confidentiality agreement to protect any FGT data deemed commercially sensitive.

16. As a result of discussions conducted under the auspices of the Hot Line staff, Ocean Express and FGT appeared to make progress toward resolution of one outstanding issue, relating to FGT's demand that Ocean Express fund, without limitations, the cost of studies or any customer meeting if such were required in connection with the consideration of LNG quality specifications. In place of this onerous demand, FGT agreed to Ocean Express's offer to fund a reasonable customer meeting and study related to determining what should be the appropriate Btu level for gas entering the FGT system.

17. While FGT subsequently made several new proposals to address the issues raised by Ocean Express, little progress was made because FGT has continued to insist on an unjustified temperature requirement and gas heater, vague quality standards, a seemingly unqualified right to shut in gas, the right to control flows from Ocean Express at more than a ratable basis in order to "best facilitate" FGT's own operations, a one-sided indemnity clause, and the surrendering of Ocean Express's right to protest certain quality specifications set forth in the existing draft IA.

18. Finally, in what seemed to be another step backward, on March 18, 2004, FGT sent us a wholesale reworking of the IA's Article III, "Operations, Gas Quality and Measurement." *See* Attachment 6 and Attachment 7. The March 18th draft preserved the unreasonable requirements set forth in FGT's November 21st draft, and also insisted, for the first time in Ocean Express's negotiations with FGT, that FGT retain virtually complete discretion to modify unilaterally their gas quality standards and that a single FGT customer could veto any proposed adjustment of the quality specifications listed in the draft IA. Furthermore, the March 18th draft proposes that Ocean Express fund, on a pro rata basis with other entities introducing regasified LNG to the FGT system, any customer meeting, study, or expert that FGT proposes for the purpose of examining appropriate quality specifications for regasified LNG. As such, the March 18th draft has eliminated what was the only point of compromise to emerge from Ocean Express's Hotline efforts.



Edward Cahill

Subscribed and sworn to before me,
this 2 day of March, 2004

Notary Public GEORGE B. PEMBER

My Commission expires: OCTT, 2004

ATTACHMENT 1

Florida Gas Transmission Company

P.O.Box 1188, Houston, TX 77251-1188, (713)-853-6161

April 15, 2002

Mr. Ed Cahill
Vice President
AES Ocean Express LLC
Two Alhambra Plaza, Suite 1104
Coral Gables, FL 33134

Re: Request of AES Ocean Express LLC to Interconnect with Florida Gas Transmission's Facilities

Dear Mr. Cahill:

This letter is in response to yours of March 6, 2002, wherein you requested that Florida Gas Transmission Company ("FGT") consent to the construction of an interconnection with the proposed AES Ocean Express LLC ("Ocean Express") pipeline.

FGT is willing to negotiate an interconnection agreement with Ocean Express. Any such agreement would be subject to receipt of all regulatory approvals, environmental and right of way permitting and any other required consents. In addition, the agreement would be subject to the following conditions, among other things:

1) FGT would have flow control.

2) Ocean Express would reimburse FGT for 100% of all costs for facilities which FGT would be required to install for the interconnection. In addition, Ocean Express would reimburse FGT for 100% of all other costs which are incurred as a result of the interconnection. For example, Ocean Express would reimburse FGT for additional upstream or downstream chromatographs on the FGT system to monitor the quality of the gas from the Ocean Express system.

3) Any facilities that Ocean Express would construct for the interconnection would be constructed pursuant to FGT Engineering and Construction Standards and meter station drawings and design would be submitted to FGT for FGT's approval prior to construction.

4) The natural gas delivered at the interconnection point must meet all of FGT's quality specifications and provisions and commercial requirements and, in no event, exceed a Btu level which could result in safety, damages, or cost issues

for FGT or its customers. In the event that the gas from the Ocean Express system does not meet FGT's quality specifications and provisions and commercial requirements, FGT would have the right (1) to shut in deliveries from Ocean Express, and/or (2) to require Ocean Express to treat gas and/or take other action which would cause the gas from the Ocean Express system to meet FGT's quality specifications and provisions and commercial requirements; and/or (3) to install equipment required to cause the gas from the Ocean Express system to meet FGT's quality specifications and provisions and commercial requirements.

5) Due to the unpredictability of future market loads and the multiple combinations of delivery paths, FGT makes no representations or warranties with regard to available pipeline capacities either upstream or downstream of the interconnection point.

FGT looks forward to working with Ocean Express on this project. Please do not hesitate to call me if you have any questions.

Sincerely,

Sharon Farrell

Sharon Farrell
Account Director

TOTAL P.03

ATTACHMENT 2

AES Average/ FGT Average

Case	O.E. Flow Total mmcfd	O.E. Press into Mtr Sta psig	FGT Press into Mtr Sta psig	O.E. into FGT mmcfd	O.E. into C.C. mmcfd	O.E. into Peaker mmcfd	FGT into C.C. mmcfd	FGT into Peaker mmcfd	FGT into Port Ever mmcfd	Combined Cycle Values: FGT's PCV Outlet deg F	OE's PCV Outlet deg F	Dew Pt Combined deg F	Del Temp Combined deg F	Delivered Superheat deg F	Peaker Values: FGT's PCV Outlet deg F	OE's PCV Outlet deg F	Dew Pt Combined deg F	Del Temp Combined deg F
1	1,350	1,100	975	1,050	150	150	0	0	200		29.2	(63.9)	45.3	109.2		17.3	(73.6)	23.7
2	1,350	1,100	975	1,350	0	0	150	150	200	28.9		(63.9)	39.3	103.2	13		(73.6)	15.5
3	1,350	1,100	975	1,200	75	75	75	75	200	29	28.8	(63.9)	51.8	115.7	13	17.3	(73.6)	25.1
4	1,350	1,100	975	1,350	0	0	0	0	200									
5	100	1,000	600	0	100	0	0	0	200		35.0	(63.9)	54.6	118.5				
6	100	1,000	600	100	0	0	150	150	200	58		(29.1)	60.3	89.4	41.9		(32.7)	43.3
7	100	1,000	600	0	75	25	75	125	200	60.7	34.9	(34.9)	62.8	97.5	47	19.4	(27.9)	50.1
8	100	1,000	600	100	0	0	0	0	200									
9	900	1,200	600	600	150	150	0	0	200		23.0	(63.9)	41.4	105.3		10.7	(73.8)	18.3
10	900	1,200	600	900	0	0	150	150	200	23.8		(63.9)	35.3	99.2	7.5		(73.8)	10.3
11	900	1,200	600	750	75	75	75	75	200	24	22.4	(63.9)	49.1	113.0	7.8	7.2	(73.8)	21.1
12	900	1,200	600	900	0	0	0	0	200									
FGT1	0	n/a	975	0	0	0	150	150	200	37.3		(20.0)	45.9	65.9	22.3		(23.7)	24.5
FGT2	0	n/a	600	0	0	0	150	150	200	48.2		(20.0)	54.3	74.3	33.5		(23.7)	33.5
FGT3	0	n/a	600	0	0	0	150	150	200	60.7		(20.0)	63.9	83.9	47		(23.7)	48.2

AES Greatest Heavies/ FGT Average

Case	O.E. Flow Total mmcfd	O.E. Press into Mtr Sta psig	FGT Press into Mtr Sta psig	O.E. into FGT mmcfd	O.E. into C.C. mmcfd	O.E. into Peaker mmcfd	FGT into C.C. mmcfd	FGT into Peaker mmcfd	FGT into Port Ever mmcfd	Combined Cycle Values: FGT's PCV Outlet deg F	OE's PCV Outlet deg F	Dew Pt Combined deg F	Del Temp Combined deg F	Delivered Superheat deg F	Peaker Values: FGT's PCV Outlet deg F	OE's PCV Outlet deg F	Dew Pt Combined deg F	Del Temp Combined deg F
5	100	1,000	600	0	100	0	0	0	200		39.3	(26.3)	54.7	81.6				
6	100	1,000	600	100	0	0	150	150	200	58		(22.0)	60.3	82.3	42		(27.0)	43.4
7	100	1,000	600	0	75	25	75	125	200	60.7	35.2	(23.1)	62.8	85.7	47	19.8	(25.3)	50.1
8	100	1,000	600	100	0	0	0	0	200									

AES Average/ FGT Greatest Heavies

Case	O.E. Flow Total mmcfd	O.E. Press into Mtr Sta psig	FGT Press into Mtr Sta psig	O.E. into FGT mmcfd	O.E. into C.C. mmcfd	O.E. into Peaker mmcfd	FGT into C.C. mmcfd	FGT into Peaker mmcfd	FGT into Port Ever mmcfd	Combined Cycle Values: FGT's PCV Outlet deg F	OE's PCV Outlet deg F	Dew Pt Combined deg F	Del Temp Combined deg F	Delivered Superheat deg F	Peaker Values: FGT's PCV Outlet deg F	OE's PCV Outlet deg F	Dew Pt Combined deg F	Del Temp Combined deg F
5	100	1,000	600	0	100	0	0	0	200		35.1	(63.9)	54.6	118.5				
6	100	1,000	600	100	0	0	150	150	200	35.9		(6.1)	60.1	98.2	41.6		(11.6)	42.9
7	100	1,000	600	0	75	25	75	125	200	60.4	34.9	(14.1)	62.5	78.6	46.4	19.4	(5.4)	49.5
8	100	1,000	600	100	0	0	0	0	200									

AES Greatest Heavies/ FGT Greatest Heavies

Case	O.E. Flow Total mmcfd	O.E. Press into Mtr Sta psig	FGT Press into Mtr Sta psig	O.E. into FGT mmcfd	O.E. into C.C. mmcfd	O.E. into Peaker mmcfd	FGT into C.C. mmcfd	FGT into Peaker mmcfd	FGT into Port Ever mmcfd	Combined Cycle Values: FGT's PCV Outlet deg F	OE's PCV Outlet deg F	Dew Pt Combined deg F	Del Temp Combined deg F	Delivered Superheat deg F	Peaker Values: FGT's PCV Outlet deg F	OE's PCV Outlet deg F	Dew Pt Combined deg F	Del Temp Combined deg F
1	1,350	1,100	975	1,050	150	150	0	0	200		29.3	(26.3)	45.5	71.6		17.7	(35.3)	24.0
2	1,350	1,100	975	1,350	0	0	150	150	200	29.3		(26.3)	39.5	65.8	13.4		(35.3)	16.0
3	1,350	1,100	975	1,200	75	75	75	75	200	29.3	29.5	(26.3)	51.8	78.1	13.5	17.7	(35.3)	25.4
4	1,350	1,100	975	1,350	0	0	0	0	200		n/a	n/a	n/a	n/a		n/a	n/a	n/a
5	100	1,000	600	0	100	0	0	0	200		35.4	(26.3)	54.7	81.0		n/a	n/a	n/a
6	100	1,000	600	100	0	0	150	150	200	57.5		(1.4)	61.4	82.8	41.8		(8.1)	43.0
7	100	1,000	600	0	75	25	75	125	200	60.4	35.2	(8.2)	62.5	66.7	46.4	19.7	(3.9)	49.6
8	100	1,000	600	100	0	0	0	0	200		n/a	n/a	n/a	n/a		n/a	n/a	n/a
9	900	1,200	600	600	150	150	0	0	200		23.4	(26.3)	41.8	67.9		11.2	(35.8)	18.7
10	900	1,200	600	900	0	0	150	150	200	24.2		(26.3)	35.8	61.9	8		(35.8)	10.8
11	900	1,200	600	750	75	75	75	75	200	24.4	22.8	(26.3)	49.2	75.5	8.3	7.7	(35.8)	21.5
12	900	1,200	600	900	0	0	0	0	200		n/a	n/a	n/a	n/a		n/a	n/a	n/a
FGT1	0	n/a	975	0	0	0	150	150	200	36.3		8.2	45.8	38.8	20.8		(0.2)	23.0
FGT2	0	n/a	600	0	0	0	150	150	200	47.5		8.2	53.8	47.4	32.7		(0.2)	34.4
FGT3	0	n/a	600	0	0	0	150	150	200	60.4		8.2	63.8	57.4	46.4		(0.2)	47.5

PEF 000378
Docket No. 041414-EI

AES Average/ FGT Average

Case	O.E. Flow Total mmcfd	O.E. Press into Mtr Sta psig	FGT Press into Mtr Sta psig	O.E. into FGT mmcfd	O.E. into C.C. mmcfd	O.E. into Peaker mmcfd	FGT into C.C. mmcfd	FGT into Peaker mmcfd	FGT into Port Ever mmcfd	Combined Cycle Values					Peaker Values			
										FGT's PCV Outlet deg F	OE's PCV Outlet deg F	Dew Pt Combined deg F	Del Temp Combined deg F	Delivered Superheat deg F	FGT's PCV Outlet deg F	OE's PCV Outlet deg F	Dew Pt Combined deg F	Del Tem Combin deg F
1	1,350	1,100	975	1,050	150	150	0	0	200		29.2	(63.9)	45.3	109.2		17.3	(73.8)	23.7
2	1,350	1,100	975	1,350	0	0	150	150	200	28.9		(63.9)	39.3	103.2	13		(73.8)	15.5
3	1,350	1,100	975	1,200	75	75	75	75	200	29	28.6	(63.9)	51.8	115.7	13	17.3	(73.8)	25.1
4	1,350	1,100	975	1,350	0	0	0	0	200									
5	100	1,000	600	0	100	0	0	0	200		35.0	(63.9)	54.6	118.5				
6	100	1,000	600	100	0	0	150	150	200	56		25.8	60.3	34.5	42.1		28.4	43.4
7	100	1,000	600	0	75	25	75	125	200	60.7	34.8	18.1	62.8	44.5	47.2	19.4	32.1	50.3
8	100	1,000	600	100	0	0	0	0	200									
9	900	1,200	600	600	150	150	0	0	200		23.0	(63.9)	41.4	105.3		10.7	(73.8)	16.3
10	900	1,200	600	900	0	0	150	150	200	23.8		(63.9)	35.3	99.2	7.5		(73.8)	10.3
11	900	1,200	600	750	75	75	75	75	200	24	22.4	(63.9)	49.1	113.0	7.8	7.2	(73.8)	21.1
12	900	1,200	600	900	0	0	0	0	200									
FGT1	0	n/a	975	0	0	0	150	150	200	37.6		37.3	46.1	8.8	22.9		35.8	25.0
FGT2	0	n/a	600	0	0	0	150	150	200	46.5		37.3	54.5	17.2	34.4		35.8	34.0
FGT3	0	n/a	600	0	0	0	150	150	200	61		37.3	64.1	26.8	47.6		35.9	46.7

AES Greatest Heavies/ FGT Average

Case	O.E. Flow Total mmcfd	O.E. Press into Mtr Sta psig	FGT Press into Mtr Sta psig	O.E. into FGT mmcfd	O.E. into C.C. mmcfd	O.E. into Peaker mmcfd	FGT into C.C. mmcfd	FGT into Peaker mmcfd	FGT into Port Ever mmcfd	Combined Cycle Values					Peaker Values			
										FGT's PCV Outlet deg F	OE's PCV Outlet deg F	Dew Pt Combined deg F	Del Temp Combined deg F	Delivered Superheat deg F	FGT's PCV Outlet deg F	OE's PCV Outlet deg F	Dew Pt Combined deg F	Del Tem Combin deg F
5	100	1,000	600	0	100	0	0	0	200		35.3	(28.3)	54.7	81.0				
6	100	1,000	600	100	0	0	150	150	200	57.6		27.1	61.5	34.4	42.2		27.6	43.5
7	100	1,000	600	0	75	25	75	125	200	60.8	35.2	21.1	62.6	41.5	47.3	19.8	32.6	50.3
8	100	1,000	600	100	0	0	0	0	200									

AES Average/ FGT Greatest Heavies

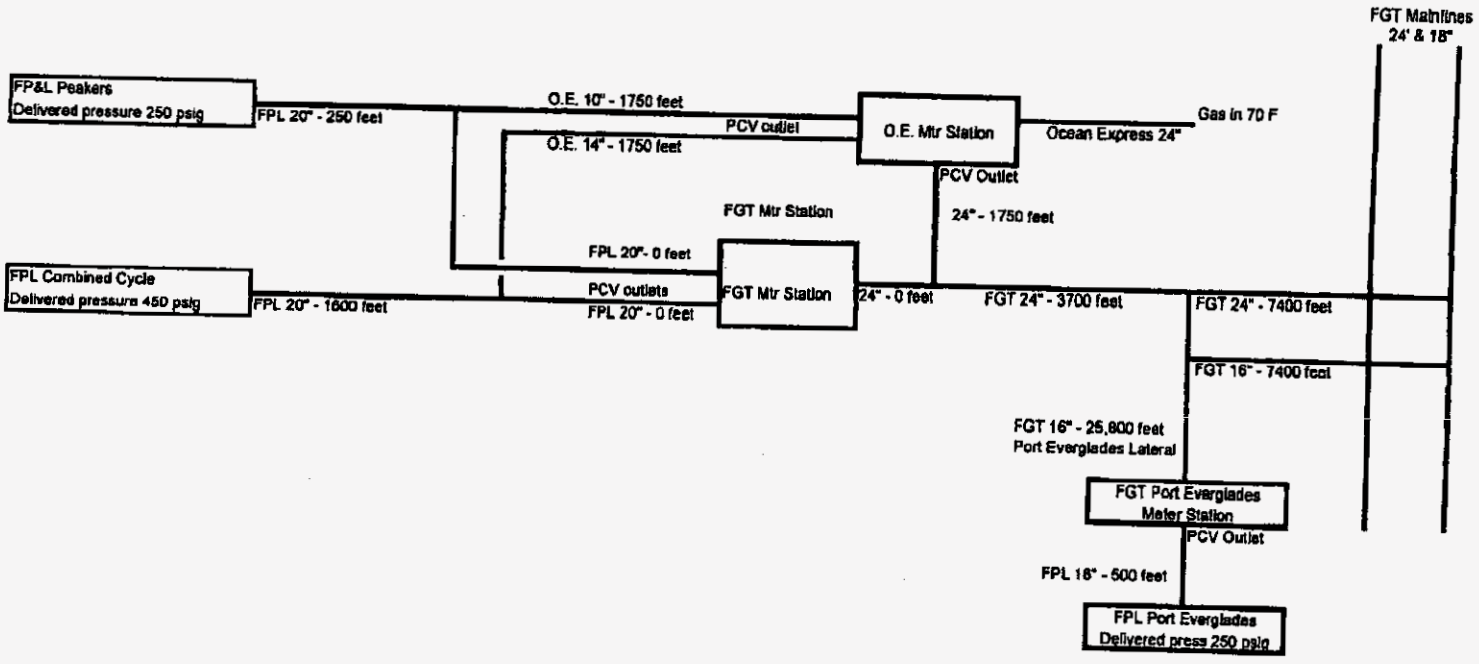
Case	O.E. Flow Total mmcfd	O.E. Press into Mtr Sta psig	FGT Press into Mtr Sta psig	O.E. into FGT mmcfd	O.E. into C.C. mmcfd	O.E. into Peaker mmcfd	FGT into C.C. mmcfd	FGT into Peaker mmcfd	FGT into Port Ever mmcfd	Combined Cycle Values					Peaker Values			
										FGT's PCV Outlet deg F	OE's PCV Outlet deg F	Dew Pt Combined deg F	Del Temp Combined deg F	Delivered Superheat deg F	FGT's PCV Outlet deg F	OE's PCV Outlet deg F	Dew Pt Combined deg F	Del Tem Combin deg F
5	100	1,000	600	0	100	0	0	0	200		35.1	(63.9)	54.6	118.5				
6	100	1,000	600	100	0	0	150	150	200	55.9		22.0	60.1	38.1	41.8		33.5	42.9
7	100	1,000	600	0	75	25	75	125	200	60.4	34.9	15.7	62.6	46.9	46.4	19.4	28.2	49.5
8	100	1,000	600	100	0	0	0	0	200									

AES Greatest Heavies/ FGT Greatest Heavies

Case	O.E. Flow Total mmcfd	O.E. Press into Mtr Sta psig	FGT Press into Mtr Sta psig	O.E. into FGT mmcfd	O.E. into C.C. mmcfd	O.E. into Peaker mmcfd	FGT into C.C. mmcfd	FGT into Peaker mmcfd	FGT into Port Ever mmcfd	Combined Cycle Values					Peaker Values			
										FGT's PCV Outlet deg F	OE's PCV Outlet deg F	Dew Pt Combined deg F	Del Temp Combined deg F	Delivered Superheat deg F	FGT's PCV Outlet deg F	OE's PCV Outlet deg F	Dew Pt Combined deg F	Del Tem Combin deg F
1	1,350	1,100	975	1,050	150	150	0	0	200		28.3	(26.3)	45.5	71.8		17.7	(35.3)	24.0
2	1,350	1,100	975	1,350	0	0	150	150	200	29.3		(26.3)	39.5	65.8	13.4		(35.3)	16.0
3	1,350	1,100	975	1,200	75	75	75	75	200	29.3	29.5	(26.3)	51.8	78.1	13.5	17.7	(35.3)	25.4
4	1,350	1,100	975	1,350	0	0	0	0	200		n/a	n/a	n/a	n/a		n/a	n/a	n/a
5	100	1,000	600	0	100	0	0	0	200		35.4	(26.3)	54.7	81.0		n/a	n/a	n/a
6	100	1,000	600	100	0	0	150	150	200	57.5		26.2	61.4	35.2	41.8		23.4	43.0
7	100	1,000	600	0	75	25	75	125	200	60.4	35.2	19.4	62.5	43.1	46.4	19.7	26.8	49.6
8	100	1,000	600	100	0	0	0	0	200		n/a	n/a	n/a	n/a		n/a	n/a	n/a
9	900	1,200	600	600	150	150	0	0	200		23.4	(26.3)	41.8	67.9		11.2	(35.8)	18.7
10	900	1,200	600	900	0	0	150	150	200	24.2		(26.3)	35.8	61.9	8		(35.8)	10.8
11	900	1,200	600	750	75	75	75	75	200	24.4	22.8	(26.3)	49.2	75.5	8.3	7.7	(35.8)	21.5
12	900	1,200	600	900	0	0	0	0	200		n/a	n/a	n/a	n/a		n/a	n/a	n/a
FGT1	0	n/a	975	0	0	0	150	150	200	36.3		37.1	46.0	7.9	20.8		33.5	23.0
FGT2	0	n/a	600	0	0	0	150	150	200	47.5		37.1	53.6	16.5	32.7		33.5	34.4
FGT3	0	n/a	600	0	0	0	150	150	200	60.4		37.1	63.6	26.5	46.4		33.5	47.5

FGT system gas temperature 70 F
Ocean Express gas temperature 70 F into Mtr Station
Ocean LNG controls discharge pressure such that pressure into meter station is no more than 400 psi above FGT system pressure.

Data -Revised FGT Data



PEF 000380
Docket No. 041414-EI

Constituent			Units	Molecular Weight	HHV Btu/Ft^3	Summation Factors	Ref Gas - FGT Historical Avg	FGT Historical Min	FGT Historical Max	FGT Greatest Heavies	AES Greatest Heavies	AES Average
Methane	C1		Mol %	16.0430	1010.0	0.0447	94.9600%	86.8300%	92.2280%	93.5630%	95.8042%	93.8457%
Ethane	C2		Mol %	30.0700	1769.7	0.0922	2.9200%	2.1600%	4.4500%	3.3470%	1.5502%	4.6149%
Propane	C3		Mol %	44.0970	2516.2	0.1338	0.5700%	0.2500%	1.0800%	1.0010%	1.5680%	1.1695%
Isobutane	iC4		Mol %	58.1230	3251.9	0.1769	0.1300%	0.0500%	0.2500%	0.2370%	0.3837%	0.1458%
n - Butane	nC4		Mol %	58.1230	3262.4	0.1871	0.1200%	0.0500%	0.2400%	0.2190%	0.5756%	0.1397%
n - Pentane	C5		Mol %	72.1500	4008.7	0.2510	0.0300%	0.0100%	0.0600%	0.0490%	0.0878%	0.0025%
Isopentane	C5		Mol %	72.1500	4000.9	0.2280	0.0400%	0.0200%	0.0900%	0.0770%	0.0000%	0.0000%
Hexanes	C6+		Mol %	86.1770	4755.9	0.2950	0.0700%	0.0300%	0.0120%	0.1540%	0.0000%	0.0000%
Nitrogen	N_2		Mol %	28.0134	0.0	0.0173	0.3900%	0.6000%	0.5500%	0.3460%	0.0104%	0.0820%
Oxygen	O_2		Mol %	31.9988	0.0	0.0283	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Carbon dioxide	CO_2		Mol %	44.0098	0.0	0.0748	0.7700%	0.0000%	1.0400%	1.0070%	0.0000%	0.0000%
Total			Mol %				100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
Z mix	Z						0.99776	0.99788	0.99761	0.99763	0.99766	0.99767
Mol weight							17.07	16.57	17.63	17.49	17.16	17.15
Relative density to air - real	D						0.59	0.57	0.61	0.60	0.59	0.59
Heat content - HHV			MJ/m^3				38.88	38.46	39.65	39.53	40.02	39.96
Heat content - HHV			btu/scf				1044.1	1033.0	1065.0	1061.6	1074.8	1073.3
Wobbe index (15C/15C)			MJ/m^3				50.60	50.81	50.78	50.82	51.94	51.88
Dewpoint @ 975 psig			F				-52		-55	-12	-41.3	-75.1
Dewpoint @ 450 psig			F				-19.9		-28.5	6.2	-26.3	-64.7
Dewpoint @ 250 psig			F				-23.7		-35.7	-0.2	-35.8	-74.5

PEF 000381

ATTACHMENT 3

October 8, 2003

Mr. Ed Cahill
Title
AES Ocean Express LLC
Two Alhambra Plaza
Suite 1104
Coral Gables, FL 33134

Re: Interconnection, Reimbursement, Construction, Ownership and Operation Agreement Between Florida Gas Transmission Company and AES Ocean Express LLS ("Interconnection Agreement")

Dear Mr. Cahill:

In response to your letter of August 18, 2003, Florida Gas Transmission Company ("FGT") provides its comments to the issues raised by AES Ocean Express LLC ("Ocean Express") with regard to the FGT draft of the above-referenced Interconnection Agreement. This letter is for purposes of discussion only and does not constitute a letter of intent or a binding obligation upon FGT.

Meter Station Facilities (Article I, Section 1) Ocean Express has stricken from this section the words "condensate storage tank" and "heater" from the list of necessary equipment. However, both a liquid storage tank and a gas-fired heater are required. (i) Storage Tank. Since a separator is required, a liquid storage tank is necessary to catch any liquids removed by the separator. It is particularly important at start up to have a storage tank available to catch water trapped in the pipeline during construction. In addition, if there is ever a break in any of the underwater seams, water will be present that will have to be separated and collected. Also, liquids in the line could result from pigging operations, which would push liquids to the pig receiver, which Ocean Express plans to build in close proximity to the interconnection. (ii) Heater. Since there will be a significant reduction in pressure from the Ocean Express line to the FGT line, and a commensurate drop in the temperature of the gas, a heater will be required to raise the temperature of the gas to 85 degrees Fahrenheit to protect the warranty requirement of 50 degrees of superheat over the hydrocarbon dew point downstream of FPL Ft. Lauderdale power plant regulation station. This temperature is necessary to prevent the fall out of liquids from the two natural gas streams blending in the FGT mainline directly upstream of the FPL Ft. Lauderdale power plant.

Warranty of Capacity (Article I, Section 5) Ocean Express questions the need for the first sentence and suggests adding the words "pursuant to its FERC Gas Tariff". However, FGT believes that the section, as written, is the appropriate approach. (i) The first sentence is included in the Interconnection Agreement to make it clear to Ocean

Express that the flows on the FGT system will be based on scheduling priorities, line pack requirements and other operational needs, and that the system will be operated in the best way to serve the various markets on the FGT system, and to meet firm contract commitments. In addition, available capacity will change from time to time, depending on the needs of the market. If Ocean Express desires capacity or operations which are different, FGT and Ocean Express can discuss the needs and whether it is possible to accommodate the needs. If there is an agreement to modify or add facilities, Ocean Express will be responsible for all costs. (ii) Where the tariff is applicable, FGT operates in accordance with the terms of its tariff. The words "pursuant to its FERC Gas Tariff" are not necessary. In addition, because portions of this agreement are not governed by the tariff, it is necessary to remove the words to prevent confusion. In particular the quality provisions necessary for LNG have not yet been added to the tariff and the words would create confusion until the terms are added to the tariff.

Construction Schedule (Articles II and IV) All but one of the proposed changes to the construction schedule are acceptable. The one proposed change that concerns FGT is the suggestion that the parties be obligated to undertake their respective construction "with all reasonable commercial dispatch thereafter". FGT does not know what this standard means. Therefore, FGT suggests striking the words suggested by Ocean Express and adding the words "proceed with reasonable commercial efforts," right before the words "absent events of force majeure".

Non-Spec Gas (Article III, Section 1) Ocean Express suggests that the Interconnection Agreement use "industry standards" with regard to gas quality specifications. However, standards for LNG are still emerging at this point in time. In addition, the standards may vary from system to system and location to location depending on a number of factors such as other sources of gas for mixing, burner settings in the region, and the location of quality-sensitive equipment, such as dry, low-NOX gas turbine units. At this point in time, given the location of the interconnection with Ocean Express, FGT believes that LNG meeting the quality specifications set forth in Exhibits C and D could be safely received into the FGT system and utilized by the FGT customers. FGT does reserve the right to make these specifications more restrictive in the event that it is discovered that more restrictive specifications are necessary to protect customers or the system.

Ocean Express also suggests the use a materiality standard with a notice and cure provision. However this approach is particularly inappropriate in these circumstances. Damage resulting from out-of-spec LNG would come quickly and would be severe. The proposed interconnection is in very close proximity to both electric generation customers and local distribution customers serving households. Out-of-spec LNG would cause significant damage to new low-NOX gas turbine units very quickly. In addition, if the Btu content of the gas is too high, the result could be yellow tipping, incomplete combustion and malfunction of residential appliances. Because of the immediacy and the severity of the impact, FGT believes that the appropriate approach is that AES Ocean Cay LNG ("Ocean Cay") be a party to this agreement and be the first party responsible for monitoring gas quality. It will be the obligation of Ocean Cay to monitor gas quality in the Bahamas and to shut in its gas when it does not meet quality specs. In addition, it

will be the obligation of Ocean Cay to immediately notify FGT that the gas is out of spec, why, what time the gas flow was stopped, what steps are being taken to bring the gas back into spec, and when gas will be back in spec and ready to flow. Furthermore, because of the proximity of the interconnection to FGT markets, it should be the responsibility of Ocean Express and Ocean Cay to take the risk of damage for out-of-spec gas. Therefore the Interconnection Agreement should specify that Ocean Express and Ocean Cay will indemnify FGT for any and all damage resulting from its out-of-spec gas. Finally, FGT will continue to have the right to monitor gas quality and to shut in the gas if it fails to meet specifications. FGT shall also have the right to require Ocean Express to install equipment necessary to ensure that gas meets all specifications and to require arrangements for FGT to monitor the outlet of any installed processing equipment via the Ocean Express RTU, which will be located at the Ocean Express meter station and which will poll the Ocean Cay RTU.

Gas Quality/Heat Content (Article III, section 2). Based on initial customer feedback, the heat content will be set at 1075 Btu. Based on preliminary research and discussions with customers this limit appears to work with the customers on the FGT systems. FGT notes, however, that FGT will not be obligated to this level in the event that a governmental body having jurisdiction requires a lower level.

Access to Measurement Data (Article III, section 4) Ocean Cay will be required to install and to maintain in good repair gas measurement equipment at the outlet of the LNG terminal in the Bahamas, for so long as Ocean Express is interconnected to FGT. In addition, Ocean Cay will be required to provide on a real-time basis data from such measurement equipment to Ocean Express. Ocean Express shall provide such data to FGT at the RTU at the Ocean Express meter station.

Hourly Flow Rate (Article III, section 5) Ocean Express will be obligated to provide an hourly flow rate of 6.0%. Pursuant to Section 6.B. of the General Terms and Conditions of the FGT FERC Gas Tariff, firm customers have the right to take up to 6.0% of daily contract quantity up to the MDTQ. Because, the interconnection between Ocean Express and FGT will be located among delivery points for major generation facilities, a 6% flow rate is operationally necessary. These facilities take at the rate of 6.0% on a regular basis. In order to maintain line pack and flow to FGT customers, this receipt point (just as any other receipt point in the market area) will be required to deliver gas at a flow rate of up to 6.0% of the daily scheduled quantity of gas.

Reimbursement (Article IV, section 1) The changes suggested by Ocean Express are OK.

Term (Article V) The changes suggested by Ocean Express are OK, except that FGT would prefer a twenty-year initial term

Assignment/Pledge of Interests (Article III) Language will be added to provide for assignment of all or a significant portion of either entity to an affiliate or another

company by purchase, merger, or consolidation should not require consent. In addition, any assignment must to an entity that is of investment grade.

Exhibit C. Eighty-five degrees is a requirement to prevent the fall out of liquids on the FGT system. This temperature is a minimum requirement.

Very truly yours,

Jack Boatman
Vice President, Marketing

ATTACHMENT 4

INTERCONNECTION, REIMBURSEMENT, CONSTRUCTION, OWNERSHIP AND OPERATION AGREEMENT

FLORIDA GAS TRANSMISSION COMPANY

AND

AES OCEAN EXPRESS LLC

DATED

_____, 2003

THIS INTERCONNECTION, REIMBURSEMENT, CONSTRUCTION, OWNERSHIP AND OPERATION AGREEMENT ("INTERCONNECTION AGREEMENT") made and entered into as of the ____ day of November, 2003, by and between FLORIDA GAS TRANSMISSION COMPANY ("FGT") and AES OCEAN EXPRESS LLC ("OCEAN EXPRESS") (the "Parties" hereto, each is a "Party");

OCEAN EXPRESS will construct an approximately 52 mile pipeline connecting at the Exclusive Economic Zone ("EEZ") with a pipeline originating at the Ocean Cay, Bahamas LNG terminal and terminating in Broward County, Florida. OCEAN EXPRESS has requested an interconnection with FGT. This INTERCONNECTION AGREEMENT identifies the facilities necessary for an interconnection between the Parties and sets forth the terms and conditions of the design, construction, installation, ownership, reimbursement, maintenance and operation of such facilities, which shall include a meter and regulating station, electronic flow measurement ("EFM"), Supervisory Control and Data Acquisition ("SCADA") system, mainline chromatographs and 24" connecting lateral located at or near FGT's M.P. 2.2 on the Lauderdale Lateral in Broward County, Florida. In addition, pursuant to a separate agreement to be entered between Ocean Express and AES Ocean LNG, Ltd. ("Ocean LNG"), EFM, SCADA, a gas chromatograph and associated gas quality equipment, including sulfur analyzers, will be constructed and located at the OCEAN CAY LNG terminal inlet to the take-away pipeline facilities in the Bahamas. The Parties' respective facilities and responsibilities are further defined in Exhibits A and B.

ARTICLE I
DESIGN, OWNERSHIP AND CONSTRUCTION OF FACILITIES

1. OCEAN EXPRESS shall design, construct, own, operate, and maintain a meter station, including the meter station site, fencing, connection piping, filter separator, liquids storage tank, flow meters, EFM, SCADA instrumentation, chromatograph, gas fired heater, all weather access road and any other ancillary equipment. OCEAN EXPRESS also shall design, construct, own, and maintain flow control and pressure regulation equipment and over-pressure protection monitors ("OPP"). FGT shall operate OCEAN EXPRESS's flow control and pressure regulation equipment and the OPP. All of the equipment described in this Section 1 of Article I shall be referenced hereinafter as the "Meter Station".

2. The Meter Station shall be designed and constructed for an hourly flow capability of up to 1,350,000 MMBtu/d. OCEAN EXPRESS will design the upstream facilities so that its operations will not exceed FGT's prevailing MAOP which is currently 975 psig, but which may change from time to time. In the event that FGT lowers the MAOP, OCEAN EXPRESS will make the appropriate adjustments at the Meter Station so that the delivery pressure into the FGT line at the time of the change to the lower pressure is no greater than the changed MAOP. OCEAN EXPRESS, or OCEAN EXPRESS's designee, shall obtain any necessary right-of-way, clearances, easements (in accordance with the provisions of Article II, below), permits, licenses, authorizations and certificates required or necessary for the construction and operation of the Meter Station. FGT will assist OCEAN EXPRESS in obtaining these authorizations and, if necessary, shall join in any request for operations authorization with respect to the flow control, pressure regulation and OPP equipment, which FGT will operate.

3. FGT shall design, construct, own, operate and maintain a 24-inch tee, valves, 24-inch connection piping, relief valves, SCADA and five (5) pipeline system chromatographs and appurtenant facilities. Collectively these facilities in this Section 3 of Article I will be the "Reimbursement Facilities".

4. FGT shall take the appropriate actions to obtain all environmental permits, licenses, or authorizations necessary for the construction and operation of the Reimbursement Facilities. Pursuant to the terms of Section 5 of Article II, below, OCEAN EXPRESS shall obtain the right-of-way for all of the Reimbursement Facilities, except for the five (5) chromatographs.

5. Due to the limitations of FGT's pipeline capacity, the unpredictability of future market loads and the multiple combinations of delivery paths, FGT makes no representations or warranties with regard to available pipeline capacities either upstream or downstream of the OCEAN EXPRESS Meter Station. FGT shall be under no obligation to modify or expand its system in any way. In addition, in no event will the size of the Meter Station specified in Section 2 of this Article I, require FGT to operate its system to take any quantity of gas, at any rate, from Ocean Express. Moreover, the sizing of the Meter Station shall not obligate FGT to take any action of any kind to enlarge or modify its system to take any additional quantity of gas.

ARTICLE II
CONSTRUCTION SCHEDULE AND RIGHT-OF-WAY

1. Upon receipt of all necessary approvals, waivers, and permits which are satisfactory to the Parties, and, in the case of the Reimbursement Facilities, upon issuance by OCEAN EXPRESS of the Notice to Proceed pursuant to Section 2 of Article IV, OCEAN EXPRESS and FGT shall make commercially reasonable efforts to commence the construction of the Meter Station and the Reimbursement Facilities, respectively, and, absent events of force majeure or events causing loss of economic justification for either Party, shall pursue such construction to completion.

2. OCEAN EXPRESS agrees to provide, at no cost to FGT, requested electric service, telecommunications service, if needed, and housing for FGT's SCADA instrumentation. FGT shall submit its requirements in a timely manner for instrumentation space, telecommunications service and power related to installation of its SCADA in OCEAN EXPRESS's EFM building.

3. Within sixty (60) days following the execution of this INTERCONNECTION AGREEMENT, each Party will submit to the other Party for review drawings, specifications and construction procedures for, in the case of OCEAN EXPRESS, the Meter Station, and, in the case of FGT, the Reimbursement Facilities. Within sixty (60) days following the date upon which Ocean Express notifies FGT that Ocean Express has obtained all necessary permits, authorizations and approvals, each Party shall submit to the other Party for review a projected construction schedule for, in the case of OCEAN EXPRESS, the Meter Station and, in the case of FGT, the Reimbursement Facilities (in each case, the "Construction Plans"). Within fourteen (14) days of receipt of the Construction Plans, each Party shall notify the other Party in writing of acceptance of or exceptions (if any) to the Construction Plans and the Parties shall cooperate in good faith to reasonably resolve the exceptions taken. Each Party shall design, and construct its equipment and facilities in accordance with the agreed-upon Construction Plans.

4. Each Party shall have the right to inspect, during and after construction, the equipment of the other Party, including any future modification to existing equipment or the addition of new equipment, and reject any facilities not meeting United States Department of Transportation Codes (Office of Pipeline Safety), the most current AGA standards, and FGT's Federal Energy Regulatory Commission ("FERC") Gas Tariff requirements. Any equipment that is rejected must be improved or replaced as soon as practical such that the resulting equipment meets all specifications. Each Party will notify the other Party ninety-six (96) hours in advance of beginning the construction of its facilities so that the notified Party can arrange for inspection by its personnel. Each Party agrees to provide the other Party as-built drawings of the facilities it constructs under this INTERCONNECTION AGREEMENT. OCEAN EXPRESS further agrees to reimburse FGT for the cost of an inspector at the rate of $410.00 per day during the construction of the Meter Station. FGT's inspector will perform his duties in a reasonable and prudent manner, consistent with generally accepted standards in the industry. In the event the inspector raises an issue, the Parties will use commercially reasonable efforts to work together to resolve the issue. The cost of FGT's inspector is separate and apart from the cost of the Reimbursement Facilities and shall be invoiced and paid separate and apart from the cost of the Reimbursement Facilities. FGT shall invoice OCEAN EXPRESS for inspection costs ten (10) days after completion of construction and OCEAN EXPRESS shall pay said invoice within ten (10) days from receipt.

5. OCEAN EXPRESS or its agent shall acquire an assignable perpetual easement acceptable to both Parties for the location of the Meter Station and the Reimbursement Facilities, excluding FGT's five (5) system chromatographs. OCEAN EXPRESS shall use commercially reasonable efforts to negotiate an easement agreement containing rights for OCEAN EXPRESS to grant FGT a partial assignment of easement giving FGT the rights to a specific portion of land for the location of the Reimbursement Facilities

located at the Meter Station site and with ingress and egress thereto which may be executed by OCEAN EXPRESS only upon review and approval, not to be unreasonably withheld, by FGT. OCEAN EXPRESS will deliver to FGT copies of the executed easements evidencing OCEAN EXPRESS's rights to the Meter Station site. OCEAN EXPRESS and FGT shall execute a partial assignment of easement giving FGT the rights to a specific portion of land for the location of the associated Reimbursement Facilities and giving FGT rights of ingress and egress thereto, substantially in the form of the Partial Assignment of Easement contained in Exhibit "C", within 15 days of execution of the easement. This partial assignment of easement shall include, at no cost to FGT, the right to occupy and use a location within the Meter Station site suitable for the construction, operation and maintenance of the associated Reimbursement Facilities for the term of this INTERCONNECTION AGREEMENT and the right to remove all FGT's equipment therefrom within a reasonable time after termination of this INTERCONNECTION AGREEMENT Promptly upon termination of the Partial Assignment of Easement, the Parties shall execute (and file with the appropriate governmental entities) all documents necessary to terminate such assignment of easement rights and provide public notice thereof

6. OCEAN EXPRESS will acquire a perpetual surface easement for an access way for a road (not less than twelve feet in width) extending from the nearest public road to the Meter Station, which will allow OCEAN EXPRESS and FGT, or FGT's designee (at no cost to FGT), adequate vehicular ingress and egress to the Meter Station site including to the Meter Station and Reimbursement Facilities. OCEAN EXPRESS will deliver to FGT copies of all title documents in form and substance satisfactory to FGT evidencing OCEAN EXPRESS's rights for a road to the Meter Station site. The easement shall be for as long as this INTERCONNECTION AGREEMENT is in effect.

7. Any change or modification to, removal of, or relocation of any portion of the Meter Station or the Reimbursement Facilities at any time after construction shall be only by mutual agreement of the Parties, which agreement shall not be unreasonably withheld.

ARTICLE III
OPERATIONS, GAS QUALITY AND MEASUREMENT

1. Gas Quality Specifications. All gas delivered into FGT's system shall conform to (i) the gas quality specifications and provisions set forth in FGT's FERC Gas Tariff, as such Tariff shall change from time to time; (ii) the additional quality specifications for LNG as set forth in Exhibit "D" (which include the requirement that all deliveries of gas will be at a minimum temperature of 80 degrees Fahrenheit and a maximum of 115 degrees Fahrenheit) and Exhibit "E" until such time as these or other LNG quality specifications are filed by FGT with the FERC and approved by the FERC in FGT's FERC Gas Tariff and as may be changed from time to time in the FGT Tariff; and (iii) (iii) the requirement to be free of any substance or condition that may impact the commercial requirements of FGT and FGT's customers. OCEAN EXPRESS shall support the FGT filing of the quality specification set forth in Exhibits "D" and "E," except that Ocean Express may

(i) protest any FGT temperature specification and (ii) advocate a maximum Btu level of 1085 Btu/scf.

2. Gas Quality Specification Monitoring. OCEAN EXPRESS shall obtain from Ocean LNG a commitment which shall be commensurate with the term of this agreement and which shall be acceptable to FGT, to install, to maintain in good working order, and to operate on a daily basis gas quality measurement equipment which shall provide real-time readings for all of the quality specifications listed in Exhibits "D" and "E", hereto. OCEAN EXPRESS shall further obtain from OCEAN LNG a commitment to provide signals from the gas quality equipment to OCEAN EXPRESS. In accordance with Section 4 of this Article III, below, OCEAN EXPRESS shall provide these real-time, gas quality measurement signals to FGT via a digital port connection through the OCEAN EXPRESS EFM unit located at the Meter Station to permit FGT to monitor gas quality specifications on a real-time basis. In the event that the LNG exceeds the gas quality specifications set forth in Exhibits "D" and "E" hereto, OCEAN EXPRESS will immediately give notice to FGT's Gas Control stating which specification(s) the LNG fails to meet and what steps will be taken to bring the gas back within the specifications set forth in Exhibits "D" and "E", and when the gas will meet the specifications. FGT, in its reasonable discretion, shall determine when the gas shall be shut in. In addition, FGT may also request that OCEAN EXPRESS to treat the gas and/or take other action, including the construction of facilities, which would cause the gas to meet FGT's quality specifications as set forth in paragraphs (i) and (ii) above.

3. Indemnification. OCEAN EXPRESS shall be responsible for and shall pay or reimburse FGT for any and all damage to any FGT facilities resulting from deliveries of LNG that do not meet the requirements of paragraphs (i), (ii) and (iii) of this Section 1 of Article III. OCEAN EXPRESS shall indemnify and hold harmless FGT from all liabilities, losses, claims, expenses, suits, actions, costs, and damages (and including attorneys' fees, expenses, and court costs) on any actions arising from suits by FGT's customers or any other parties which result from deliveries of gas which do not meet the requirements of Paragraphs (i) and (ii) of this Section 1 of Article III. OCEAN EXPRESS will maintain insurance in an amount necessary to ensure payment of any damages caused by LNG that does not meet specifications. It is the intention of the Parties that these indemnity obligations and/or liabilities and/or responsibilities of OCEAN EXPRESS under this Section 3 of Article III shall not be be without monetary limit and shall not limited by any amounts of insurance carried or required herein.

4. Quality Specification Study or Studies. In the event that the a study is required in the context of a Commission proceeding regarding LNG gas quality issues, FGT shall undertake to conduct such study or studies and OCEAN EXPRESS shall reimburse FGT for the cost of such study or studies within 15 days of receipt of an invoice from FGT. Further, if that meeting with FGT's customers is necessary in the context of a Commission proceeding regarding LNG gas-quality issues, FGT shall undertake to hold such meeting and OCEAN EXPRESS shall reimburse FGT for the costs of such meetings within 15 days of receipt of an invoice.

5. OCEAN EXPRESS or its agent shall test its metering facilities monthly for accuracy and shall give sufficient notice so that FGT may witness such testing. Testing and

measurement shall be consistent with the terms and requirements set forth in FGT's FERC Gas Tariff. The cost of such testing will be borne by OCEAN EXPRESS. OCEAN EXPRESS shall perform custody transfer measurement. In the event the flow volumes fall below the minimum or exceed the maximum measurement design or control capability of the Meter Station, FGT retains the right to require OCEAN EXPRESS, at OCEAN EXPRESS's expense, to install the necessary equipment (or to require OCEAN EXPRESS to reimburse FGT for installing the necessary equipment) to perform more accurate control and/or custody transfer measurement.

6. Each Party shall have access to the other Party's EFM/SCADA for the purpose of acquiring data via either analog, digital signal or the latest technology, via an interface specified by the other Party, for pressure, temperature, differential pressure, raw flow, measurements, calculated volume in Mcf and MMBtu; as well as for the most recently calculated Btu, specific gravity, H20, hydrogen sulfide, total sulfur, oxygen, carbon dioxide and nitrogen content measurements of the flowing gas stream. OCEAN EXPRESS will grant FGT: (i) a direct access port to OCEAN EXPRESS's ultrasonic meter and gas quality equipment located at the Meter Station, and (ii) access via the direct access port to gas quality measurement data collected at the Meter Station as well as to the data made available to OCEAN EXPRESS from the OCEAN CAY pipeline receiving regasified LNG from the LNG facility located in the Bahamas Islands. Each Party shall only have access to such electronic measurement data in a format established by the other Party, which will not interfere with the operation of the EFM/SCADA. Each Party recognizes that the data acquired from any electronic equipment is "raw" data, because of correction or interruption due to maintenance repair or other activities by either Party or due to events of force majeure and is subject to further refinement or correction. Each Party shall use reasonably commercial efforts to notify the other Party of any equipment malfunction or failure and shall schedule any necessary repairs as soon as practical in accordance with procedures specified in FGT's FERC Gas Tariff. Each Party shall notify the other Party of the schedule of such repairs such that the other Party may send a representative to witness the repairs.

7. Remote operation of the flow and pressure control regulation shall be performed by FGT's Gas Control via FGT's RTU equipment. FGT shall be responsible for establishing and maintaining the flow set point at the Meter Station. FGT will take gas from the Interconnection at a rate which best facilitates the operation of its system. However, FGT shall limit the hourly flow rate at the location to six percent (6%) of the daily scheduled quantities if OCEAN EXPRESS provides reasonable notice to FGT that in the reasonable determination of OCEAN EXPRESS, operational conditions on its system necessitate limiting the hourly flow rate at the Meter Station to six percent (6%) of the daily scheduled gas quantities.

8. FGT shall operate the OPP monitors and shall inspect and test them on an annual basis to establish that such devices are properly operated in accordance with DOT regulations (Title 49 CFR Part 192).

9. Prior to placing the Meter Station and Reimbursement Facilities in service, the Parties will enter into an operational balancing agreement ("OBA").

10. OCEAN EXPRESS acknowledges that, in order to make deliveries of natural gas into FGT's system at the Reimbursement Facilities, the outlet operating pressure in OCEAN EXPRESS's system at that point will need to exceed FGT's prevailing line pressure at the point as such pressure exists from time to time, but OCEAN EXPRESS's system pressure at that point shall not exceed FGT's MAOP. Neither this Agreement nor the operations of OCEAN EXPRESS's system shall obligate FGT to operate its system at any particular pressure. Nothing in this Agreement shall obligate FGT to compress OCEAN EXPRESS's deliveries of natural gas and FGT, in its sole discretion, shall determine when FGT's compressors will be utilized.

11. OCEAN EXPRESS will odorize and monitor the gas upstream of the Meter Station to ensure FGT's currently odorized system is in compliance with the US DOT Pipeline Safety Regulations Part 192.625 for all gas received from Ocean Express. Odorization will be at no cost to FGT.

ARTICLE IV
REIMBURSEMENT

1. Pursuant to the Level B Cost Estimate Letter Agreement, dated February 6, 2003, (i) FGT has prepared and delivered to OCEAN EXPRESS a project scope and estimated cost ("Estimated Cost") for the Reimbursement Facilities including, but not limited to, the cost of permits, materials, installation, surveying, inspection, x-ray, environmental studies, regulatory filings, attorney's fees and other expenses or overhead that may be required, and (ii) OCEAN EXPRESS has paid FGT for making the estimate (but not for the cost of the Reimbursement Facilities). One hundred and twenty days prior to construction, FGT will prepare and deliver to OCEAN EXPRESS an updated project scope and estimated cost, which will reflect modification of or changes in the pricing of materials, corporate overheads, taxes, labor or other contingencies ("Updated Estimated Cost"). The Parties will mutually agree to the reimbursement by OCEAN EXPRESS to FGT of the Updated Estimated Cost by confirmation in a letter amendment to this Agreement. Subject to the provisions of this Section 1 of Article IV, OCEAN EXPRESS shall reimburse FGT for all costs and expenses incurred directly and indirectly relating to the construction of the Reimbursement Facilities including, but not limited to, the cost of permits, materials, fees and other expenses or overhead that may be required ("Actual Cost"). Notwithstanding the Estimated Cost and the Updated Estimated Cost, OCEAN EXPRESS agrees to pay the Actual Cost provided such cost is not in excess of 125% of the Updated Estimated Cost, and subject to OCEAN EXPRESS's right to audit the Actual Costs. In the event FGT determines costs will exceed 125% of the Updated Estimated Cost, FGT will promptly notify OCEAN EXPRESS and the Parties will mutually agree on an adjusted cost estimate ("Maximum Amount") prior to proceeding. In the event an unforeseen impediment to construction exists, any additional costs incurred as a result shall not be included in the Maximum Amount and shall be paid in full separate and apart from the Maximum Amount; provided, however, that FGT shall notify OCEAN EXPRESS of its estimate of such additional costs as soon as practicable. In the event of an unforeseen impediment to construction and an additional cost above the Maximum Amount, OCEAN EXPRESS shall pay FGT the additional cost within 30 days of receipt of an invoice. In the event either Party terminates this INTERCONNECTION

AGREEMENT pursuant to the provisions of Article V prior to completion, OCEAN EXPRESS shall pay FGT Actual Costs incurred to that point. If FGT has not billed OCEAN EXPRESS at that time, FGT shall send OCEAN EXPRESS an invoice and OCEAN EXPRESS shall pay within 30 days. If FGT has already billed OCEAN EXPRESS and OCEAN EXPRESS has paid FGT, FGT shall refund OCEAN EXPRESS any amount in excess of actual costs incurred. FGT shall provide OCEAN EXPRESS with an accounting and shall pay any difference within 30 days.

2. OCEAN EXPRESS will provide to FGT no less than thirty (30) days notice of the date when it requires FGT to proceed with construction ("Notice to Proceed") of the Reimbursement Facilities. Prior to the date upon which construction is scheduled to commence, FGT shall invoice OCEAN EXPRESS for the Estimated Cost. After completion of construction, FGT shall determine the Actual Cost for the construction of the Reimbursement Facilities. FGT shall refund OCEAN EXPRESS the difference between the Actual Cost and the Estimated Cost if the Actual Cost is less that the Estimated Cost or invoice OCEAN EXPRESS for additional amounts if the Actual Cost is greater than the Estimated Cost. FGT shall refund OCEAN EXPRESS within thirty (30) days of determining an overpayment for the Reimbursement Facilities. OCEAN EXPRESS shall pay FGT within thirty (30) days of receipt of any invoice from FGT indicating an underpayment for the Reimbursement Facilities. Unless otherwise mutually agreed, OCEAN EXPRESS shall submit such payments by wire transfer to:

J. P. Morgan Chase, New York
Account # [redacted] REDACTED
ABA # [redacted]

3. FGT agrees to report amounts reimbursed by OCEAN EXPRESS to FGT under this INTERCONNECTION AGREEMENT as a nontaxable contribution to capital under Section 118(a) of the Internal Revenue Code of 1986, as amended ("the Code"), as OCEAN EXPRESS is not a customer or potential customer of FGT. In the event FGT is required to pay income taxes to the Internal Revenue Service because the amounts reimbursed by OCEAN EXPRESS to FGT under this INTERCONNECTION AGREEMENT qualify as a taxable contribution in aid of construction under Section 118(b) of the Code, OCEAN EXPRESS agrees to indemnify and hold harmless FGT for the actual amount of income taxes associated with the reimbursement amount reimbursed by OCEAN EXPRESS to FGT pursuant to this INTERCONNECTION AGREEMENT up to a total gross-up amount currently calculated to be equal to 34.93%.

4. OCEAN EXPRESS will reimburse FGT for all sales and use tax associated with the construction of the Reimbursement Facilities.

5. For purposes of this INTERCONNECTION AGREEMENT, construction of the Meter Station and the Reimbursement Facilities shall be deemed complete when all reports are submitted and all work orders are closed. Adequate documentation in the form of invoices, work orders and receipts for all costs associated with the Reimbursement Facilities shall be available to OCEAN EXPRESS for inspection at FGT's office in Houston, Texas, upon reasonable prior notice during business hours; provided, however,

that if OCEAN EXPRESS does not submit a written claim for adjustment or correction within one (1) year following the date of completion, work orders, receipts and payments shall be deemed final and conclusively correct for all purposes hereof.

ARTICLE V
TERM

This INTERCONNECTION AGREEMENT shall be effective as of the date first above written and shall remain in force and effect for an initial term of thirty (30) years from the in service date of the interconnection and year-to-year thereafter, until either Party provides the other Party with twelve (12) months prior written notice of its intent to terminate this INTERCONNECTION AGREEMENT, provided however, that either Party may terminate this Interconnection Agreement upon six (6) months prior written notice to the other if such other Party has materially breached its obligations hereunder, and such failure has continued uncured for a period of sixty (60) days after such other Party receives notice of such breach from the first Party; and provided further that this Interconnection Agreement shall not be terminated if the other Party has commenced action to cure such breach and continues with reasonable diligence to effect such cure. In addition, either Party may terminate the Agreement upon six (6) months prior notice to the other if final FERC approval of the OCEAN EXPRESS Pipeline in Docket No. CP02-90 is not issued by [July 1, 2004] or if final FERC approval is not satisfactory to the Party.

ARTICLE VI
FORCE MAJEURE

1. If either party fails to perform any obligations under this Interconnection Agreement due to an event of Force Majeure, as defined below, such failure shall be deemed not to be a breach of such obligations and the Party asserting Force Majeure shall not be liable in damages or otherwise as a result of an event of Force Majeure. The Party that fails to perform any obligations under this Interconnection Agreement where such failure is caused by an event of Force Majeure shall promptly remedy the cause of the Force Majeure insofar as it is commercially reasonable to do so.

2. Notwithstanding the above provisions, no event of Force Majeure shall:

   (a) relieve a Party from any obligation or obligations pursuant to this Interconnection Agreement unless such Party gives notice with reasonable promptness of such event to the other Party;

   (b) relieve a Party from any obligation or obligations pursuant to this Interconnection Agreement after the expiration of a reasonable period of time within which, by the use of its due diligence, such Party could have remedied or overcome the consequences of such event of Force Majeure; or

   (c) relieve a Party from its obligation or obligations to make payments of amounts as provided hereunder, subject to any applicable credit.

3. The term "Force Majeure", as used herein, shall mean acts of God, strikes, lockouts, or other industrial disturbances; acts of public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms (including but not limited to, hurricanes or hurricane warnings), crevasses, floods, washouts, arrests and restraints of the government, either Federal or State, civil or military, or civil disturbances. Force Majeure shall also mean shutdowns due to power outages and/or for purposes of necessary repairs, relocation, or construction of facilities; failure of electronic data capability; breakage or accident to machinery; the necessity of testing facilities (as required by governmental authority or deemed necessary by either Party for the safe operation thereof); failure of surface equipment or pipelines; accidents, breakdowns, inability to obtain necessary materials, supplies or permits, or labor to perform or comply with any obligation or condition of service, rights-of-way; and any other causes, whether of the kind herein enumerated or otherwise which are not reasonably in the asserting Party's control. It is understood and agreed that the settlement of strikes or lockouts or controversies with landowners involving rights-of-way shall be entirely within the asserting Party's discretion and that the above requirement that any Force Majeure shall be remedied with reasonably commercial efforts shall not require the settlement of strikes or lockouts or controversies with landowners involving rights-of-way by acceding to the demand of the opposing party when such course is inadvisable in the discretion of the asserting Party.

ARTICLE VII
LIABILITIES

1.

1. TO THE FULLEST EXTENT PERMITTED BY LAW, EACH PARTY SHALL PROTECT, INDEMNIFY, DEFEND AND HOLD HARMLESS THE OTHER PARTY, ITS AFFILIATE AND SUBSIDIARY COMPANIES, AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, AND REPRESENTATIVES, FROM AND AGAINST ALL CLAIMS, DEMANDS, LOSSES, EXPENSES, COSTS (INCLUDING BUT NOT LIMITED TO ATTORNEY'S FEES, EXPENSES AND COURT COSTS), DAMAGES (INCLUDING BUT NOT LIMITED TO ENVIRONMENTAL OBLIGATIONS AND LIABILITIES), AND CAUSES OF ACTION OF EVERY KIND AND CHARACTER ASSERTED BY ANY PERSON (INCLUDING BUT NOT LIMITED TO EMPLOYEES, AGENTS, OR CONTRACTORS OF OCEAN EXPRESS AND FGT) THAT ARISE OUT OF OR ARE RELATED TO ANY WORK UNDERTAKEN BY SUCH PARTY PURSUANT TO THIS AGREEMENT RELATED TO FACILITIES CONSTRUCTED HEREUNDER OR THAT INTERCONNECT WITH EITHER THE METER STATION OR FGT'S FACILITIES, TO THE EXTENT SUCH CLAIMS, DEMANDS, LOSSES, EXPENSES, COSTS, DAMAGES AND CAUSES OF ACTION ARE CAUSED BY OR ARISE OUT OF THE CONTRIBUTION BY, NEGLIGENCE OR WILLFUL MISCONDUCT OF A PARTY, ITS CONTRACTORS OR SUBCONTRACTORS, OR THE RESPECTIVE EMPLOYEES OR AGENTS OF ANY OF THEM, AND RESULT IN PERSONAL INJURY, DEATH, PROPERTY LOSS, DAMAGE OR OTHER LIABILITY.

2. NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR CONSEQUENTIAL, SPECIAL, INDIRECT, INCIDENTAL, EXEMPLARY OR PUNITIVE DAMAGES (INCLUDING LOST PROFITS, LOSS OF PRODUCTION OR OTHER DAMAGES ATTRIBUTABLE TO BUSINESS INTERRUPTION) ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT UNLESS SUCH DAMAGES ARE THOSE OF THIRD PARTIES RELATED TO THE ACTIONS OR WORK OF OCEAN EXPRESS OR ITS CONTRACTORS OR FGT OR ITS CONTRACTORS WITH RESPECT TO, IN THE CASE OF OCEAN EXPRESS, THE CONSTRUCTION OF THE METER STATION OR THE CONNECTION WITH FGT'S FACILITIES, AND, IN THE CASE OF FGT, THE CONSTRUCTION OF THE REIMBURSEMENT FACILITIES, FOR WHICH, IN EACH CASE, THE INDEMNITY WILL BE DETERMINED IN ACCORDANCE WITH THE TERMS OF SECTION 1 OF THIS ARTICLE VII. ANY DAMAGES RESULTING FROM A BREACH OF THIS AGREEMENT BY EITHER PARTY SHALL BE LIMITED TO ACTUAL DAMAGES INCURRED BY THE PARTY CLAIMING DAMAGES.

3. Each Party represents to the other Party that, as of the date of this Interconnection Agreement, it has advised the other Party of any and all threatened, pending or settled court or agency litigation, regulatory or administrative proceedings, environmental, health or safety concerns related directly to the obligations of the representing Party hereunder to construct the described facilities and to grant easements.

4. Each Party is required to maintain insurance or a self-insurance program to the extent and in the manner normal for companies of like size, type, and financial condition. Each Party shall use its commercially reasonable efforts to require all of its contractors and subcontractors performing any work on its facilities to carry and maintain in force and effect insurance of the type and in the amounts that each party normally requires of its contractors and subcontractors performing work on similar facilities.

5. Except as otherwise expressly limited herein, it is the intention of the Parties that all indemnity obligations and/or contributions and/or liabilities and/or responsibilities assumed by the Parties hereunder be without monetary limit and shall not be limited by any amounts of insurance carried or required herein, and be without regard to the cause or causes thereof, including preexisting conditions or any other type of strict liability.

ARTICLE VIII
NOTICES

Any notice, request, statement, invoice, payment or other communication required or permitted to be given under this Agreement, or any other notice which OCEAN EXPRESS or FGT may desire to give to the other, shall be in writing and delivered by hand, or mailed by certified or registered mail, return receipt requested, or delivered by overnight courier, or sent by facsimile, provided that such notice is address as follows:

For contracting matters, invoicing, volume statements, etc.:

IF TO FGT:

Florida Gas Transmission Company
Attention: Market Services
P. O. Box 1188
Houston, Texas 77251-1188

For emergency communications (the following is available 24 hours a day):

IF TO FGT:

Florida Gas Transmission Company
Attn: Gas Control
1400 Smith Street
Houston, Texas 77002
713-853-5555
713-646-2584 (fax)

IF TO OCEAN EXPRESS:

Ocean Express LLC
Two Alhambra Plaza
Suite 1104
Coral Gables, FL 33134
305-445-0615 (fax)

Attn: Don Bartlett

ARTICLE IX
MISCELLANEOUS

1. OCEAN EXPRESS and FGT join herein solely to establish the relationship between the Parties regarding the Meter Station and Reimbursement Facilities, the operating parameters of the interconnection and the quality specifications of the gas deliveries through the interconnection. OCEAN EXPRESS and FGT make no representation, warranty or guarantee, express or implied, by this INTERCONNECTION AGREEMENT that they will receive or deliver natural gas at the proposed Meter Station. This INTERCONNECTION AGREEMENT is not an agreement to transport natural gas

2. A waiver by either OCEAN EXPRESS or FGT of any default by the other in the performance of this INTERCONNECTION AGREEMENT shall not operate or be construed as a waiver of any future default whether of a like or different character

3. Each Party will comply with all Federal, State and local environmental laws and regulation in the construction, ownership, operation, maintenance, replacement and

removal of its respective facilities; and upon request of a Party, the other Party shall provide copies of all required permits applicable to the design, construction, ownership and operation of it respective facilities.

4. THIS INTERCONNECTION AGREEMENT SHALL BE INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS EXCLUDING ANY CONFLICT OF LAW RULES THAT MAY REQUIRE THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION. ANY SUIT BROUGHT WITH RESPECT TO OR RELATING TO THIS INTERCONNECTION AGREEMENT SHALL BE BROUGHT IN THE COURTS OF HARRIS COUNTY, TEXAS OR THE SOUTHERN DISTRICT OF TEXAS, HOUSTON DIVISION.

5. This INTERCONNECTION AGREEMENT shall be binding on and inure to the benefit of each Party's respective successors and assigns. This INTERCONNECTION AGREEMENT may not be assigned by either Party without the express written approval of the other Party, which approval shall not be unreasonably withheld, provided, however, that this restriction on assignment shall not in any way prevent either party from pledging its rights hereunder as security for its indebtedness and each party expressly agrees to provide a consent to assignment as may be required by non-recourse lenders.

6. A description of the Meter Station, Reimbursement Facilities and FGT Facilities is more specifically described in Exhibit "A" attached. The responsibilities of the Parties are more specifically described in Exhibit "B" attached.

7. This INTERCONNECTION AGREEMENT, the Exhibits hereto, the OBA referenced in Article III, Section 7(as it may be changed from time to time) and the assignments of easements contain the entire agreement between the Parties with respect to the interconnection between the facilities of both Parties and there are no representations, understandings or agreements, oral or written, between the Parties, which are not included herein.

IN WITNESS WHEREOF, the parties hereto have caused this INTERCONNECTION AGREEMENT to be executed as of the date and year set forth in the first Paragraph herein.

Agreed to and Accepted this ____day
Of _____, 2003.
FLORIDA GAS TRANSMISSION COMPANY

By:_____
Title: _____

Agreed to and Accepted this _____day
Of _____, 2003.
AES OCEAN EXPRESS LLC

By: _____
Title:_____

EXHIBIT "A"
To the Interconnection, Reimbursement, Construction, Ownership and Operation Agreement
Between
FLORIDA GAS TRANSMISSION COMPANY
AND
AES OCEAN EXPRESS LLC
_____, 2003

Florida Gas Transmission Company – Reimbursement Facilities:

One 24-inch tee and valve.
Twenty-four (24) inch connection piping between FGT's Ft. Lauderdale Lateral and the Meter Station.
SCADA
Five (5) mainline chromatographs
Relief valves

AES OCEAN EXPRESS, LLC – Meter Station

The meter station site
Fencing
Connection piping
Filter separator
Liquid storage tank Flow meters
Electronic flow measurement
SCADA instrumentation
Chromatograph
Gas fired heater Access road,
Regulating/monitoring station.
Over pressure protection monitors.
Cabinet for SCADA and electronic flow measurement for FGT and OCEAN EXPRESS.

EXHIBIT "B"

RESPONSIBILITY MATRIX

F- "FGT"
O – "OCEAN EXPRESS"

Description	Design, Procure, ROW/Easements, Materials, Permits (as applicable)	Construct/ Install	Own	Operate	Maintain
"Meter Station" including the meter, the meter station site, fencing, connection piping, filter separator, liquid storage tank, , electronic flow measurement ("EFM"), SCADA instrumentation, chromatograph, gas fired heater, cabinet, all weather access road and any other ancillary equipment	O	O	O	O	O
Upstream Odorization Equipment	O	O	O	O	O
OPP Monitors	O	O	O	F	O
Regulation – Flow Control	O	O	O	F	O
Regulation and monitors – Pressure Control	O	O	O	F	O
	F	F	F		
"Reimbursement Facilities" including a 24-inch tee, valves, connection piping, relief valves, EFM/SCADA and appurtenant facilities.	F	F	F	F	F

PEF 000402
Docket No. 041414-EI

"Reimbursement Facilities" cont. including (5) Pipeline system chromatographs to be located on FGT's pipeline system.	F	F	F	F	F

EXHIBIT "C"

to the INTERCONNECTION, REIMBURSEMENT, CONSTRUCTION, OWNERSHIP AND OPERATION AGREEMENT
between

FLORIDA GAS TRANSMISSION COMPANY

and

AES OCEAN EXPRESS LLC

Dated _____

FORM OF PARTIAL ASSIGNMENT OF EASEMENT

STATE OF FLORIDA
COUNTY OF BROWARD

Meter Station: _____
Tract No: _____

PARTIAL ASSIGNMENT OF EASEMENT

KNOW ALL MEN BY THESE PRESENTS:

That AES OCEAN EXPRESS LLC, whose address is Two Alhambra Plaza, Suite 1104, Coral Gables, Florida 33134, herein called the "Assignor," for and in consideration of the sum of ten dollars ($10.00) and other good and valuable consideration paid by the Assignee, the receipt of which is hereby acknowledged, does hereby partially sell, assign, and convey unto Florida Gas Transmission Company, a Delaware corporation, whose mailing address is: 601 South Lake Destiny Drive, Suite 450, Maitland, Florida 32794-5100, herein called the "Assignee," a sufficient undivided interest in and to that certain Pipeline Easement Agreement **[Agreements]** which was **[were]** executed on _____, and recorded on _____, in Official Records Book ____ at Page ____ in the Public Records of Broward County, Florida (the "Easement"), to enable

PEF 000404
Docket No. 041414-EI

Assignee to install, own, operate, maintain and utilize certain facilities as more particularly described below, which will be located in a portion of the same easement area with Assignor's facilities, and to utilized an access road extending from the said facilities to the nearest public road. The Assigned Property is shown in Attachment "A" attached hereto and is hereby made a part hereof.

This Partial Assignment is made subject to any and all valid encumbrances filed of record, and all reservations, laws, and ordinances of any governmental authority.

This Partial Assignment is subject to the following terms and conditions and is binding on Assignor, Assignee, and their respective successors and assigns. All covenants set forth in this Partial Assignment shall run with the land.

1. Assignee is given the right (i) to install, own, operate, maintain SCADA equipment and utilize an Assignor's electronic flow measurement ("EFM") cabinet including all electrical equipment to be installed therein; (ii) operate flow control and pressure regulation equipment, overpressure protection equipment ("OPP") and all other related facilities and equipment, and (iii) to install, own, operate, maintain and utilize approximately ___ feet of 24-inch connecting piping between the Meter Station outlet and a tie-in with Assignee's 24-inch Ft. Lauderdale Lateral, all hereinafter referred to as "Relevant Facilities." Any additional facilities, other than those required for the interconnection, to be installed by Assignee must be consented to by Assignor in writing, which consent may be withheld in Assignor's sole discretion.

2. Assignee is given the right to utilize Assignor's access road extending from SW 42nd Street to the entrances of the Meter Station site and to FGT's 24-inch connecting pipe and tee and valves.

3. Any pipeline constructed on the Assigned Property by Assignee shall be buried to a depth of at least thirty-six (36) inches below the surface of the ground, provided Assignee shall have the right to install above-ground valve handles, pipeline markers, relief valves, cathodic test leads and other applicable Relevant Facilities typically located above ground or below ground but within thirty-six (36) inches of the surface.

4. This Agreement contains all of the terms, conditions and stipulations between Assignor and Assignee with respect to granting the Partial Assignment, and the same shall inure to the benefit of and be binding upon Assignor and Assignee and their respective successors and assigns; provided, however, Assignee may not assign its rights or interests hereunder except in connection with, and to the same Party to which it makes, an assignment of its rights under the Interconnection Agreement.

PEF 000405
Docket No. 041414-EI

5. This Partial Assignment of Easement is granted in connection with that certain Interconnection, Reimbursement, Construction, Ownership and Operation Agreement dated as of _____ by Assignor and Assignee (as heretofore and hereafter amended, the Interconnection Agreement). Upon the expiration or termination of the Interconnection Agreement, this Partial Assignment of Easement, and all rights of Assignee to use the Assigned Property, shall automatically terminate after a reasonable opportunity for the Assignee to remove Assignee's facilities and all interests and estates of Assignee hereunder shall revert to Assignor; provided, however, that such termination will not relieve Assignee of its obligations and liabilities under or in connection with this Partial Assignment of Easement with respect to any matter arising or occurring prior to such termination. In the event of termination, the Parties will execute a termination agreement in a recordable form.

6. Assignee agrees to comply with all terms and conditions of the Easement, which Assignee has read and approved.

7. Assignor warrants that it has a valid easement interest, allowing above ground facilities, in the Assigned Property.

8. Assignee shall pay all costs incurred in connection with the recording of this Partial Assignment of Easement.

IN WITNESS WHEREOF, this instrument is executed by the Parties hereto as of the _____ day of _____, 2003, said Parties signing in the presence of the witnesses whose names appear opposite their respective signatures.

ATTEST:

ASSIGNEE

Florida Gas Transmission Company

_____
Printed Name

Name: _____

Title: _____

_____
Printed Name

WITNESSES:

ASSIGNOR

PEF 000406
Docket No. 041144-EI

AES OCEAN EXPRESS LLC

By: _____ By: _____
Printed Name

By: _____
Printed Name

PEF 000407
Docket No. 041414-EI

EXHIBIT "D"

Constituent		Units		Acceptable Limiting Specs
Combustible Components				
Methane		Mol %	Min	86.000%
Ethane		Mol %	Max	15.000%
Propane		Mol %	Max	2.500%
Isobutane		Mol %	Max	A total of 1.00%
Normal Butane		Mol %	Max	
Pentane		Mol %	Max	
All Hexanes and greater				A total of .15%
Impurities – FGT Tariff				
Total Inerts – Nitrogen/C02		Mol %	Max	1.00%
Oxygen		Mol%	Max	0.25%
Water		lb/1000mcf	Max	7
Total Sulfur		Grains/100 cf	Max	10
Hydrogen Sulfide		Grains/100 cf	Max	0.25
Interchangeability Factors				
Heat content		Btu/scf (HHV) dry	Min	1025
Heat content[1]		Btu/scf (HHV dry)	Max	1075
** Modified Wobbe Index * Min/Max (GE)			Range	1340 - 54
** Modified Wobbe Index * Variance (GE)			Range	0 - 5.0%
*** Gas Index * (SW)			Range	0 - 4.0%
**** Delivered Gas Temperaturet		degrees F	Min	80°
			Max	115

* Calculated using Lower Heating Value (LHV), dry

** Modified Wobbe Index calculations based on General Electric Power Systems GE1 41040G Dated January, 2002.

*** Gas Index calculations based on Seimens Westinghouse Power Corporation Document No. 21T0306 Rev. 11 Dated October 10, 2002.

**** OCEAN EXPRESS shall deliver gas to FGT at a sufficiently high temperature such that the gas, after going through all necessary pressure drops, will be a minimum temperature of 50 degrees Fahrenheit ("F") of superheat above hydrocarbon dew point when delivered into Florida Power and Light's ("FPL") Fort Lauderdale and/or Port Everglades generation facilities.

[1]Subject to outcome of study as provided for in Article III, Section 2.

PEF 000408
Docket No. 041414-EI

Exhibit "E"

HEATING VALUE

The heating value of natural gas is the amount of energy that is released by the complete combustion of a unit quantity of gas. The heating value is dependent on gas composition.

For natural gas, the heating value could be expressed as the higher (gross) heating value (HHV) or the lower (net) heating value (LHV). The HHV represents the total energy released when the water component of the products of combustion is condensed. Thus the heat of condensation of the water is included in the total measured heat.

$$HHV = \Delta H\,(Combustion) + \Delta H\,(Condensation)$$

The LHV represents the energy released when the water component of the combustion process remains in the gaseous state. It does not include the heat of condensation of the water vapor to liquid.

$$LHH = \Delta H\,(Combustion)$$

Thus, the heating value is dependent on the phase of water/steam in the combustion products. If the H_20 is in liquid form, the heating value is called HHV (higher Heating Value). When the H_20 is in vapor form, heating value is called LHV (Lower Heating Value).

Additionally, the heating value can be evaluated on a dry basis or wet (or saturated) basis.

Heating Value based on dry gas assumes no H_20 present, while heating value based on wet (or saturated) gas assumes the presence of H_20.

Both the HHV and LHV represented on Exhibit "D" and "E" are on a dry basis.

The Gas Index (GI)(Modified Wobbe Index) for the Siemens Westinghouse Power Corporation (Document No. 21T0306, Rev. 11, Dated October 10, 2002)
is listed below.

$$GI = \frac{\text{LHV vol}}{\sqrt{SG^*}}$$

LHV vol = Lower Heating Value In Btu/Scf

$$SG^* = \frac{\text{Fuel Gas Density At Temperature Of The Nozzle Inlet}}{\text{Density Of Air At Standard Conditions (59° F At 1 Atmosphere)}}$$

The Modified Wobbe Index for the General Electric Power Systems Gas Turbines (Document No. GEI 41040G, Dated January 2002)
is listed below.

$$\text{Modified Wobbe Index} = \frac{LHV}{\sqrt{SGgas} * Tgas}$$

LHV = Lower Heating Value In BTU/Scf

SGgas = Specific Gravity Of The Gas Fuel Relative To Air

Tgas = Absolute Temperature Of Gas Fuel (° Rankine)

ATTACHMENT 5

November 21, 2003

Mr. Ed Cahill
Vice President
AES Ocean Express LLC
Two Alhambra Plaza
Suite 1104
Coral Gables, FL 33134

Re: Interconnection, Reimbursement, Construction, Ownership and Operation Agreement Between Florida Gas Transmission Company and AES Ocean Express LLS ("Interconnection Agreement")

Dear Mr. Cahill:

In response to your letter sent by e-mail on November 14, 2003, Florida Gas Transmission Company ("FGT") provides its comments to the changes made by AES Ocean Express LLC ("Ocean Express") with regard to FGT's October 8, 2003 draft of the above-referenced proposed Interconnection Agreement.

In addition, FGT encloses with this letter a draft of Interconnection Agreement. All of the changes made in redline in your November 14, 2003 draft have been accepted and FGT's changes to the Ocean Express November 14, 2003 draft have been made in redline. Please note that FGT has accepted a number of the changes proposed by Ocean Express. Every effort has been made to accept as many of your proposed changes as possible. Also, please note that in many instances what appears as a change (provided in redline for convenience) is actually a reversion to prior language. These instances are due, in large part, to operational requirement of the system.

This letter and the attached proposed Interconnection Agreement are provided to Ocean Express for purposes of discussion only and do not constitute a letter of intent, an offer or a binding obligation upon FGT.

First of all, FGT has a few comments with regard to your statement that FGT is making unreasonable demands and your implication that FGT is delaying negotiations by interjecting new issues. As FGT has indicated throughout our negotiations of the issues involved with introducing a source of Liquefied Natural Gas ("LNG") into FGT's market area, FGT is very concerned with the health and safety of the customers of FGT (and Ocean Express or any other upstream supplier) and the safe and reliable operation of the equipment of those customers. During the course of our negotiations, FGT's engineers have been able to work with the FGT customers, the manufacturers of equipment used by FGT's customers, and the developers of industry standards to determine the quality specifications necessary for the safety of the customers and the safe and reliable

PEF 000412
Docket No. 041464-EI

operation of the customers' equipment. FGT has committed substantial resources to resolving issues raised by your proposal and believes that it has proceeded expeditiously to arrive at some initial standards, all of which inure to the benefit of Ocean Express and the Ocean Express project. In an effort to cooperate with Ocean Express and to proceed on as many fronts as possible, FGT has been agreeable to generating a draft of an interconnection agreement which addresses all of the issues with the understanding that some of the issues (especially quality specifications) would be evolving. FGT believes that it has accomplished this goal. Given the fact that Ocean Express will not complete construction of facilities until three years after final approval (which has not yet been issued), FGT believes that it has proceeded with speed beyond what is actually required. FGT assures Ocean Express that it will continue to work with Ocean Express within the parameters of evolving and developing standards to negotiate an interconnection agreement that addresses these quality specification issues. FGT also assures Ocean Express that it will not be rushed into any arrangement that will be harmful to the customers of FGT (and any upstream supplier) just for the sake of closure.

Second, with regard to quality specifications, as FGT has discussed with Ocean Express on numerous occasions, LNG raises unique issues. FGT has been the party placed in the position of investing time and effort into resolving these issues. FGT has done so in order to protect the customers and the eventual end users of the gas. In addition, FGT's efforts have inured to the benefit of the LNG project. These quality specifications are based upon the best analysis on the FGT system to date. In the event there are further developments, FGT is agreeable to discussing any such developments with Ocean Express, FGT's customers and any other party involved and to taking any appropriate action thereafter.

Third, as a general matter, FGT is very concerned with the safe and reliable operation of its pipeline system conducted in a manner designed to meet customer requirements and FGT's obligations. In this regard, there are some provisions, which are required for system operations, which have been included from the very beginning and have been included in this draft.

In addition, with regard to the changes made in the attached redline markup, which require some additional explanation, FGT provides the following.

Article I, Section1: Gas Fired Heater. FGT has reinstated the requirement to have a gas-fired heater. This facility is necessary in order to prevent liquid fall out both at the delivery point at the FPL Ft. Lauderdale plant and in the FGT mainline. At both points the gas temperature of the gas supply from Ocean Express will lower the temperature of the FGT mainline gas stream below the dew point and will cause hydrocarbon liquids to fall out. These liquids will damage the combustion turbine units used by FPL at the Ft. Lauderdale plant and similar units downstream on the FGT mainline, as well as other equipment used by other end users. As explained on a number of occasions, Ocean Express has not correctly determined either the temperature level of the gas arriving on shore or the drop in pressure of the LNG. FGT's calculations show that the LNG will arrive on shore at a temperature of no higher than 50° F. (These calculations are in

agreement with the calculations of the sponsors of other projects to bring LNG into Florida.) Assuming only a 400 pound pressure drop (as estimated by Ocean Express), the temperature of 50° F reduced by 7° for each 100 pounds of the 400 pound pressure drop (i.e., 28° F) gives a delivered temperature of 22° F. After receipt into the FGT system delivery is made to FPL, where the pressure drops an additional amount to allow delivery into the combustion turbine unit at 425 psia. This pressure drop is between 300 and 500 pounds, depending, in part, on the pressure of the gas delivered by Ocean Express. This pressure drop lowers the temperature an additional 21° F to 28° F, decreasing the temperature into the combustion turbine unit of 1° F to -6° F. This temperature is far below the FGT dew point and will cause fall out. FGT believes that Ocean Express will actually operate at much higher pressures, resulting in a pressure drop of up to 1000 pounds. At this pressure drop, the resulting temperature drops an additional 42 °F (1000 – 400 = 600 pound increase in pressure drop ÷ 100 pound units x 7° F drop per 100 pound pressure drop = 42° F pressure drop) resulting in a delivered temperature of between -41° F and 48° F, well below the FGT dew point. This, of course, is not an acceptable result. (In addition, at these low temperatures, both the coating of the FGT pipeline and the turbine equipment at the Ft. Lauderdale plant are subject to damage.) Therefore, a gas-fired heater is required. FGT has required a temperature of 85° F in order to keep the temperature of the delivered gas above the dew point. However, as an accommodation to Ocean Express, FGT would be willing to lower this temperature to approximately match the year-round, average temperature levels at which the FGT system operates. After further examination, FGT believes that the system could operate safely if Ocean Express delivered gas to FGT at approximately the system average temperature. Therefore, FGT is agreeable to lowering the temperature to 80° F. At any lesser temperature, FGT believes that pressure drops downstream of the receipt of the LNG have the chance of reducing the temperature to the point of causing liquid fallout.

You have expressed concern that seeking authorization from FERC to add this unit would result in a delay of the project. Note that FGT does not believe that obtaining authorization from the Federal Energy Regulatory Commission ("Commission" or "FERC") should be a problem. FGT suggests that Ocean Express should consider adding the gas-fired heater as an "auxiliary installation" pursuant to 18 CFR §2.55(a) of the Commission's Regulations. Under subsection (2)(ii) of that provision, Ocean Express is required only to give written notice 30 days prior to installation.

Article III, Section 1. Quality Specifications. FGT has reinserted the temperature requirements (except the maximum has been lowered from 85° F to 80° F) because, as discussed above, FGT regards this as critical for the safe delivery of gas to the end users. In addition, FGT has added back a portion of Section (iii) with some changes in the language to more clearly reflect the FGT concern. The portion which FGT has added back, with modification, is necessary in order to address the concern that LNG from some of the various, world-wide sources may have substances and/or conditions which are harmful to FGT and its customers and which are not included in the quality specifications listed in Exhibit D. FGT's initial research indicates that there are some sources that have the potential for containing substances not included in the list of specifications. In fact, there is potential that neither Ocean Express nor FGT are aware at this point in time of all

of the harmful substances or conditions. Therefore, it is appropriate and necessary to include such a provision.

Article III, Section 3. Indemnification. FGT has removed the new language of Ocean Express that would require FGT indemnification of Ocean Express in the event of actions taken to deal with a quality issue. It is the responsibility of Ocean Express to control the quality of the LNG being introduced into the FGT system. Moreover, it is the responsibility of Ocean Express, and any other party delivering LNG, to provide assurances that LNG will cause no problems. However, because there are questions as to the quality of the LNG to be delivered, FGT must be free to take whatever actions it deems necessary for the protection of the FGT pipeline system and its and FGT will not indemnify Ocean Express for those actions.

Article IV, Section 4. Quality Specification Study or Studies. Ocean Express is the most appropriate party to undertake the study suggested by Ocean Express in its changes to this provision. Therefore, it is not necessary to address such a study in the interconnection agreement and the language has been removed. However, FGT has added back language that require Ocean Express pay for any study which FGT must conduct in the context of a proceeding at FERC involving gas quality specifications related to LNG. Further, FGT has reinstated language that in the event that FGT finds it is necessary to meet with all of its customers in the context of a proceeding regarding LNG quality specifications, Ocean Express will reimburse FGT for those costs. In both of these instances, where the expenditures are a direct result of the Ocean Express project, it is appropriate that the costs be borne by the Ocean Express project. FGT has already spent considerable time and money analyzing the quality specification issues and meeting with customers on an individual basis to determine what is required by the customers. It is only fair that the Ocean Express project pick up the costs in the event expenditures for a study or a customer meeting is required in the context of a FERC proceeding.

FGT does note that in the event Ocean Express does undertake to conduct a study, FGT would be willing to discuss the results of such study with Ocean Express and the FGT customers and take appropriate action based on the outcome of any such discussions.

Article III, Section 7. A flow level of six percent (6%) is necessary for all of the operational reasons we have discussed on a number of occasions. The prior language has been reinstated.

Article VII. Liabilities. All of your changes have been accepted. Please note that the change in FGT's last draft was due to the fact that the standard indemnification language for agreements of this sort had just been changed to that form submitted to you.

Finally, FGT notes that Ocean Express has indicated that it has changed the location of the meter station site. This new location will require that FGT redesign the twenty four-inch connection piping. This new location also will require additional connection piping. In addition, it is possible that the route of the pipe may go through a highly sensitive

environmental area. All of these elements will cause the reimbursable costs to increase and may require a new cost estimate. Please provide drawings indicating the exact location of the new site in order that FGT may determine the exact extent of the changes required.

Very truly yours,

Jack Boatman
Vice President, Marketing

ATTACHMENT 6

ARTICLE III
OPERATIONS, GAS QUALITY AND MEASUREMENT

1. Gas Quality Specifications.

a. Gas delivered at the interconnection point established by the Interconnection Agreement shall conform to the following standards until the effective date of a FGT tariff filing that establishes gas quality standards applicable to gas delivered at this interconnection. FGT shall file tariff standards consistent with the standards set forth below. Thereafter, the gas quality standards shall be the standards in the tariff, as changed from time to time. Until the effective date of a tariff filing establishing gas quality standards for gas delivered at this interconnection, natural gas delivered at this interconnection:

(i) Shall meet the commercial requirements of FGT and FGT's customers, including but not limited to being free from any objectionable odors, solid mater, dust, gums, and gum forming constituents, or any other substance which might interfere with the merchantability of the gas stream, or cause interference with the proper operation of FGT's line, meters, regulators, or other appliances through which it may flow, or which might interfere with the proper operation of any downstream gas pipeline or distribution system; or which could endanger the safety of equipment or personnel, result in damages of any kind, or cause expenditures by FGT or any of its customers; and

(ii) Shall meet the quality specifications for LNG as set forth in Exhibit "D" (which include the requirement that all deliveries of gas will be at a minimum temperature of 80 degrees Fahrenheit and a maximum of 115 degrees Fahrenheit) and Exhibit "E"; and

(iii) Shall meet any other interchangeability standards, such as the Lifting Index Limit, the Yellow Tipping Index Limit, the Incomplete Combustion Index Limit, the Flashback Index and any other interchangeability index standard that FGT may in its reasonable discretion determine to be necessary and either give notice to OCEAN EXPRESS or include in the filing of gas quality specifications in the FGT FERC Gas Tariff.

(iv) Shall meet any other standard or requirement established by rule or order of the FERC.

b. OCEAN EXPRESS shall support the FGT initial filing of changes to its FERC Gas Tariff to implement the quality specifications set forth in Article III of this Interconnection Agreement.

c. In the event that (i) a study or studies are completed by a mutually-agreeable, third-party organization, (ii) the study specifically examines the FGT market area (defined as the area east of Transporter's Mile Post 238.6 located at the Alabama-Florida border, as may be changed from time to time to the extent changed in Section 1.t. of the General Terms and Conditions of the FGT Tariff), (iii) the study shows that one or more of the quality specifications set out in subsection a of Section 1 of Article III above should be changed, and (iv) no FGT customer objects prior to a tariff filing to implement a change to the standard, FGT will within a reasonable time make a tariff filing to implement such change. In the event a customer objects to the tariff filing, FGT has the right to withdraw the filing. Further, nothing in this Interconnection Agreement shall limit FGT from making whatever changes FGT deems necessary to the quality specifications applicable to regasified LNG received at this interconnection.

2. Gas Quality Specification Monitoring. OCEAN EXPRESS shall obtain from Ocean LNG a commitment which shall be commensurate with the term of this agreement and which shall be acceptable to FGT, to install, to maintain in good working order, and to operate on a daily basis gas quality measurement equipment which shall provide real-time readings for all of the quality specifications listed in Section 1.a. of this Article III. OCEAN EXPRESS shall further obtain from OCEAN LNG a commitment to provide signals from the gas quality equipment to OCEAN EXPRESS. In accordance with Section 4 of this Article III, below, OCEAN EXPRESS shall provide these real-time, gas quality measurement signals to FGT via a digital port connection through the OCEAN EXPRESS EFM unit located at the Meter Station to permit FGT to monitor gas quality specifications on a real-time basis. In the event that the LNG exceeds the gas quality standards set forth in Section 1.a. of this Article III, OCEAN EXPRESS will immediately give notice to FGT's Gas Control (which has operational staff present 24 hours a day, 365 days a year) by calling 713-853-5555 and stating which specification(s) the LNG fails to meet and what steps will be taken to bring the gas back within the standards set forth in Section 1.a. of this Article III", and when the gas will meet the specifications. FGT may refuse to accept the gas if it fails to conform to the specifications set forth in Section 1.a. of this Article III. FGT may take action on its own facilities to shut in gas that does not meet the quality specifications. In addition, FGT may give notice to OCEAN EXPRESS to take action on their facilities to shut in the gas. If FGT gives a shut-in notice to OCEAN EXPRESS, OCEAN EXPRESS shall take action immediately to shut in the gas supply. FGT may, however, in its reasonable discretion exercised on a not unduly discriminatory basis, may waive the quality standards specified in Section 1.a. of this Article III, provided that such waiver will not affect Transporter's ability to maintain acceptable gas quality and in its pipeline. In addition, FGT may also request that OCEAN EXPRESS to treat the gas and/or take other action, including the construction of facilities, which would cause the gas to meet FGT's quality specifications as set forth in paragraphs (i) and (ii) above.

3. Indemnification. OCEAN EXPRESS shall be responsible for and shall pay or reimburse FGT for any and all damage to any FGT facilities resulting from deliveries of LNG that do not meet the requirements of paragraphs (i), (ii) and (iii) of this Section 1 of Article III. OCEAN EXPRESS shall indemnify and hold harmless FGT from all liabilities, losses, claims, expenses, suits, actions, costs, and damages (and including attorneys' fees, expenses, and court costs) on any actions arising from suits by FGT's customers or any other parties which result from deliveries of gas which do not meet the requirements of Paragraphs (i) and (ii) of this Section 1 of Article III. OCEAN EXPRESS will maintain insurance in an amount necessary to ensure payment of any damages caused by LNG that does not meet specifications. It is the intention of the Parties that these indemnity obligations and/or liabilities and/or responsibilities of OCEAN EXPRESS under this Section 3 of Article III shall not be without monetary limit and shall not limited by any amounts of insurance carried or required herein.

4. Quality Specification Study or Studies and Meetings. In the event that FGT determines that a study is or studies are required regarding LNG gas quality issues in FGT's Market Area, FGT shall (i) consult with OCEAN EXPRESS, providing the cost (or estimated cost) and the scope of the study in question, and (ii) undertake to conduct the study in question using such third-party consultants and/or experts as may be necessary in the reasonably exercised opinion of FGT. In addition, in the event that FGT participates in a study or studies undertake by the FGT customers or a gas industry group, FGT will give OCEAN EXPRESS an estimated cost of the FGT participation in the study or studies. OCEAN EXPRESS shall reimburse FGT, within 15 days of receipt of an invoice from FGT, for its portion of the total cost of a study conducted by FGT and/or the FGT share of a customer study, in which FGT participates. The OCEAN EXPRESS portion shall be the ratable amount based upon the number of parties who, at the time of the FGT determination of a need for the study in question, have executed agreements to interconnect pipeline facilities in order to flow gas, which has been generated from regasified LNG, into the FGT Market Area; provided, however, OCEAN EXPRESS shall be liable to reimburse FGT only for such expenses which are reasonable. Further, in the event that FGT determines that it is necessary to have a meeting or meetings with FGT's customers regarding LNG gas-quality issues, FGT shall undertake to hold such meeting or meetings. In addition, FGT may participate in meetings and conducted in conjunction with customer studies and/or industry studies, and/or public hearings and/or conferences held by regulatory bodies. OCEAN EXPRESS shall reimburse FGT for the OCEAN EXPRESS portion of all of the costs of FGT's costs in holding and/or attending these meetings within 15 days of receipt of an invoice. The OCEAN EXPRESS portion shall be the ratable amount based upon the number of parties who, at the time of the FGT determination of a need for the customer meeting or meetings in question, have executed agreements to interconnect pipeline facilities in order to flow gas, which has been generated from regasified LNG, into the FGT Market Area; provided, however, OCEAN EXPRESS shall be liable to reimburse FGT only for such expenses which are reasonable.

5. OCEAN EXPRESS or its agent shall test its metering facilities monthly for accuracy and shall give sufficient notice so that FGT may witness such testing. Testing and measurement shall be consistent with the terms and requirements set forth in FGT's FERC Gas Tariff. The cost of such testing will be borne by OCEAN EXPRESS. OCEAN EXPRESS shall perform custody transfer measurement. In the event the flow volumes fall below the minimum or exceed the maximum measurement design or control capability of the Meter Station, FGT retains the right to require OCEAN EXPRESS, at OCEAN EXPRESS's expense, to install the necessary equipment (or to require OCEAN EXPRESS to reimburse FGT for installing the necessary equipment) to perform more accurate control and/or custody transfer measurement.

6. Each Party shall have access to the other Party's EFM/SCADA for the purpose of acquiring data via either analog, digital signal or the latest technology, via an interface specified by the other Party, for pressure, temperature, differential pressure, raw flow, measurements, calculated volume in Mcf and MMBtu; as well as for the most recently calculated Btu, specific gravity, H20, hydrogen sulfide, total sulfur, oxygen, carbon dioxide and nitrogen content measurements of the flowing gas stream. OCEAN EXPRESS will grant FGT: (i) a direct access port to OCEAN EXPRESS's ultrasonic meter and gas quality equipment located at the Meter Station, and (ii) access via the direct access port to gas quality measurement data collected at the Meter Station as well as to the data made available to OCEAN EXPRESS from the OCEAN CAY pipeline receiving regasified LNG from the LNG facility located in the Bahamas Islands. Each Party shall only have access to such electronic measurement data in a format established by the other Party, which will not interfere with the operation of the EFM/SCADA. Each Party recognizes that the data acquired from any electronic equipment is "raw" data, because of correction or interruption due to maintenance repair or other activities by either Party or due to events of force majeure and is subject to further refinement or correction. Each Party shall use reasonably commercial efforts to notify the other Party of any equipment malfunction or failure and shall schedule any necessary repairs as soon as practical in accordance with procedures specified in FGT's FERC Gas Tariff. Each Party shall notify the other Party of the schedule of such repairs such that the other Party may send a representative to witness the repairs.

7. Remote operation of the flow and pressure control regulation shall be performed by FGT's Gas Control via FGT's RTU equipment. FGT shall be responsible for establishing and maintaining the flow set point at the Meter Station. FGT will take gas from the Interconnection at a rate which best facilitates the operation of its system. However, FGT shall limit the hourly flow rate at the location to six percent (6%) of the daily scheduled quantities if OCEAN EXPRESS provides reasonable notice to FGT that in the reasonable determination of OCEAN EXPRESS, operational conditions on its system necessitate limiting the hourly flow rate at the Meter Station to six percent (6%) of the daily scheduled gas quantities.

8. FGT shall operate the OPP monitors and shall inspect and test them on an annual basis to establish that such devices are properly operated in accordance with DOT regulations (Title 49 CFR Part 192).

9. Prior to placing the Meter Station and Reimbursement Facilities in service, the Parties will enter into an operational balancing agreement ("OBA").

10. OCEAN EXPRESS acknowledges that, in order to make deliveries of natural gas into FGT's system at the Reimbursement Facilities, the outlet operating pressure in OCEAN EXPRESS's system at that point will need to exceed FGT's prevailing line pressure at the point as such pressure exists from time to time, but OCEAN EXPRESS's system pressure at that point shall not exceed FGT's MAOP. Neither this Agreement nor the operations of OCEAN EXPRESS's system shall obligate FGT to operate its system at any particular pressure. Nothing in this Agreement shall obligate FGT to compress OCEAN EXPRESS's deliveries of natural gas and FGT, in its sole discretion, shall determine when FGT's compressors will be utilized.

11. OCEAN EXPRESS will odorize and monitor the gas upstream of the Meter Station to ensure FGT's currently odorized system is in compliance with the US DOT Pipeline Safety Regulations Part 192.625 for all gas received from Ocean Express. Odorization will be at no cost to FGT.

ATTACHMENT 7

March __, 2004

Mr. Ed Cahill
Vice President
AES Ocean Express LLC
Two Alhambra Plaza
Suite 1104
Coral Gables, FL 33134

Re: Interconnection, Reimbursement, Construction, Ownership and Operation Agreement Between Florida Gas Transmission Company and AES Ocean Express LLS ("Interconnection Agreement")

Dear Mr. Cahill:

In response to your letter of February 18, 2004, Florida Gas Transmission Company ("FGT") provides its comments to the changes made by AES Ocean Express LLC ("Ocean Express") with regard to FGT's February 9, 2004 draft of Article III of the above-referenced, proposed Interconnection Agreement.

1. With respect to Section 1 of Article III, there seems to be a continuing misunderstanding of the relationship between the Interconnection Agreement and the FGT FERC Gas Tariff. Therefore, FGT proposes some changes to clarify this relationship. These changes should make it clear that the provisions of the contract govern until such time as FGT makes a tariff filing to establish quality standards for regasified LNG. At the time FGT makes a tariff filing, the tariff standards will be incorporated and will govern. This procedure provides two important features. First, the same standards for regasified LNG will apply to both to the Interconnecting Agreement and to the transportation customers. Second, the use of the tariff will allow for future flexibility to make changes depending on future developments. Without this flexibility, an agreement would not be possible at this time. Because these changes are structural, it does not appear to be practical to utilize the redline system used in the past. In this regard, please accept our apologies.

2. Also, with respect to Section 1 of Article III, changes were made to reflect the recent events that indicate that the Federal Energy Regulatory Commission ("Commission") or some industry-wide body may establish interchangeability standards that apply to regasified LNG that enters domestic pipeline systems. There have been a number of important recent events. As you are probably aware, the Commission held a public conference on February 18, 2004 in *Natural Gas Interchangeability*, Docket No. PL04-3-000. FGT attended this conference and observed that the consensus of parties and the Commission Staff at the end of the conference was that further study would be necessary to determine all of the standards that should be applicable to regasified LNG that enters the domestic gas stream. To that end, the Natural Gas Counsel ("NGC") held a meeting on March 2, 2004 to discuss procedures for the NGC to establish standards. The NGC plans to establish work groups to address various issues, including gas

interchangeability, and to make an initial report to the Commission at some time in the future. In addition, on February 20, 2004 the Commission issued a notice that written comments addressing quality standards for regasified LNG are to be filed with the Commission in Docket No. PL04-3 on March 22, 2004. The question of the standards applicable to regasified LNG has also been raised at the North American Energy Standards Board ("NAESB"). Because of these events, FGT believes that two changes to Section 1 of Article III are necessary to accommodate the possibility that at sometime in the future the Commission or some other body could set additional standards applicable to regasified LNG. First, because numerous parties have mentioned the necessity of including the various interchangeability indices, a provision has been added to provide that FGT can incorporate limits under these various indices (or other similar interchangeability indices) by giving notice to Ocean Express or, once the standards have been incorporated into the FGT tariff, by making a tariff filing. Because these standards are included in the Dominion Cover Point LNG, LP FERC Gas Tariff, FGT believes that it is highly likely that these (and perhaps other) standards may be necessary. Because these additional quality specifications may require additional measurement equipment, Section 2 has been changed to provide reference to the quality standards set out in Section 1.a. of Article III, rather than the quality standards set out in Exhibits "D" and "E". Second, because the Commission, either alone or in conjunction with either NGC and/or NAESB, may promulgate standards applicable to regasified LNG, it is necessary to include a provision that adopts those standards.

3. Another point became clear to FGT as a result of attending the public conference on gas interchangeability. Potentially, an industry-wide study will be done by INGAA or some other group that may be applicable to FGT as well as other pipelines. In addition, there may be some other unforeseen developments that require that FGT take action to implement different quality specifications. FGT understands that this uncertainty may not be optimal for Ocean Express. Nevertheless, the uncertainty exists and must be accommodated. Therefore, FGT has added language to Subsection c of Section 1 of Article III to make it clear that FGT is free to make any tariff changes as it deems necessary.

4. Ocean Express continues to express concern with the requirements that the regasified LNG be "merchantable" and that it meet the "commercial requirements" of FGT and FGT's customers. With respect to the merchantability requirement, FGT notes that this is a standard provision of the FGT tariff and many other pipeline tariffs. This language is a reflection of the commercial realities of the natural gas business. The language establishes a general standard that the gas must be merchantable in order to be used. That is true of domestic gas as well as of regasified LNG. Therefore, wording similar to the existing FGT gas quality specifications is incorporated into the contract with the idea that the wording will subsequently be incorporated into the tariff as a part of the gas quality specifications with respect to regasified LNG. With regard to the additional requirement that the regasified LNG must meet the "commercial requirements" of FGT and FGT's customers, FGT notes that this standard is necessary because of the specific requirements of individual customers. Regasified LNG must meet these

particular requirements. Unless the regasified LNG meets the needs of the customers, it simply cannot be used.

5. Ocean Express again raised the issue of the minimum temperature level necessary at the interconnection point. As explained several times in previous transmittal letters and in conversations, this temperature level is required because of the close proximity of large turbine customer (as well as other customers). FGT has lowered the temperature to the lowest possible point. It is the intention of FGT to "bind" Ocean Express to this minimum temperature. This is simply an operational prerequisite.

6. FGT does not believe that it is necessary to spell out in the Interconnection Agreement that Ocean Express has the right to advocate a Btu level of 1085. At this point in time, this level has not been shown to be within an acceptable range. Consequently, FGT simply cannot agree to something that could be harmful to the customers. Rather, FGT proposed in earlier drafts that it would make an appropriate tariff filing to make changes in the standards in the event a study of the FGT Market Area supported such changes. In this regard, FGT has inserted language that specifically defines the FGT Market Area. In addition, FGT has broadened the specifications that can be changed from those in Exhibits "D" and "E" to all specifications listed in Subsection a of Section 1 of Article III.

7. FGT has modified the language in Section 4 of Article III to make Ocean Express responsible only for a pro rata portion of the costs of any studies done on quality specifications (as well as any related customer meeting). FGT believes that it is appropriate to split these costs among all sponsors of similar projects that have executed similar Interconnection Agreements. In addition, FGT has expanded the scope of studies from those directed by FGT to those directed by FGT's customers or industry groups, in which FGT may participate.

8. FGT appreciates the Ocean Express acceptance of the FGT need to monitor the gas quality. However, the suggested standard that FGT make "reasonable commercial efforts to accommodate gas not meeting specifications" is not workable. This is true because of the close proximity of the interconnection to the Florida Power and Light Company ("FPL") turbine generators and to other customers. Most of the time, because there is minimal opportunity for blending, there will be little or nothing that FGT can do to take gas that varies from the quality specifications. Consequently, FGT expects that in all but very limited cases, FGT will have to require strict conformity to the quality specifications. However, if there are circumstances where out-of-spec gas can be accommodated, FGT can give a waiver. This could be done after notice from Ocean Express, examination of the circumstances by FGT, and posting of the waiver on the FGT Internet Website, in accordance with the requirements of the FERC. Thus, in this circumstance the language that works best is the language that is in the current tariff, which is applicable to shippers. This language is a little different from the current language. Therefore, FGT has changed the current language to language similar to that in the tariff. You will note that the new language gives FGT e the ability to waive the quality standards in the event it is possible to take gas into the system. Therefore, if there

are circumstances where the quality specifications can be waived, there is now a mechanism which will allow for that.

9.. FGT does not know which of the "several other IA issues" referenced in paragraph 3 of the February 18, 2004 Ocean Express letter that Ocean Express believes is outstanding. With the addition of the changes incorporated in this draft, FGT is satisfied with the resolution of the issues. If there is anything further to discuss, please indicate the issue.

10. FGT has examined the February 10, 2004 memorandum from Mr. Andrew Johns to Mr. Aaron Samson. FGT finds that this memorandum makes several incorrect assumptions and misses the point with regard to the superheat requirement. First, Mr. Johns continues to assume that the temperature of the gas that arrives on shore will be approximately 60° F, or warmer. As FGT has explained several times to you in person and in letters (particularly the FGT letter of November 18, 2203), FGT believes that the temperature will be 50° F or less. Second, Mr. Johns continues to ignore the additional 300 to 500 psig pressure drop which will occur between the FGT system and the FPL turbine units. Third, Mr. Johns continues to ignore the fact that the pressure drop between Ocean Express and FGT will likely be much more than 400 psig. Fourth, the study incorrectly assumes that there will be complete gas mixing between the interconnection and the FPL turbine units (and other customers). This is not likely, given the dynamic quality of the gas stream. Fifth, Mr. Johns incorrectly assumes that the critical requirement is the superheat requirement of the turbine unit. This is not correct. The important fact that is that thermal cooling occurs at the interconnecting tee, at FPL's regulation station downstream of the FPL filter separators, and/or upstream at the FGT system null point. It is this cooling which will cause the fallout of liquids that will be detrimental to the downstream equipment. We have provided Ocean Express with a design Phase Diagram that demonstrates this result. As explained before, in order to avoid liquid fall out, a minimum temperature level of 80° F is necessary.

FGT certainly appreciates the efforts of Ocean Express in exploring the issues addressed in this Interconnection Agreement. FGT believes that the participation of Ocean Express has resulted in a more focused and a stronger agreement.

Very truly yours,

Jack Boatman

Caldwell, Rob

From: Murphy, Pam (CP&L)
Sent: Wednesday, September 01, 2004 12:09 PM
To: Caldwell, Rob; Boulmay, Ramon
Subject: FW: NEWS

fyi
-----Original Message-----
From: Trimble, John
Sent: Wednesday, September 01, 2004 11:58 AM
To: Murphy, Pam (CP&L)
Cc: Rhodes, Rick; Adams, Melanie
Subject: FW: NEWS

Courtesy of Tractebel....see news blurb from Miami Herald...

Link to Miami Herald: http://www.miami.com/mld/miamiherald/business/9547732.htm?1c

ENERGY

Repsol, AES pipeline allies

Repsol YPF, a Spanish oil firm, has arranged to take a half-interest in an **AES** natural gas pipeline that will run from the Bahamas to Florida, Bloomberg News reported a Bahamian minister as saying.

Leslie Miller, the trade and industry minister, said Repsol will ship liquefied natural gas from Trinidad and Tobago to the Bahamas, where it would be warmed up and shipped by pipeline to Florida. AES already has its state and federal approvals for the project, and is awaiting approval from the Bahamian government.

Robin Pence, a spokeswoman for the Virginia-based AES, told The Herald: ``At this time, we're still waiting for Bahamian government approval for our project, and it would be premature to announce any potential partners for the project.''

John Trimble

-----Original Message-----
From: Mason, Gregory [mailto:gmason@tractebelusa.com]
Sent: Wednesday, September 01, 2004 11:29 AM
To: Trimble, John
Subject: FW: NEWS

FYI
-----Original Message-----
From: Adamiak Rudy (Tractebel LNG NA)
Sent: Wednesday, September 01, 2004 9:30 AM
To: Ebeling, Jim; Clark, Bart; McGinnis, Dan; Fairley, David; Herring, Lafayette; Cavicchi, Paul; Mason, Gregory; Harper, Colin; Staible, Fred; Restrepo, Juan
Subject: NEWS

Rudy Adamiak
Vice President, LNG Supply and Marketing

Tractebel LNG North America LLC
1990 Post Oak Road, Suite 1900
Houston, TX 77056-4499

Phone: 713.636.1655
Office fax: 713.636.1247
Mobile: 832.289.9967
Personal fax: 617.381.8655
Home: 281.326.3187
e-Mail: RAdamiak@TLNGNA.com

CONFIDENTIALITY NOTICE:
This message is intended exclusively for the individual or entity to which it is addressed. This communication may contain information that is proprietary, privileged, or confidential or otherwise legally exempt from disclosure. If you are not the named addressee, you are not authorized to read, print, retain, copy, or disseminate this message or any part of it. If you have received this message in error, please notify the sender immediately by e-mail and delete all copies of this message.

--- Forwarded by Rudy Adamiak/Tractebeling on 09/01/2004 09:28 -----

Martha Coco/Tractebeling

09/01/2004 09:26

To Robert Naifling/Tractebeling@Tractebeling, Marc Silver/Tractebeling@Tractebeling, Jane Michalek/Tractebeling@Tractebeling, Rudy Adamiak/Tractebeling@Tractebeling, Joe Murphy/Tractebeling@Tractebeling, Frank Katulak/Tractebeling@Tractebeling, Rich Paglia/Tractebeling@Tractebeling, Joseph McKechnie/Tractebeling@Tractebeling, Mark Skordinski/Tractebeling@Tractebeling, Anthony Scaraggi/Tractebeling@Tractebeling, Julie Vitek/Tractebeling@Tractebeling, Richard Grant/Tractebeling@Tractebeling

cc Margaret Sanfilippo/Tractebeling@Tractebeling, Janice Forde/Tractebeling@Tractebeling

Subject

(Miami Herald Business Briefs) ENERGY

Repsol, AES pipeline allies

Repsol YPF, a Spanish oil firm, has arranged to take a half-interest in an AES natural gas pipeline that will run from the Bahamas to Florida, Bloomberg News reported a Bahamian minister as saying.

Leslie Miller, the trade and industry minister, said Repsol will ship liquefied natural gas from Trinidad and Tobago to the Bahamas, where it would be warmed up and shipped by pipeline to Florida. AES already has its state and federal approvals for the project, and is awaiting approval from the Bahamian government.

Robin Pence, a spokeswoman for the Virginia-based AES, told The Herald: ``At this time, we're still waiting for Bahamian government approval for our project, and it would be premature to announce any potential partners for the project.''

Opposition to LNG Projects (Mass and RI) Planning Events
http://www.zwire.com/site/news.cfm?newsid=12821692&BRD=1710&PAG=461&dept_id=99784&rfi=8

Quoddy LNG - Opposition Mailing List Stolen
http://www.bangornews.com/editorialnews/article.cfm?ID=432903

Sempra Indonesian Supply Deal
http://www.channelnewsasia.com/stories/afp_asiapacific_business/view/104301/1/.html

NE ISO location installed capacity - enahncement of original propsal to FERC
http://home.businesswire.com/portal/site/google/index.jsp?
ndmViewId=news_view&newsId=20040831005764&newsLang=en

Golar Results
http://biz.yahoo.com/prnews/040901/lnw004_1.html

++

Conn Regulators Rule Fri On Yankee Gas LNG Storage Tank

DOW JONES NEWSWIRES
August 31, 2004 12:31 p.m.

NEW YORK -- Connecticut regulators are slated to decide Friday whether to allow Yankee Gas Services Co. to build a $108 million liquefied natural gas storage tank in the city of Waterbury, said a spokeswoman for the regulators.

The Connecticut Department of Public Utility Control issued a draft decision last Friday saying the Northeast Utilities (NU) unit could build the 1.2 billion cubic foot facility and recover costs through customer rates.

"The Department concludes that there is a need for the capacity represented by the proposed **LNG** facility," the draft decision said. "While the facility may be more costly than a possible mix of alternatives, the certainty of reliability and operational benefits and greater cost and availability result in the **LNG** facility being a reasonable approach to satisfying that need."

However, the company would be required to "rigorously explore" all opportunities for reducing the cost of the facility, according to the proposed decision.

Yankee Gas, Connecticut's largest gas distributor, has said it plans to have the storage tank built in time for use during the winter of 2007/2008. Site preparation work is already under way.

Unlike some **LNG** facilities, this one doesn't need approval from the Federal Energy Regulatory Commission, said Yankee Gas spokeswoman Sandy St. Pierre on Tuesday.

"This did not need to go before FERC," St. Pierre said. "This project only requires DPUC review/approval; all local approvals were secured in 2002 and 2003."

Building the tank will allow Yankee Gas to buy more gas during the summer months, when prices are usually lower, and save it for use during times of peak demand, the company has said. Currently, it buys gas in summer and pays to store it in underground tanks in the U.S. and Canada.

Siting **LNG** facilities has proven difficult in some parts of heavily populated New England, which already has an

LNG import terminal in Everett, Mass.

In March, residents in Harpswell, Maine, voted down a proposed **LNG** project over concerns it was too close to residential areas, and would have harmed the region's fishing and lobster industry. Opposition is also strong to the Weaver's Cove facility proposed for Fall River, Mass. FERC said in a December report that New England has adequate natural gas infrastructure to meet demand through 2005, but will need new facilities to keep pace with consumption in future years.

A cold snap in New England last January pushed demand and gas prices to record levels and triggered warnings of possible rolling blackouts, since many plants in the region use natural gas-fired power plants.

-By Jessica Berthold, Dow Jones Newswires; 201-938-4424; jessica.berthold@dowjones.com

Murphy, Pam (CP&L)

From: [redacted]
Sent: Tuesday, January 04, 2005 5:24 PM
To: Murphy, Pam (CP&L)
Subject: RE: [redacted] LNG Customer Meeting
Flag Status: Flagged

Pam,

Thanks for your response. I hope things are going well. We are planning to have the meeting in Florida, most likely somewhere along the I-4 corridor. Let me know if this will work for you. Thanks again.

Best regards,

[redacted]

CONFIDENTIAL

From: Murphy, Pam (CP&L) [mailto:pam.murphy@pgnmail.com]
Sent: Tuesday, January 04, 2005 4:21 PM
To: [redacted]
Subject: RE: [redacted] LNG Customer Meeting

[redacted]

I think we are interesting in hearing what you have to say about the project. Where do you intend on having the meeting?
Thanks
Pam

-----Original Message-----
From: [redacted] [mailto:[redacted] **On Behalf Of** [redacted]
Sent: Tuesday, January 04, 2005 5:00 PM
Cc: [redacted]
Subject: [redacted] LNG Customer Meeting

I wanted to drop you a note and let you know that [redacted] is still moving forward relative to the LNG project in the [redacted] to serve the Florida market. To that end we are contemplating trying to set-up the customer meeting we had planned to have in the fall. Unfortunately for all, the hurricane season interrupted our plans. We were looking to try to do something the first week in February and I wanted to gauge everyone's interest. We believe it is time to move forward and wanted to share our thoughts with you and others and get your feedback about what steps need to be taken. Please let me know if this time period would work for you. I would anticipate sending information out next week. I hope things are going well and I hope you had a happy and safe Holiday Season. I am looking forward to hearing from you soon and hopefully meeting with you in February.
Best regards,

[redacted]

E-mail: cbottsd@repsolypf.com

AVISO LEGAL:
Esta informacion es privada y confidencial y esta dirigida unicamente a su destinatario. Si usted no es el destinatario original de este mensaje y por este medio pudo acceder a dicha informacion por favor elimine el mensaje. La distribucion o copia de este mensaje esta estrictamente prohibida. Esta comunicacion es solo para propositos de informacion y no debe ser considerada como propuesta, aceptacion ni como una declaracion de voluntad oficial de REPSOL YPF S.A. y/o subsidiarias y/o afiliadas. La transmision de e-mails no garantiza que el correo electronico sea seguro o libre de error. Por consiguiente, no manifestamos que esta informacion sea completa o precisa. Toda informacion esta sujeta a alterarse sin previo aviso.

This information is private and confidential and intended for the recipient only. If you are not the intended recipient of this message you are hereby notified that any review, disseminastribution or copying of this message is strictly prohibited. This communication is for information purposes only and shall not be regarded neither as a proposal, acceptance nor as a statement of will or official statement from REPSOL YPF S.A. and/or subsidiaries and/or affiliates. Email transmission cannot be guaranteed to be secure or error-free. Therefore, we do not represent that this information is complete or accurate and it should not be relied upon as such. All information is subject to change without notice.

AVISO LEGAL:
Esta informacion es privada y confidencial y esta dirigida unicamente a su destinatario. Si usted no es el destinatario original de este mensaje y por este medio pudo acceder a dicha informacion por favor elimine el mensaje. La distribucion o copia de este mensaje esta estrictamente prohibida. Esta comunicacion es solo para propositos de informacion y no debe ser considerada como propuesta, aceptacion ni como una declaracion de voluntad oficial de REPSOL YPF S.A. y/o subsidiarias y/o afiliadas. La transmision de e-mails no garantiza que el correo electronico sea seguro o libre de error. Por consiguiente, no manifestamos que esta informacion sea completa o precisa. Toda informacion esta sujeta a alterarse sin previo aviso.

This information is private and confidential and intended for the recipient only. If you are not the intended recipient of this message you are hereby notified that any review, disseminastribution or copying of this message is strictly prohibited. This communication is for information purposes only and shall not be regarded neither as a proposal, acceptance nor as a statement of will or official statement from REPSOL YPF S.A. and/or subsidiaries and/or affiliates. Email transmission cannot be guaranteed to be secure or error-free. Therefore, we do not represent that this information is complete or accurate and it should not be relied upon as such. All information is subject to change without notice.

POD #13 & 14

Murphy, Pam (CPL)

From: [redacted]
Sent: Wednesday, April 07, 2004 10:13 AM
To: Pam.Murphy@pgnmail.com; Rhodes, Rick
Subject: FW: Copy of Complaint and Exhibits



SFX17E9.pdf (4 MB)

Pam/Rick
Attached please find the complaint Ocean Express filed at FERC on Monday concerning the interconnection with FGT.

Ed

-----Original Message-----
From: [redacted] [mailto:[redacted]
Sent: Monday, April 05, 2004 5:38 PM
To: [redacted] Aaron Samson
Subject: Copy of Complaint and Exhibits

Ed,

Attached is a copy of the complaint and the accompanying exhibits that we
filed today. Please let me know if you have any difficulty opening it.

Thanks,

[redacted]

CONFIDENTIAL

<<SFX17E9.pdf>>

This email has been scanned for all viruses by the MessageLabs service.

This communication is for use by the intended recipient and contains information that may be privileged, confidential or copyrighted under law. If you are not the intended recipient, you are hereby formally notified that any use, copying or distribution of this e-Mail, in whole or in part, is strictly prohibited. Please notify the sender by return e-Mail and delete this e-Mail from your system. Unless explicitly and conspicuously stated in the subject matter of the above e-Mail, this e-Mail does not constitute a contract offer, a contract amendment, or an acceptance of a contract offer. This e-Mail does not constitute consent to the use of sender's contact information for direct marketing purposes or for transfers of data to third parties.

This email has been scanned for all viruses by the MessageLabs service.

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

AES Ocean Express LLC	)	
	)	
Complainant	)	
	)	
v.	)	**Docket No. RP04-___-000**
	)	
Florida Gas Transmission Company	)	
	)	
Respondent	)	
	)	

COMPLAINT OF AES OCEAN EXPRESS LLC
AND REQUEST FOR FAST TRACK PROCESSING

Pursuant to Sections 5 and 7 of the Natural Gas Act ("NGA"), 15 U.S.C. §§717d and 717f, and Rule 206 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission ("Commission"), AES Ocean Express LLC ("Ocean Express") hereby files this Complaint against Florida Gas Transmission Company ("FGT") for its refusal to agree to an interconnection of the pipeline facilities of Ocean Express with those of FGT in Broward County, Florida.

The interconnection sought by Ocean Express will permit the delivery of substantial incremental natural gas supply to the Florida market through the introduction of regasified liquefied natural gas ("LNG") transported from the Ocean Cay, Bahamas LNG terminal. *See AES Ocean Express LLC*, Order Issuing Presidential Permit and NGA Sections 3 and 7 Authorizations, 106 F.E.R.C. (CCH) ¶ 61,090 (2004). Ocean Express has endeavored for almost two years to finalize an interconnection agreement with FGT. While agreement has largely been reached regarding the nature of the necessary facilities and the cost responsibility for their installation, FGT has insisted on additional burdensome conditions that are not justified

by FGT's FERC Gas Tariff or pipeline operating considerations. FGT's additional requirements for an interconnection impose unwarranted risks and unnecessary costs on Ocean Express and, together, have the effect of denying an interconnection in contravention of the Commission's policy regarding pipeline interconnections. The Commission should therefore order FGT to interconnect with Ocean Express in accordance with the terms and conditions set forth herein.

In support of the Complaint, Ocean Express respectfully submits the following:

I.
FAST-TRACK PROCESSING

Ocean Express states, as required by Rule 206(b)(11), that it is seeking use of the Commission's Fast Track processing in this proceeding for the following reason. Under the terms of Ocean Express's Certificate Order, Ocean Express has until January 29, 2007 to complete the construction of its pipeline. *See AES Ocean Express LLC*, 106 F.E.R.C. (CCH) at Ordering ¶ (E)(1). Without an interconnection agreement in place between Ocean Express and FGT, however, Ocean Express cannot begin to make the preparations necessary to begin construction and meet that deadline. As set forth in this complaint, FGT has insisted on a series of patently unfair provisions that are contrary to the Commission's policies and have prevented Ocean Express and FGT from reaching mutually agreeable interconnection terms. Prompt action is required to prevent the financial harm that Ocean Express will endure if its unable to complete the construction of its pipeline as set forth in its Certificate Order. Therefore, Ocean Express requests that the Commission process this complaint pursuant to its Fast Track procedures.

II.
CORRESPONDENCE AND COMMUNICATION

The names, addresses, and telephone numbers of the persons upon whom service is to be made and to whom communications are to be addressed in this proceeding are:

Randolph Q. McManus
G. Mark Cook
D. Kirk Morgan II
Baker Botts L.L.P.
The Warner
1299 Pennsylvania Avenue, NW
Washington, DC 20004
(202) 639-7700
(202) 639-7890 (fax)
rmcmanus@bakerbotts.com
mark.cook@bakerbotts.com
kirk.morgan@bakerbotts.com

Edward Cahill*
Vice President
AES Ocean Express LLC
Two Alhambra Plaza
Suite 1104
Coral Gables, FL 33134

III.
BACKGROUND INFORMATION

AES Ocean Express LLC is a Delaware corporation that is developing and will construct, own and operate a new 24-inch diameter, approximately 52.4-mile interstate natural gas pipeline extending from a receipt point on the Exclusive Economic Zone boundary between the United States and the Bahamas to delivery points in Broward County, Florida, together with certain ancillary facilities. Its principal place of business is located at Two Alhambra Plaza, Suite 1104, Coral Gables, FL 33134.

Ocean Express's pipeline will transport up to 842,000 Dth/day to southeastern Florida to help satisfy growing demand for natural gas, diversify the sources of supply to the state, and increase competitive alternatives to the existing pipeline infrastructure for the benefit of customers. *AES Ocean Express, LLC*, 103 F.E.R.C. (CCH) ¶ 61,030 at P 21 (2003). Arrangements for financing the pipeline are underway, and a financial closing is anticipated by

* Persons designated to receive service pursuant to Rule 2010 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.2010 (2003).

summer 2004.[1] Finalizing an interconnection agreement with FGT is therefore a "critical path" matter requiring prompt Commission action on this Complaint.

IV.
THE RELEVANT FACTS SUPPORTING THE COMPLAINT

As explained in the affidavit of Mr. Edward Cahill, attached as Exhibit A hereto (hereinafter, "Cahill Aff."), in the Spring of 2002, Ocean Express notified FGT of its desire to interconnect and requested that FGT provide Ocean Express its interconnect procedure. On April 15, 2002, FGT sent Ocean Express a letter (Attachment 1 to Cahill Aff.) listing conditions that would need to be met before FGT would grant Ocean Express's request for interconnection, including that FGT have flow control, that FGT be reimbursed for all required interconnection facilities, that construction of facilities by Ocean Express meet FGT's engineering criteria, and that deliveries of gas meet FGT's quality specifications and not exceed an acceptable Btu level, with FGT reserving the right, *inter alia*, to "shut in deliveries" if the gas did not meet "FGT's quality specifications and provisions and commercial requirements." *See* P 4 of Attachment 1 to Cahill Aff.

Responding to this letter, Ocean Express stated that it could conceptually agree to the conditions contained in the letter, but would require additional information, including cost estimates, a *pro forma* interconnection agreement ("IA"), and information pertaining to FGT's anticipated gas quality standards related to regasified LNG. Cahill Aff. at ¶ 4. Thereafter, as a result of a series of conversations and meetings,[2] FGT identified the facilities to be constructed and provided Ocean Express with cost estimates. *Id.* at ¶ 5. In late 2002, FGT provided a draft

[1] Construction of the Ocean Express pipeline is required to be completed within three years of the certificate order. *Id.* at Ordering ¶ E(1).

[2] In addition to numerous telephone conversation, Ocean Express representatives have met on at least five separate occasions with FGT representatives, each time in an effort to resolve issues raised by FGT. Cahill Aff. at ¶ 6.

interconnection agreement. *Id.* at ¶ 6. Since that time, multiple drafts have been exchanged. Throughout the process, in succeeding drafts, FGT has continued to add requirements and modify previous provisions in ways that substantively affect Ocean Express's rights and obligations. *Id.*

Nevertheless, Ocean Express has acquiesced in many of FGT's demands, and the parties have reached agreement on many issues, including Ocean Express's cost responsibilities, certain operating procedures, construction arrangements and access rights, gas quality specifications (except for temperature) to be filed by FGT as part of its Tariff, and an initial maximum heat content standard (Btu/scf) for the regasified LNG to be delivered by Ocean Express. *Id.* at ¶ 7. With one exception – a gas-fired heater (which, as demonstrated below, is unnecessary) – Ocean Express has accepted FGT's specification of the facilities to be constructed. *See* discussion, *infra*, VI.B.1.

The continuing problem confronting Ocean Express is FGT's insistence on conditions and concessions from Ocean Express that are not reasonably related to the required interconnection facilities or to operating conditions on FGT's system. *Id.* at ¶ 8. FGT has compounded these problems by proposing to retain virtually complete discretion to modify unilaterally its gas quality standards, thereby injecting unacceptable uncertainty into how the agreement will be implemented. *Id.* at ¶ 18. Together, FGT's positions, if accepted, would place unreasonable financial burdens and risks on Ocean Express and shippers on its system.

FGT's last complete draft of the IA was sent to Ocean Express in November (*see* Attachment 4 to Cahill Aff.), but it was subsequently modified by a wholesale reworking of Article III, "Operations, Gas Quality and Measurement," on March 18, 2004 (*see* Attachment 6 to Cahill Aff.). This draft, as modified, illustrates the unreasonable demands that FGT is making as a condition of interconnection. Specifically, FGT has conditioned an interconnection on: (i)

Ocean Express delivering gas at a minimum temperature of 80° F, even though this temperature is not set forth in FGT's Tariff and is not required for any valid operating reason; (ii) acceptance by Ocean Express of unspecified, vague "quality" standards in addition to a comprehensive set of agreed-upon, detailed gas quality specifications relating to gas composition and heating value; (iii) FGT retaining absolute authority to adopt, alter, and enforce at any time any "interchangeability" standards that it deems appropriate, in advance of a formal tariff amendment, with no input from Ocean Express; (iv) Ocean Express waiving its NGA rights to propose either higher gas Btu levels or different temperature specifications and agreeing to support any tariff filing FGT may choose to make regarding gas quality or interchangeability standards; (v) FGT's retaining absolute discretion to "shut-in" deliveries from Ocean Express for minor deviations from quality specifications, even when receipt of such gas will have no material impact on the operations of FGT or FGT's customers; (vi) allowing a single FGT customer to veto any proposed adjustment of the quality specifications listed in the IA or incorporated in the FGT Tariff; (vii) Ocean Express allowing FGT to control flows from Ocean Express in order to increase receipts into the FGT system at a level beyond hourly ratable deliveries so as to "best facilitate [] the operation of [FGT's] system"; and (viii) Ocean Express accepting a completely one-sided indemnity obligation.[3]

[3] Subsequent to its receipt of the November 21, 2003 draft IA, Ocean Express contacted the FERC Enforcement "Hot Line" in an effort to resolve the problems raised by these and other proposed provisions. *See* discussion, *infra*, at V. As a result of discussions conducted under the auspices of the Hot Line staff, in December of 2003 Ocean Express and FGT appeared to make progress toward resolution of one outstanding issue, relating to FGT's demand that Ocean Express fund, without limitation, the cost of studies or any customer meeting if such were required in connection with the consideration of LNG quality specifications. FGT, however, has since erased any of the progress that was made on this issue. FGT's latest proposal, circulated March 18, 2004, would give FGT the right to conduct any studies, hire any experts, or hold whatever meetings it would like regarding LNG gas quality issues. *See* Art.III.4 of Attachment 6 to Cahill Aff. Ocean Express, along with any other party with an interconnection agreement bringing regasified LNG into the FGT system, would be responsible for reimbursing FGT, on a pro rata basis, the costs associated with any such study, expert, or meeting. *Id.*

FGT's positions, even after the intervention of the Hot Line staff, confirm that it is unyielding in its insistence on unjustified conditions that would unfairly burden Ocean Express and that unreasonably frustrate Ocean Express's effort to secure a workable IA. By insisting on terms that shift costs and risks to Ocean Express and add uncertainty, FGT is creating barriers to an interconnection with the FGT system. As a result, FGT has created an impasse that necessitates the Commission's intervention to enforce its interconnection policy.

V.
THE ENFORCEMENT HOTLINE/POSSIBLE USE OF ADR

Rule 206(b)(9) requires that a complainant state whether it has attempted to use alternative dispute resolution ("ADR") procedures, and/or whether it believes that such procedures might be successful in resolving the complaint.

As evidenced by the communications described above, Ocean Express has engaged in extensive discussions with FGT since mid-April of 2002 in an attempt to achieve fair and reasonable interconnection terms. Although Ocean Express has been willing to accommodate many of FGT's questionable terms, it is unable to accept FGT's demands with regard to the several issues that are still in controversy and that are presented for resolution in this Complaint.

Ocean Express has also availed itself of the services of the Commission's Enforcement Hot Line. On December 19, 2003, Ocean Express and its counsel discussed the matter with Commission Enforcement staff. Cahill Aff. at ¶ 14. This discussion was followed by additional discussions between Ocean Express representatives and Commission Staff, and, as Ocean Express understands it, discussions between Staff and FGT, regarding FGT's positions. *Id.* On January 20, 2004, Commission Staff hosted a conference call with representatives of Ocean Express and FGT. As a result of this call, FGT agreed to provide certain hydraulic studies relevant to the "rate of flow" issue, but only on a confidential basis and only to the Staff. *Id.* at

¶ 15. FGT refused even to share with Ocean Express the assumptions upon which its studies were based. *Id.* While FGT subsequently made several new proposals to address the issues raised by Ocean Express, little progress was made because, in the main, FGT continued to insist on interconnection terms that would impose unjustified costs on Ocean Express and uncertainty regarding FGT's implementation of the IA. *Id.* at ¶ 17. In the end, despite the diligent efforts of the Enforcement Staff, the Hot Line process did not provide a means for resolution of the outstanding disputes with FGT.[4]

Ocean Express does not believe, at this juncture, that use of the Commission's ADR procedures will assist in resolving the remaining issues that divide Ocean Express and FGT. Ocean Express and FGT have now been discussing these issues and trading proposals for almost two years. Moreover, several of the central issues in dispute turn, in part, on questions of law and FGT's tariff obligations, which may not be amenable to resolution through the ADR process. Other issues involve technical disputes that could benefit from application of the Commission's expertise. Nevertheless, Ocean Express is willing to participate in any procedures deemed appropriate by the Commission, provided that such procedures are expeditiously undertaken. Ocean Express needs to resolve promptly the outstanding issues in order to finalize an IA and proceed with financing the pipeline.

VI.
COMPLAINT

As set forth below, FGT's insistence on unreasonable conditions and onerous provisions amounts to a frustration of Ocean Express's request for interconnection. FGT's positions (i) conflict with the Commission's pro-competitive policies requiring interconnection; (ii) have no basis in FGT's tariff; and (iii) cannot be justified on operational, environmental, or

[4] Ocean Express nevertheless appreciates the efforts undertaken by the Hot Line staff to assist in trying to resolve these matters.

legal grounds. The Commission should therefore order FGT to modify its positions as proposed herein.

A. FGT's Additional Conditions and Unreasonable Requirements Are a Violation of Commission Policies Requiring Interconnection

In Order No. 636, the Commission set forth a policy to "ensure that all shippers have meaningful access to the pipeline transportation grid so that willing buyers and sellers can meet in a competitive national market to transact the most efficient deals possible." FERC Stats. & Regs. ¶ 30,939 at 30,393 (1992). Five years later, in Order No. 637-C, the Commission reiterated its "goal of opening up the pipeline grid to form a national gas market for gas sellers and gas purchasers to meet in the most efficient manner." 78 F.E.R.C. (CCH) ¶ 61,186 at 61,766-67 (1997). To meet this goal, the Commission emphasized the importance of creating "new paths from existing supply basins to additional markets." *Id.* Applying the standards laid out in Order No. 636, in *Panhandle Eastern Pipeline Company*, 91 F.E.R.C. (CCH) ¶ 61,037 (2000), the Commission announced that a pipeline must permit a party to interconnect with its system provided that the party satisfies five conditions (the "Panhandle Conditions"):

> First, the party seeking the interconnection must be willing to bear the costs of the construction if the pipeline performs that task. In the alternative, the party seeking the interconnection could construct the facilities itself in compliance with the pipeline's technical requirements. Second, the proposed interconnection must not adversely affect the pipeline's operations. Third, the proposed interconnection and any resulting transportation must not diminish service to the pipeline's existing customers. Fourth, the proposed interconnection must not cause the pipeline to be in violation of any applicable environmental or safety laws or regulations with respect to the facilities required to establish an interconnection with the pipeline's existing facilities. Finally, the proposed interconnection must not cause the pipeline to be in violation of its right-of-way agreements or any other contractual obligations with respect to the interconnection facilities. *Id.* at 61,140.

The Commission went on to explain that, "[w]hen these conditions are met, *the pipeline cannot deny an interconnection*, regardless of whether it previously has allowed an interconnection for a similarly-situated shipper." *Id.* (emphasis added).

Ocean Express's interconnection proposal clearly meets the Panhandle Conditions. First, Ocean Express has fully accepted the responsibility to finance the construction of all facilities reasonably necessary for Ocean Express to interconnect with FGT and has expressly agreed to do so.[5] As to the second criterion, the introduction of a source of gas at the end of FGT's pipeline system will "not adversely affect the pipeline's operations." To the contrary, as demonstrated below, this interconnection should enhance FGT's operations and flexibility. When FGT claimed that the introduction of regasified LNG into its market area would require new gas quality standards, Ocean Express agreed to new gas quality specifications to be incorporated in FGT's Tariff that fully address this concern. *See* Cahill Aff. at ¶ 5. However, FGT's other claims, such as its position that the introduction of extremely dry regasified LNG will lead to liquid "drop out" and cause problems for its electricity generation customers, are without merit. *See* discussion, *infra*, at VI.B.1.

With regards to the third Panhandle Condition, FGT has provided no evidence demonstrating that Ocean Express's proposed interconnection would diminish service to FGT's existing customers. *See* Cahill Aff. at ¶ 9. FGT has asserted that the introduction of high pressure gas at the proposed interconnection would somehow alter FGT's ability to permit its existing firm customers to take deliveries at up to 6% of their daily entitlements in any hour. *Id.* But, as discussed *infra*, FGT has never provided to Ocean Express any study demonstrating how or why this would occur. Indeed, while FGT claims it has performed such a study, it has refused

[5] *See* Art. IV.1 of Attachment 4 to Cahill Aff. (detailing Ocean Express's agreement to bear all construction and equipment costs).

even to provide the assumptions that it may have used, making it impossible for Ocean Express to test the validity of FGT's claims.[6] Moreover, FGT's position is also counterintuitive. The introduction of high pressure gas at the south end of FGT's system should only enhance FGT's system and should not change or alter whatever ability FGT may now have, through line pack and compression, to afford its current customers the flexibility to take gas at up to 6% of their daily entitlements in any hour. *See* discussion, *infra*, at VI.B.6. Further, FGT's rates are established to recover its costs, including the costs of providing this flexibility to its firm shippers. FGT's demand that Ocean Express incur additional costs to permit FGT to draw on Ocean Express for deliveries at a minimum of a 6% hourly rate is simply an effort to shift costs to Ocean Express for a service *for which FGT is paid by its customers.*

As to the final two Panhandle Conditions, FGT has never asserted that permitting Ocean Express to interconnect would violate any environmental or safety regulations or cause FGT to be in violation of any right-of-way agreements or any other contractual obligations respecting the interconnection facilities. In short, under the terms of the Commission's interconnection policy as set forth in *Panhandle*, Ocean Express satisfies the conditions for interconnecting with FGT. FGT should be prohibited from insisting on additional provisions that only serve to frustrate the achievement of an interconnection to its system.

In the context of interconnection agreements, the Commission has also held that "[t]he importance of the public availability of pipeline tariff provisions stating clearly the nature of services to be provided by natural gas companies, and the charges required for such services, is not easily overstated." *ANR Pipeline Co.*, 84 F.E.R.C. (CCH) ¶ 61,106, at 61,534 (1998). If a pipeline does not set forth its interconnection standards in its tariff, or applies interconnection

[6] Ocean Express offered to enter into a confidentiality agreement to protect any FGT data deemed commercially sensitive, but FGT refused to consider this option. *See* Cahill. Aff. at ¶ 15.

standards not described in its tariff, the Commission is hampered in its ability to ensure that interconnection agreements are consistent with the Commission policy of promoting market access through interconnection. *Id.* Because the Commission "must assure that customers seeking market access are turned away only for compelling reasons," the Commission has been aggressive in its efforts to ensure that tariffs accurately reflect the terms and conditions on which pipelines will negotiate interconnection agreements.[7] Here, FGT's additional interconnection demands also have no basis in FGT's tariff and for this reason, too, should be rejected.

B. The Objectionable Conditions Insisted on by FGT are Impermissible under Panhandle

1. Temperature Specifications and Gas-Fired Heater.

FGT has insisted that a "gas-fired heater" be constructed and financed by Ocean Express on the premise that the pressure drop from the Ocean Express line to the FGT line will lower the temperature of the gas entering into FGT's system to such an extent that a heater is needed to raise the temperature to 80° F. *See* Art. II.5 of Attachment 4 to Cahill Aff. Nowhere in FGT's tariff, however, does FGT require a minimum temperature for gas entering its system.

Apart from this, FGT is technically wrong that Ocean Express's gas must be delivered at a temperature of 80° F. FGT claims this is necessary to maintain an existing (but

[7] For example, in *ANR Pipeline Co.*, the Commission granted a complaint filed by the ANR Pipeline Company and held that the Transcontinental Gas Pipe Line Corp. ("Transco") violated governing regulations by applying interconnection standards that were not included in its tariff and were inconsistent with the Commission's interconnection policies. There, the Commission required Transco "to allow, as soon as operationally possible, the interconnect requested by ANR, and to file...a revised policy on interconnects in accordance with the Commission policy." *Id.* Similarly, in *Panhandle Eastern Pipe Line Co.*, 81 F.E.R.C. (CCH) ¶ 61,295 at 62,397-98 (1997), the Commission ordered Panhandle Eastern Pipe Line Co. ("Panhandle") to revise a proposed provision of its interconnection policy that would have allowed Panhandle to reject any interconnection proposal that it determined would have "an adverse economic impact" on its operations. The Commission concluded that the provision was impermissibly vague and would allow Panhandle to circumvent the Commission's requirement that a tariff spell out the terms of a pipeline's interconnection policies. *Id.*

unstated) FGT delivery standard to meet one of its customer's requirements, namely, requirements of generating plants owned by Florida Power & Light Company ("FPL") proximate to the point of interconnection. In its October 8, 2003 letter to Ocean Express, FGT asserted that FPL required gas with "50 degrees of superheat over the hydrocarbon dew point."[8] Ocean Express's analysis, which is based on data from FGT, indicates that FGT's gas is currently below this asserted standard on many occasions.[9] But, in any event, because of the very dry nature of the regasified LNG, the introduction of regasified LNG from Ocean Cay will actually enhance FGT's ability to meet any such FPL "requirement." This is because the regasified LNG will have a dew point approximately 40° lower than the gas that normally flows in FGT's system, and, even if the system operates with only unblended regasified LNG from Ocean Express, it will meet the 50° of superheat that FGT claims is required under most operating conditions and never approach the dew point. *See* Attachment 2 to Cahill Aff.

FGT's most recent response to the analysis of Ocean Express's experts is that it is mistaken because it fails to assume that the gas will arrive on shore at a temperature of 50° or less (as FGT believes) and does not account for a "300 to 500 psig pressure drop [that] will occur between the FGT system and the FPL turbine units," leading to dramatic "cooling" that will cause "fallout of liquids." *See* P 10 of Attachment 7 to Cahill Aff.

The first problem with FGT's response is that FGT has never substantiated its "belief" that the regasified LNG will have a temperature of less than 50° F and has ignored Ocean Express's explanation as to why gas flowing on its system will likely be delivered to the

[8] *See* October 8, 2003 letter from Jack Boatman, FGT Vice President, to Ed Cahill, included as Attachment 3 to Cahill Aff. The FGT tariff nowhere provides for a 50° F superheat standard.

[9] An analysis of the compositional data and the corresponding dewpoint of the range of gases now in the FGT system shows that FGT itself does not meet a 50° F superheat or an 85° F dewpoint specification. *See* Attachment 2 to Cahill Aff.

proposed FGT take station at approximately 70° F.[10] FGT has also ignored the fact that Ocean Express has offered to operate at a lower pressure such that gas from Ocean Express would not be delivered at more than 400 pounds above FGT's system operating pressure at the interconnection point, thereby limiting the temperature reduction that results from the pressure drop before the gas is injected into FGT's system. *See* Cahill Aff. at ¶ 11.

Instead of offering any support for its belief that Ocean Express's gas will enter FGT's system at less than 50° F, FGT simply repeats its own assertions to justify its position. But, even accepting, for the sake of argument, that its gas would enter the take station at 50° F, this would not change the basic analysis that gas flowing from Ocean Express's pipeline into FGT will meet and, in most cases exceed, 50° F superheat. *See* Attachment 2 to Cahill Aff. The Ocean Express gas would still not approach its dew point and in all cases would improve the condition of the commingled stream when mixed with the FGT system gas. *Id.*

FGT is also wrong in claiming that Ocean Express will be unable to meet FGT's temperature "requirement" for gas delivered to FPL's generating plants because of a pressure drop that would occur between FGT's system and FPL's turbine units. The simulation model that is the basis for Ocean Express's calculations already accounts for large pressure drops at FPL's Fort Lauderdale Combined Cycle and Peaker Plants as well as the FPL Port Everglades Power Station. *See id.* FGT has never specifically challenged this analysis or pointed to any flaws in the modeling. Nor has FGT offered any justification whatsoever for its statement that the "pressure drop between Ocean Express and FGT will likely be much more than 400 psig." *See* P 10 of Attachment 7 to Cahill Aff. While Ocean Express has acknowledged that under low flow conditions on the Ocean Express pipeline, the delivered pressure to the FGT take station, if

[10] Once the regasified LNG reaches the onshore portion of Ocean Express's pipeline, it will quickly warm to the ambient ground temperature, assumed to be approximately 70° F. *See* Attachment 2 to Cahill Aff.

uncontrolled, would be quite high, possibly approaching the 2200 psig MAOP of the Ocean Express pipeline, Ocean Express has addressed this issue. Specifically, Ocean Express has made it clear to FGT on numerous occasion that it intends to control the pressure on Ocean Express in accordance with its rights under its upstream interconnection agreement with AES Ocean LNG. Ocean Express has offered assurance to FGT that it would control the delivery pressure to the FGT take station such that it would be no more than 400 psig above the FGT system pressure. *See* Cahill Aff. at ¶ 11.

In sum, just as FGT has failed to support its *ad hoc* decision to read into its tariff an unwritten temperature requirement, FGT has failed to support its assertion that gas from Ocean Express will not meet this "standard." Moreover, its speculation about liquid "drop out" cannot be credited. More telling, however, is the fact that FGT does not currently deliver gas that meets the 50° F superheat delivery condition that it seeks to impose on Ocean Express, vitiating any claim that operating conditions on FGT's system support FGT's temperature specification.

2. <u>Vague Quality Standards and Asserted Right to "Shut In" Gas Deliveries.</u>

With regard to gas quality standards, Ocean Express has agreed with FGT on a detailed set of specifications, spelled out in Exhibits "D" and "E" to the draft IA, which include specific gas constituent limitations and a maximum Btu level. *See* Attachment 5 to Cahill Aff. The agreement was reached based on FGT's concern with meeting the specifications of General Electric and Siemens Westinghouse gas turbines, given the predominance of electric generation load on its system. *See* Cahill Aff. at ¶ 5. Accordingly, the agreed-upon specifications reflect an amalgamation of the specifications of both turbine manufacturers. *Id.* The only exception to this is the Btu/scf of 1075, which is a standard that FGT proposed. *Id.*

Despite this agreement, FGT now also insists that other language be included in the proposed interconnection agreement to require that Ocean Express's gas, in addition to these specific quality and hydrocarbon constituent standards, must "meet the commercial requirements of FGT and FGT's customers . . . ." *See* Art.III.1.a(i) of Attachment 6 to Cahill Aff. Inasmuch as the agreed upon quality specifications were developed as a means to satisfy the "commercial requirements" of FGT and its customers and are designed to assure the interchangeability of gas from Ocean Express with gas flowing in FGT's system, it is wrong for FGT to insist on a further requirement in the IA that gas flowing into FGT's system also meet the undefined "commercial requirements" of FGT and its customers. To the extent this requirement and other language in FGT's proposed Section 1.a of Article III reiterate standards already included in FGT's tariff, they need not be set forth again here – such repetition is an unnecessary source of confusion and conflict. If it were incorporated into the IA, the standardless "commercial requirements" provision would give FGT virtually unbridled discretion to reject or accept gas even though it meets the objective quality specifications set out in Exhibits "D" and "E" to the IA.

Similarly, FGT has included an overly broad provision that any gas from Ocean Express "meet any other standard or requirement established by rule or order of the FERC." *See* Art. III.1.a(iv) of Attachment 6 to Cahill Aff. While Ocean Express accepts that gas delivered from its system would have to comply with any Commission standards of general applicability or that of specific applicability to FGT, the proposed language would allow FGT to apply any Commission approved standard even if established for a different pipeline, for a different region, or for different circumstances having no relevance to FGT. It would be unreasonable to permit FGT to "pick and choose" quality standards that the Commission may have approved for other systems, regardless of whether those standards are appropriate for FGT's system, and to expect Ocean Express to accept them whenever applied by FGT.

FGT's attempts to retain overly broad discretion to accept or reject Ocean Express's gas and to impose, unilaterally, new criteria for gas quality pose a significant risk to Ocean Express and its shippers. Should FGT assert that gas from Ocean Express fails to meet the vague "commercial requirements" of FGT's customers, for example, FGT would, under its approach, have the discretion to "shut in" gas flowing on the Ocean Express Pipeline. Notably, FGT has refused to condition this right to shut in gas with a requirement that it first provide Ocean Express with notice and an opportunity to cure. Nor will FGT agree that any deviation from the quality specifications must have a "material" impact on its operations before it orders a shut in. *See* Art. III.2 of Attachment 6 to Cahill Aff. Indeed, FGT will not even agree to use reasonable efforts to accept "out-of-spec" gas where doing so will not impair the operation of its system. For these reasons, the ambiguous quality specifications, coupled with the "shut-in" provisions that FGT insists upon, are unreasonable interconnection conditions. As the Commission has stated, vague provisions like these "would allow a pipeline to engage in undue discrimination in permitting interconnections." *Panhandle*, 91 F.E.R.C. (CCH) ¶ 61,037 at 61,143 (2000).

As noted, Ocean Express has accepted and agreed to support the specific gas quality standards (except for the unwarranted and unsupported minimum temperature specification, discussed *supra*) listed in Exhibits "D" and "E" of the draft IA. *See* Attachment 4 to Cahill Aff. Ocean Express has agreed to be bound by those quality standards. FGT, however, has provided Ocean Express with no assurance that it will promptly file to incorporate the quality standards into its tariff in order to avoid the possibility that Ocean Express would be held to a set of quality standards different than the standards that apply to other shippers (or its shippers) on the FGT system.

The standards set forth in Exhibits "D" and "E" should suffice without the addition in the IA of the ill-defined and vague "commercial requirements" provision that FGT has insisted upon. Accordingly, Ocean Express submits that the IA include the following language:

> All gas delivered into FGT's system shall conform to (i) the gas quality specifications and provisions set forth in FGT's FERC Gas Tariff, as such Tariff shall change from time to time, and (ii) the additional quality specifications for LNG as set forth in Exhibit "D" and Exhibit "E", which FGT will file to incorporate in FGT's FERC Gas Tariff within sixty days of receiving notice that Ocean Express has received the necessary financing for the construction of the Ocean Express pipeline.

The above provision sets forth the objective and identifiable quality standards with which Ocean Express would have to comply. By setting up a time frame for FGT to incorporate the agreed upon standards in its tariff, the provision also assures Ocean Express that it will not be held to quality standards different than those applied to other shippers on FGT's system. At the same time, the provision recognizes that FGT should have the right to amend its tariff and update the quality specifications that protect its system. In this sense, the provision balances Ocean Express's need to know the quality standards to which it will be held with FGT's need to have the flexibility necessary to adjust its quality standards as may be required.

3. **FGT Demands Extra-Tariff Authority To Adopt Any Interchangeability Standard that It Determines To Be Necessary**

FGT has insisted that any gas that Ocean Express delivers into the FGT system meet "any other interchangeability standards, such as the Lifting Index Limit, the Yellow Tipping Index, the Incomplete Combustion Index Limit, the Flashback Index and any other interchangeability index standard that FGT may in its reasonable discretion determine to be necessary." *See* Art. III.1.a.(iii) of Attachment 6 to Cahill Aff. Nothing in FGT's tariff permits it to exercise such a sweeping amount of discretion. Worse still, FGT has insisted that not only should it have the right to select any interchangeability standard(s) that it deems appropriate, it

should be allowed to impose the interchangeability standards by simply giving notice to Ocean Express.[11]

If FGT files, and the Commission approves, a specific interchangeability index for its tariff, then FGT can enforce this additional standard. Ocean Express has not attempted to insert provisions into the IA that would prevent FGT from taking such an action. Indeed, the quality specification provision that Ocean Express has suggested, set forth in the previous section, explicitly allows FGT the discretion to file a specific interchangeability index for its tariff. Outside of a tariff amendment, however, there is no basis for FGT to be accorded the discretion to apply one or more interchangeability standards that are not provided for in its tariff.

Prior to Commission approval of any tariff provision, FGT should not have the discretion to apply one or more interchangeability standards. FGT has attempted to justify its proposal by citing the Commission's recent efforts to establish objective standards applicable to regasified LNG that enters the domestic gas stream. *See* P 2 of Attachment 7 to Cahill Aff. The purpose of the Commission's initiative, however, has been "to explore regulatory goals that will *remove* unnecessary barriers to the development of LNG facilities and supply as a major source of natural gas to meet the forecasted future demand." *See* Natural Gas Markets Conference, Docket No. PL02-9-000, Notice of Public Conference, September 26, 2002 (emphasis added). FGT has turned this objective on its head, using the Commission's efforts to set

---

[11] FGT proposes that deliveries from Ocean Express, in addition to the agreed-upon specifications, also

> meet any other interchangeability standards, such as the Lifting Index Limit, the Yellow Tipping Index Limit, the Incomplete Combustion Index Limit, the Flashback Index and any other interchangeability index standard that FGT may in its reasonable discretion determine to be necessary and *either give notice to Ocean Express* or include in the filing of gas quality specifications in the FGT FERC Gas Tariff. *See* Art. III.1.a(iii) of Attachment 6 to Cahill Aff. (Emphasis added).

interchangeability standards as a justification for retaining complete discretion to revise or change quality standards unilaterally and to impose vague criteria that increase uncertainty for LNG facilities. *See* P 2 of Attachment 7 to Cahill Aff. Such discretion, which could be used in a discriminatory fashion, is precisely what tariff specifications are designed to preclude. In sum, the uncertainty and unpredictability inherent is FGT's proposals are directly at odds with the Commission's efforts to remove unnecessary barriers to the introduction of LNG into domestic markets.

4. **Required Waiver of NGA Rights**

FGT also seeks to condition any interconnection on Ocean Express supporting FGT's "initial" filing of changes to its tariff to implement the quality specifications set forth in Section 1.a of its proposed IA. *See* Art. III.1.b of Attachment 6 to Cahill Aff. The scope of this demand is unclear, however, since the "quality specifications" in Section 1.a include any and all of a series of "interchangeability standards" that FGT can adopt at any time "in its reasonable discretion." *Id.* at Art. III.1.a(iii). At a minimum, however, FGT has conditioned the interconnection on Ocean Express waiving its right to protest or seek modification of gas quality specification filings to be made by FGT.

Ocean Express has accepted and agreed to support all but two of the specific gas quality standards in Exhibits "D" and "E" proposed by FGT. For the only two standards that it objects to, the Btu content and temperature specifications, Ocean Express has merely sought to preserve its ability to propose an increase in the Btu content of gas delivered to FGT and to contest the "temperature" requirement. Ocean Express has therefore proposed that the following language be included in the IA:

> Ocean Express shall support the FGT filing of the quality specification set forth in Exhibits "D" and "E," *except that Ocean Express may (i) protest any FGT temperature specification and (ii) advocate a maximum Btu level of 1085 Btu/scf.* (emphasis added)

The ability to propose an increase in the Btu content of gas delivered to FGT and to contest the "temperature" specification is especially appropriate with respect to regasified LNG. The recently published National Petroleum Counsel Study,[12] for example, identified the need for accommodating a broad spectrum of imported LNG if LNG is to play a role in meeting growing domestic gas needs. Consequently, FGT's proposal to force Ocean Express to support without reservation any FGT tariff filing goes too far. Equally unreasonable is FGT's demand that Ocean Express agree not to challenge its proposal to add a temperature standard, particularly where that temperature requirement is not justified by operating conditions on FGT's system, as demonstrated above.

5. Allowing a Single FGT Customer To Veto any Proposed Adjustment of the Quality Specifications Listed in the IA Is Unreasonable and Discriminatory

Not only has FGT attempted to force Ocean Express to waive its right to protest FGT's future gas filings, FGT has insisted that even if a study were to demonstrate that a specific quality specification set forth in its IA with Ocean Express should be changed, FGT shall have the discretion not to propose a tariff amendment to implement revised quality specifications *if a single FGT customer objects to the proposed change*. *See* Art. III.1.c of Attachment 6 to Cahill Aff. This essentially gives every FGT customer – including any competitor of an Ocean Express shipper – the ability to veto any proposed change to the LNG quality specifications, without any evidence or justification. Plainly, FGT's tariff does not now afford its customers such power, and Ocean Express should not be required to accept this veto power as a condition for an interconnection. The Commission's review procedures provide a full and fair opportunity to air and evaluate any legitimate customer concern with respect to a proposed change in the FGT

[12] National Petroleum Council, Balancing Natural Gas Policy: Fueling the Demands of a Growing Economy, Volume I, Summary of Findings and Recommendations, September 2003, p. 64.

Tariff's gas quality specifications. Individual customers should not be preferentially empowered to foreclose access to the Commission for the resolution of such issues.

6. Control of Hourly Flow Rate

FGT has demanded that it maintain the right to control flows from Ocean Express so as to have wide discretion to increase receipts into the FGT system well beyond hourly ratable receipts. *See* Art. III.7 of Attachment 6 to Cahill Aff. The only arguable check on this discretion is FGT's statement that it would limit the hourly flow rate of deliveries into its system from Ocean Express to "six percent (6%) of the daily scheduled quantities" where Ocean Express reasonably determines that operational conditions "necessitate" such a limitation. *Id.* FGT's demand for such control of hourly flow rates has no basis in FGT's Tariff and no discernable basis in the operation of FGT's system. While FGT argues it has agreed to allow its customers to take gas at hourly flow rates of 6% of their daily scheduled requirements, that ability should not be affected for existing service by the introduction of high pressure gas at the southern end of FGT's system, and hardly justifies the control over flow rates demanded by FGT. *See* Cahill Aff. at ¶ 10.

Moreover, the standard proposed by FGT – that it be permitted to control flows so as to "best facilitate" FGT's own operations – is not condoned by *Panhandle*. There is a huge difference between requiring that an interconnection not "adversely affect operations" (*Panhandle's* requirement) and requiring that the interconnect actually "facilitate" the interconnecting pipeline's operation (FGT's proposed requirement). FGT should not be permitted to insist on a positive system benefit as a price of interconnection.[13]

[13] Plainly, the assumptions that FGT made would be important in evaluating FGT's claim. For example, if FGT assumed that its customer(s) was using a segmented service to receive gas from Ocean Express at the interconnection and under such circumstances FGT could not provide the customer flexibility to take at 6% of the daily quantity, this would not justify FGT's position,

As noted above, FGT has claimed that hydraulic studies support its position. But tellingly, FGT refused to share its studies with Ocean Express, asserting they reveal "commercially sensitive" information. When offered confidentiality protection under the auspices of the FERC Enforcement Staff "Hot Line" process, FGT still refused to reveal its study to Ocean Express. *Id.* at ¶ 15. FGT even refused to explain what assumptions it used in conducting its hydraulic analysis – information that can have no commercial sensitivity. *Id.* In short, FGT's unsupported position does not provide a basis for its discretion to control flows to "best facilitate" operation of FGT's system.

In contrast to FGT, Ocean Express has attempted to find middle ground with FGT on control of the rate of flow at the interconnection. Ocean Express has proposed that the following provision be incorporated into the IA:

> Ocean Express shall maintain an hourly rate of flow at the Meter Station during any day of 4.2% of the daily scheduled quantity for such day, provided that FGT may, on reasonable notice, request that Ocean Express accommodate an hourly rate of flow during a defined period of a day of up to six percent (6%) of the scheduled quantity for that day. Ocean Express shall have no obligation to increase the hourly flow rate above 4.2% of the daily scheduled quantities, provided that if, in Ocean Express's reasonable determination, the requirements of its shipper(s) and operational conditions will permit an increase in the hourly flow rate at the Meter Station of up to six percent (6%) of the daily scheduled quantities scheduled for delivery at such location.

This proposed language assures FGT that Ocean Express deliveries on to its system will be at least 4.2% of the daily quantity, and possibly 6% should the need arise. At the same time, the proposed language assures Ocean Express that it will not be forced to comply with an hourly flow rate at odds with the requirements of its shippers or operational restrictions.

---

since under the Commission's regulations, segmentation is only required to the extent that it is operationally feasible. *See* 18 C.F.R. § 284.7(d) (2003).

7. **One-Sided Indemnification**

FGT has also refused to allow for the normal "mutual indemnity" related to each party's respective obligations under the proposed IA. Rather, FGT has insisted on structuring indemnity provisions in a way that would absolve FGT of any liability for actions that FGT might take to control the quality of gas being introduced into the FGT system or in the construction or operation of equipment at the interconnection site. Under FGT's proposal, only Ocean Express would have an indemnity obligation. *See* Art. III.3 of Attachment 6 to Cahill Aff. This demand ignores FGT's own construction obligations under the proposed interconnection agreement and its operation of the interconnection, is unreasonable and, once again, has no basis in FGT's tariff. Most importantly, however, FGT's position is directly contrary to the Commission's well-established policy that prohibits pipelines from limiting their liability so they are not liable for damages, claims, suits, actions, or proceedings that result from their gross negligence, undue discrimination, or willful misconduct. *See, e.g., Guardian Pipeline, L.L.C.*, 101 F.E.R.C. (CCH) ¶ 61,107 at P 18 (2002) (stating that the Commission's policy prohibits a tariff provision that would protect a pipeline from "liability for direct damages arising from its own negligence").

As part of a more balanced approach, one that is consistent with the Commission's policy on indemnity clauses, Ocean Express has suggested that FGT's proposed indemnification provision be modified to include the following language:

> Each party shall indemnify and hold the other party harmless from all liabilities, losses, claims, expenses, suits, actions, costs, and damages including without limitation, environmental liability, (and including, without limitation, attorney's fees, expenses, and court costs) on any actions including injury to and death of persons arising from any act, including negligence or accident, in connection with the construction, installation, operation, and maintenance of its own facilities, provided, however, that neither party shall be responsible for the negligence or willful misconduct of the other party.

In addition to being consistent with the Commission's policies, this provision is also consistent with the industry standard. By establishing mutual indemnity, Ocean Express's proposed language takes into account the construction obligations of both Ocean Express and FGT.

VII. Relief Requested

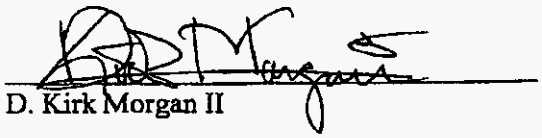
For the foregoing reasons, Ocean Express respectfully requests that the Commission direct FGT to establish an interconnection that will enable Ocean Express to make deliveries at Broward County, Florida, on terms specified herein. Specifically, the Commission should order FGT to adopt the IA provisions proposed herein by FGT and to withdraw the unreasonable conditions to which is Complaint is directed.

Respectfully submitted,

Randolph Q. McManus
G. Mark Cook
D. Kirk Morgan
Baker Botts L.L.P.
The Warner
1299 Pennsylvania Avenue, NW
Washington, DC 20004
(202) 639-7700
(202) 639-7890 (fax)
rmcmanus@bakerbotts.com
mark.cook@bakerbotts.com
kirk.morgan@bakerbotts.com
Counsel for AES Ocean Express LLC

CERTIFICATE OF SERVICE

I hereby certify that on this 5th day of April, 2004, I have served copies of the foregoing Complaint by instantaneous electronic delivery and hand delivery on counsel for the Respondent.



D. Kirk Morgan II

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

AES Ocean Express, LLC	)	**Docket No. RP04-___-000**
Complainant	)	
v.	)	
Florida Gas Transmission Company	)	
Respondent	)	**COMPLAINT**

NOTICE OF COMPLAINT

(April 5, 2003)

Take notice that on April 5, 2004, AES Ocean Express, LLC ("Complainant") submitted a complaint against the Florida Gas Transmission Company ("Respondent"). The Complainant asserts that for over two years it has attempted to establish an agreement that would allow it to interconnect its pipeline facilities with those of the Respondent in Broward County, Florida. The Complainant alleges that the Respondent has violated Commission policy by conditioning any interconnection agreement with the Complainant on unjust and unreasonable terms and conditions. The Complainant requests that the Commission direct the Respondent to establish an interconnection that will enable the Complainant to make deliveries at Broward County, Florida, on terms that are consistent with the Commission's interconnection policy.

Any person desiring to be heard or to protest this filing should file a motion to intervene or protest with the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426, in accordance with Rules 211 and 214 of the Commission's Rules of Practice and Procedure (18 C.F.R. §§ 385.211 and 385.214). All such motions or protests must be filed on or before _____, 2004. Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a motion to intervene. Answers to this Complaint shall be due on or before _____, 2004. Copies of this filing are on file with the Commission and are available for public inspection in the Public Reference Room. This filing may also be viewed on the Internet at http://www.ferc.fed.us/online/rims.htm. (call 202-208-2222 for assistance)

Magalie R. Salas,
Secretary

EXHIBIT 1

PEF 000462
Docket No. 041414-EI

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

AES Ocean Express LLC	)	
	)	
Complainant	)	
	)	
v.	)	**Docket No. RP04-___-000**
	)	
Florida Gas Transmission Company	)	
	)	
Respondent	)	

Affidavit of Edward Cahill

Commonwealth of Massachusetts

County of Worcester

I, Edward Cahill, being duly sworn, depose and state as follows:

1. My name is Edward Cahill and am a Vice President of AES Ocean Express LLC ("Ocean Express"), a position I have held since February 2002. In addition to working on regulatory issues for Ocean Express, I have had primary responsibility for negotiating an interconnection agreement with Florida Gas Transmission Company ("FGT"). Delivering regasified liquefied natural gas ("LNG") through Ocean Express to the Florida market depends on obtaining an interconnection with FGT, and therefore establishing an interconnection agreement with FGT has been a very high priority for Ocean Express.

2. First, I sent FGT a letter on March 6, 2002, explaining Ocean Express's interest in establishing an interconnection with FGT. This was shortly after Ocean Express filed its Application at the Federal Energy Regulatory Commission to construct and operate a new 24-

inch diameter, approximately 52.4-mile interstate natural gas pipeline extending from a receipt point on the Exclusive Economic Zone boundary between the United States and the Bahamas to delivery points in Broward County, Florida. In my March 6, 2002 letter, I also requested that FGT provide Ocean Express with its interconnect procedures.

3. Over two months later, in a letter dated April 15, 2002 (*see* Attachment 1), FGT responded to Ocean Express's interconnection request. In its letter, FGT listed conditions that would need to be met before FGT would grant Ocean Express's request for interconnection. These general conditions included the requirement that FGT have flow control, that FGT be reimbursed for all required interconnection facilities, that construction of facilities by Ocean Express meet FGT's engineering criteria, and that deliveries of gas meet FGT's quality specifications and not exceed an acceptable Btu level. The letter also stated that FGT reserved the right to "shut in deliveries" if the gas did not meet "FGT's quality specifications and provisions and commercial requirements."

4. In response to FGT's April 15, 2002 letter, I sent a letter to FGT explaining that, although Ocean Express could conceptually agree to FGT's very general conditions, Ocean Express would require additional, specific information, including cost estimates, a *pro forma* interconnection agreement, and information pertaining to FGT's anticipated gas quality standards related to regasified LNG.

5. Thereafter, we had an initial meeting with FGT to discuss the interconnection issues, including the gas quality specifications. I also asked for an estimate of the cost of the facilities that would be involved. FGT ultimately identified the facilities that would need to be constructed and provided Ocean Express with cost estimates. Additionally, after a series of follow-up meetings and the exchange of data, Ocean Express agreed to a detailed set of quality

specifications. The agreement was reached based on FGT's concern with meeting the specifications of General Electric and Siemens Westinghouse gas turbines, given the predominance of electric generation load on its system. Accordingly, the agreed upon specifications reflect an amalgamation of the specifications of both turbine manufacturers. The only exception is the Btu/scf specification, which which is a standard that FGT proposed.

6. In late 2002, FGT at least finally provided Ocean Express with a draft interconnection agreement. We have since had over five meetings, along with numerous phone calls, and exchanged multiple drafts of an IA with FGT in an effort to reach agreement on all substantive points. One major problem has been that, throughout the process, FGT has continued to add wholly new requirements in its successive drafts and to modify provisions from earlier drafts on which we thought we had agreement. This tactic has frustrated our efforts to make progress.

7. Nevertheless, Ocean Express has accepted many of FGT's demands. At this point, we believe that Ocean Express and FGT have reached agreement on many issues. These issues include Ocean Express's cost responsibilities, certain operating and gas monitoring procedures, construction arrangements and access rights, gas quality specifications (except for the temperature of the delivered gas) to be filed by FGT as part of its Tariff, and an initial maximum heat content standard (1075 Btu/scf). Ocean Express has argued, however, for a slightly higher Btu level of 1085 Btu/scf. But we are willing to compromise with FGT for its initial Tariff filing, provided that Ocean Express can reserve its right to propose an increase in the Btu level in the future. In this regard, we agreed to sponsor and pay for a study to examine whether a slightly higher Btu level should be adopted. I am aware, for example, that Cove Point permits LNG deliveries at a maximum Btu level of 1100 and that DOMAC operates with a

maximum heat content of 1090 Btu/scf. Finally, as to the facilities to be installed, with one exception – a gas-fired heater – Ocean Express has accepted FGT's specification of the facilities to be constructed.

8. The continuing problem confronting Ocean Express is FGT's insistence on additional conditions and concessions from Ocean Express that, in our view, are not required for an interconnection. Some of these could adversely affect Ocean Express or its shippers and could increase our costs. We don't think FGT has justified its demands based on operating conditions on its system. Of course, the greatest risk is the FGT threat to "shut in" deliveries using highly subjective, vague criteria.

9. From the outset, for example, we have confronted FGT's demand that the IA include a non-standard flow control provision that would allow FGT to flow gas from Ocean Express at any rate it deemed necessary, with the only limitation being that, if Ocean Express could demonstrate operational problems, FGT would agree to limit flows in an hour to 6% of daily scheduled quantities. FGT has justified this condition by claiming that it should be able to control flows in any manner that "best facilitates" operation of its own system. Our position has been that Ocean Express would deliver daily scheduled quantities ratably, provided that it would use reasonable efforts to accommodate an FGT request for a higher flow rate. In our negotiations, however, FGT has argued that because its Tariff permits its firm customers to take at up to a 6% hourly rate, FGT must have the right to take gas from Ocean Express at this rate. FGT has refused to share with us any hydraulic models or studies to support this position. Nor has FGT even shared the assumptions upon which its models and studies are supposedly based.

10. In our view, the introduction of gas flowing from the Ocean Express pipeline into the FGT system will not impair whatever ability FGT now has to provide its firm customers the ability to take their scheduled deliveries at an hourly rate of up to 1/16 of daily quantities. Furthermore, it would add extra costs for Ocean Express to accommodate FGT's demand. Our pipeline will not have substantial line pack and will receive deliveries from the AES Ocean LNG Ltd. terminal at rates nominated by the shipper on Ocean Express. Ocean Express has limited ability to control this flow of gas.

11. Another issue we have struggled with is FGT's insistence that Ocean Express construct and finance a "gas-fired heater." They argue that the pressure drop from the Ocean Express line to the FGT line will lower the temperature of the gas entering into FGT's system to such an extent that it will cause liquids in FGT's gas to drop out and therefore insist that a heater is needed to raise the temperature of gas flowing on Ocean Express to 80° F. But FGT has relied on several wrong assumptions to reach this conclusion. For example, FGT assumes that a more than 400 psig pressure drop will occur in delivery into FGT's system. This, however, ignores the fact that Ocean Express has repeatedly explained to FGT that it intends to control the pressure on Ocean Express in accordance with its rights under its interconnection agreement with AES Ocean LNG. Ocean Express has assured FGT that this would control the delivery pressure to the FGT take station such that it would be no more than 400 psig above the FGT system pressure.

12. FGT also makes a completely unwarranted assumption that gas flowing on Ocean Express will be 50° F or colder at the point of interconnection. The analysis of our experts, examining two separate sets of data provided to us by FGT, confirms that gas flowing in the Ocean Express pipeline will have warmed substantially due to nearshore water and ground

ambient temperatures, reaching approximately 73° F (or higher) at the interconnection. *See* Attachment 2. It should be pointed out that our experts' analysis was conservative because it used average year-round temperatures. After Ocean Express's gas arrives at the interconnection point, further warming would occur if the gas is mixed with FGT's gas or travels on the additional lateral lines prior to delivery to Florida Power & Light, FGT's customer in the immediate vicinity. In this regard, according to a letter that Mr. Jack Boatman, Vice President of Marketing for FGT, sent me on October 8, 2003 (*see* Attachment 3), FGT's system requires that gas be delivered with "50 degrees of superheat over the hydrocarbon dew point to meet FPL's requirements." Based on data from FGT, however, our experts' analysis indicates that FGT's gas is currently below this asserted standard on many occasions. Our experts' analysis of the compositional data and the corresponding dewpoint of the range of gases now in the FGT system also shows that FGT itself does not meet a 50° F superheat or an 85° F dewpoint specification. *See* Attachment 2. In any event, based on the analysis of our experts, Ocean Express's gas will almost always meet this specification, and to the extent it commingles with FGT's gas, it should only improve it.

13. After review of a draft IA that FGT sent to me on November 21, 2002 (*see* Attachment 4) in response to compromise language we had proposed, we concluded that negotiations with FGT were not bringing us closer to a final resolution. Not only did the FGT's November 21st draft preserve the unreasonable demands that FGT had insisted upon since negotiations began, the draft added additional vague quality standards and a one-sided indemnity provision. FGT even later modified the November 21st draft to add a requirement that Ocean Express waive its NGA rights to propose higher gas Btu levels or different temperature specifications. *See* Attachment 5. In other words, rather than eliminating issues between Ocean

Express and FGT, the November 21st draft rejected our effort at compromise and put new issues in dispute.

14. Still, hoping to avoid a fight at FERC, in a final effort to reach a mutually agreeable solution to the impasse between Ocean Express and FGT on the remaining issues, on December 19, 2003, Ocean Express representatives, including myself and Ocean Express's outside counsel, discussed with the Commission's Enforcement Hot Line Staff our problems with FGT's demands. This discussion was followed over the next several weeks by additional discussions between Ocean Express representatives and Commission Staff, and, we were told, discussions between Staff and FGT to ascertain FGT's response to Ocean Express's arguments.

15. On January 20, 2004, Commission Staff hosted a conference call with representatives of Ocean Express and FGT. As a result of this call, FGT agreed to provide the Staff with certain hydraulic studies relevant to the "rate of flow" issue, but once again refused to share with us either their studies or the assumptions underlying their studies. FGT refused to compromise on this issue despite Ocean Express's offer, one that is has made repeatedly, to enter into a confidentiality agreement to protect any FGT data deemed commercially sensitive.

16. As a result of discussions conducted under the auspices of the Hot Line staff, Ocean Express and FGT appeared to make progress toward resolution of one outstanding issue, relating to FGT's demand that Ocean Express fund, without limitations, the cost of studies or any customer meeting if such were required in connection with the consideration of LNG quality specifications. In place of this onerous demand, FGT agreed to Ocean Express's offer to fund a reasonable customer meeting and study related to determining what should be the appropriate Btu level for gas entering the FGT system.

17. While FGT subsequently made several new proposals to address the issues raised by Ocean Express, little progress was made because FGT has continued to insist on an unjustified temperature requirement and gas heater, vague quality standards, a seemingly unqualified right to shut in gas, the right to control flows from Ocean Express at more than a ratable basis in order to "best facilitate" FGT's own operations, a one-sided indemnity clause, and the surrendering of Ocean Express's right to protest certain quality specifications set forth in the existing draft IA.

18. Finally, in what seemed to be another step backward, on March 18, 2004, FGT sent us a wholesale reworking of the IA's Article III, "Operations, Gas Quality and Measurement." *See* Attachment 6 and Attachment 7. The March 18th draft preserved the unreasonable requirements set forth in FGT's November 21st draft, and also insisted, for the first time in Ocean Express's negotiations with FGT, that FGT retain virtually complete discretion to modify unilaterally their gas quality standards and that a single FGT customer could veto any proposed adjustment of the quality specifications listed in the draft IA. Furthermore, the March 18th draft proposes that Ocean Express fund, on a pro rata basis with other entities introducing regasified LNG to the FGT system, any customer meeting, study, or expert that FGT proposes for the purpose of examining appropriate quality specifications for regasified LNG. As such, the March 18th draft has eliminated what was the only point of compromise to emerge from Ocean Express's Hotline efforts.



Edward Cahill

Subscribed and sworn to before me,
this 2 day of March, 2004

Notary Public GEORGE B PEMBER

My Commission expires: OCT 15, 2004

ATTACHMENT 1

Florida Gas Transmission Company

P.O.Box 1188, Houston, TX 77251-1188, (713)-853-6161

April 15, 2002

Mr. Ed Cahill
Vice President
AES Ocean Express LLC
Two Alhambra Plaza, Suite 1104
Coral Gables, FL 33134

Re: Request of AES Ocean Express LLC to Interconnect with Florida Gas Transmission's Facilities

Dear Mr. Cahill:

This letter is in response to yours of March 6, 2002, wherein you requested that Florida Gas Transmission Company ("FGT") consent to the construction of an interconnection with the proposed AES Ocean Express LLC ("Ocean Express") pipeline.

FGT is willing to negotiate an interconnection agreement with Ocean Express. Any such agreement would be subject to receipt of all regulatory approvals, environmental and right of way permitting and any other required consents. In addition, the agreement would be subject to the following conditions, among other things:

1) FGT would have flow control.

2) Ocean Express would reimburse FGT for 100% of all costs for facilities which FGT would be required to install for the interconnection. In addition, Ocean Express would reimburse FGT for 100% of all other costs which are incurred as a result of the interconnection. For example, Ocean Express would reimburse FGT for additional upstream or downstream chromatographs on the FGT system to monitor the quality of the gas from the Ocean Express system.

3) Any facilities that Ocean Express would construct for the interconnection would be constructed pursuant to FGT Engineering and Construction Standards and meter station drawings and design would be submitted to FGT for FGT's approval prior to construction.

4) The natural gas delivered at the interconnection point must meet all of FGT's quality specifications and provisions and commercial requirements and, in no event, exceed a Btu level which could result in safety, damages, or cost issues

for FGT or its customers. In the event that the gas from the Ocean Express system does not meet FGT's quality specifications and provisions and commercial requirements, FGT would have the right (1) to shut in deliveries from Ocean Express, and/or (2) to require Ocean Express to treat gas and/or take other action which would cause the gas from the Ocean Express system to meet FGT's quality specifications and provisions and commercial requirements; and/or (3) to install equipment required to cause the gas from the Ocean Express system to meet FGT's quality specifications and provisions and commercial requirements.

5) Due to the unpredictability of future market loads and the multiple combinations of delivery paths, FGT makes no representations or warranties with regard to available pipeline capacities either upstream or downstream of the interconnection point.

FGT looks forward to working with Ocean Express on this project. Please do not hesitate to call me if you have any questions.

Sincerely,

Sharon Farrell

Sharon Farrell
Account Director

ATTACHMENT 2

AES Average/ FGT Average

Case	O.E. Flow Total mmcfd	O.E. Press into Mtr Sta psig	FGT Press into Mtr Sta psig	O.E. into FGT mmcfd	O.E. into C.C. mmcfd	O.E. into Peaker mmcfd	FGT into C.C. mmcfd	FGT into Peaker mmcfd	FGT into Port Ever mmcfd	Combined Cycle Values: FGT's PCV Outlet deg F	OE's PCV Outlet deg F	Dew Pt Combined deg F	Del Temp Combined deg F	Delivered Superheat deg F	Peaker Values: FGT's PCV Outlet deg F	OE's PCV Outlet deg F	Dew Pt Combined deg F	Del Temp Combined deg F
1	1,350	1,100	975	1,050	150	150	0	0	200		29.2	(63.9)	45.3	109.2		17.3	(73.8)	23.7
2	1,350	1,100	975	1,350	0	0	150	150	200	28.9		(63.9)	39.3	103.2	13		(73.8)	15.5
3	1,350	1,100	975	1,200	75	75	75	75	200	29	28.8	(63.9)	51.8	115.7	13	17.3	(73.8)	25.1
4	1,350	1,100	975	1,350	0	0	0	0	200									
5	100	1,000	600	0	100	0	0	0	200		35.0	(63.9)	54.8	118.5				
6	100	1,000	600	100	0	0	150	150	200	56		(29.1)	60.3	88.4	41.9		(32.7)	43.3
7	100	1,000	600	0	75	25	75	125	200	60.7	34.9	(34.9)	62.6	97.5	47	19.4	(27.9)	50.1
8	100	1,000	600	100	0	0	0	0	200									
9	900	1,200	800	600	150	150	0	0	200		23.0	(63.9)	41.4	105.3		10.7	(73.8)	18.3
10	900	1,200	800	900	0	0	150	150	200	23.6		(63.9)	35.3	98.2	7.5		(73.8)	10.3
11	900	1,200	800	750	75	75	75	75	200	24	22.4	(63.9)	49.1	113.0	7.8	7.2	(73.8)	21.1
12	900	1,200	800	900	0	0	0	0	200									
FGT1	0	n/a	975	0	0	0	150	150	200	37.3		(20.0)	45.9	85.9	22.3		(23.7)	24.5
FGT2	0	n/a	800	0	0	0	150	150	200	46.2		(20.0)	54.3	74.3	33.8		(23.7)	33.5
FGT3	0	n/a	600	0	0	0	150	150	200	60.7		(20.0)	63.9	83.9	47		(23.7)	46.2

AES Greatest Heavies/ FGT Average

Case	O.E. Flow Total mmcfd	O.E. Press into Mtr Sta psig	FGT Press into Mtr Sta psig	O.E. into FGT mmcfd	O.E. into C.C. mmcfd	O.E. into Peaker mmcfd	FGT into C.C. mmcfd	FGT into Peaker mmcfd	FGT into Port Ever mmcfd	Combined Cycle Values: FGT's PCV Outlet deg F	OE's PCV Outlet deg F	Dew Pt Combined deg F	Del Temp Combined deg F	Delivered Superheat deg F	Peaker Values: FGT's PCV Outlet deg F	OE's PCV Outlet deg F	Dew Pt Combined deg F	Del Temp Combined deg F
5	100	1,000	600	0	100	0	0	0	200		35.3	(26.3)	54.7	81.0				
6	100	1,000	600	100	0	0	150	150	200	56		(22.0)	60.3	82.3	42		(27.0)	43.4
7	100	1,000	600	0	75	25	75	125	200	60.7	35.2	(23.1)	62.6	85.7	47	19.8	(25.3)	50.1
8	100	1,000	600	100	0	0	0	0	200									

AES Average/ FGT Greatest Heavies

Case	O.E. Flow Total mmcfd	O.E. Press into Mtr Sta psig	FGT Press into Mtr Sta psig	O.E. into FGT mmcfd	O.E. into C.C. mmcfd	O.E. into Peaker mmcfd	FGT into C.C. mmcfd	FGT into Peaker mmcfd	FGT into Port Ever mmcfd	Combined Cycle Values: FGT's PCV Outlet deg F	OE's PCV Outlet deg F	Dew Pt Combined deg F	Del Temp Combined deg F	Delivered Superheat deg F	Peaker Values: FGT's PCV Outlet deg F	OE's PCV Outlet deg F	Dew Pt Combined deg F	Del Temp Combined deg F
5	100	1,000	600	0	100	0	0	0	200		35.1	(63.9)	54.6	118.5				
6	100	1,000	600	100	0	0	150	150	200	55.9		(8.1)	60.1	68.2	41.6		(11.8)	42.9
7	100	1,000	600	0	75	25	75	125	200	60.4	34.9	(14.1)	62.5	76.6	46.4	19.4	(5.4)	49.5
8	100	1,000	600	100	0	0	0	0	200									

AES Greatest Heavies/ FGT Greatest Heavies

Case	O.E. Flow Total mmcfd	O.E. Press into Mtr Sta psig	FGT Press into Mtr Sta psig	O.E. into FGT mmcfd	O.E. into C.C. mmcfd	O.E. into Peaker mmcfd	FGT into C.C. mmcfd	FGT into Peaker mmcfd	FGT into Port Ever mmcfd	Combined Cycle Values: FGT's PCV Outlet deg F	OE's PCV Outlet deg F	Dew Pt Combined deg F	Del Temp Combined deg F	Delivered Superheat deg F	Peaker Values: FGT's PCV Outlet deg F	OE's PCV Outlet deg F	Dew Pt Combined deg F	Del Temp Combined deg F
1	1,350	1,100	975	1,050	150	150	0	0	200		28.3	(26.3)	45.5	71.8		17.7	(35.3)	24.0
2	1,350	1,100	975	1,350	0	0	150	150	200	29.3		(26.3)	39.5	65.8	13.4		(35.3)	16.0
3	1,350	1,100	975	1,200	75	75	75	75	200	29.3	29.5	(26.3)	51.8	78.1	13.5	17.7	(35.3)	25.4
4	1,350	1,100	975	1,350	0	0	0	0	200		n/a	n/a	n/a	n/a		n/a	n/a	n/a
5	100	1,000	600	0	100	0	0	0	200		35.4	(26.3)	54.7	81.0		n/a	n/a	n/a
6	100	1,000	600	100	0	0	150	150	200	57.5		(1.4)	61.4	82.8	41.8		(8.1)	43.0
7	100	1,000	600	0	75	25	75	125	200	60.4	35.2	(8.2)	62.5	88.7	46.4	19.7	(3.9)	49.6
8	100	1,000	600	100	0	0	0	0	200		n/a	n/a	n/a	n/a		n/a	n/a	n/a
9	900	1,200	800	600	150	150	0	0	200		23.4	(26.3)	41.6	67.9		11.2	(35.8)	18.7
10	900	1,200	800	900	0	0	150	150	200	24.2		(26.3)	35.8	61.9	8		(35.8)	10.8
11	900	1,200	800	750	75	75	75	75	200	24.4	22.8	(26.3)	49.2	75.5	8.3	7.7	(35.8)	21.5
12	900	1,200	800	900	0	0	0	0	200		n/a	n/a	n/a	n/a		n/a	n/a	n/a
FGT1	0	n/a	975	0	0	0	150	150	200	36.3		6.2	45.0	38.8	20.8		(0.2)	23.0
FGT2	0	n/a	800	0	0	0	150	150	200	47.5		6.2	53.8	47.4	32.7		(0.2)	34.4
FGT3	0	n/a	600	0	0	0	150	150	200	60.4		6.2	63.8	57.4	46.4		(0.2)	47.5

AES Average/ FGT Average

Case	O.E. Flow Total mmcfd	O.E. Press into Mtr Sta psig	FGT Press into Mtr Sta psig	O.E. into FGT mmcfd	O.E. into C.C. mmcfd	O.E. into Peaker mmcfd	FGT into C.C. mmcfd	FGT into Peaker mmcfd	FGT into Port Ever mmcfd	Combined Cycle Values: FGT's PCV Outlet deg F	OE's PCV Outlet deg F	Dew Pt Combined deg F	Del Temp Combined deg F	Delivered Superheat deg F	Peaker Values: FGT's PCV Outlet deg F	OE's PCV Outlet deg F	Dew Pt Combined deg F	Del Tei Combir deg F
1	1,350	1,100	975	1,050	150	150	0	0	200		29.2	(63.9)	45.3	109.2		17.3	(73.8)	23.7
2	1,350	1,100	975	1,350	0	0	150	150	200	28.9		(63.9)	39.3	103.2	13		(73.8)	15.5
3	1,350	1,100	975	1,200	75	75	75	75	200	29	28.6	(63.9)	51.8	115.7	13	17.3	(73.8)	25.1
4	1,350	1,100	975	1,350	0	0	0	0	200									
5	100	1,000	600	0	100	0	0	0	200		35.0	(63.9)	54.6	118.5				
6	100	1,000	600	100	0	0	150	150	200	56		25.8	60.3	34.5	42.1		28.4	43.4
7	100	1,000	600	0	75	25	75	125	200	60.7	34.9	18.1	62.6	44.5	47.2	18.4	32.1	50.3
8	100	1,000	600	100	0	0	0	0	200									
9	900	1,200	800	600	150	150	0	0	200		23.0	(63.9)	41.4	105.3		16.7	(73.8)	18.3
10	900	1,200	800	900	0	0	150	150	200	23.8		(63.9)	35.3	99.2	7.5		(73.8)	10.3
11	900	1,200	800	750	75	75	75	75	200	24	22.4	(63.9)	49.1	113.0	7.8	7.2	(73.8)	21.1
12	900	1,200	800	900	0	0	0	0	200									
FGT1	0	n/a	975	0	0	0	150	150	200	37.6		37.3	46.1	8.8	22.9		36.9	25.0
FGT2	0	n/a	800	0	0	0	150	150	200	48.5		37.3	54.5	17.2	34.4		36.9	34.0
FGT3	0	n/a	600	0	0	0	150	150	200	61		37.3	64.1	26.8	47.6		36.9	48.7

AES Greatest Heavies/ FGT Average

Case	O.E. Flow Total mmcfd	O.E. Press into Mtr Sta psig	FGT Press into Mtr Sta psig	O.E. into FGT mmcfd	O.E. into C.C. mmcfd	O.E. into Peaker mmcfd	FGT into C.C. mmcfd	FGT into Peaker mmcfd	FGT into Port Ever mmcfd	Combined Cycle Values: FGT's PCV Outlet deg F	OE's PCV Outlet deg F	Dew Pt Combined deg F	Del Temp Combined deg F	Delivered Superhea deg F	Peaker Values: FGT's PCV Outlet deg F	OE's PCV Outlet deg F	Dew Pt Combined deg F	Del Ter Combin deg F
5	100	1,000	600	0	100	0	0	0	200		35.3	(28.3)	54.7	81.0				
6	100	1,000	600	100	0	0	150	150	200	57.8		27.1	61.5	34.4	42.2		27.5	43.5
7	100	1,000	600	0	75	25	75	125	200	60.8	35.2	21.1	62.6	41.6	47.3	19.8	32.8	50.3
8	100	1,000	600	100	0	0	0	0	200									

AES Average/ FGT Greatest Heavies

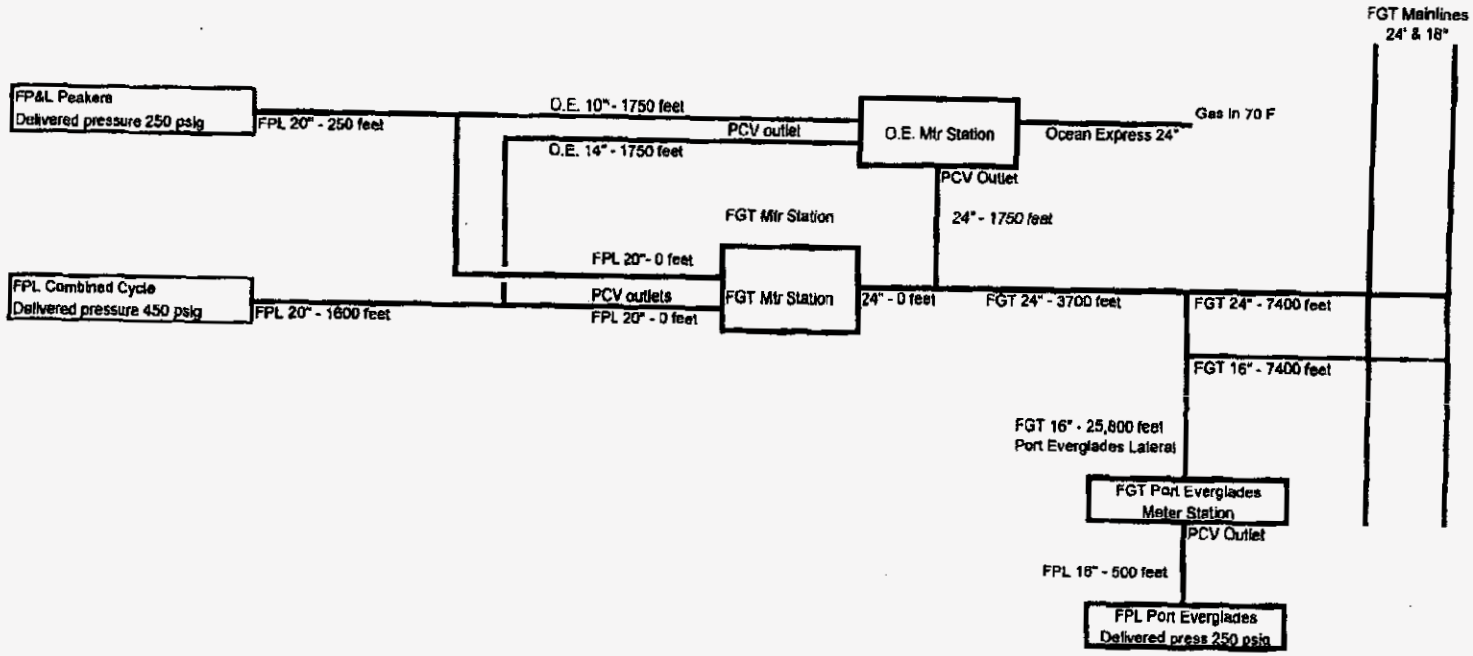
Case	O.E. Flow Total mmcfd	O.E. Press into Mtr Sta psig	FGT Press into Mtr Sta psig	O.E. into FGT mmcfd	O.E. into C.C. mmcfd	O.E. into Peaker mmcfd	FGT into C.C. mmcfd	FGT into Peaker mmcfd	FGT into Port Ever mmcfd	Combined Cycle Values: FGT's PCV Outlet deg F	OE's PCV Outlet deg F	Dew Pt Combined deg F	Del Temp Combined deg F	Delivered Superhea deg F	Peaker Values: FGT's PCV Outlet deg F	OE's PCV Outlet deg F	Dew Pt Combined deg F	Del Ten Combin deg F
5	100	1,000	600	0	100	0	0	0	200		35.1	(63.9)	54.6	118.5				
6	100	1,000	600	100	0	0	150	150	200	55.9		22.0	60.1	38.1	41.6		33.5	42.8
7	100	1,000	600	0	75	25	75	125	200	60.4	34.9	15.7	62.5	46.8	46.4	19.4	28.2	49.5
8	100	1,000	600	100	0	0	0	0	200									

AES Greatest Heavies/ FGT Greatest Heavies

Case	O.E. Flow Total mmcfd	O.E. Press into Mtr Sta psig	FGT Press into Mtr Sta psig	O.E. into FGT mmcfd	O.E. into C.C. mmcfd	O.E. into Peaker mmcfd	FGT into C.C. mmcfd	FGT into Peaker mmcfd	FGT into Port Ever mmcfd	Combined Cycle Values: FGT's PCV Outlet deg F	OE's PCV Outlet deg F	Dew Pt Combined deg F	Del Temp Combined deg F	Delivered Superhea deg F	Peaker Values: FGT's PCV Outlet deg F	OE's PCV Outlet deg F	Dew Pt Combined deg F	Del Ten Combin deg F
1	1,350	1,100	975	1,050	150	150	0	0	200		29.3	(26.3)	45.5	71.8		17.7	(35.3)	24.0
2	1,350	1,100	975	1,350	0	0	150	150	200	29.3		(26.3)	39.5	65.8	13.4		(35.3)	16.0
3	1,350	1,100	975	1,200	75	75	75	75	200	29.3	29.5	(26.3)	51.8	78.1	13.5	17.7	(35.3)	25.4
4	1,350	1,100	975	1,350	0	0	0	0	200		n/a	n/a	n/a	n/a		n/a	n/a	n/a
5	100	1,000	600	0	100	0	0	0	200		35.4	(28.3)	54.7	81.0		n/a	n/a	n/a
6	100	1,000	600	100	0	0	150	150	200	57.8		26.2	61.4	35.2	41.8		23.4	43.0
7	100	1,000	600	0	75	25	75	125	200	60.4	35.2	19.4	62.5	43.1	46.4	19.7	28.8	49.6
8	100	1,000	600	100	0	0	0	0	200		n/a	n/a	n/a	n/a		n/a	n/a	n/a
9	900	1,200	800	600	150	150	0	0	200		23.4	(26.3)	41.5	67.8		11.2	(35.8)	18.7
10	900	1,200	800	900	0	0	150	150	200	24.2		(26.3)	35.5	61.9	8		(35.8)	10.8
11	900	1,200	800	750	75	75	75	75	200	24.4	22.8	(26.3)	49.2	75.5	8.3	7.7	(35.8)	21.5
12	900	1,200	800	900	0	0	0	0	200		n/a	n/a	n/a	n/a		n/a	n/a	n/a
FGT1	0	n/a	975	0	0	0	150	150	200	38.3		37.1	45.0	7.9	20.8		33.5	23.0
FGT2	0	n/a	800	0	0	0	150	150	200	47.5		37.1	53.8	16.8	32.7		33.5	34.4
FGT3	0	n/a	600	0	0	0	150	150	200	60.4		37.1	63.8	26.8	46.4		33.5	47.5

FGT system gas temperature 70 F
Ocean Express gas temperature 70 F into Mtr Station
Ocean LNG controls discharge pressure such that pressure into meter station is no more than 400 psi above FGT system pressure.

Data -Revised FGT Data



PEF 000478
Docket No. 041414-EI

Constituent			Units	Molecular Weight	HHV Btu/Ft^3	Summation Factors	Ref Gas - FGT Historical Avg	FGT Historical Min	FGT Historical Max	FGT Greatest Heavies	AES Greatest Heavies	AES Average
Methane	C1		Mol %	16.0430	1010.0	0.0447	94.9600%	96.8300%	92.2280%	93.5630%	95.8042%	93.8457%
Ethane	C2		Mol %	30.0700	1769.7	0.0922	2.9200%	2.1600%	4.4500%	3.3470%	1.5502%	4.6149%
Propane	C3		Mol %	44.0970	2516.2	0.1338	0.5700%	0.2500%	1.0800%	1.0010%	1.5880%	1.1695%
Isobutane	iC4		Mol %	58.1230	3251.9	0.1789	0.1300%	0.0500%	0.2500%	0.2370%	0.3837%	0.1458%
n - Butane	nC4		Mol %	58.1230	3262.4	0.1871	0.1200%	0.0500%	0.2400%	0.2190%	0.5756%	0.1397%
n - Pentane	C5		Mol %	72.1500	4008.7	0.2510	0.0300%	0.0100%	0.0600%	0.0490%	0.0878%	0.0025%
Isopentane	C5		Mol %	72.1500	4000.9	0.2280	0.0400%	0.0200%	0.0900%	0.0770%	0.0000%	0.0000%
Hexanes	C6+		Mol %	86.1770	4755.9	0.2950	0.0700%	0.0300%	0.0120%	0.1540%	0.0000%	0.0000%
Nitrogen	N_2		Mol %	28.0134	0.0	0.0173	0.3900%	0.6000%	0.5500%	0.3460%	0.0104%	0.0820%
Oxygen	O_2		Mol %	31.9988	0.0	0.0283	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Carbon dioxide	CO_2		Mol %	44.0098	0.0	0.0748	0.7700%	0.0000%	1.0400%	1.0070%	0.0000%	0.0000%
Total			Mol %				100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
Z mix	Z						0.99776	0.99788	0.99761	0.99763	0.99766	0.99767
Mol weight							17.07	16.57	17.63	17.49	17.16	17.15
Relative density to air - real	D						0.59	0.57	0.61	0.60	0.59	0.59
Heat content - HHV			MJ/m^3				38.88	38.46	39.65	39.53	40.02	39.96
Heat content - HHV			btu/scf				1044.1	1033.0	1065.0	1061.6	1074.8	1073.3
Wobbe index (15C/15C)			MJ/m^3				50.60	50.81	50.78	50.82	51.94	51.88
Dewpoint @ 975 psig			F				-52		-55	-12	-41.3	-75.1
Dewpoint @ 450 psig			F				-19.9		-28.5	6.2	-26.3	-64.7
Dewpoint @ 250 psig			F				-23.7		-35.7	-0.2	-35.8	-74.5

ATTACHMENT 3

PEF 000480
Docket No. 041414-EI

October 8, 2003

Mr. Ed Cahill
Title
AES Ocean Express LLC
Two Alhambra Plaza
Suite 1104
Coral Gables, FL 33134

Re: Interconnection, Reimbursement, Construction, Ownership and Operation Agreement Between Florida Gas Transmission Company and AES Ocean Express LLS ("Interconnection Agreement")

Dear Mr. Cahill:

In response to your letter of August 18, 2003, Florida Gas Transmission Company ("FGT") provides its comments to the issues raised by AES Ocean Express LLC ("Ocean Express") with regard to the FGT draft of the above-referenced Interconnection Agreement. This letter is for purposes of discussion only and does not constitute a letter of intent or a binding obligation upon FGT.

Meter Station Facilities (Article I, Section 1) Ocean Express has stricken from this section the words "condensate storage tank" and "heater" from the list of necessary equipment. However, both a liquid storage tank and a gas-fired heater are required. (i) Storage Tank. Since a separator is required, a liquid storage tank is necessary to catch any liquids removed by the separator. It is particularly important at start up to have a storage tank available to catch water trapped in the pipeline during construction. In addition, if there is ever a break in any of the underwater seams, water will be present that will have to be separated and collected. Also, liquids in the line could result from pigging operations, which would push liquids to the pig receiver, which Ocean Express plans to build in close proximity to the interconnection. (ii) Heater. Since there will be a significant reduction in pressure from the Ocean Express line to the FGT line, and a commensurate drop in the temperature of the gas, a heater will be required to raise the temperature of the gas to 85 degrees Fahrenheit to protect the warranty requirement of 50 degrees of superheat over the hydrocarbon dew point downstream of FPL Ft. Lauderdale power plant regulation station. This temperature is necessary to prevent the fall out of liquids from the two natural gas streams blending in the FGT mainline directly upstream of the FPL Ft. Lauderdale power plant.

Warranty of Capacity (Article I, Section 5) Ocean Express questions the need for the first sentence and suggests adding the words "pursuant to its FERC Gas Tariff". However, FGT believes that the section, as written, is the appropriate approach. (i) The first sentence is included in the Interconnection Agreement to make it clear to Ocean

Express that the flows on the FGT system will be based on scheduling priorities, line pack requirements and other operational needs, and that the system will be operated in the best way to serve the various markets on the FGT system, and to meet firm contract commitments. In addition, available capacity will change from time to time, depending on the needs of the market. If Ocean Express desires capacity or operations which are different, FGT and Ocean Express can discuss the needs and whether it is possible to accommodate the needs. If there is an agreement to modify or add facilities, Ocean Express will be responsible for all costs. (ii) Where the tariff is applicable, FGT operates in accordance with the terms of its tariff. The words "pursuant to its FERC Gas Tariff" are not necessary. In addition, because portions of this agreement are not governed by the tariff, it is necessary to remove the words to prevent confusion. In particular the quality provisions necessary for LNG have not yet been added to the tariff and the words would create confusion until the terms are added to the tariff.

Construction Schedule (Articles II and IV) All but one of the proposed changes to the construction schedule are acceptable. The one proposed change that concerns FGT is the suggestion that the parties be obligated to undertake their respective construction "with all reasonable commercial dispatch thereafter". FGT does not know what this standard means. Therefore, FGT suggests striking the words suggested by Ocean Express and adding the words "proceed with reasonable commercial efforts," right before the words "absent events of force majeure".

Non-Spec Gas (Article III, Section 1) Ocean Express suggests that the Interconnection Agreement use "industry standards" with regard to gas quality specifications. However, standards for LNG are still emerging at this point in time. In addition, the standards may vary from system to system and location to location depending on a number of factors such as other sources of gas for mixing, burner settings in the region, and the location of quality-sensitive equipment, such as dry, low-NOX gas turbine units. At this point in time, given the location of the interconnection with Ocean Express, FGT believes that LNG meeting the quality specifications set forth in Exhibits C and D could be safely received into the FGT system and utilized by the FGT customers. FGT does reserve the right to make these specifications more restrictive in the event that it is discovered that more restrictive specifications are necessary to protect customers or the system.

Ocean Express also suggests the use a materiality standard with a notice and cure provision. However this approach is particularly inappropriate in these circumstances. Damage resulting from out-of-spec LNG would come quickly and would be severe. The proposed interconnection is in very close proximity to both electric generation customers and local distribution customers serving households. Out-of-spec LNG would cause significant damage to new low-NOX gas turbine units very quickly. In addition, if the Btu content of the gas is too high, the result could be yellow tipping, incomplete combustion and malfunction of residential appliances. Because of the immediacy and the severity of the impact, FGT believes that the appropriate approach is that AES Ocean Cay LNG ("Ocean Cay") be a party to this agreement and be the first party responsible for monitoring gas quality. It will be the obligation of Ocean Cay to monitor gas quality in the Bahamas and to shut in its gas when it does not meet quality specs. In addition, it

will be the obligation of Ocean Cay to immediately notify FGT that the gas is out of spec, why, what time the gas flow was stopped, what steps are being taken to bring the gas back into spec, and when gas will be back in spec and ready to flow. Furthermore, because of the proximity of the interconnection to FGT markets, it should be the responsibility of Ocean Express and Ocean Cay to take the risk of damage for out-of-spec gas. Therefore the Interconnection Agreement should specify that Ocean Express and Ocean Cay will indemnify FGT for any and all damage resulting from its out-of-spec gas. Finally, FGT will continue to have the right to monitor gas quality and to shut in the gas if it fails to meet specifications. FGT shall also have the right to require Ocean Express to install equipment necessary to ensure that gas meets all specifications and to require arrangements for FGT to monitor the outlet of any installed processing equipment via the Ocean Express RTU, which will be located at the Ocean Express meter station and which will poll the Ocean Cay RTU.

Gas Quality/Heat Content (Article III, section 2). Based on initial customer feedback, the heat content will be set at 1075 Btu. Based on preliminary research and discussions with customers this limit appears to work with the customers on the FGT systems. FGT notes, however, that FGT will not be obligated to this level in the event that a governmental body having jurisdiction requires a lower level.

Access to Measurement Data (Article III, section 4) Ocean Cay will be required to install and to maintain in good repair gas measurement equipment at the outlet of the LNG terminal in the Bahamas, for so long as Ocean Express is interconnected to FGT. In addition, Ocean Cay will be required to provide on a real-time basis data from such measurement equipment to Ocean Express. Ocean Express shall provide such data to FGT at the RTU at the Ocean Express meter station.

Hourly Flow Rate (Article III, section 5) Ocean Express will be obligated to provide an hourly flow rate of 6.0%. Pursuant to Section 6.B. of the General Terms and Conditions of the FGT FERC Gas Tariff, firm customers have the right to take up to 6.0% of daily contract quantity up to the MDTQ. Because, the interconnection between Ocean Express and FGT will be located among delivery points for major generation facilities, a 6% flow rate is operationally necessary. These facilities take at the rate of 6.0% on a regular basis. In order to maintain line pack and flow to FGT customers, this receipt point (just as any other receipt point in the market area) will be required to deliver gas at a flow rate of up to 6.0% of the daily scheduled quantity of gas.

Reimbursement (Article IV, section 1) The changes suggested by Ocean Express are OK.

Term (Article V) The changes suggested by Ocean Express are OK, except that FGT would prefer a twenty-year initial term

Assignment/Pledge of Interests (Article III) Language will be added to provide for assignment of all or a significant portion of either entity to an affiliate or another

company by purchase, merger, or consolidation should not require consent. In addition, any assignment must to an entity that is of investment grade.

Exhibit C. Eighty-five degrees is a requirement to prevent the fall out of liquids on the FGT system. This temperature is a minimum requirement.

Very truly yours,

Jack Boatman
Vice President, Marketing

ATTACHMENT 4

INTERCONNECTION, REIMBURSEMENT, CONSTRUCTION, OWNERSHIP AND OPERATION AGREEMENT

FLORIDA GAS TRANSMISSION COMPANY

AND

AES OCEAN EXPRESS LLC

DATED

_____, 2003

THIS INTERCONNECTION, REIMBURSEMENT, CONSTRUCTION, OWNERSHIP AND OPERATION AGREEMENT ("INTERCONNECTION AGREEMENT") made and entered into as of the ____ day of November, 2003, by and between FLORIDA GAS TRANSMISSION COMPANY ("FGT") and AES OCEAN EXPRESS LLC ("OCEAN EXPRESS") (the "Parties" hereto, each is a "Party");

OCEAN EXPRESS will construct an approximately 52 mile pipeline connecting at the Exclusive Economic Zone ("EEZ") with a pipeline originating at the Ocean Cay, Bahamas LNG terminal and terminating in Broward County, Florida. OCEAN EXPRESS has requested an interconnection with FGT. This INTERCONNECTION AGREEMENT identifies the facilities necessary for an interconnection between the Parties and sets forth the terms and conditions of the design, construction, installation, ownership, reimbursement, maintenance and operation of such facilities, which shall include a meter and regulating station, electronic flow measurement ("EFM"), Supervisory Control and Data Acquisition ("SCADA") system, mainline chromatographs and 24" connecting lateral located at or near FGT's M.P. 2.2 on the Lauderdale Lateral in Broward County, Florida. In addition, pursuant to a separate agreement to be entered between Ocean Express and AES Ocean LNG, Ltd. ("Ocean LNG"), EFM, SCADA, a gas chromatograph and associated gas quality equipment, including sulfur analyzers, will be constructed and located at the OCEAN CAY LNG terminal inlet to the take-away pipeline facilities in the Bahamas. The Parties' respective facilities and responsibilities are further defined in Exhibits A and B.

ARTICLE I
DESIGN, OWNERSHIP AND CONSTRUCTION OF FACILITIES

1. OCEAN EXPRESS shall design, construct, own, operate, and maintain a meter station, including the meter station site, fencing, connection piping, filter separator, liquids storage tank, flow meters, EFM, SCADA instrumentation, chromatograph, gas fired heater, all weather access road and any other ancillary equipment. OCEAN EXPRESS also shall design, construct, own, and maintain flow control and pressure regulation equipment and over-pressure protection monitors ("OPP"). FGT shall operate OCEAN EXPRESS's flow control and pressure regulation equipment and the OPP. All of the equipment described in this Section 1 of Article I shall be referenced hereinafter as the "Meter Station".

2. The Meter Station shall be designed and constructed for an hourly flow capability of up to 1,350,000 MMBtu/d. OCEAN EXPRESS will design the upstream facilities so that its operations will not exceed FGT's prevailing MAOP which is currently 975 psig, but which may change from time to time. In the event that FGT lowers the MAOP, OCEAN EXPRESS will make the appropriate adjustments at the Meter Station so that the delivery pressure into the FGT line at the time of the change to the lower pressure is no greater than the changed MAOP. OCEAN EXPRESS, or OCEAN EXPRESS's designee, shall obtain any necessary right-of-way, clearances, easements (in accordance with the provisions of Article II, below), permits, licenses, authorizations and certificates required or necessary for the construction and operation of the Meter Station. FGT will assist OCEAN EXPRESS in obtaining these authorizations and, if necessary, shall join in any request for operations authorization with respect to the flow control, pressure regulation and OPP equipment, which FGT will operate.

3. FGT shall design, construct, own, operate and maintain a 24-inch tee, valves, 24-inch connection piping, relief valves, SCADA and five (5) pipeline system chromatographs and appurtenant facilities. Collectively these facilities in this Section 3 of Article I will be the "Reimbursement Facilities".

4. FGT shall take the appropriate actions to obtain all environmental permits, licenses, or authorizations necessary for the construction and operation of the Reimbursement Facilities. Pursuant to the terms of Section 5 of Article II, below, OCEAN EXPRESS shall obtain the right-of-way for all of the Reimbursement Facilities, except for the five (5) chromatographs.

5. Due to the limitations of FGT's pipeline capacity, the unpredictability of future market loads and the multiple combinations of delivery paths, FGT makes no representations or warranties with regard to available pipeline capacities either upstream or downstream of the OCEAN EXPRESS Meter Station. FGT shall be under no obligation to modify or expand its system in any way. In addition, in no event will the size of the Meter Station specified in Section 2 of this Article I, require FGT to operate its system to take any quantity of gas, at any rate, from Ocean Express. Moreover, the sizing of the Meter Station shall not obligate FGT to take any action of any kind to enlarge or modify its system to take any additional quantity of gas.

ARTICLE II
CONSTRUCTION SCHEDULE AND RIGHT-OF-WAY

1. Upon receipt of all necessary approvals, waivers, and permits which are satisfactory to the Parties, and, in the case of the Reimbursement Facilities, upon issuance by OCEAN EXPRESS of the Notice to Proceed pursuant to Section 2 of Article IV, OCEAN EXPRESS and FGT shall make commercially reasonable efforts to commence the construction of the Meter Station and the Reimbursement Facilities, respectively, and, absent events of force majeure or events causing loss of economic justification for either Party, shall pursue such construction to completion.

2. OCEAN EXPRESS agrees to provide, at no cost to FGT, requested electric service, telecommunications service, if needed, and housing for FGT's SCADA instrumentation. FGT shall submit its requirements in a timely manner for instrumentation space, telecommunications service and power related to installation of its SCADA in OCEAN EXPRESS's EFM building.

3. Within sixty (60) days following the execution of this INTERCONNECTION AGREEMENT, each Party will submit to the other Party for review drawings, specifications and construction procedures for, in the case of OCEAN EXPRESS, the Meter Station, and, in the case of FGT, the Reimbursement Facilities. Within sixty (60) days following the date upon which Ocean Express notifies FGT that Ocean Express has obtained all necessary permits, authorizations and approvals, each Party shall submit to the other Party for review a projected construction schedule for, in the case of OCEAN EXPRESS, the Meter Station and, in the case of FGT, the Reimbursement Facilities (in each case, the "Construction Plans"). Within fourteen (14) days of receipt of the Construction Plans, each Party shall notify the other Party in writing of acceptance of or exceptions (if any) to the Construction Plans and the Parties shall cooperate in good faith to reasonably resolve the exceptions taken. Each Party shall design, and construct its equipment and facilities in accordance with the agreed-upon Construction Plans.

4. Each Party shall have the right to inspect, during and after construction, the equipment of the other Party, including any future modification to existing equipment or the addition of new equipment, and reject any facilities not meeting United States Department of Transportation Codes (Office of Pipeline Safety), the most current AGA standards, and FGT's Federal Energy Regulatory Commission ("FERC") Gas Tariff requirements. Any equipment that is rejected must be improved or replaced as soon as practical such that the resulting equipment meets all specifications. Each Party will notify the other Party ninety-six (96) hours in advance of beginning the construction of its facilities so that the notified Party can arrange for inspection by its personnel. Each Party agrees to provide the other Party as-built drawings of the facilities it constructs under this INTERCONNECTION AGREEMENT. OCEAN EXPRESS further agrees to reimburse FGT for the cost of an inspector at the rate of $410.00 per day during the construction of the Meter Station. FGT's inspector will perform his duties in a reasonable and prudent manner, consistent with generally accepted standards in the industry. In the event the inspector raises an issue, the Parties will use commercially reasonable efforts to work together to resolve the issue. The cost of FGT's inspector is separate and apart from the cost of the Reimbursement Facilities and shall be invoiced and paid separate and apart from the cost of the Reimbursement Facilities. FGT shall invoice OCEAN EXPRESS for inspection costs ten (10) days after completion of construction and OCEAN EXPRESS shall pay said invoice within ten (10) days from receipt.

5. OCEAN EXPRESS or its agent shall acquire an assignable perpetual easement acceptable to both Parties for the location of the Meter Station and the Reimbursement Facilities, excluding FGT's five (5) system chromatographs. OCEAN EXPRESS shall use commercially reasonable efforts to negotiate an easement agreement containing rights for OCEAN EXPRESS to grant FGT a partial assignment of easement giving FGT the rights to a specific portion of land for the location of the Reimbursement Facilities

located at the Meter Station site and with ingress and egress thereto which may be executed by OCEAN EXPRESS only upon review and approval, not to be unreasonably withheld, by FGT. OCEAN EXPRESS will deliver to FGT copies of the executed easements evidencing OCEAN EXPRESS's rights to the Meter Station site. OCEAN EXPRESS and FGT shall execute a partial assignment of easement giving FGT the rights to a specific portion of land for the location of the associated Reimbursement Facilities and giving FGT rights of ingress and egress thereto, substantially in the form of the Partial Assignment of Easement contained in Exhibit "C", within 15 days of execution of the easement. This partial assignment of easement shall include, at no cost to FGT, the right to occupy and use a location within the Meter Station site suitable for the construction, operation and maintenance of the associated Reimbursement Facilities for the term of this INTERCONNECTION AGREEMENT and the right to remove all FGT's equipment therefrom within a reasonable time after termination of this INTERCONNECTION AGREEMENT Promptly upon termination of the Partial Assignment of Easement, the Parties shall execute (and file with the appropriate governmental entities) all documents necessary to terminate such assignment of easement rights and provide public notice thereof

6. OCEAN EXPRESS will acquire a perpetual surface easement for an access way for a road (not less than twelve feet in width) extending from the nearest public road to the Meter Station, which will allow OCEAN EXPRESS and FGT, or FGT's designee (at no cost to FGT), adequate vehicular ingress and egress to the Meter Station site including to the Meter Station and Reimbursement Facilities. OCEAN EXPRESS will deliver to FGT copies of all title documents in form and substance satisfactory to FGT evidencing OCEAN EXPRESS's rights for a road to the Meter Station site. The easement shall be for as long as this INTERCONNECTION AGREEMENT is in effect.

7. Any change or modification to, removal of, or relocation of any portion of the Meter Station or the Reimbursement Facilities at any time after construction shall be only by mutual agreement of the Parties, which agreement shall not be unreasonably withheld.

ARTICLE III
OPERATIONS, GAS QUALITY AND MEASUREMENT

1. Gas Quality Specifications. All gas delivered into FGT's system shall conform to (i) the gas quality specifications and provisions set forth in FGT's FERC Gas Tariff, as such Tariff shall change from time to time; (ii) the additional quality specifications for LNG as set forth in Exhibit "D" (which include the requirement that all deliveries of gas will be at a minimum temperature of 80 degrees Fahrenheit and a maximum of 115 degrees Fahrenheit) and Exhibit "E" until such time as these or other LNG quality specifications are filed by FGT with the FERC and approved by the FERC in FGT's FERC Gas Tariff and as may be changed from time to time in the FGT Tariff; and (iii) (iii) the requirement to be free of any substance or condition that may impact the commercial requirements of FGT and FGT's customers. OCEAN EXPRESS shall support the FGT filing of the quality specification set forth in Exhibits "D" and "E," except that Ocean Express may

(i) protest any FGT temperature specification and (ii) advocate a maximum Btu level of 1085 Btu/scf.

2. Gas Quality Specification Monitoring. OCEAN EXPRESS shall obtain from Ocean LNG a commitment which shall be commensurate with the term of this agreement and which shall be acceptable to FGT, to install, to maintain in good working order, and to operate on a daily basis gas quality measurement equipment which shall provide real-time readings for all of the quality specifications listed in Exhibits "D" and "E", hereto. OCEAN EXPRESS shall further obtain from OCEAN LNG a commitment to provide signals from the gas quality equipment to OCEAN EXPRESS. In accordance with Section 4 of this Article III, below, OCEAN EXPRESS shall provide these real-time, gas quality measurement signals to FGT via a digital port connection through the OCEAN EXPRESS EFM unit located at the Meter Station to permit FGT to monitor gas quality specifications on a real-time basis. In the event that the LNG exceeds the gas quality specifications set forth in Exhibits "D" and "E" hereto, OCEAN EXPRESS will immediately give notice to FGT's Gas Control stating which specification(s) the LNG fails to meet and what steps will be taken to bring the gas back within the specifications set forth in Exhibits "D" and "E", and when the gas will meet the specifications. FGT, in its reasonable discretion, shall determine when the gas shall be shut in. In addition, FGT may also request that OCEAN EXPRESS to treat the gas and/or take other action, including the construction of facilities, which would cause the gas to meet FGT's quality specifications as set forth in paragraphs (i) and (ii) above.

3. Indemnification. OCEAN EXPRESS shall be responsible for and shall pay or reimburse FGT for any and all damage to any FGT facilities resulting from deliveries of LNG that do not meet the requirements of paragraphs (i), (ii) and (iii) of this Section 1 of Article III. OCEAN EXPRESS shall indemnify and hold harmless FGT from all liabilities, losses, claims, expenses, suits, actions, costs, and damages (and including attorneys' fees, expenses, and court costs) on any actions arising from suits by FGT's customers or any other parties which result from deliveries of gas which do not meet the requirements of Paragraphs (i) and (ii) of this Section 1 of Article III. OCEAN EXPRESS will maintain insurance in an amount necessary to ensure payment of any damages caused by LNG that does not meet specifications. It is the intention of the Parties that these indemnity obligations and/or liabilities and/or responsibilities of OCEAN EXPRESS under this Section 3 of Article III shall not be be without monetary limit and shall not limited by any amounts of insurance carried or required herein.

4. Quality Specification Study or Studies. In the event that the a study is required in the context of a Commission proceeding regarding LNG gas quality issues, FGT shall undertake to conduct such study or studies and OCEAN EXPRESS shall reimburse FGT for the cost of such study or studies within 15 days of receipt of an invoice from FGT. Further, if that meeting with FGT's customers is necessary in the context of a Commission proceeding regarding LNG gas-quality issues, FGT shall undertake to hold such meeting and OCEAN EXPRESS shall reimburse FGT for the costs of such meetings within 15 days of receipt of an invoice.

5. OCEAN EXPRESS or its agent shall test its metering facilities monthly for accuracy and shall give sufficient notice so that FGT may witness such testing. Testing and

measurement shall be consistent with the terms and requirements set forth in FGT's FERC Gas Tariff. The cost of such testing will be borne by OCEAN EXPRESS. OCEAN EXPRESS shall perform custody transfer measurement. In the event the flow volumes fall below the minimum or exceed the maximum measurement design or control capability of the Meter Station, FGT retains the right to require OCEAN EXPRESS, at OCEAN EXPRESS's expense, to install the necessary equipment (or to require OCEAN EXPRESS to reimburse FGT for installing the necessary equipment) to perform more accurate control and/or custody transfer measurement.

6. Each Party shall have access to the other Party's EFM/SCADA for the purpose of acquiring data via either analog, digital signal or the latest technology, via an interface specified by the other Party, for pressure, temperature, differential pressure, raw flow, measurements, calculated volume in Mcf and MMBtu; as well as for the most recently calculated Btu, specific gravity, H20, hydrogen sulfide, total sulfur, oxygen, carbon dioxide and nitrogen content measurements of the flowing gas stream. OCEAN EXPRESS will grant FGT: (i) a direct access port to OCEAN EXPRESS's ultrasonic meter and gas quality equipment located at the Meter Station, and (ii) access via the direct access port to gas quality measurement data collected at the Meter Station as well as to the data made available to OCEAN EXPRESS from the OCEAN CAY pipeline receiving regasified LNG from the LNG facility located in the Bahamas Islands. Each Party shall only have access to such electronic measurement data in a format established by the other Party, which will not interfere with the operation of the EFM/SCADA. Each Party recognizes that the data acquired from any electronic equipment is "raw" data, because of correction or interruption due to maintenance repair or other activities by either Party or due to events of force majeure and is subject to further refinement or correction. Each Party shall use reasonably commercial efforts to notify the other Party of any equipment malfunction or failure and shall schedule any necessary repairs as soon as practical in accordance with procedures specified in FGT's FERC Gas Tariff. Each Party shall notify the other Party of the schedule of such repairs such that the other Party may send a representative to witness the repairs.

7. Remote operation of the flow and pressure control regulation shall be performed by FGT's Gas Control via FGT's RTU equipment. FGT shall be responsible for establishing and maintaining the flow set point at the Meter Station. FGT will take gas from the Interconnection at a rate which best facilitates the operation of its system. However, FGT shall limit the hourly flow rate at the location to six percent (6%) of the daily scheduled quantities if OCEAN EXPRESS provides reasonable notice to FGT that in the reasonable determination of OCEAN EXPRESS, operational conditions on its system necessitate limiting the hourly flow rate at the Meter Station to six percent (6%) of the daily scheduled gas quantities.

8. FGT shall operate the OPP monitors and shall inspect and test them on an annual basis to establish that such devices are properly operated in accordance with DOT regulations (Title 49 CFR Part 192).

9. Prior to placing the Meter Station and Reimbursement Facilities in service, the Parties will enter into an operational balancing agreement ("OBA").

10. OCEAN EXPRESS acknowledges that, in order to make deliveries of natural gas into FGT's system at the Reimbursement Facilities, the outlet operating pressure in OCEAN EXPRESS's system at that point will need to exceed FGT's prevailing line pressure at the point as such pressure exists from time to time, but OCEAN EXPRESS's system pressure at that point shall not exceed FGT's MAOP. Neither this Agreement nor the operations of OCEAN EXPRESS's system shall obligate FGT to operate its system at any particular pressure. Nothing in this Agreement shall obligate FGT to compress OCEAN EXPRESS's deliveries of natural gas and FGT, in its sole discretion, shall determine when FGT's compressors will be utilized.

11. OCEAN EXPRESS will odorize and monitor the gas upstream of the Meter Station to ensure FGT's currently odorized system is in compliance with the US DOT Pipeline Safety Regulations Part 192.625 for all gas received from Ocean Express. Odorization will be at no cost to FGT.

ARTICLE IV
REIMBURSEMENT

1. Pursuant to the Level B Cost Estimate Letter Agreement, dated February 6, 2003, (i) FGT has prepared and delivered to OCEAN EXPRESS a project scope and estimated cost ("Estimated Cost") for the Reimbursement Facilities including, but not limited to, the cost of permits, materials, installation, surveying, inspection, x-ray, environmental studies, regulatory filings, attorney's fees and other expenses or overhead that may be required, and (ii) OCEAN EXPRESS has paid FGT for making the estimate (but not for the cost of the Reimbursement Facilities). One hundred and twenty days prior to construction, FGT will prepare and deliver to OCEAN EXPRESS an updated project scope and estimated cost, which will reflect modification of or changes in the pricing of materials, corporate overheads, taxes, labor or other contingencies ("Updated Estimated Cost"). The Parties will mutually agree to the reimbursement by OCEAN EXPRESS to FGT of the Updated Estimated Cost by confirmation in a letter amendment to this Agreement. Subject to the provisions of this Section 1 of Article IV, OCEAN EXPRESS shall reimburse FGT for all costs and expenses incurred directly and indirectly relating to the construction of the Reimbursement Facilities including, but not limited to, the cost of permits, materials, fees and other expenses or overhead that may be required ("Actual Cost"). Notwithstanding the Estimated Cost and the Updated Estimated Cost, OCEAN EXPRESS agrees to pay the Actual Cost provided such cost is not in excess of 125% of the Updated Estimated Cost, and subject to OCEAN EXPRESS's right to audit the Actual Costs. In the event FGT determines costs will exceed 125% of the Updated Estimated Cost, FGT will promptly notify OCEAN EXPRESS and the Parties will mutually agree on an adjusted cost estimate ("Maximum Amount") prior to proceeding. In the event an unforeseen impediment to construction exists, any additional costs incurred as a result shall not be included in the Maximum Amount and shall be paid in full separate and apart from the Maximum Amount; provided, however, that FGT shall notify OCEAN EXPRESS of its estimate of such additional costs as soon as practicable. In the event of an unforeseen impediment to construction and an additional cost above the Maximum Amount, OCEAN EXPRESS shall pay FGT the additional cost within 30 days of receipt of an invoice. In the event either Party terminates this INTERCONNECTION

AGREEMENT pursuant to the provisions of Article V prior to completion, OCEAN EXPRESS shall pay FGT Actual Costs incurred to that point. If FGT has not billed OCEAN EXPRESS at that time, FGT shall send OCEAN EXPRESS an invoice and OCEAN EXPRESS shall pay within 30 days. If FGT has already billed OCEAN EXPRESS and OCEAN EXPRESS has paid FGT, FGT shall refund OCEAN EXPRESS any amount in excess of actual costs incurred. FGT shall provide OCEAN EXPRESS with an accounting and shall pay any difference within 30 days.

2. OCEAN EXPRESS will provide to FGT no less than thirty (30) days notice of the date when it requires FGT to proceed with construction ("Notice to Proceed") of the Reimbursement Facilities. Prior to the date upon which construction is scheduled to commence, FGT shall invoice OCEAN EXPRESS for the Estimated Cost. After completion of construction, FGT shall determine the Actual Cost for the construction of the Reimbursement Facilities. FGT shall refund OCEAN EXPRESS the difference between the Actual Cost and the Estimated Cost if the Actual Cost is less that the Estimated Cost or invoice OCEAN EXPRESS for additional amounts if the Actual Cost is greater than the Estimated Cost. FGT shall refund OCEAN EXPRESS within thirty (30) days of determining an overpayment for the Reimbursement Facilities. OCEAN EXPRESS shall pay FGT within thirty (30) days of receipt of any invoice from FGT indicating an underpayment for the Reimbursement Facilities. Unless otherwise mutually agreed, OCEAN EXPRESS shall submit such payments by wire transfer to:

J. P. Morgan Chase, New York
Account [redacted] REDACTED
ABA [redacted]

3. FGT agrees to report amounts reimbursed by OCEAN EXPRESS to FGT under this INTERCONNECTION AGREEMENT as a nontaxable contribution to capital under Section 118(a) of the Internal Revenue Code of 1986, as amended ("the Code"), as OCEAN EXPRESS is not a customer or potential customer of FGT. In the event FGT is required to pay income taxes to the Internal Revenue Service because the amounts reimbursed by OCEAN EXPRESS to FGT under this INTERCONNECTION AGREEMENT qualify as a taxable contribution in aid of construction under Section 118(b) of the Code, OCEAN EXPRESS agrees to indemnify and hold harmless FGT for the actual amount of income taxes associated with the reimbursement amount reimbursed by OCEAN EXPRESS to FGT pursuant to this INTERCONNECTION AGREEMENT up to a total gross-up amount currently calculated to be equal to 34.93%.

4. OCEAN EXPRESS will reimburse FGT for all sales and use tax associated with the construction of the Reimbursement Facilities.

5. For purposes of this INTERCONNECTION AGREEMENT, construction of the Meter Station and the Reimbursement Facilities shall be deemed complete when all reports are submitted and all work orders are closed. Adequate documentation in the form of invoices, work orders and receipts for all costs associated with the Reimbursement Facilities shall be available to OCEAN EXPRESS for inspection at FGT's office in Houston, Texas, upon reasonable prior notice during business hours; provided, however,

that if OCEAN EXPRESS does not submit a written claim for adjustment or correction within one (1) year following the date of completion, work orders, receipts and payments shall be deemed final and conclusively correct for all purposes hereof.

ARTICLE V
TERM

This INTERCONNECTION AGREEMENT shall be effective as of the date first above written and shall remain in force and effect for an initial term of thirty (30) years from the in service date of the interconnection and year-to-year thereafter, until either Party provides the other Party with twelve (12) months prior written notice of its intent to terminate this INTERCONNECTION AGREEMENT, provided however, that either Party may terminate this Interconnection Agreement upon six (6) months prior written notice to the other if such other Party has materially breached its obligations hereunder, and such failure has continued uncured for a period of sixty (60) days after such other Party receives notice of such breach from the first Party; and provided further that this Interconnection Agreement shall not be terminated if the other Party has commenced action to cure such breach and continues with reasonable diligence to effect such cure. In addition, either Party may terminate the Agreement upon six (6) months prior notice to the other if final FERC approval of the OCEAN EXPRESS Pipeline in Docket No. CP02-90 is not issued by [July 1, 2004] or if final FERC approval is not satisfactory to the Party.

ARTICLE VI
FORCE MAJEURE

1. If either party fails to perform any obligations under this Interconnection Agreement due to an event of Force Majeure, as defined below, such failure shall be deemed not to be a breach of such obligations and the Party asserting Force Majeure shall not be liable in damages or otherwise as a result of an event of Force Majeure. The Party that fails to perform any obligations under this Interconnection Agreement where such failure is caused by an event of Force Majeure shall promptly remedy the cause of the Force Majeure insofar as it is commercially reasonable to do so.

2. Notwithstanding the above provisions, no event of Force Majeure shall:

   (a) relieve a Party from any obligation or obligations pursuant to this Interconnection Agreement unless such Party gives notice with reasonable promptness of such event to the other Party;

   (b) relieve a Party from any obligation or obligations pursuant to this Interconnection Agreement after the expiration of a reasonable period of time within which, by the use of its due diligence, such Party could have remedied or overcome the consequences of such event of Force Majeure; or

   (c) relieve a Party from its obligation or obligations to make payments of amounts as provided hereunder, subject to any applicable credit.

3. The term "Force Majeure", as used herein, shall mean acts of God, strikes, lockouts, or other industrial disturbances; acts of public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms (including but not limited to, hurricanes or hurricane warnings), crevasses, floods, washouts, arrests and restraints of the government, either Federal or State, civil or military, or civil disturbances. Force Majeure shall also mean shutdowns due to power outages and/or for purposes of necessary repairs, relocation, or construction of facilities; failure of electronic data capability; breakage or accident to machinery; the necessity of testing facilities (as required by governmental authority or deemed necessary by either Party for the safe operation thereof); failure of surface equipment or pipelines; accidents, breakdowns, inability to obtain necessary materials, supplies or permits, or labor to perform or comply with any obligation or condition of service, rights-of-way; and any other causes, whether of the kind herein enumerated or otherwise which are not reasonably in the asserting Party's control. It is understood and agreed that the settlement of strikes or lockouts or controversies with landowners involving rights-of-way shall be entirely within the asserting Party's discretion and that the above requirement that any Force Majeure shall be remedied with reasonably commercial efforts shall not require the settlement of strikes or lockouts or controversies with landowners involving rights-of-way by acceding to the demand of the opposing party when such course is inadvisable in the discretion of the asserting Party.

ARTICLE VII
LIABILITIES

1.

1. TO THE FULLEST EXTENT PERMITTED BY LAW, EACH PARTY SHALL PROTECT, INDEMNIFY, DEFEND AND HOLD HARMLESS THE OTHER PARTY, ITS AFFILIATE AND SUBSIDIARY COMPANIES, AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, AND REPRESENTATIVES, FROM AND AGAINST ALL CLAIMS, DEMANDS, LOSSES, EXPENSES, COSTS (INCLUDING BUT NOT LIMITED TO ATTORNEY'S FEES, EXPENSES AND COURT COSTS), DAMAGES (INCLUDING BUT NOT LIMITED TO ENVIRONMENTAL OBLIGATIONS AND LIABILITIES), AND CAUSES OF ACTION OF EVERY KIND AND CHARACTER ASSERTED BY ANY PERSON (INCLUDING BUT NOT LIMITED TO EMPLOYEES, AGENTS, OR CONTRACTORS OF OCEAN EXPRESS AND FGT) THAT ARISE OUT OF OR ARE RELATED TO ANY WORK UNDERTAKEN BY SUCH PARTY PURSUANT TO THIS AGREEMENT RELATED TO FACILITIES CONSTRUCTED HEREUNDER OR THAT INTERCONNECT WITH EITHER THE METER STATION OR FGT'S FACILITIES, TO THE EXTENT SUCH CLAIMS, DEMANDS, LOSSES, EXPENSES, COSTS, DAMAGES AND CAUSES OF ACTION ARE CAUSED BY OR ARISE OUT OF THE CONTRIBUTION BY, NEGLIGENCE OR WILLFUL MISCONDUCT OF A PARTY, ITS CONTRACTORS OR SUBCONTRACTORS, OR THE RESPECTIVE EMPLOYEES OR AGENTS OF ANY OF THEM, AND RESULT IN PERSONAL INJURY, DEATH, PROPERTY LOSS, DAMAGE OR OTHER LIABILITY.

2. NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR CONSEQUENTIAL, SPECIAL, INDIRECT, INCIDENTAL, EXEMPLARY OR PUNITIVE DAMAGES (INCLUDING LOST PROFITS, LOSS OF PRODUCTION OR OTHER DAMAGES ATTRIBUTABLE TO BUSINESS INTERRUPTION) ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT UNLESS SUCH DAMAGES ARE THOSE OF THIRD PARTIES RELATED TO THE ACTIONS OR WORK OF OCEAN EXPRESS OR ITS CONTRACTORS OR FGT OR ITS CONTRACTORS WITH RESPECT TO, IN THE CASE OF OCEAN EXPRESS, THE CONSTRUCTION OF THE METER STATION OR THE CONNECTION WITH FGT'S FACILITIES, AND, IN THE CASE OF FGT, THE CONSTRUCTION OF THE REIMBURSEMENT FACILITIES, FOR WHICH, IN EACH CASE, THE INDEMNITY WILL BE DETERMINED IN ACCORDANCE WITH THE TERMS OF SECTION 1 OF THIS ARTICLE VII. ANY DAMAGES RESULTING FROM A BREACH OF THIS AGREEMENT BY EITHER PARTY SHALL BE LIMITED TO ACTUAL DAMAGES INCURRED BY THE PARTY CLAIMING DAMAGES.

3. Each Party represents to the other Party that, as of the date of this Interconnection Agreement, it has advised the other Party of any and all threatened, pending or settled court or agency litigation, regulatory or administrative proceedings, environmental, health or safety concerns related directly to the obligations of the representing Party hereunder to construct the described facilities and to grant easements.

4. Each Party is required to maintain insurance or a self-insurance program to the extent and in the manner normal for companies of like size, type, and financial condition. Each Party shall use its commercially reasonable efforts to require all of its contractors and subcontractors performing any work on its facilities to carry and maintain in force and effect insurance of the type and in the amounts that each party normally requires of its contractors and subcontractors performing work on similar facilities.

5. Except as otherwise expressly limited herein, it is the intention of the Parties that all indemnity obligations and/or contributions and/or liabilities and/or responsibilities assumed by the Parties hereunder be without monetary limit and shall not be limited by any amounts of insurance carried or required herein, and be without regard to the cause or causes thereof, including preexisting conditions or any other type of strict liability.

ARTICLE VIII
NOTICES

Any notice, request, statement, invoice, payment or other communication required or permitted to be given under this Agreement, or any other notice which OCEAN EXPRESS or FGT may desire to give to the other, shall be in writing and delivered by hand, or mailed by certified or registered mail, return receipt requested, or delivered by overnight courier, or sent by facsimile, provided that such notice is address as follows:

For contracting matters, invoicing, volume statements, etc.:

IF TO FGT:

Florida Gas Transmission Company
Attention: Market Services
P. O. Box 1188
Houston, Texas 77251-1188

For emergency communications (the following is available 24 hours a day):

IF TO FGT:

Florida Gas Transmission Company
Attn: Gas Control
1400 Smith Street
Houston, Texas 77002
713-853-5555
713-646-2584 (fax)

IF TO OCEAN EXPRESS:

Ocean Express LLC
Two Alhambra Plaza
Suite 1104
Coral Gables, FL 33134
305-445-0615 (fax)

Attn: Don Bartlett

ARTICLE IX
MISCELLANEOUS

1. OCEAN EXPRESS and FGT join herein solely to establish the relationship between the Parties regarding the Meter Station and Reimbursement Facilities, the operating parameters of the interconnection and the quality specifications of the gas deliveries through the interconnection. OCEAN EXPRESS and FGT make no representation, warranty or guarantee, express or implied, by this INTERCONNECTION AGREEMENT that they will receive or deliver natural gas at the proposed Meter Station. This INTERCONNECTION AGREEMENT is not an agreement to transport natural gas

2. A waiver by either OCEAN EXPRESS or FGT of any default by the other in the performance of this INTERCONNECTION AGREEMENT shall not operate or be construed as a waiver of any future default whether of a like or different character

3. Each Party will comply with all Federal, State and local environmental laws and regulation in the construction, ownership, operation, maintenance, replacement and

removal of its respective facilities; and upon request of a Party, the other Party shall provide copies of all required permits applicable to the design, construction, ownership and operation of it respective facilities.

4. THIS INTERCONNECTION AGREEMENT SHALL BE INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS EXCLUDING ANY CONFLICT OF LAW RULES THAT MAY REQUIRE THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION. ANY SUIT BROUGHT WITH RESPECT TO OR RELATING TO THIS INTERCONNECTION AGREEMENT SHALL BE BROUGHT IN THE COURTS OF HARRIS COUNTY, TEXAS OR THE SOUTHERN DISTRICT OF TEXAS, HOUSTON DIVISION.

5. This INTERCONNECTION AGREEMENT shall be binding on and inure to the benefit of each Party's respective successors and assigns. This INTERCONNECTION AGREEMENT may not be assigned by either Party without the express written approval of the other Party, which approval shall not be unreasonably withheld, provided, however, that this restriction on assignment shall not in any way prevent either party from pledging its rights hereunder as security for its indebtedness and each party expressly agrees to provide a consent to assignment as may be required by non-recourse lenders.

6. A description of the Meter Station, Reimbursement Facilities and FGT Facilities is more specifically described in Exhibit "A" attached. The responsibilities of the Parties are more specifically described in Exhibit "B" attached.

7. This INTERCONNECTION AGREEMENT, the Exhibits hereto, the OBA referenced in Article III, Section 7(as it may be changed from time to time) and the assignments of easements contain the entire agreement between the Parties with respect to the interconnection between the facilities of both Parties and there are no representations, understandings or agreements, oral or written, between the Parties, which are not included herein.

IN WITNESS WHEREOF, the parties hereto have caused this INTERCONNECTION AGREEMENT to be executed as of the date and year set forth in the first Paragraph herein.

Agreed to and Accepted this ____day
Of _____, 2003.
FLORIDA GAS TRANSMISSION COMPANY

By:_____
Title: _____

Agreed to and Accepted this _____day
Of _____, 2003.
AES OCEAN EXPRESS LLC

By: _____
Title:_____

EXHIBIT "A"
To the Interconnection, Reimbursement, Construction, Ownership and Operation Agreement
Between
FLORIDA GAS TRANSMISSION COMPANY
AND
AES OCEAN EXPRESS LLC
_____, 2003

Florida Gas Transmission Company – Reimbursement Facilities:

One 24-inch tee and valve.
Twenty-four (24) inch connection piping between FGT's Ft. Lauderdale Lateral and the Meter Station.
SCADA
Five (5) mainline chromatographs
Relief valves

AES OCEAN EXPRESS, LLC – Meter Station

The meter station site
Fencing
Connection piping
Filter separator
Liquid storage tank Flow meters
Electronic flow measurement
SCADA instrumentation
Chromatograph
Gas fired heater Access road,
Regulating/monitoring station.
Over pressure protection monitors.
Cabinet for SCADA and electronic flow measurement for FGT and OCEAN EXPRESS.

EXHIBIT "B"

RESPONSIBILITY MATRIX

F- "FGT"
O – "OCEAN EXPRESS"

Description	Design, Procure, ROW/Easements, Materials, Permits (as applicable)	Construct/ Install	Own	Operate	Maintain
"Meter Station" including the meter, the meter station site, fencing, connection piping, filter separator, liquid storage tank, , electronic flow measurement ("EFM"), SCADA instrumentation, chromatograph, gas fired heater, cabinet, all weather access road and any other ancillary equipment	O	O	O	O	O
Upstream Odorization Equipment	O	O	O	O	O
OPP Monitors	O	O	O	F	O
Regulation – Flow Control	O	O	O	F	O
Regulation and monitors – Pressure Control	O	O	O	F	O
	F	F	F		
"Reimbursement Facilities" including a 24-inch tee, valves, connection piping, relief valves, EFM/SCADA and appurtenant facilities.	F	F	F	F	F

"Reimbursement Facilities" cont. including (5) Pipeline system chromatographs to be located on FGT's pipeline system.	F	F	F	F	F

EXHIBIT "C"

to the INTERCONNECTION, REIMBURSEMENT, CONSTRUCTION, OWNERSHIP AND OPERATION AGREEMENT
between

FLORIDA GAS TRANSMISSION COMPANY

and

AES OCEAN EXPRESS LLC

Dated _____

FORM OF PARTIAL ASSIGNMENT OF EASEMENT
Page 1 of 4

STATE OF FLORIDA
COUNTY OF BROWARD

Meter Station: _____
Tract No: _____

PARTIAL ASSIGNMENT OF EASEMENT

KNOW ALL MEN BY THESE PRESENTS:

That AES OCEAN EXPRESS LLC, whose address is Two Alhambra Plaza, Suite 1104, Coral Gables, Florida 33134, herein called the "Assignor," for and in consideration of the sum of ten dollars ($10.00) and other good and valuable consideration paid by the Assignee, the receipt of which is hereby acknowledged, does hereby partially sell, assign, and convey unto Florida Gas Transmission Company, a Delaware corporation, whose mailing address is: 601 South Lake Destiny Drive, Suite 450, Maitland, Florida 32794-5100, herein called the "Assignee," a sufficient undivided interest in and to that certain Pipeline Easement Agreement **[Agreements]** which was **[were]** executed on _____, and recorded on _____, in Official Records Book ____ at Page ____ in the Public Records of Broward County, Florida (the "Easement"), to enable

PEF 000502
Docket No. 041414-EI

Assignee to install, own, operate, maintain and utilize certain facilities as more particularly described below, which will be located in a portion of the same easement area with Assignor's facilities, and to utilized an access road extending from the said facilities to the nearest public road. The Assigned Property is shown in Attachment "A" attached hereto and is hereby made a part hereof.

This Partial Assignment is made subject to any and all valid encumbrances filed of record, and all reservations, laws, and ordinances of any governmental authority.

This Partial Assignment is subject to the following terms and conditions and is binding on Assignor, Assignee, and their respective successors and assigns. All covenants set forth in this Partial Assignment shall run with the land.

1. Assignee is given the right (i) to install, own, operate, maintain SCADA equipment and utilize an Assignor's electronic flow measurement ("EFM") cabinet including all electrical equipment to be installed therein; (ii) operate flow control and pressure regulation equipment, overpressure protection equipment ("OPP") and all other related facilities and equipment, and (iii) to install, own, operate, maintain and utilize approximately ___ feet of 24-inch connecting piping between the Meter Station outlet and a tie-in with Assignee's 24-inch Ft. Lauderdale Lateral, all hereinafter referred to as "Relevant Facilities." Any additional facilities, other than those required for the interconnection, to be installed by Assignee must be consented to by Assignor in writing, which consent may be withheld in Assignor's sole discretion.

2. Assignee is given the right to utilize Assignor's access road extending from SW 42nd Street to the entrances of the Meter Station site and to FGT's 24-inch connecting pipe and tee and valves.

3. Any pipeline constructed on the Assigned Property by Assignee shall be buried to a depth of at least thirty-six (36) inches below the surface of the ground, provided Assignee shall have the right to install above-ground valve handles, pipeline markers, relief valves, cathodic test leads and other applicable Relevant Facilities typically located above ground or below ground but within thirty-six (36) inches of the surface.

4. This Agreement contains all of the terms, conditions and stipulations between Assignor and Assignee with respect to granting the Partial Assignment, and the same shall inure to the benefit of and be binding upon Assignor and Assignee and their respective successors and assigns; provided, however, Assignee may not assign its rights or interests hereunder except in connection with, and to the same Party to which it makes, an assignment of its rights under the Interconnection Agreement.

PEF 000503
Docket No. 041414-EI

5. This Partial Assignment of Easement is granted in connection with that certain Interconnection, Reimbursement, Construction, Ownership and Operation Agreement dated as of _____ by Assignor and Assignee (as heretofore and hereafter amended, the Interconnection Agreement). Upon the expiration or termination of the Interconnection Agreement, this Partial Assignment of Easement, and all rights of Assignee to use the Assigned Property, shall automatically terminate after a reasonable opportunity for the Assignee to remove Assignee's facilities and all interests and estates of Assignee hereunder shall revert to Assignor; provided, however, that such termination will not relieve Assignee of its obligations and liabilities under or in connection with this Partial Assignment of Easement with respect to any matter arising or occurring prior to such termination. In the event of termination, the Parties will execute a termination agreement in a recordable form.

6. Assignee agrees to comply with all terms and conditions of the Easement, which Assignee has read and approved.

7. Assignor warrants that it has a valid easement interest, allowing above ground facilities, in the Assigned Property.

8. Assignee shall pay all costs incurred in connection with the recording of this Partial Assignment of Easement.

IN WITNESS WHEREOF, this instrument is executed by the Parties hereto as of the _____ day of _____, 2003, said Parties signing in the presence of the witnesses whose names appear opposite their respective signatures.

ATTEST:

_____
Printed Name

_____
Printed Name

ASSIGNEE

Florida Gas Transmission Company

Name: _____

Title: _____

WITNESSES:

ASSIGNOR

PEF 000504
Docket No. 041414-EI

AES OCEAN EXPRESS LLC

By: _____ By: _____
Printed Name

By: _____
Printed Name

PEF 000505
Docket No. 041414-EI

EXHIBIT "D"

Constituent		Units		Acceptable Limiting Specs
Combustible Components				
Methane		Mol %	Min	85.000
Ethane		Mol %	Max	15.000
Propane		Mol %	Max	2.500
Isobutane		Mol %	Max	A total of 1.00%
Normal Butane		Mol %	Max	
Pentane		Mol %	Max	
All Hexanes and greater				A total of .15%
Impurities – FGT Tariff				
Total Inerts – Nitrogen/C02		Mol %	Max	3.00%
Oxygen		Mol%	Max	0.25%
Water		lb/1000mcf	Max	7
Total Sulfur		Grains/100 cf	Max	10
Hydrogen Sulfide		Grains/100 cf	Max	0.25
Interchangeability Factors				
Heat content		Btu/scf (HHV) dry	Min	1025
Heat content[1]		Btu/scf (HHV dry)	Max	1075
**	Modified Wobbe Index * Min/Max (GE)		Range	1340 - 54
**	Modified Wobbe Index * Variance (GE)		Range	6 - 10 or 5.0%
***	Gas Index * (SW)		Range	8 - 10 or 4.0%
****	Delivered Gas Temperaturet	degrees F	Min Max	80° 115°

* Calculated using Lower Heating Value (LHV), dry

** Modified Wobbe Index calculations based on General Electric Power Systems GE1 41040G Dated January, 2002.

*** Gas Index calculations based on Seimens Westinghouse Power Corporation Document No. 21T0306 Rev. 11 Dated October 10, 2002.

**** OCEAN EXPRESS shall deliver gas to FGT at a sufficiently high temperature such that the gas, after going through all necessary pressure drops, will be a minimum temperature of 50 degrees Fahrenheit ("F") of superheat above hydrocarbon dew point when delivered into Florida Power and Light's ("FPL") Fort Lauderdale and/or Port Everglades generation facilities.

[1] Subject to outcome of study as provided for in Article III, Section 2.

PEF 000506

Exhibit "E"

HEATING VALUE

The heating value of natural gas is the amount of energy that is released by the complete combustion of a unit quantity of gas. The heating value is dependent on gas composition.

For natural gas, the heating value could be expressed as the higher (gross) heating value (HHV) or the lower (net) heating value (LHV). The HHV represents the total energy released when the water component of the products of combustion is condensed. Thus the heat of condensation of the water is included in the total measured heat.

$$HHV = \Delta H\ (Combustion) + \Delta H\ (Condensation)$$

The LHV represents the energy released when the water component of the combustion process remains in the gaseous state. It does not include the heat of condensation of the water vapor to liquid.

$$LHH = \Delta H\ (Combustion)$$

Thus, the heating value is dependent on the phase of water/steam in the combustion products. If the H_20 is in liquid form, the heating value is called HHV (higher Heating Value). When the H_20 is in vapor form, heating value is called LHV (Lower Heating Value).

Additionally, the heating value can be evaluated on a dry basis or wet (or saturated) basis.

Heating Value based on dry gas assumes no H_20 present, while heating value based on wet (or saturated) gas assumes the presence of H_20.

Both the HHV and LHV represented on Exhibit "D" and "E" are on a dry basis.

The Gas Index (GI)(Modified Wobbe Index) for the Siemens Westinghouse Power Corporation (Document No. 21T0306, Rev. 11, Dated October 10, 2002)
is listed below.

$$GI = \frac{LHV\ vol}{\sqrt{SG^*}}$$

LHV vol = Lower Heating Value In Btu/Scf

$$SG^* = \frac{\text{Fuel Gas Density At Temperature Of The Nozzle Inlet}}{\text{Density Of Air At Standard Conditions (59° F At 1 Atmosphere)}}$$

The Modified Wobbe Index for the General Electric Power Systems Gas Turbines (Document No. GEI 41040G, Dated January 2002)
is listed below.

$$\text{Modified Wobbe Index} = \frac{LHV}{\sqrt{SGgas} * Tgas}$$

LHV = Lower Heating Value In BTU/Scf

SGgas = Specific Gravity Of The Gas Fuel Relative To Air

Tgas = Absolute Temperature Of Gas Fuel (° Rankine)

ATTACHMENT 5

PEF 000509
Docket No. 041414-EI

November 21, 2003

Mr. Ed Cahill
Vice President
AES Ocean Express LLC
Two Alhambra Plaza
Suite 1104
Coral Gables, FL 33134

Re: Interconnection, Reimbursement, Construction, Ownership and Operation Agreement Between Florida Gas Transmission Company and AES Ocean Express LLS ("Interconnection Agreement")

Dear Mr. Cahill:

In response to your letter sent by e-mail on November 14, 2003, Florida Gas Transmission Company ("FGT") provides its comments to the changes made by AES Ocean Express LLC ("Ocean Express") with regard to FGT's October 8, 2003 draft of the above-referenced proposed Interconnection Agreement.

In addition, FGT encloses with this letter a draft of Interconnection Agreement. All of the changes made in redline in your November 14, 2003 draft have been accepted and FGT's changes to the Ocean Express November 14, 2003 draft have been made in redline. Please note that FGT has accepted a number of the changes proposed by Ocean Express. Every effort has been made to accept as many of your proposed changes as possible. Also, please note that in many instances what appears as a change (provided in redline for convenience) is actually a reversion to prior language. These instances are due, in large part, to operational requirement of the system.

This letter and the attached proposed Interconnection Agreement are provided to Ocean Express for purposes of discussion only and do not constitute a letter of intent, an offer or a binding obligation upon FGT.

First of all, FGT has a few comments with regard to your statement that FGT is making unreasonable demands and your implication that FGT is delaying negotiations by interjecting new issues. As FGT has indicated throughout our negotiations of the issues involved with introducing a source of Liquefied Natural Gas ("LNG") into FGT's market area, FGT is very concerned with the health and safety of the customers of FGT (and Ocean Express or any other upstream supplier) and the safe and reliable operation of the equipment of those customers. During the course of our negotiations, FGT's engineers have been able to work with the FGT customers, the manufacturers of equipment used by FGT's customers, and the developers of industry standards to determine the quality specifications necessary for the safety of the customers and the safe and reliable

operation of the customers' equipment. FGT has committed substantial resources to resolving issues raised by your proposal and believes that it has proceeded expeditiously to arrive at some initial standards, all of which inure to the benefit of Ocean Express and the Ocean Express project. In an effort to cooperate with Ocean Express and to proceed on as many fronts as possible, FGT has been agreeable to generating a draft of an interconnection agreement which addresses all of the issues with the understanding that some of the issues (especially quality specifications) would be evolving. FGT believes that it has accomplished this goal. Given the fact that Ocean Express will not complete construction of facilities until three years after final approval (which has not yet been issued), FGT believes that it has proceeded with speed beyond what is actually required. FGT assures Ocean Express that it will continue to work with Ocean Express within the parameters of evolving and developing standards to negotiate an interconnection agreement that addresses these quality specification issues. FGT also assures Ocean Express that it will not be rushed into any arrangement that will be harmful to the customers of FGT (and any upstream supplier) just for the sake of closure.

Second, with regard to quality specifications, as FGT has discussed with Ocean Express on numerous occasions, LNG raises unique issues. FGT has been the party placed in the position of investing time and effort into resolving these issues. FGT has done so in order to protect the customers and the eventual end users of the gas. In addition, FGT's efforts have inured to the benefit of the LNG project. These quality specifications are based upon the best analysis on the FGT system to date. In the event there are further developments, FGT is agreeable to discussing any such developments with Ocean Express, FGT's customers and any other party involved and to taking any appropriate action thereafter.

Third, as a general matter, FGT is very concerned with the safe and reliable operation of its pipeline system conducted in a manner designed to meet customer requirements and FGT's obligations. In this regard, there are some provisions, which are required for system operations, which have been included from the very beginning and have been included in this draft.

In addition, with regard to the changes made in the attached redline markup, which require some additional explanation, FGT provides the following.

Article I, Section1: Gas Fired Heater. FGT has reinstated the requirement to have a gas-fired heater. This facility is necessary in order to prevent liquid fall out both at the delivery point at the FPL Ft. Lauderdale plant and in the FGT mainline. At both points the gas temperature of the gas supply from Ocean Express will lower the temperature of the FGT mainline gas stream below the dew point and will cause hydrocarbon liquids to fall out. These liquids will damage the combustion turbine units used by FPL at the Ft. Lauderdale plant and similar units downstream on the FGT mainline, as well as other equipment used by other end users. As explained on a number of occasions, Ocean Express has not correctly determined either the temperature level of the gas arriving on shore or the drop in pressure of the LNG. FGT's calculations show that the LNG will arrive on shore at a temperature of no higher than 50° F. (These calculations are in

agreement with the calculations of the sponsors of other projects to bring LNG into Florida.) Assuming only a 400 pound pressure drop (as estimated by Ocean Express), the temperature of 50° F reduced by 7° for each 100 pounds of the 400 pound pressure drop (i.e., 28° F) gives a delivered temperature of 22° F. After receipt into the FGT system delivery is made to FPL, where the pressure drops an additional amount to allow delivery into the combustion turbine unit at 425 psia. This pressure drop is between 300 and 500 pounds, depending, in part, on the pressure of the gas delivered by Ocean Express. This pressure drop lowers the temperature an additional 21° F to 28° F, decreasing the temperature into the combustion turbine unit of 1° F to -6° F. This temperature is far below the FGT dew point and will cause fall out. FGT believes that Ocean Express will actually operate at much higher pressures, resulting in a pressure drop of up to 1000 pounds. At this pressure drop, the resulting temperature drops an additional 42 °F (1000 – 400 = 600 pound increase in pressure drop ÷ 100 pound units x 7° F drop per 100 pound pressure drop = 42° F pressure drop) resulting in a delivered temperature of between -41° F and 48° F, well below the FGT dew point. This, of course, is not an acceptable result. (In addition, at these low temperatures, both the coating of the FGT pipeline and the turbine equipment at the Ft. Lauderdale plant are subject to damage.) Therefore, a gas-fired heater is required. FGT has required a temperature of 85° F in order to keep the temperature of the delivered gas above the dew point. However, as an accommodation to Ocean Express, FGT would be willing to lower this temperature to approximately match the year-round, average temperature levels at which the FGT system operates. After further examination, FGT believes that the system could operate safely if Ocean Express delivered gas to FGT at approximately the system average temperature. Therefore, FGT is agreeable to lowering the temperature to 80° F. At any lesser temperature, FGT believes that pressure drops downstream of the receipt of the LNG have the chance of reducing the temperature to the point of causing liquid fallout.

You have expressed concern that seeking authorization from FERC to add this unit would result in a delay of the project. Note that FGT does not believe that obtaining authorization from the Federal Energy Regulatory Commission ("Commission" or "FERC") should be a problem. FGT suggests that Ocean Express should consider adding the gas-fired heater as an "auxiliary installation" pursuant to 18 CFR §2.55(a) of the Commission's Regulations. Under subsection (2)(ii) of that provision, Ocean Express is required only to give written notice 30 days prior to installation.

Article III, Section 1. Quality Specifications. FGT has reinserted the temperature requirements (except the maximum has been lowered from 85° F to 80° F) because, as discussed above, FGT regards this as critical for the safe delivery of gas to the end users. In addition, FGT has added back a portion of Section (iii) with some changes in the language to more clearly reflect the FGT concern. The portion which FGT has added back, with modification, is necessary in order to address the concern that LNG from some of the various, world-wide sources may have substances and/or conditions which are harmful to FGT and its customers and which are not included in the quality specifications listed in Exhibit D. FGT's initial research indicates that there are some sources that have the potential for containing substances not included in the list of specifications. In fact, there is potential that neither Ocean Express nor FGT are aware at this point in time of all

of the harmful substances or conditions. Therefore, it is appropriate and necessary to include such a provision.

Article III, Section 3. Indemnification. FGT has removed the new language of Ocean Express that would require FGT indemnification of Ocean Express in the event of actions taken to deal with a quality issue. It is the responsibility of Ocean Express to control the quality of the LNG being introduced into the FGT system. Moreover, it is the responsibility of Ocean Express, and any other party delivering LNG, to provide assurances that LNG will cause no problems. However, because there are questions as to the quality of the LNG to be delivered, FGT must be free to take whatever actions it deems necessary for the protection of the FGT pipeline system and its and FGT will not indemnify Ocean Express for those actions.

Article IV, Section 4. Quality Specification Study or Studies. Ocean Express is the most appropriate party to undertake the study suggested by Ocean Express in its changes to this provision. Therefore, it is not necessary to address such a study in the interconnection agreement and the language has been removed. However, FGT has added back language that require Ocean Express pay for any study which FGT must conduct in the context of a proceeding at FERC involving gas quality specifications related to LNG. Further, FGT has reinstated language that in the event that FGT finds it is necessary to meet with all of its customers in the context of a proceeding regarding LNG quality specifications, Ocean Express will reimburse FGT for those costs. In both of these instances, where the expenditures are a direct result of the Ocean Express project, it is appropriate that the costs be borne by the Ocean Express project. FGT has already spent considerable time and money analyzing the quality specification issues and meeting with customers on an individual basis to determine what is required by the customers. It is only fair that the Ocean Express project pick up the costs in the event expenditures for a study or a customer meeting is required in the context of a FERC proceeding.

FGT does note that in the event Ocean Express does undertake to conduct a study, FGT would be willing to discuss the results of such study with Ocean Express and the FGT customers and take appropriate action based on the outcome of any such discussions.

Article III, Section 7. A flow level of six percent (6%) is necessary for all of the operational reasons we have discussed on a number of occasions. The prior language has been reinstated.

Article VII. Liabilities. All of your changes have been accepted. Please note that the change in FGT's last draft was due to the fact that the standard indemnification language for agreements of this sort had just been changed to that form submitted to you.

Finally, FGT notes that Ocean Express has indicated that it has changed the location of the meter station site. This new location will require that FGT redesign the twenty four-inch connection piping. This new location also will require additional connection piping. In addition, it is possible that the route of the pipe may go through a highly sensitive

environmental area. All of these elements will cause the reimbursable costs to increase and may require a new cost estimate. Please provide drawings indicating the exact location of the new site in order that FGT may determine the exact extent of the changes required.

Very truly yours,

Jack Boatman
Vice President, Marketing

ATTACHMENT 6

ARTICLE III
OPERATIONS, GAS QUALITY AND MEASUREMENT

1. Gas Quality Specifications.

a. Gas delivered at the interconnection point established by the Interconnection Agreement shall conform to the following standards until the effective date of a FGT tariff filing that establishes gas quality standards applicable to gas delivered at this interconnection. FGT shall file tariff standards consistent with the standards set forth below. Thereafter, the gas quality standards shall be the standards in the tariff, as changed from time to time. Until the effective date of a tariff filing establishing gas quality standards for gas delivered at this interconnection, natural gas delivered at this interconnection:

(i) Shall meet the commercial requirements of FGT and FGT's customers, including but not limited to being free from any objectionable odors, solid mater, dust, gums, and gum forming constituents, or any other substance which might interfere with the merchantability of the gas stream, or cause interference with the proper operation of FGT's line, meters, regulators, or other appliances through which it may flow, or which might interfere with the proper operation of any downstream gas pipeline or distribution system; or which could endanger the safety of equipment or personnel, result in damages of any kind, or cause expenditures by FGT or any of its customers; and

(ii) Shall meet the quality specifications for LNG as set forth in Exhibit "D" (which include the requirement that all deliveries of gas will be at a minimum temperature of 80 degrees Fahrenheit and a maximum of 115 degrees Fahrenheit) and Exhibit "E"; and

(iii) Shall meet any other interchangeability standards, such as the Lifting Index Limit, the Yellow Tipping Index Limit, the Incomplete Combustion Index Limit, the Flashback Index and any other interchangeability index standard that FGT may in its reasonable discretion determine to be necessary and either give notice to OCEAN EXPRESS or include in the filing of gas quality specifications in the FGT FERC Gas Tariff.

(iv) Shall meet any other standard or requirement established by rule or order of the FERC.

b. OCEAN EXPRESS shall support the FGT initial filing of changes to its FERC Gas Tariff to implement the quality specifications set forth in Article III of this Interconnection Agreement.

c. In the event that (i) a study or studies are completed by a mutually-agreeable, third-party organization, (ii) the study specifically examines the FGT market area (defined as the area east of Transporter's Mile Post 238.6 located at the Alabama-Florida border, as may be changed from time to time to the extent changed in Section 1.t. of the General Terms and Conditions of the FGT Tariff), (iii) the study shows that one or more of the quality specifications set out in subsection a of Section 1 of Article III above should be changed, and (iv) no FGT customer objects prior to a tariff filing to implement a change to the standard, FGT will within a reasonable time make a tariff filing to implement such change. In the event a customer objects to the tariff filing, FGT has the right to withdraw the filing. Further, nothing in this Interconnection Agreement shall limit FGT from making whatever changes FGT deems necessary to the quality specifications applicable to regasified LNG received at this interconnection.

2. Gas Quality Specification Monitoring. OCEAN EXPRESS shall obtain from Ocean LNG a commitment which shall be commensurate with the term of this agreement and which shall be acceptable to FGT, to install, to maintain in good working order, and to operate on a daily basis gas quality measurement equipment which shall provide real-time readings for all of the quality specifications listed in Section 1.a. of this Article III. OCEAN EXPRESS shall further obtain from OCEAN LNG a commitment to provide signals from the gas quality equipment to OCEAN EXPRESS. In accordance with Section 4 of this Article III, below, OCEAN EXPRESS shall provide these real-time, gas quality measurement signals to FGT via a digital port connection through the OCEAN EXPRESS EFM unit located at the Meter Station to permit FGT to monitor gas quality specifications on a real-time basis. In the event that the LNG exceeds the gas quality standards set forth in Section 1.a. of this Article III, OCEAN EXPRESS will immediately give notice to FGT's Gas Control (which has operational staff present 24 hours a day, 365 days a year) by calling 713-853-5555 and stating which specification(s) the LNG fails to meet and what steps will be taken to bring the gas back within the standards set forth in Section 1.a. of this Article III", and when the gas will meet the specifications. FGT may refuse to accept the gas if it fails to conform to the specifications set forth in Section 1.a. of this Article III. FGT may take action on its own facilities to shut in gas that does not meet the quality specifications. In addition, FGT may give notice to OCEAN EXPRESS to take action on their facilities to shut in the gas. If FGT gives a shut-in notice to OCEAN EXPRESS, OCEAN EXPRESS shall take action immediately to shut in the gas supply. FGT may, however, in its reasonable discretion exercised on a not unduly discriminatory basis, may waive the quality standards specified in Section 1.a. of this Article III, provided that such waiver will not affect Transporter's ability to maintain acceptable gas quality and in its pipeline. In addition, FGT may also request that OCEAN EXPRESS to treat the gas and/or take other action, including the construction of facilities, which would cause the gas to meet FGT's quality specifications as set forth in paragraphs (i) and (ii) above.

3. Indemnification. OCEAN EXPRESS shall be responsible for and shall pay or reimburse FGT for any and all damage to any FGT facilities resulting from deliveries of LNG that do not meet the requirements of paragraphs (i), (ii) and (iii) of this Section 1 of Article III. OCEAN EXPRESS shall indemnify and hold harmless FGT from all liabilities, losses, claims, expenses, suits, actions, costs, and damages (and including attorneys' fees, expenses, and court costs) on any actions arising from suits by FGT's customers or any other parties which result from deliveries of gas which do not meet the requirements of Paragraphs (i) and (ii) of this Section 1 of Article III. OCEAN EXPRESS will maintain insurance in an amount necessary to ensure payment of any damages caused by LNG that does not meet specifications. It is the intention of the Parties that these indemnity obligations and/or liabilities and/or responsibilities of OCEAN EXPRESS under this Section 3 of Article III shall not be without monetary limit and shall not limited by any amounts of insurance carried or required herein.

4. Quality Specification Study or Studies and Meetings. In the event that FGT determines that a study is or studies are required regarding LNG gas quality issues in FGT's Market Area, FGT shall (i) consult with OCEAN EXPRESS, providing the cost (or estimated cost) and the scope of the study in question, and (ii) undertake to conduct the study in question using such third-party consultants and/or experts as may be necessary in the reasonably exercised opinion of FGT. In addition, in the event that FGT participates in a study or studies undertake by the FGT customers or a gas industry group, FGT will give OCEAN EXPRESS an estimated cost of the FGT participation in the study or studies. OCEAN EXPRESS shall reimburse FGT, within 15 days of receipt of an invoice from FGT, for its portion of the total cost of a study conducted by FGT and/or the FGT share of a customer study, in which FGT participates. The OCEAN EXPRESS portion shall be the ratable amount based upon the number of parties who, at the time of the FGT determination of a need for the study in question, have executed agreements to interconnect pipeline facilities in order to flow gas, which has been generated from regasified LNG, into the FGT Market Area; provided, however, OCEAN EXPRESS shall be liable to reimburse FGT only for such expenses which are reasonable. Further, in the event that FGT determines that it is necessary to have a meeting or meetings with FGT's customers regarding LNG gas-quality issues, FGT shall undertake to hold such meeting or meetings. In addition, FGT may participate in meetings and conducted in conjunction with customer studies and/or industry studies, and/or public hearings and/or conferences held by regulatory bodies. OCEAN EXPRESS shall reimburse FGT for the OCEAN EXPRESS portion of all of the costs of FGT's costs in holding and/or attending these meetings within 15 days of receipt of an invoice. The OCEAN EXPRESS portion shall be the ratable amount based upon the number of parties who, at the time of the FGT determination of a need for the customer meeting or meetings in question, have executed agreements to interconnect pipeline facilities in order to flow gas, which has been generated from regasified LNG, into the FGT Market Area; provided, however, OCEAN EXPRESS shall be liable to reimburse FGT only for such expenses which are reasonable.

5. OCEAN EXPRESS or its agent shall test its metering facilities monthly for accuracy and shall give sufficient notice so that FGT may witness such testing. Testing and measurement shall be consistent with the terms and requirements set forth in FGT's FERC Gas Tariff. The cost of such testing will be borne by OCEAN EXPRESS. OCEAN EXPRESS shall perform custody transfer measurement. In the event the flow volumes fall below the minimum or exceed the maximum measurement design or control capability of the Meter Station, FGT retains the right to require OCEAN EXPRESS, at OCEAN EXPRESS's expense, to install the necessary equipment (or to require OCEAN EXPRESS to reimburse FGT for installing the necessary equipment) to perform more accurate control and/or custody transfer measurement.

6. Each Party shall have access to the other Party's EFM/SCADA for the purpose of acquiring data via either analog, digital signal or the latest technology, via an interface specified by the other Party, for pressure, temperature, differential pressure, raw flow, measurements, calculated volume in Mcf and MMBtu; as well as for the most recently calculated Btu, specific gravity, H20, hydrogen sulfide, total sulfur, oxygen, carbon dioxide and nitrogen content measurements of the flowing gas stream. OCEAN EXPRESS will grant FGT: (i) a direct access port to OCEAN EXPRESS's ultrasonic meter and gas quality equipment located at the Meter Station, and (ii) access via the direct access port to gas quality measurement data collected at the Meter Station as well as to the data made available to OCEAN EXPRESS from the OCEAN CAY pipeline receiving regasified LNG from the LNG facility located in the Bahamas Islands. Each Party shall only have access to such electronic measurement data in a format established by the other Party, which will not interfere with the operation of the EFM/SCADA. Each Party recognizes that the data acquired from any electronic equipment is "raw" data, because of correction or interruption due to maintenance repair or other activities by either Party or due to events of force majeure and is subject to further refinement or correction. Each Party shall use reasonably commercial efforts to notify the other Party of any equipment malfunction or failure and shall schedule any necessary repairs as soon as practical in accordance with procedures specified in FGT's FERC Gas Tariff. Each Party shall notify the other Party of the schedule of such repairs such that the other Party may send a representative to witness the repairs.

7. Remote operation of the flow and pressure control regulation shall be performed by FGT's Gas Control via FGT's RTU equipment. FGT shall be responsible for establishing and maintaining the flow set point at the Meter Station. FGT will take gas from the Interconnection at a rate which best facilitates the operation of its system. However, FGT shall limit the hourly flow rate at the location to six percent (6%) of the daily scheduled quantities if OCEAN EXPRESS provides reasonable notice to FGT that in the reasonable determination of OCEAN EXPRESS, operational conditions on its system necessitate limiting the hourly flow rate at the Meter Station to six percent (6%) of the daily scheduled gas quantities.

8. FGT shall operate the OPP monitors and shall inspect and test them on an annual basis to establish that such devices are properly operated in accordance with DOT regulations (Title 49 CFR Part 192).

9. Prior to placing the Meter Station and Reimbursement Facilities in service, the Parties will enter into an operational balancing agreement ("OBA").

10. OCEAN EXPRESS acknowledges that, in order to make deliveries of natural gas into FGT's system at the Reimbursement Facilities, the outlet operating pressure in OCEAN EXPRESS's system at that point will need to exceed FGT's prevailing line pressure at the point as such pressure exists from time to time, but OCEAN EXPRESS's system pressure at that point shall not exceed FGT's MAOP. Neither this Agreement nor the operations of OCEAN EXPRESS's system shall obligate FGT to operate its system at any particular pressure. Nothing in this Agreement shall obligate FGT to compress OCEAN EXPRESS's deliveries of natural gas and FGT, in its sole discretion, shall determine when FGT's compressors will be utilized.

11. OCEAN EXPRESS will odorize and monitor the gas upstream of the Meter Station to ensure FGT's currently odorized system is in compliance with the US DOT Pipeline Safety Regulations Part 192.625 for all gas received from Ocean Express. Odorization will be at no cost to FGT.

ATTACHMENT 7

PEF 000521
Docket No. 041414-EI

March __, 2004

Mr. Ed Cahill
Vice President
AES Ocean Express LLC
Two Alhambra Plaza
Suite 1104
Coral Gables, FL 33134

Re: Interconnection, Reimbursement, Construction, Ownership and Operation Agreement Between Florida Gas Transmission Company and AES Ocean Express LLS ("Interconnection Agreement")

Dear Mr. Cahill:

In response to your letter of February 18, 2004, Florida Gas Transmission Company ("FGT") provides its comments to the changes made by AES Ocean Express LLC ("Ocean Express") with regard to FGT's February 9, 2004 draft of Article III of the above-referenced, proposed Interconnection Agreement.

1. With respect to Section 1 of Article III, there seems to be a continuing misunderstanding of the relationship between the Interconnection Agreement and the FGT FERC Gas Tariff. Therefore, FGT proposes some changes to clarify this relationship. These changes should make it clear that the provisions of the contract govern until such time as FGT makes a tariff filing to establish quality standards for regasified LNG. At the time FGT makes a tariff filing, the tariff standards will be incorporated and will govern. This procedure provides two important features. First, the same standards for regasified LNG will apply to both to the Interconnecting Agreement and to the transportation customers. Second, the use of the tariff will allow for future flexibility to make changes depending on future developments. Without this flexibility, an agreement would not be possible at this time. Because these changes are structural, it does not appear to be practical to utilize the redline system used in the past. In this regard, please accept our apologies.

2. Also, with respect to Section 1 of Article III, changes were made to reflect the recent events that indicate that the Federal Energy Regulatory Commission ("Commission") or some industry-wide body may establish interchangeability standards that apply to regasified LNG that enters domestic pipeline systems. There have been a number of important recent events. As you are probably aware, the Commission held a public conference on February 18, 2004 in *Natural Gas Interchangeability*, Docket No. PL04-3-000. FGT attended this conference and observed that the consensus of parties and the Commission Staff at the end of the conference was that further study would be necessary to determine all of the standards that should be applicable to regasified LNG that enters the domestic gas stream. To that end, the Natural Gas Counsel ("NGC") held a meeting on March 2, 2004 to discuss procedures for the NGC to establish standards. The NGC plans to establish work groups to address various issues, including gas

interchangeability, and to make an initial report to the Commission at some time in the future. In addition, on February 20, 2004 the Commission issued a notice that written comments addressing quality standards for regasified LNG are to be filed with the Commission in Docket No. PL04-3 on March 22, 2004. The question of the standards applicable to regasified LNG has also been raised at the North American Energy Standards Board ("NAESB"). Because of these events, FGT believes that two changes to Section 1 of Article III are necessary to accommodate the possibility that at sometime in the future the Commission or some other body could set additional standards applicable to regasified LNG. First, because numerous parties have mentioned the necessity of including the various interchangeability indices, a provision has been added to provide that FGT can incorporate limits under these various indices (or other similar interchangeability indices) by giving notice to Ocean Express or, once the standards have been incorporated into the FGT tariff, by making a tariff filing. Because these standards are included in the Dominion Cover Point LNG, LP FERC Gas Tariff, FGT believes that it is highly likely that these (and perhaps other) standards may be necessary. Because these additional quality specifications may require additional measurement equipment, Section 2 has been changed to provide reference to the quality standards set out in Section 1.a. of Article III, rather than the quality standards set out in Exhibits "D" and "E". Second, because the Commission, either alone or in conjunction with either NGC and/or NAESB, may promulgate standards applicable to regasified LNG, it is necessary to include a provision that adopts those standards.

3. Another point became clear to FGT as a result of attending the public conference on gas interchangeability. Potentially, an industry-wide study will be done by INGAA or some other group that may be applicable to FGT as well as other pipelines. In addition, there may be some other unforeseen developments that require that FGT take action to implement different quality specifications. FGT understands that this uncertainty may not be optimal for Ocean Express. Nevertheless, the uncertainty exists and must be accommodated. Therefore, FGT has added language to Subsection c of Section 1 of Article III to make it clear that FGT is free to make any tariff changes as it deems necessary.

4. Ocean Express continues to express concern with the requirements that the regasified LNG be "merchantable" and that it meet the "commercial requirements" of FGT and FGT's customers. With respect to the merchantability requirement, FGT notes that this is a standard provision of the FGT tariff and many other pipeline tariffs. This language is a reflection of the commercial realities of the natural gas business. The language establishes a general standard that the gas must be merchantable in order to be used. That is true of domestic gas as well as of regasified LNG. Therefore, wording similar to the existing FGT gas quality specifications is incorporated into the contract with the idea that the wording will subsequently be incorporated into the tariff as a part of the gas quality specifications with respect to regasified LNG. With regard to the additional requirement that the regasified LNG must meet the "commercial requirements" of FGT and FGT's customers, FGT notes that this standard is necessary because of the specific requirements of individual customers. Regasified LNG must meet these

particular requirements. Unless the regasified LNG meets the needs of the customers, it simply cannot be used.

5. Ocean Express again raised the issue of the minimum temperature level necessary at the interconnection point. As explained several times in previous transmittal letters and in conversations, this temperature level is required because of the close proximity of large turbine customer (as well as other customers). FGT has lowered the temperature to the lowest possible point. It is the intention of FGT to "bind" Ocean Express to this minimum temperature. This is simply an operational prerequisite.

6. FGT does not believe that it is necessary to spell out in the Interconnection Agreement that Ocean Express has the right to advocate a Btu level of 1085. At this point in time, this level has not been shown to be within an acceptable range. Consequently, FGT simply cannot agree to something that could be harmful to the customers. Rather, FGT proposed in earlier drafts that it would make an appropriate tariff filing to make changes in the standards in the event a study of the FGT Market Area supported such changes. In this regard, FGT has inserted language that specifically defines the FGT Market Area. In addition, FGT has broadened the specifications that can be changed from those in Exhibits "D" and "E" to all specifications listed in Subsection a of Section 1 of Article III.

7. FGT has modified the language in Section 4 of Article III to make Ocean Express responsible only for a pro rata portion of the costs of any studies done on quality specifications (as well as any related customer meeting). FGT believes that it is appropriate to split these costs among all sponsors of similar projects that have executed similar Interconnection Agreements. In addition, FGT has expanded the scope of studies from those directed by FGT to those directed by FGT's customers or industry groups, in which FGT may participate.

8. FGT appreciates the Ocean Express acceptance of the FGT need to monitor the gas quality. However, the suggested standard that FGT make "reasonable commercial efforts to accommodate gas not meeting specifications" is not workable. This is true because of the close proximity of the interconnection to the Florida Power and Light Company ("FPL") turbine generators and to other customers. Most of the time, because there is minimal opportunity for blending, there will be little or nothing that FGT can do to take gas that varies from the quality specifications. Consequently, FGT expects that in all but very limited cases, FGT will have to require strict conformity to the quality specifications. However, if there are circumstances where out-of-spec gas can be accommodated, FGT can give a waiver. This could be done after notice from Ocean Express, examination of the circumstances by FGT, and posting of the waiver on the FGT Internet Website, in accordance with the requirements of the FERC. Thus, in this circumstance the language that works best is the language that is in the current tariff, which is applicable to shippers. This language is a little different from the current language. Therefore, FGT has changed the current language to language similar to that in the tariff. You will note that the new language gives FGT e the ability to waive the quality standards in the event it is possible to take gas into the system. Therefore, if there

are circumstances where the quality specifications can be waived, there is now a mechanism which will allow for that.

9.. FGT does not know which of the "several other IA issues" referenced in paragraph 3 of the February 18, 2004 Ocean Express letter that Ocean Express believes is outstanding. With the addition of the changes incorporated in this draft, FGT is satisfied with the resolution of the issues. If there is anything further to discuss, please indicate the issue.

10. FGT has examined the February 10, 2004 memorandum from Mr. Andrew Johns to Mr. Aaron Samson. FGT finds that this memorandum makes several incorrect assumptions and misses the point with regard to the superheat requirement. First, Mr. Johns continues to assume that the temperature of the gas that arrives on shore will be approximately 60° F, or warmer. As FGT has explained several times to you in person and in letters (particularly the FGT letter of November 18, 2203), FGT believes that the temperature will be 50° F or less. Second, Mr. Johns continues to ignore the additional 300 to 500 psig pressure drop which will occur between the FGT system and the FPL turbine units. Third, Mr. Johns continues to ignore the fact that the pressure drop between Ocean Express and FGT will likely be much more than 400 psig. Fourth, the study incorrectly assumes that there will be complete gas mixing between the interconnection and the FPL turbine units (and other customers). This is not likely, given the dynamic quality of the gas stream. Fifth, Mr. Johns incorrectly assumes that the critical requirement is the superheat requirement of the turbine unit. This is not correct. The important fact that is that thermal cooling occurs at the interconnecting tee, at FPL's regulation station downstream of the FPL filter separators, and/or upstream at the FGT system null point. It is this cooling which will cause the fallout of liquids that will be detrimental to the downstream equipment. We have provided Ocean Express with a design Phase Diagram that demonstrates this result. As explained before, in order to avoid liquid fall out, a minimum temperature level of 80° F is necessary.

FGT certainly appreciates the efforts of Ocean Express in exploring the issues addressed in this Interconnection Agreement. FGT believes that the participation of Ocean Express has resulted in a more focused and a stronger agreement.

Very truly yours,

Jack Boatman

POD #14

Murphy, Pam (CP&L)

From: Rhodes, Rick
Sent: Tuesday, July 06, 2004 8:50 AM
To: Murphy, Pam (CP&L); Adams, Melanie; Bechard, Gary; Trimble, John
Subject: FW: financial information - Suez
Importance: High

Attached is a review by JPMorgan on Suez - pretty impressive. Also note the comments on the Bahamas project. I also attached the old financial report for reference.

Rick Rhodes
Term Gas Lead
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

-----Original Message-----
From: Fairley, David [mailto:DFairley@tractebelusa.com]
Sent: Friday, July 02, 2004 4:10 PM
To: Rhodes, Rick
Subject: financial information

Rick,

Forwarding the financial information that we discussed.

David

David Fairley
713-636-1776 Office Phone
713-501-9881 Cell Phone
Tractebel Calypso LNG Marketing LLC
Tractebel Project Development, Inc.
Tractebel Energy Marketing, Inc.

Murphy, Pam (CP&L)

From: Fairley, David [DFairley@tractebelusa.com]
Sent: Friday, June 11, 2004 6:40 PM
To: Rhodes, Rick
Cc: Mason, Gregory
Subject: Financial Information Requested

Rick,

The 2003 Suez-Tractebel Financial Statements are attached (Suez-Tractebel Audited YE2003 .pdf). We only have an electronic version for now. The nice glossies are not yet available. review these, if you have questions let me know, and we will have our credit manager Lora Kinner contact you. She is very good to work with.

David

David Fairley
713-636-1776 Office Phone
713-501-9881 Cell Phone
Tractebel Calypso LNG Marketing LLC
Tractebel Project Development, Inc.
Tractebel Energy Marketing, Inc.

REDACTED

PEF 000529
Docket No. 041414-EI

REDACTED

PEF 000530
Docket No. 041414-EI

REDACTED

PEF 000531
Docket No. 041414-EI

REDACTED

PEF 000532
Docket No. 041414-EI

REDACTED

PEF 000533
Docket No. 041414-EI

REDACTED

PEF 000534
Docket No. 041414-EI

REDACTED

PEF 000535
Docket No. 041414-EI

REDACTED

PEF 000536
Docket No. 041414-EI

REDACTED

PEF 000537
Docket No. 041414-EI

REDACTED

PEF 000538
Docket No. 041414-EI

REDACTED

PEF 000539
Docket No. 041414-EI

REDACTED

PEF 000540
Docket No. 041414-EI

REDACTED

PEF 000541
Docket No. 041414-EI

REDACTED

PEF 000542
Docket No. 041414-EI

REDACTED

PEF 000543
Docket No. 041414-EI

REDACTED

PEF 000544
Docket No. 041414-EI

REDACTED

PEF 000545
Docket No. 041414-EI

REDACTED

PEF 000546
Docket No. 041414-EI

REDACTED

PEF 000547
Docket No. 041414-EI

REDACTED

PEF 000548
Docket No. 041414-EI

REDACTED

PEF 000549
Docket No. 041414-EI

Rhodes, Rick

From: [redacted]
Sent: Tuesday, December 14, 2004 10:10 AM
Cc: Thakur, Joy; [redacted]
Subject: Joint Announcement from Tractebel, FPL, and El Paso

CONFIDENTIAL

Good Morning Everyone,

For your information, attached is a news release announcing that [redacted] are combining their development resources in order to bring a new supply of natural gas to South Florida from the [redacted] Greg and I wanted to send each of you a copy of the announcement as soon as it could be released.

Thanks,

[redacted]

[redacted]

Rhodes, Rick

From: [redacted]

Sent: Tuesday, December 14, 2004 10:10 AM

Cc: Thakur, Joy; [redacted]

Subject: Joint Announcement from Tractebel, FPL, and El Paso

CONFIDENTIAL

Good Morning Everyone,

For your information, attached is a news release announcing that [redacted] and [redacted] are combining their development resources in order to bring a new supply of natural gas to South Florida from the Bahamas. Greg and I wanted to send each of you a copy of the announcement as soon as it could be released.

Thanks,

[redacted]

[redacted]

[redacted]

Tractebel Electricity & Gas International

Press Release

Company Contacts:

FPL Group Resources LLC
Steve Stengel
(888)867-3050

Tractebel North America, Inc.
Paula Rockstroh
(713) 636-1962

El Paso Corporation
Aaron Woods
(713) 420-6828

December 14, 2004

FOR IMMEDIATE RELEASE

FPL Group Resources, Tractebel North America and El Paso Corporation combine efforts to bring a new source of natural gas to Florida

JUNO BEACH, Fla. and HOUSTON – FPL Group Resources LLC, a subsidiary of FPL Group, Inc. (NYSE: FPL), affiliates of Tractebel North America, Inc., a business unit of Tractebel Electricity & Gas International, one of the business divisions of SUEZ (NYSE: SZE), and subsidiaries of El Paso Corporation (NYSE: EP), today announced that they have agreed to combine development efforts and resources in order to bring a new supply of natural gas to South Florida. These efforts will help meet Florida's growing demand for clean natural gas and will deliver a new reliable source of production that will provide added supply security.

Affiliates of FPL Group Resources and Tractebel North America, Inc. have executed definitive agreements to combine their development efforts. FPL Group Resources currently has an option with subsidiaries of El Paso Corporation to purchase 100 percent of the development rights of El Paso's proposed liquefied natural gas (LNG) terminal at South Riding Point on Grand Bahama Island and 50 percent of the proposed Seafarer pipeline to Palm Beach County, Florida. An affiliate of FPL Group Resources has also signed a definitive Heads of Agreement with Ras Laffan Liquefied Natural Gas Company Limited (II) ("RasGas") for 800,000 million British Thermal units per day of LNG from Qatar. A Tractebel North America, Inc. ("TNA") subsidiary is currently developing the Calypso pipeline project, which proposes to transport natural gas via

a pipeline to Broward County, Florida, from a planned LNG terminal in Freeport, Grand Bahama, being developed by another TNA affiliate.

Upon completion of a series of new agreements, all three parties will have the ability to come together to create the most efficient project. Under terms of the new agreements, FPL Group Resources, affiliates of Tractebel North America, Inc., and El Paso will be equity owners of both the Seafarer and Calypso pipeline projects, and ultimately plan to construct one of these pipelines from the Bahamas to Florida. FPL Group Resources and affiliates of Tractebel North America, Inc. will be equal owners of an LNG receiving terminal in the Bahamas and a marketing company based in Florida called Sailfish Natural Gas Company, Ltd. ("Sailfish").

"By combining the talents and resources of our three companies, we will be able to deliver a more efficient project to bring a new supply of natural gas to South Florida," said Brad Williams, vice president, Gas Projects, for FPL Group Resources.

William P. Utt, president and CEO for Tractebel North America said, "TNA is excited to be expanding SUEZ's trans-Atlantic LNG position through these agreements. Our enormous experience in the LNG, natural gas and electricity generation value chains will contribute to ensuring that the most efficient project is built to serve the Florida market and we look forward to moving ahead with the proposed terminal and pipeline projects in the coming months."

"El Paso will bring over 75 years of expertise in pipeline development, construction and operations to these efforts," said John W. Somerhalder II, president of El Paso's Pipeline Group. "We look forward to working with the other owners to ensure safe and reliable delivery of natural gas to south Florida while continuing to provide superior customer service."

FPL Group Resources and TNA said the new Sailfish marketing company plans to furnish a joint proposal in connection with the Florida Power & Light Company outstanding request for proposals for LNG supplies. The companies said their marketing company's proposal will offer the potential customers greater flexibility and supply security. The Heads of Agreement with RasGas is subject to Sailfish successfully competing to provide regasified LNG to Florida Power & Light Company and other Florida customers and obtaining certain regulatory approvals.

The new combined pipeline enterprise plans to continue to aggressively pursue the Seafarer FERC certificate and all other permits and approvals associated with that project as well as the remaining permits and approvals related to the Calypso Pipeline, which already has received its FERC certificate and State of Florida and Broward County environmental approvals. The newly combined LNG terminal enterprise is working to permit two sites in the Bahamas. By combining efforts and evaluating and optimizing every option, the companies intend to be positioned to best serve the Florida marketplace.

###

FPL Group, with annual revenues of more than $9 billion, is nationally known as a high-quality, efficient, and customer-driven organization focused on energy-related products and services. With a growing presence in 26 states, it is widely recognized as one of the country's premier power companies. Its principal subsidiary, Florida Power & Light Company, serves more than

4.2 million customer accounts in Florida. FPL Energy, LLC, an FPL Group energy-generating subsidiary, is a leader in producing electricity from clean and renewable fuels. Additional information is available on the Internet at www.FPLGroup.com, www.FPL.com and www.FPLEnergy.com.

Based in Houston, **Tractebel North America, Inc.** ("TNA") is a business unit of Tractebel Electricity & Gas International ("EGI") and is responsible for managing EGI's positions within the energy value chain in the US, Mexico, and Canada, including electricity generation and cogeneration, natural gas and LNG, asset-based trading and origination, and energy sales and related services.

TNA subsidiaries own and/or operate a total of 59 power, cogeneration, steam, and chilled-water facilities, including those in construction or development, representing a capacity of more than 5,717 MW of electricity generation, 12 million pounds per hour of steam, and 147,000 tons per hour of chilled water. TNA's wholly owned subsidiary, Distrigas of Massachusetts LLC ("DOMAC"), owns and operates an LNG receiving terminal in Everett, Massachusetts. The DOMAC terminal commenced operations in 1971 and currently serves most of the gas utilities in New England and key power producers, meeting approximately 20% of New England's annual gas demand.

In Mexico, TNA affiliates operate three natural gas distribution networks in Guadalajara, Querétaro and Tampico, and two cogeneration plants in Tampico and Monterrey. These companies serve more than 90,000 natural gas customers and produce 280 MW of power.

For more information about SUEZ, Tractebel Electricity & Gas International, or Tractebel North America, visit www.egi.tractebel.com. For more information about Calypso U.S. Pipeline LLC (formerly Tractebel Calypso Pipeline LLC) visit www.tractebelcalypso.com.

El Paso Corporation provides natural gas and related energy products in a safe, efficient, dependable manner. The company owns North America's largest natural gas pipeline system and one of North America's largest independent natural gas producers. For more information, visit www.elpaso.com. For more information about the Seafarer pipeline project visit www.seafarer.us.

CAUTIONARY STATEMENTS AND RISK FACTORS THAT MAY AFFECT FUTURE RESULTS FOR FPL GROUP

In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 (Reform Act), FPL Group, Inc. (FPL Group) and Florida Power & Light Company (FPL) are hereby filing cautionary statements identifying important factors that could cause FPL Group's or FPL's actual results to differ materially from those projected in forward-looking statements (as such term is defined in the Reform Act) made by or on behalf of FPL Group and FPL in this press release, in response to questions or otherwise. Any statements that express, or involve discussions as to expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as will likely result, are expected to, will continue, is anticipated, believe, could, estimated, may, plan, potential, projection, target, outlook) are not statements of historical facts and may

be forward-looking. Forward-looking statements involve estimates, assumptions and uncertainties. Accordingly, any such statements are qualified in their entirety by reference to, and are accompanied by, the following important factors (in addition to any assumptions and other factors referred to specifically in connection with such forward-looking statements) that could cause FPL Group's or FPL's actual results to differ materially from those contained in forward-looking statements made by or on behalf of FPL Group and FPL.

Any forward-looking statement speaks only as of the date on which such statement is made, and FPL Group and FPL undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time and it is not possible for management to predict all of such factors, nor can it assess the impact of each such factor on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

The following are some important factors that could have a significant impact on FPL Group's and FPL's operations and financial results, and could cause FPL Group's and FPL's actual results or outcomes to differ materially from those discussed in the forward-looking statements:

- FPL Group and FPL are subject to changes in laws or regulations, including the Public Utility Regulatory Policies Act of 1978, as amended (PURPA), and the Public Utility Holding Company Act of 1935, as amended (Holding Company Act), changing governmental policies and regulatory actions, including those of the Federal Energy Regulatory Commission (FERC), the Florida Public Service Commission (FPSC) and the utility commissions of other states in which FPL Group has operations, and the U.S. Nuclear Regulatory Commission (NRC), with respect to, among other things, allowed rates of return, industry and rate structure, operation of nuclear power facilities, operation and construction of plant facilities, operation and construction of transmission facilities, acquisition, disposal, depreciation and amortization of assets and facilities, recovery of fuel and purchased power costs, decommissioning costs, return on common equity and equity ratio limits, and present or prospective wholesale and retail competition (including but not limited to retail wheeling and transmission costs). The FPSC has the authority to disallow recovery by FPL of costs that it considers excessive or imprudently incurred.

- The regulatory process generally restricts FPL's ability to grow earnings and does not provide any assurance as to achievement of earnings levels.

- FPL Group and FPL are subject to extensive federal, state and local environmental statutes, rules and regulations relating to air quality, water quality, waste management, wildlife mortality, natural resources and health and safety that could, among other things, restrict or limit the output of certain facilities or the use of certain fuels required for the production of electricity and/or increase costs. There are significant capital, operating and other costs associated with compliance with these environmental statutes, rules and regulations, and those costs could be even more significant in the future.

- FPL Group and FPL operate in a changing market environment influenced by various legislative and regulatory initiatives regarding deregulation, regulation or restructuring of the energy industry, including deregulation of the production and sale of electricity. FPL Group and its subsidiaries will need to adapt to these changes and may face increasing competitive pressure.

- FPL Group's and FPL's results of operations could be affected by their ability to renegotiate franchise agreements with municipalities and counties in Florida.

- The operation of power generation facilities involves many risks, including start up risks, breakdown or failure of equipment, transmission lines or pipelines, use of new technology, the

dependence on a specific fuel source or the impact of unusual or adverse weather conditions (including natural disasters such as hurricanes), as well as the risk of performance below expected levels of output or efficiency. This could result in lost revenues and/or increased expenses. Insurance, warranties or performance guarantees may not cover any or all of the lost revenues or increased expenses, including the cost of replacement power. In addition to these risks, FPL Group's and FPL's nuclear units face certain risks that are unique to the nuclear industry including the ability to dispose of spent nuclear fuel, as well as additional regulatory actions up to and including shutdown of the units stemming from public safety concerns, whether at FPL Group's and FPL's plants, or at the plants of other nuclear operators. Breakdown or failure of an FPL Energy, LLC (FPL Energy) operating facility may prevent the facility from performing under applicable power sales agreements which, in certain situations, could result in termination of the agreement or incurring a liability for liquidated damages.

- FPL Group's and FPL's ability to successfully and timely complete their power generation facilities currently under construction, those projects yet to begin construction or capital improvements to existing facilities is contingent upon many variables and subject to substantial risks. Should any such efforts be unsuccessful, FPL Group and FPL could be subject to additional costs, termination payments under committed contracts, and/or the write-off of their investment in the project or improvement.

- FPL Group and FPL use derivative instruments, such as swaps, options, futures and forwards to manage their commodity and financial market risks, and to a lesser extent, engage in limited trading activities. FPL Group could recognize financial losses as a result of volatility in the market values of these contracts, or if a counterparty fails to perform. In the absence of actively quoted market prices and pricing information from external sources, the valuation of these derivative instruments involves management's judgment or use of estimates. As a result, changes in the underlying assumptions or use of alternative valuation methods could affect the reported fair value of these contracts. In addition, FPL's use of such instruments could be subject to prudence challenges and if found imprudent, cost recovery could be disallowed by the FPSC.

- There are other risks associated with FPL Group's non-rate regulated businesses, particularly FPL Energy. In addition to risks discussed elsewhere, risk factors specifically affecting FPL Energy's success in competitive wholesale markets include the ability to efficiently develop and operate generating assets, the successful and timely completion of project restructuring activities, maintenance of the qualifying facility status of certain projects, the price and supply of fuel, transmission constraints, competition from new sources of generation, excess generation capacity and demand for power. There can be significant volatility in market prices for fuel and electricity, and there are other financial, counterparty and market risks that are beyond the control of FPL Energy. FPL Energy's inability or failure to effectively hedge its assets or positions against changes in commodity prices, interest rates, counterparty credit risk or other risk measures could significantly impair its future financial results. In keeping with industry trends, a portion of FPL Energy's power generation facilities operate wholly or partially without long-term power purchase agreements. As a result, power from these facilities is sold on the spot market or on a short-term contractual basis, which may affect the volatility of FPL Group's financial results. In addition, FPL Energy's business depends upon transmission facilities owned and operated by others; if transmission is disrupted or capacity is inadequate or unavailable, FPL Energy's ability to sell and deliver its wholesale power may be limited.

- FPL Group is likely to encounter significant competition for acquisition opportunities that may become available as a result of the consolidation of the power industry. In addition, FPL Group may be unable to identify attractive acquisition opportunities at favorable prices and to successfully and timely complete and integrate them.

- FPL Group and FPL rely on access to capital markets as a significant source of liquidity for capital requirements not satisfied by operating cash flows. The inability of FPL Group and FPL to maintain their current credit ratings could affect their ability to raise capital on favorable terms, particularly during times of uncertainty in the capital markets which, in turn, could impact FPL Group's and FPL's ability to grow their businesses and would likely increase interest costs.

- FPL Group's and FPL's results of operations can be affected by changes in the weather. Weather conditions directly influence the demand for electricity and natural gas and affect the price of energy commodities, and can affect the production of electricity at wind and hydro-powered facilities. In addition, severe weather can be destructive, causing outages and/or property damage, which could require additional costs to be incurred.

- FPL Group and FPL are subject to costs and other effects of legal and administrative proceedings, settlements, investigations and claims, as well as the effect of new, or changes in, tax rates or policies, rates of inflation, accounting standards, securities laws or corporate governance requirements.

- FPL Group and FPL are subject to direct and indirect effects of terrorist threats and activities. Generation and transmission facilities, in general, have been identified as potential targets. The effects of terrorist threats and activities include, among other things, terrorist actions or responses to such actions or threats, the inability to generate, purchase or transmit power, the risk of a significant slowdown in growth or a decline in the U.S. economy, delay in economic recovery in the United States, and the increased cost and adequacy of security and insurance.

- FPL Group's and FPL's ability to obtain insurance, and the cost of and coverage provided by such insurance, could be affected by national events as well as company-specific events.

- FPL Group and FPL are subject to employee workforce factors, including loss or retirement of key executives, availability of qualified personnel, collective bargaining agreements with union employees or work stoppage.

The issues and associated risks and uncertainties described above are not the only ones FPL Group and FPL may face. Additional issues may arise or become material as the energy industry evolves. The risks and uncertainties associated with these additional issues could impair FPL Group's and FPL's businesses in the future.

CAUTIONARY STATEMENTS AND RISK FACTORS THAT MAY AFFECT FUTURE RESULTS FOR EL PASO CORPORATION

This release includes forward-looking statements and projections, made in reliance on the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The company has made every reasonable effort to ensure that the information and assumptions on which these statements and projections are based are current, reasonable, and complete. However, a variety of factors could cause actual results to differ materially from the projections, anticipated results or other expectations expressed in this release, including, without limitation, our ability to successfully construct and operate the proposed pipeline facilities described in this release; general economic conditions in geographic regions or markets served by El Paso Corporation and its affiliates, or where operations of the company and its affiliates are located; the uncertainties associated with governmental regulation; competition, and other factors described in the company's (and its affiliates') Securities and Exchange Commission filings. While the company makes these statements and projections in good faith, neither the company nor its management can guarantee that anticipated future results will be achieved. Reference must be made to those filings for additional important factors that may affect actual results. The company assumes no obligation to publicly

update or revise any forward-looking statements made herein or any other forward-looking statements made by the company, whether as a result of new information, future events, or otherwise.

CAUTIONARY STATEMENTS AND RISK FACTORS THAT MAY AFFECT FUTURE RESULTS FOR THE SUEZ GROUP

This press release contains certain forward-looking statements, particularly with respect to future events, trends, plans or objectives. These statements are based on management's current views and assumptions and involve a number of risks and uncertainties which may lead to a significant difference between actual results and those suggested either explicitly or implicitly in these statements (or suggested by past results). Additional information about these risks and uncertainties appears in documents filed by SUEZ with the U.S. Securities and Exchange Commission and the Autorité des Marchés Financiers (French securities regulator). The present forward-looking statements are made as of the date of the present release, with no undertaking by SUEZ to update or revise them, whether in connection with new information, future events, or any other factor.

A division of SUEZ-Tractebel S.A.
Registered office: place du Trône, 1 – 1000 Brussels, tel. + 32 2 510 71 11, fax + 32 2 510 75 91



PEF 000558
Docket No. 041414-EI

Rhodes, Rick

From: [redacted]
Sent: Thursday, December 02, 2004 9:51 AM
To: Mason, Gregory
Subject: FW: Video to Educate Consumers on LNG is Introduced

CONFIDENTIAL

To All,

Thought you might find this interesting.

Click on the video title below (LNG - The Safe, Clean Energy Choice), and you will go to the web page where you select the video format, then view the video.

There is also a lot of other useful information on the website. Hope everyone had a good Thanksgiving.

[redacted]

From: The Center for Liquefied Natural Gas
Sent: Tuesday, November 30, 2004 3:04 PM
To: Fairley, David
Subject: Video to Educate Consumers on LNG is Introduced

THE CENTER FOR
Liquefied Natural Gas

The Center for Liquefied Natural Gas (LNG)

Video to Educate Consumers on LNG is Introduced
As part of an effort to increase the U.S. consumers' understanding about LNG, the Center for Liquefied Natural Gas, in coordination with SIGTTO - the Society of International Gas Tanker and Terminal Operators - and other prominent associations, has produced a video that helps explain LNG: what it is, how safe it is and how crucial it is to the country's continued economic growth. The video, titled, "LNG - The Safe, Clean Energy Choice," was designed as a primer on LNG.

Learn more about the important role LNG can play in helping to meet our nation's energy needs by visiting the site at www.LNGfacts.org.

Rhodes, Rick

From: [redacted]

CONFIDENTIAL

Sent: Friday, July 23, 2004 12:06 PM

To: Rhodes, Rick

Cc: Mason, Gregory

Subject: Re: Your Voice Mail about Cruise Ships

Rick,

Got your voicemail. Left one back. If I said too much, too fast, call me and we can discuss further. Bottom line is that the cruise ship topic is old news, and it has been resolved.

All the construction cost estimates have been done. The ocean studies (currents, winds, depths, etc.) have been done. The rock that is removed for our ship berth will be the sub-base for the facility. Coincidentally, the contractor and a cruise ship rep are in the meeting room next to my desk right now discussing logistical and timing questions. I have been advocating that we should name it the Calypso Love Boat Dock.

David

David Fairley
713-636-1776 Office Phone
713-501-9881 Cell Phone
Tractebel Calypso LNG Marketing LLC
Tractebel Project Development, Inc.
Tractebel Energy Marketing, Inc.

Rhodes, Rick

From: [redacted]
Sent: Friday, July 02, 2004 4:10 PM
To: Rhodes, Rick
Subject: financial information

Rick,

Forwarding the financial information that we discussed.

[redacted]

[redacted]

CONFIDENTIAL

REDACTED

PEF 000562
Docket No. 041414-EI

REDACTED

PEF 000563
Docket No. 041414-EI

REDACTED

PEF 000564
Docket No. 041414-EI

REDACTED

PEF 000565
Docket No. 041414-EI

REDACTED

PEF 000566
Docket No. 041414-EI

REDACTED

PEF 000567
Docket No. 041414-EI

REDACTED

PEF 000568
Docket No. 041414-EI

REDACTED

PEF 000569
Docket No. 041414-EI

REDACTED

PEF 000570
Docket No. 041414-EI

REDACTED

PEF 000571
Docket No. 041414-EI

REDACTED

PEF 000572
Docket No. 041414-EI

REDACTED

PEF 000573
Docket No. 041414-EI

REDACTED

PEF 000574
Docket No. 041414-EI

REDACTED

PEF 000575
Docket No. 041414-EI

REDACTED

PEF 000576
Docket No. 041414-EI

REDACTED

PEF 000577
Docket No. 041414-EI

REDACTED

PEF 000578
Docket No. 041414-EI

REDACTED

PEF 000579
Docket No. 041414-EI

REDACTED

PEF 000580
Docket No. 041414-EI

REDACTED

PEF 000581
Docket No. 041414-EI

REDACTED

PEF 000582
Docket No. 041414-EI

REDACTED

PEF 000584
Docket No. 041414-EI

REDACTED

PEF 000586
Docket No. 041414-EI

REDACTED

PEF 000587
Docket No. 041414-EI

REDACTED

PEF 000588
Docket No. 041414-EI

REDACTED

PEF 000589
Docket No. 041414-EI

REDACTED

PEF 000590
Docket No. 041414-EI

REDACTED

PEF 000591
Docket No. 041414-EI

REDACTED

PEF 000592
Docket No. 041414-EI

REDACTED

PEF 000593
Docket No. 041414-EI

REDACTED

PEF 000594
Docket No. 041414-EI

REDACTED

PEF 000595
Docket No. 041414-EI

REDACTED

PEF 000596
Docket No. 041414-EI

REDACTED

PEF 000597
Docket No. 041414-EI

REDACTED

PEF 000598
Docket No. 041414-EI

REDACTED

PEF 000599
Docket No. 041414-EI

REDACTED

PEF 000600
Docket No. 041414-EI

REDACTED

PEF 000601
Docket No. 041414-EI

REDACTED

PEF 000602
Docket No. 041414-EI

REDACTED

PEF 000603
Docket No. 041414-EI

REDACTED

PEF 000604
Docket No. 041414-EI

REDACTED

PEF 000605
Docket No. 041414-EI

REDACTED

PEF 000606
Docket No. 041414-EI

REDACTED

PEF 000607
Docket No. 041414-EI

REDACTED

PEF 000608
Docket No. 041414-EI

REDACTED

PEF 000609
Docket No. 041414-EI

REDACTED

PEF 000611
Docket No. 041414-EI

REDACTED

PEF 000612
Docket No. 041414-EI

REDACTED

PEF 000613
Docket No. 041414-EI

REDACTED

PEF 000614
Docket No. 041414-EI

REDACTED

PEF 000615
Docket No. 041414-EI

REDACTED

PEF 000616
Docket No. 041414-EI

REDACTED

PEF 000617
Docket No. 041414-EI

REDACTED

PEF 000618
Docket No. 041414-EI

REDACTED

PEF 000619
Docket No. 041414-EI

REDACTED

PEF 000620
Docket No. 041414-EI

REDACTED

PEF 000621
Docket No. 041414-EI

REDACTED

PEF 000622
Docket No. 041414-EI

REDACTED

PEF 000623
Docket No. 041414-EI

REDACTED

PEF 000624
Docket No. 041414-EI

REDACTED

PEF 000625
Docket No. 041414-EI

REDACTED

PEF 000626
Docket No. 041414-EI

REDACTED

PEF 000627
Docket No. 041414-EI

REDACTED

PEF 000628
Docket No. 041414-EI

REDACTED

PEF 000629
Docket No. 041414-EI

REDACTED

PEF 000630
Docket No. 041414-EI

REDACTED

PEF 000631
Docket No. 041414-EI

REDACTED

PEF 000632
Docket No. 041414-EI

REDACTED

PEF 000633
Docket No. 041414-EI

REDACTED

PEF 000634
Docket No. 041414-EI

REDACTED

PEF 000635
Docket No. 041414-EI

REDACTED

PEF 000636
Docket No. 041414-EI

REDACTED

PEF 000637
Docket No. 041414-EI

CONFIDENTIAL

Contract Quantity

[redacted]

Price

[redacted]

Demand Charge - [redacted]

[redacted]

Commodity Charge - [redacted]

Flexible Pricing

[redacted]

CONFIDENTIAL

[redacted]

Delivery Point(s)

[redacted]

Put-Back Provision

[redacted]

Nominations and Scheduling

[redacted]

Take and Delivery Obligations

[redacted]

CONFIDENTIAL

Transportation

[redacted]

GENERAL TERMS

Liquidated Damages

[redacted]

Credit and Security

[redacted]

Agreements

[redacted]

CONFIDENTIAL

[redacted]

Representations and Warranties

[redacted]

Conditions Precedent

[redacted]

Force Majeure

[redacted]

Preliminary Notional Proposal: This document constitutes a preliminary indication of interest on the part of Tractebel Calypso LNG Marketing LLC (Calypso Marketing), and affiliates and is intended solely as a basis for discussions. It does not constitute an offer capable of acceptance and no legally binding commitment or obligation related to the subject matter of this letter shall exist unless and until the execution and delivery of definitive contracts containing terms and conditions acceptable to Calypso Marketing and Buyer, each in its sole discretion.

SUEZ

CONFIDENTIAL

[redacted]

Gas Quality

[redacted]

Confidentiality

[redacted]

Preliminary Notional Proposal: This document constitutes a preliminary indication of interest on the part of Tractebel Calypso LNG Marketing LLC (Calypso Marketing), and affiliates and is intended solely as a basis for discussions. It does not constitute an offer capable of acceptance and no legally binding commitment or obligation related to the subject matter of this letter shall exist unless and until the execution and delivery of definitive contracts containing terms and conditions acceptable to Calypso Marketing and Buyer, each in its sole discretion.

Calypso
Tractebel

SUEZ

Rhodes, Rick

From: [redacted]
Sent: Thursday, June 10, 2004 7:09 PM
To: Rhodes, Rick
Cc: Cavicchi, Paul; Thakur, Joy; Mason, Gregory
Subject: CP Waiver Response

CONFIDENTIAL

Rick,

We would like to reduce the price component to [redacted] Progress to have the CP waiver discussed over the last several days.

By noon tomorrow (Friday), we will provide new versions of the proposal and NAESB revised to reflect this item. Also, we confirmed again with our management that we did not want this to interfere with progress on the the transaction, and we appreciate the way that you and your team worked with us to sort this out.

Greg will be in the office if you need to contact him. I will be out of the office for the first part of the morning to review the [redacted] system modeling that is being done for us, so please use my cell phone number to contact me if needed. We still need to go over the other questions that you left for me, so do not hesitate to call me when you have a chance.

As always, thanks very much for your assistance.

[redacted]

[redacted]

Rhodes, Rick

From: [redacted]

Sent: Thursday, June 03, 2004 6:55 PM

To: Rhodes, Rick

Cc: Cavicchi, Paul; Thakur, Joy; Mason, Gregory; [redacted] McGinnis, Dan; Clark, Bart; Houston, Richard; John Mauel (E-mail)

Subject: Latest Proposal and NAESB, and draft Guaranty

Rick,

Attached please find the following items for review by you and your team:

Revised Proposal (dated June 3, 2004)
Revised Proposal (dated June 3, 2004 and blacklined to show changes from the last version dated 5-28-2004)
Revised NAESB (dated 6-3-2004, and incorporating your Special Provisions and the commercial terms summarized in the Revised Proposal)
Revised NAESB (dated 6-3-2004, and blacklined against the 5-27-2004 version from last Friday)
Draft Parent Guaranty (Tractebel's standard form)

We believe that we have incorporated all of your comments to date. Your feedback has been most helpful for developing this customized transaction for you. Again, if we have overlooked something, or if new comments have come up, just let us know. We will respond quickly to accomodate your tight schedule. We should reiterate that we are prepared to come back to your office to discuss any further questions.

Your company's involvement in our project through the long term gas arrangement is very important to us. As always, we appreciate the opportunity to work with you and your team.

[redacted]

[redacted] CONFIDENTIAL

REDACTED

PEF 000645
Docket No. 041414-EI

CONFIDENTIAL

Contract Quantity

[redacted]

Price

[redacted]

Demand Charge -

[redacted]

Commodity Charge -

[redacted]

Flexible Pricing

[redacted]

CONFIDENTIAL

[redacted]

Delivery Point(s)

[redacted]

Put-Back Provision

[redacted]

Nominations and Scheduling

[redacted]

Take and Delivery Obligations

[redacted]

CONFIDENTIAL

Transportation

[redacted]

GENERAL TERMS

Liquidated Damages

[redacted]

Credit and Security

[redacted]

Agreements

[redacted]

CONFIDENTIAL

[redacted]

Representations and Warranties

[redacted]

Conditions Precedent

[redacted]

Force Majeure

[redacted]

CONFIDENTIAL

[redacted]

Gas Quality

[redacted]

Confidentiality

[redacted]

Preliminary Notional Proposal: This document constitutes a preliminary indication of interest on the part of Tractebel Calypso LNG Marketing LLC (Calypso Marketing), and affiliates and is intended solely as a basis for discussions. It does not constitute an offer capable of acceptance and no legally binding commitment or obligation related to the subject matter of this letter shall exist unless and until the execution and delivery of definitive contracts containing terms and conditions acceptable to Calypso Marketing and Buyer, each in its sole discretion.

Rhodes, Rick

From: [redacted]
Sent: Wednesday, June 02, 2004 9:23 AM
To: Rhodes, Rick
Cc: Thakur, Joy; [redacted]
Subject: [redacted]

CONFIDENTIAL

Rick,

Just following up on a couple of the items that we discussed.

First, regarding the [redacted] discussion that we had, if it is okay with [redacted] to do what you are considering, then that would be fine with us. My suggestions are to make sure that they understand the facilities changes that you want, and that they be asked to prepare a ± 10% cost estimate and a "not to exceed" cost estimate. No matter how you approach it, [redacted] will be uncomfortable with the process unless they hear these initial requests directly form you. They will want to be sure that you get what you want so that over time there is no question that they met your expectations. It is also a good idea to request the estimates both with and without the tax gross-up. We can take it from there. As soon as [redacted] provides the cost estimates, we will adjust our pricing in that part of the proposal accordingly. In the meantime, we will footnote this pricing as being subject to [redacted] final pricing.

Second, regarding the various discussions about approvals from the Bahamian government, quite some time ago obtained our Agreement in Principle with both the Grand Bahama Port Authority (GBPA) and the federal government in Nassau. GBPA is semi-autonomous from the federal government in Nassau under the Hawksbill Creek Agreement that was put in place to create a tax-free industrial development zone and port. With the agreements that we now hold, technically we could break ground, and start building our project today.

On the other hand however, it is our preference and prudent for us to be more accommodating to the wishes of both entities by going through a more thorough environmental and commercial review similar to what is done in Florida. For example, we went beyond the standard process that would normally be followed to prepare our environment permit application. Our people (internal and consultants) worked side by side with theirs to develop the application from scratch so that they would be informed every step of the way, and have the opportunity to influence how the application was structured. This process was as you would expect slower than normal, but much more effective, in terms of having their support for issuing our EIS.

We want to be more than just a developer both in the Bahamas and Florida. We are already becoming an integral part of the local economy, one of the family you might say. It may sound a bit corny, but in the long run our company feels that this process of developing strong local relationships is very beneficial for both. The downside is that it is somewhat slow, but in this case we are within days or weeks (i.e., during June) of finishing the process in the Bahamas, and like the other components of our project this has allowed us to enjoy a steady development schedule without the starts and stops that each of our competitors have encountered.

The bottom line is that media reports that we all see that cast doubts on whether or not the Bahamian government will allow our project to be built are at best on the fringe of actual activity. More shipping in the port and an LNG terminal, are very good, environmentally safe, additions to the local economy that they want to see happen. Today, I will Fedex some additional information on this. If anyone has any ongoing concerns about this, as we said last week, we would like very much to come up to your office this week to visit and discuss such issues in more detail.

Hopefully, this additional information is helpful in your process. Thanks for your feedback, and if more information is needed, please let me know.

[redacted]

[redacted]

Rhodes, Rick

From: [redacted]
Sent: Friday, May 28, 2004 5:12 PM
To: Rhodes, Rick
Cc: Cavicchi, Paul; Thakur, Joy; [redacted]
Subject: Final Questions Regarding Proposal

CONFIDENTIAL

Rick,

Just a short note to follow up on a couple of issues that we have been discussing.

The first relates to the question about what happens if our project COD is late. The way that we handled this was to write in a fixed start date for gas flows to Hines to begin. This coupled with the underlying requirement that [redacted] has a firm requirement to deliver gas to Hines means tha[redacted] would be required to provide gas to you from a source other than our Bahamas Terminal if the project were delayed. The proposal and the NAESB are both written now such that the start of gas flows under the contract has no linkage whatsoever to the operation of our project. Perhaps the way that we simplified this needs some clarification. Just let us know if that is the case. We are looking at this as a delivered gas obligation that is completely independent of the operation of our terminal. The May 1, 2008, start date for gas flows under the gas contract works well for us since we fully expect to be in service well before that date. Being in service for the summer of 2008 is very important for us.

The second thing that we are working on is how to mitigate the risk inherent in the Conditions Precedent in the contract. We are fairly comfortable with the risk from your CP's since you are so far along anyway. You are apparently not comfortable with our CP's since we could have a regulatory problem of some sort that might essentially flow through our CP's, and impact our ability to serve you in the timeframe you need gas in 2008.

What we are doing is looking at how to give you (Progress) the option to have [redacted] accept or waive its CP's which would effectively make the contract immediately go into effect, and lock us into a firm obligation to serve you with physical gas on May 1, 2008, even if our project were delayed. In the proposal and the NAESB, we inserted part of the language necessary to provide you with this option.

What we have yet to finish on this second issue is (a) are there are any conditions that you must meet in order to be able to exercise the option, and (b) what higher price and any associated conditions might there be for us to flow gas to you on May 1, 2008, if you have exercised the option causing our CP's to go away in the near future when we are not quite far enough along to have satisfied or waived CP's. Of course in any case such higher price associated with your exercise of the option and our potential delay must be competitive with your alternatives for long term gas supply for Hines.

Unfortunately, most of our management team was out of town this week, so we were unable to get full review and approval for the potential mechanisms that might take care of this issue. We will be meeting to continue pursuing resolution of this on Tuesday morning. I will keep you informed about where we are going with this since your team seems to be making final evaluations of your alternatives next week.

In comparing your alternatives, we would ask that you consider that we are fully permitted in the U.S., and within a few days or weeks will conclude the same long process in the Bahamas. Each of our competitors has had multiple false starts, for both commercial and non-commercial reasons, and could do so again. We simply have not had any false starts with our Bahamas project, nor with the successful major expansion of the Everett Terminal in Boston Harbor. We are on the ground in Broward County now preparing for the onshore work and shoreline drilling for the pipeline installation. In terms of schedule, our nearest competitors are well behind us, provided that they can actually be successful with permitting. We know what we are doing, and we have the financial wherewithal to continue with our efforts.

What we are planning is to finish our analysis early in the week, and present to you a completed resolution for the second issue above. If you run up against deadlines, or as new questions arise, please let us know, so that we do not hold up your process.

We were serious about our willingness to come to Raleigh for a day or so to work on any final questions that your team may have. You may want to meet two or three times in a day for short periods with time in between for us to work on answers for you. Sometimes this is the most effective way to proceed. It certainly would not be the first time that I have done this.

Thanks again, and I hope all of you have a nice holiday.

Blank

[redacted]

CONFIDENTIAL

Rhodes, Rick

From: [redacted]
Sent: Friday, May 28, 2004 2:48 PM
To: Rhodes, Rick
Cc: Thakur, Joy; [redacted]
Subject: Calypso Project Schedule

Rick,

Attached is the project schedule that we discussed. I converted it to a PowerPoint format, so that you can easily re-use it in your presentations. When we talk again, I have a couple of pieces of good information for you.

[redacted]

[redacted]

CONFIDENTIAL

REDACTED

PEF 000655
Docket No. 041414-EI

Rhodes, Rick

From: [redacted]
Sent: Wednesday, May 12, 2004 3:09 PM
To: Rhodes, Rick
Subject: Florida Info - Might Be Useful

CONFIDENTIAL

LNG-A Third Source of Natural Gas to Florida.pdf

01/26/2004 09:45 LEWIS LONGMAN WALKER TALLAHASSEE → 6402168338001#17136361859# NO.479 0002

PEF 000657
Docket No. 041414-EI

FPL

LNG – A Third Source of Natural Gas to Florida

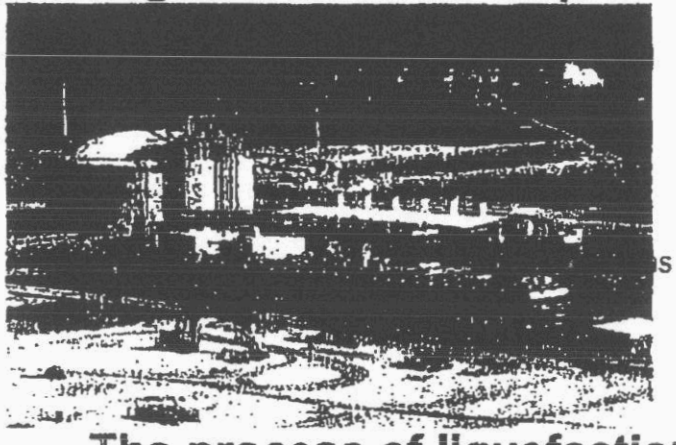
Presentation to FPSC Staff

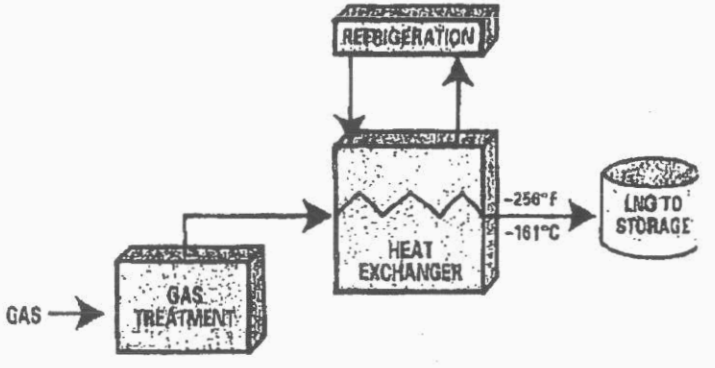
January 21, 2004

01/26/2004 09:45 LEWIS LONGMAN WALKERTALLAHASSEE → 6#01683#001#17136361859# NO.479 0003
PEF 000658
Docket No. 041414-EI

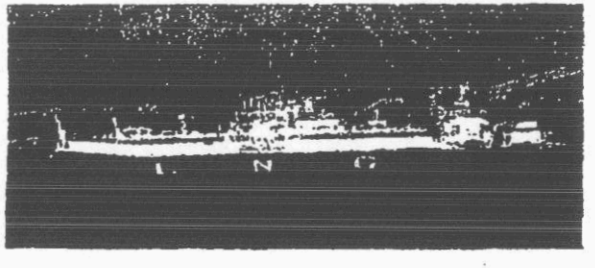
What is LNG?

- **To the end user, LNG (Liquified Natural Gas) is natural gas**
  - **The liquefaction of natural gas takes place at –256 degrees F and atmospheric pressure.**





  - **The process of liquefaction reduces the volume of the gas to about 1/600th of its original volume which allows the natural gas to be economically transported in specialized vessels throughout the world.**



FPL

01/26/2004 09:45 LEWIS LONGMAN WALKERTALLAHASSEE → 6#01683#001#17136361859# NO.479 0004
PEF 000659
Docket No. 041414-EI

What is History of LNG?

- Although there were small, local liquefaction plants going back to the 1940's, the global LNG industry began in 1964 with the startup of the Algerian LNG export facility.
- Exports from the United States started in 1969, followed by Libya in 1970, United Arab Emirates (Middle East) in 1977, followed by Indonesia and others in Asia.
- 1970 saw the completion of the first LNG Regasification/Receiving Terminal in the U. S. at Everett, Massachusetts.

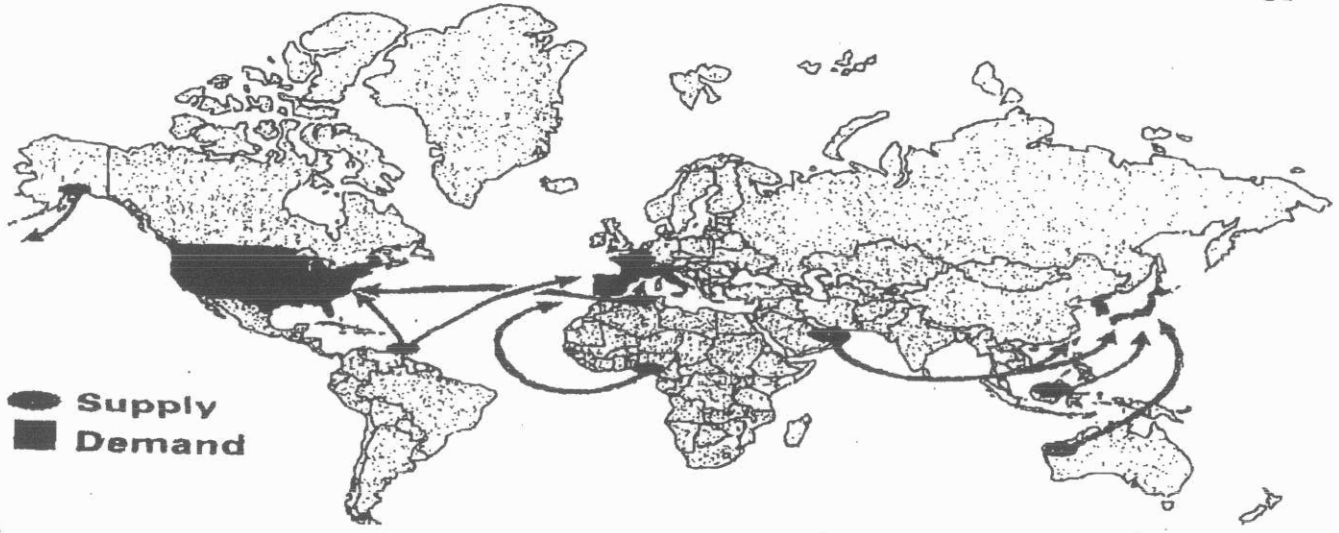
FPL

01/26/2004 09:45 LEWIS LONGMAN WALKER TALLAHASSEE → 6#0168#0001#17136361859# NO.479 0005
PEF 000660
Docket No. 041414-EI

What are the sources of LNG Supply?

- About half of the world's remaining hydrocarbon resources are in the form of natural gas.
- Often located in areas of lower gas demand, by liquefying the gas it can be safely transported by ship to the market, just like crude oil.

Global LNG Supply and Demand



FPL

01/26/2004 09:45 LEWIS LONGMAN WALKERTALLAHASSEE → 6#01683#001#17136361859# NO.479 0006
PEF 000691
Docket No. 041414-EI

What are the sources of LNG Supply?

- Today, LNG is produced in 12 countries from 17 operating liquefaction facilities.
  - North America: United States and Trinidad
  - Africa: Algeria, Libya, Nigeria
  - Middle East: United Arab Emirates, Oman and Qatar
  - Asia: Brunei, Indonesia, Malaysia, and Australia
- Liquefaction projects are under construction in Norway and Egypt, with expansions in Trinidad, Nigeria, Qatar, Australia, and Oman.
- Proposed projects included additional trains in Trinidad, Nigeria, Algeria, and Qatar, and new developments in Nigeria, Algeria, Egypt, Sakhalin, Venezuela, Bolivia, and Peru.

FPL

01/26/2004 09:45 LEWIS LONGMAN WALKERTALLAHASSEE → 6#01683#001#17136361859# NO.479 0007

PEF 000662
Docket No. 041414-EI

Where is the demand for LNG?

- **Since the 1970's, worldwide demand for LNG has grown by about 8% per year, primarily due to the fast-growing Asian markets of Japan and Korea.**

- **While continued growth is expected for Asia, developing markets in the United States and Europe are expected to support demand growth in the range of 6 to 10% per year.**

FPL

01/26/2004 09:45 LEWIS LONGMAN WALKERTALLAHASSEE → 6#01683#001#17136361859# NO.479 D008
PEF 000663
Docket No. 041414-EI

Where is the demand for LNG?

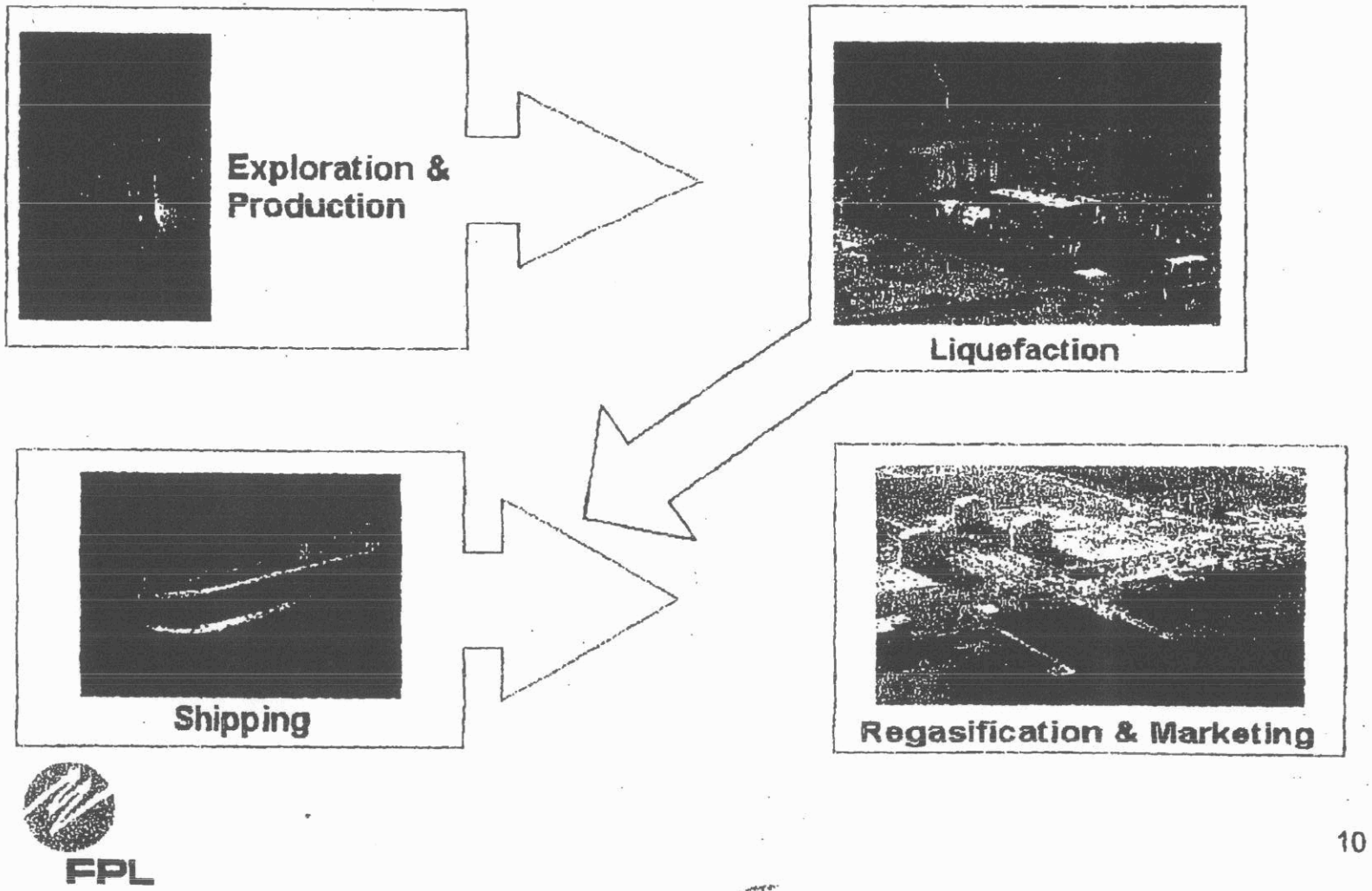
- As domestic U. S. production declines over time and Canadian imports remain relatively constant, LNG imports are anticipated to increase from less that 1 Bcf/day in 2002 (1% of supply) to about 7 Bcf/day (10% of supply) in 2010.

- Today, there are 42 proposed LNG regasification plants in North America, including three terminals in the Bahamas.

FPL

01/26/2004 09:45 LEWIS LONGMAN WALKERTALLAHASSEE → 6401683M001#17136361859# NO.479 0011

What are the Steps in the LNG Process?



REDACTED

PEF 000665
Docket No. 041414-EI

REDACTED

PEF 000666
Docket No. 041414-EI

REDACTED

PEF 000667
Docket No. 041414-EI

REDACTED

PEF 000668
Docket No. 041414-EI

REDACTED

PEF 000669
Docket No. 041414-EI

REDACTED

PEF 000670
Docket No. 041414-EI

REDACTED

PEF 000671
Docket No. 041414-EI

REDACTED

PEF 000672
Docket No. 041414-EI

REDACTED

PEF 000673
Docket No. 041414-EI

REDACTED

PEF 000674
Docket No. 041414-EI

REDACTED

PEF 000675
Docket No. 041414-EI

REDACTED

PEF 000676
Docket No. 041414-EI

REDACTED

PEF 000677
Docket No. 041414-EI

REDACTED

PEF 000678
Docket No. 041414-EI

REDACTED

PEF 000679
Docket No. 041414-EI

REDACTED

PEF 000680
Docket No. 041414-EI

REDACTED

PEF 000681
Docket No. 041414-EI

REDACTED

PEF 000682
Docket No. 041414-EI

REDACTED

PEF 000683
Docket No. 041414-EI

REDACTED

PEF 000684
Docket No. 041414-EI

REDACTED

PEF 000685
Docket No. 041414-EI

REDACTED

PEF 000686
Docket No. 041414-EI

REDACTED

PEF 000687
Docket No. 041414-EI

REDACTED

PEF 000688
Docket No. 041414-EI

REDACTED

PEF 000689
Docket No. 041414-EI

REDACTED

PEF 000690
Docket No. 041414-EI

REDACTED

PEF 000691
Docket No. 041414-EI

REDACTED

PEF 000692
Docket No. 041414-EI

REDACTED

PEF 000693
Docket No. 041414-EI

REDACTED

PEF 000694
Docket No. 041414-EI

REDACTED

PEF 000695
Docket No. 041414-EI

REDACTED

PEF 000696
Docket No. 041414-EI

REDACTED

PEF 000697
Docket No. 041414-EI

REDACTED

PEF 000698
Docket No. 041414-EI

REDACTED

PEF 000699
Docket No. 041414-EI

REDACTED

PEF 000700
Docket No. 041414-EI

REDACTED

PEF 000701
Docket No. 041414-EI

REDACTED

PEF 000702
Docket No. 041414-EI

REDACTED

PEF 000703
Docket No. 041414-EI

REDACTED

PEF 000704
Docket No. 041414-EI

REDACTED

PEF 000705
Docket No. 041414-EI

REDACTED

PEF 000706
Docket No. 041414-EI

REDACTED

PEF 000707
Docket No. 041414-EI

REDACTED

PEF 000708
Docket No. 041414-EI

REDACTED

PEF 000709
Docket No. 041414-EI

REDACTED

PEF 000710
Docket No. 041414-EI

REDACTED

PEF 000711
Docket No. 041414-EI

REDACTED

PEF 000712
Docket No. 041414-EI

REDACTED

PEF 000713
Docket No. 041414-EI

REDACTED

PEF 000714
Docket No. 041414-EI

REDACTED

PEF 000715
Docket No. 041414-EI

REDACTED

PEF 000716
Docket No. 041414-EI

REDACTED

PEF 000717
Docket No. 041414-EI

REDACTED

PEF 000718
Docket No. 041414-EI

REDACTED

PEF 000719
Docket No. 041414-EI

REDACTED

PEF 000720
Docket No. 041414-EI

REDACTED

PEF 000721
Docket No. 041414-EI

REDACTED

PEF 000722
Docket No. 041414-EI

REDACTED

PEF 000723
Docket No. 041414-EI

REDACTED

PEF 000724
Docket No. 041414-EI

REDACTED

PEF 000725
Docket No. 041414-EI

REDACTED

PEF 000726
Docket No. 041414-EI

Tractebel Engineering

Avenue Ariane 7
B-1200 Brussels (Belgium)

Press Release

Brussels, November 13, 2003

TRANSGAS ATLANTICO's LNG Terminal in Sines/Portugal received the first LNG cargo

October 26, 2003. The 120 000 cubic metre vessel "LNG Port Harcourt" brought the first cargo for the start-up operation and first filling of one of two 120 000 cubic metre storage tanks for the LNG terminal in Sines. The unloading operations have been successfully completed on November 5th, 2003 and Natural Gas send-out into the national grid pipeline was started on the evening of November 4th.

The terminal is being delivered by the consortium consisting of:
- Tractebel Engineering International (TEI) (consortium leader)
- Entrepose Contracting (LNG storage inner tanks including insulation)
- Somague (LNG storage concrete outer tanks and marine / general civil works)

The terminal is coming into operation in accordance with the time schedule agreed between Transgas Atlantico and the consortium. The second phase for increasing the annual send-out capacity from initially 2,6 bcm per annum to 5,2 bcm per annum is already installed and will be commissioned in the next few weeks.

Acting for TEI, Tractebel Gas Engineering (TGE) is in charge of implementation of this modern LNG terminal. As EPC main contractor TGE is currently also building the LNG/Propane/Gas Condensate export terminal for Statoil near to Hammerfest/Norway and the 2 x 150,000 cubic metre LNG import terminal for Reganosa near to La Coruna /Spain.

Contact :

Tractebel Gas Engineering :

Piet Van den Bossche
1200 - Brussels (Belgium) Ariane Avenue, 7
Phone +32 2 773 93 83
e-mail : piet.vandenbossche@tractebel.com

Manfred Küver
53175 Bonn (Germany) Mildred-Scheel-Str.1
Phone +49 228 60 448 120
e-mail : m.kuever@tractebel.de

REDACTED

PEF 000728
Docket No. 041414-EI

CONFIDENTIAL

Price

[redacted]

Flexible Pricing

[redacted]

Delivery Point(s)

[redacted]

Put-Back Provision

[redacted]

Nominations and Scheduling

[redacted]

CONFIDENTIAL

[redacted]

Take and Delivery Obligations

[redacted]

Transportation

[redacted]

GENERAL TERMS

Liquidated Damages

[redacted]

Credit and Security

[redacted]

Agreements

[redacted]

Representations and Warranties

[redacted]

CONFIDENTIAL

Conditions Precedent

[redacted]

Confidentiality

[redacted]

[redacted]

Rhodes, Rick

From: [redacted]
Sent: Friday, August 22, 2003 6:43 PM
To: Rhodes, Rick
Cc: [redacted]
Subject: RE: Non-Binding RFP
Sensitivity: Confidential

CONFIDENTIAL

Rick,

Just a quick note to confirm that we received your RFP. Thanks for the opportunity to participate.

[redacted]

-----Original Message-----
From: Rhodes, Rick [mailto:Rick.Rhodes@pgnmail.com]
Sent: Friday, August 22, 2003 4:13 PM
To: [redacted]
Cc: Trimble, John
Subject: Non-Binding RFP
Importance: High
Sensitivity: Confidential

> Progress Energy seeks non-binding proposals from your company to supply natural gas for the requirements listed in the attached RFP. Progress Energy is currently evaluating how LNG could play an integral role in its supply portfolio and your response will serve as a key input to this evaluation. A successful deal will require the execution of a NAESB with the attached Special Provisions, unless your firm already has an approved GISB or NAESB.
>
> You are encouraged to submit your bid via e-mail. FAX response is acceptable, but e-mail is preferable.
>
> We look forward to your response. Feel free to contact me with any questions. Thanks in advance for your timely response by this September 3, 2003 deadline.
>
[redacted]
> Rick Rhodes
> Term Gas & Logistics
> Progress Energy
> 919.546.7613
> rick.rhodes@pgnmail.com
>
>
>

[redacted]

April 28, 2004

Progress Energy Inc.
Attn: Rick Rhodes
P. O. Box 1551 - PEB 10A
Raleigh, North Carolina 27602

CONFIDENTIAL

Dear Mr. Rhodes:

[redacted]

SUEZ

REDACTED

PEF 000734
Docket No. 041414-EI

CONFIDENTIAL

Contract Quantity

[redacted]

Price

[redacted]

Flexible Pricing

[redacted]

Delivery Point(s)

[redacted]

CONFIDENTIAL

[redacted]

Put-Back Provision

[redacted]

Nominations and Scheduling

[redacted]

Take and Delivery Obligations

[redacted]

Transportation

[redacted]

[redacted]

CONFIDENTIAL

GENERAL TERMS

Liquidated Damages

[redacted]

Credit and Security

[redacted]

Agreements

[redacted]

Representations and Warranties

[redacted]

Conditions Precedent

[redacted]

CONFIDENTIAL

[redacted]

Gas Quality

[redacted]

Confidentiality

[redacted]

Preliminary Notional Proposal: This document constitutes a preliminary indication of interest on the part of Tractebel Calypso LNG Marketing LLC (Calypso Marketing), and affiliates and is intended solely as a basis for discussions. It does not constitute an offer capable of acceptance and no legally binding commitment or obligation related to the subject matter of this letter shall exist unless and until the execution and delivery of definitive contracts containing terms and conditions acceptable to Calypso Marketing and Buyer, each in its sole discretion.

Rhodes, Rick

From: [redacted]
Sent: Wednesday, April 28, 2004 1:12 PM
To: Rhodes, Rick
Cc: Cavicchi, Paul; Clark, Bart; [redacted]
Subject: [redacted]

The form of Confidentiality Agreement is now also attached as per the cover letter.

Regards,

[redacted]

CONFIDENTIAL

Rhodes, Rick

From: [redacted]
Sent: Thursday, September 04, 2003 11:13 PM
To: Rick Rhodes (E-mail)
Cc:
Subject: [redacted]



Progress FPC Gas Proposal ver3...

CONFIDENTIAL

Dear Rick:

Attached below is our proposal for your review and comment. Our intent is to provide this proposal to serve as a basis for further discussions that would lead to a long term, firm gas supply agreement tailored for your specific requirements.

We appreciate the opportunity to work with you on this. We look forward to further discussions and meeting with you soon.

In the meantime, please do not hesitate to call or send your questions and comments.

Very truly yours,

[redacted]

<<Progress FPC Gas Proposal ver3.doc>>

PEF 000740
Docket No. 041414-EI

REDACTED

PEF 000741
Docket No. 041414-EI

REDACTED

PEF 000742
Docket No. 041414-EI

REDACTED

PEF 000743
Docket No. 041414-EI

REDACTED

PEF 000744
Docket No. 041414-EI

REDACTED

PEF 000745
Docket No. 041414-EI

REDACTED

PEF 000746
Docket No. 041414-EI

Murphy, Pam (CP&L)

From: [redacted]

Sent: Tuesday, December 14, 2004 10:10 AM

Cc: Thakur, Joy; Mason, Gregory

Subject: Joint Announcement from [redacted]

CONFIDENTIAL

Good Morning Everyone,

For your information, attached is a news release announcing that [redacted] are combining their development resources in order to bring a new supply of natural gas to South Florida from the Bahamas. [redacted] and I wanted to send each of you a copy of the announcement as soon as it could be released.

Thanks,

[redacted]

[redacted]

[redacted]

[redacted]

Tractebel Electricity & Gas International

Press Release

Company Contacts:

FPL Group Resources LLC
Steve Stengel
(888)867-3050

Tractebel North America, Inc.
Paula Rockstroh
(713) 636-1962

El Paso Corporation
Aaron Woods
(713) 420-6828

December 14, 2004

FOR IMMEDIATE RELEASE

FPL Group Resources, Tractebel North America and El Paso Corporation combine efforts to bring a new source of natural gas to Florida

JUNO BEACH, Fla. and HOUSTON – FPL Group Resources LLC, a subsidiary of FPL Group, Inc. (NYSE: FPL), affiliates of Tractebel North America, Inc., a business unit of Tractebel Electricity & Gas International, one of the business divisions of SUEZ (NYSE: SZE), and subsidiaries of El Paso Corporation (NYSE: EP), today announced that they have agreed to combine development efforts and resources in order to bring a new supply of natural gas to South Florida. These efforts will help meet Florida's growing demand for clean natural gas and will deliver a new reliable source of production that will provide added supply security.

Affiliates of FPL Group Resources and Tractebel North America, Inc. have executed definitive agreements to combine their development efforts. FPL Group Resources currently has an option with subsidiaries of El Paso Corporation to purchase 100 percent of the development rights of El Paso's proposed liquefied natural gas (LNG) terminal at South Riding Point on Grand Bahama Island and 50 percent of the proposed Seafarer pipeline to Palm Beach County, Florida. An affiliate of FPL Group Resources has also signed a definitive Heads of Agreement with Ras Laffan Liquefied Natural Gas Company Limited (II) ("RasGas") for 800,000 million British Thermal units per day of LNG from Qatar. A Tractebel North America, Inc. ("TNA") subsidiary is currently developing the Calypso pipeline project, which proposes to transport natural gas via

a pipeline to Broward County, Florida, from a planned LNG terminal in Freeport, Grand Bahama, being developed by another TNA affiliate.

Upon completion of a series of new agreements, all three parties will have the ability to come together to create the most efficient project. Under terms of the new agreements, FPL Group Resources, affiliates of Tractebel North America, Inc., and El Paso will be equity owners of both the Seafarer and Calypso pipeline projects, and ultimately plan to construct one of these pipelines from the Bahamas to Florida. FPL Group Resources and affiliates of Tractebel North America, Inc. will be equal owners of an LNG receiving terminal in the Bahamas and a marketing company based in Florida called Sailfish Natural Gas Company, Ltd. ("Sailfish").

"By combining the talents and resources of our three companies, we will be able to deliver a more efficient project to bring a new supply of natural gas to South Florida," said Brad Williams, vice president, Gas Projects, for FPL Group Resources.

William P. Utt, president and CEO for Tractebel North America said, "TNA is excited to be expanding SUEZ's trans-Atlantic LNG position through these agreements. Our enormous experience in the LNG, natural gas and electricity generation value chains will contribute to ensuring that the most efficient project is built to serve the Florida market and we look forward to moving ahead with the proposed terminal and pipeline projects in the coming months."

"El Paso will bring over 75 years of expertise in pipeline development, construction and operations to these efforts," said John W. Somerhalder II, president of El Paso's Pipeline Group. "We look forward to working with the other owners to ensure safe and reliable delivery of natural gas to south Florida while continuing to provide superior customer service."

FPL Group Resources and TNA said the new Sailfish marketing company plans to furnish a joint proposal in connection with the Florida Power & Light Company outstanding request for proposals for LNG supplies. The companies said their marketing company's proposal will offer the potential customers greater flexibility and supply security. The Heads of Agreement with RasGas is subject to Sailfish successfully competing to provide regasified LNG to Florida Power & Light Company and other Florida customers and obtaining certain regulatory approvals.

The new combined pipeline enterprise plans to continue to aggressively pursue the Seafarer FERC certificate and all other permits and approvals associated with that project as well as the remaining permits and approvals related to the Calypso Pipeline, which already has received its FERC certificate and State of Florida and Broward County environmental approvals. The newly combined LNG terminal enterprise is working to permit two sites in the Bahamas. By combining efforts and evaluating and optimizing every option, the companies intend to be positioned to best serve the Florida marketplace.

###

FPL Group, with annual revenues of more than $9 billion, is nationally known as a high-quality, efficient, and customer-driven organization focused on energy-related products and services. With a growing presence in 26 states, it is widely recognized as one of the country's premier power companies. Its principal subsidiary, Florida Power & Light Company, serves more than

4.2 million customer accounts in Florida. FPL Energy, LLC, an FPL Group energy-generating subsidiary, is a leader in producing electricity from clean and renewable fuels. Additional information is available on the Internet at www.FPLGroup.com, www.FPL.com and www.FPLEnergy.com.

Based in Houston, **Tractebel North America, Inc.** ("TNA") is a business unit of Tractebel Electricity & Gas International ("EGI") and is responsible for managing EGI's positions within the energy value chain in the US, Mexico, and Canada, including electricity generation and cogeneration, natural gas and LNG, asset-based trading and origination, and energy sales and related services.

TNA subsidiaries own and/or operate a total of 59 power, cogeneration, steam, and chilled-water facilities, including those in construction or development, representing a capacity of more than 5,717 MW of electricity generation, 12 million pounds per hour of steam, and 147,000 tons per hour of chilled water. TNA's wholly owned subsidiary, Distrigas of Massachusetts LLC ("DOMAC"), owns and operates an LNG receiving terminal in Everett, Massachusetts. The DOMAC terminal commenced operations in 1971 and currently serves most of the gas utilities in New England and key power producers, meeting approximately 20% of New England's annual gas demand.

In Mexico, TNA affiliates operate three natural gas distribution networks in Guadalajara, Querétaro and Tampico, and two cogeneration plants in Tampico and Monterrey. These companies serve more than 90,000 natural gas customers and produce 280 MW of power.

For more information about SUEZ, Tractebel Electricity & Gas International, or Tractebel North America, visit www.egi.tractebel.com. For more information about Calypso U.S. Pipeline LLC (formerly Tractebel Calypso Pipeline LLC) visit www.tractebelcalypso.com.

El Paso Corporation provides natural gas and related energy products in a safe, efficient, dependable manner. The company owns North America's largest natural gas pipeline system and one of North America's largest independent natural gas producers. For more information, visit www.elpaso.com. For more information about the Seafarer pipeline project visit www.seafarer.us.

CAUTIONARY STATEMENTS AND RISK FACTORS THAT MAY AFFECT FUTURE RESULTS FOR FPL GROUP

In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 (Reform Act), FPL Group, Inc. (FPL Group) and Florida Power & Light Company (FPL) are hereby filing cautionary statements identifying important factors that could cause FPL Group's or FPL's actual results to differ materially from those projected in forward-looking statements (as such term is defined in the Reform Act) made by or on behalf of FPL Group and FPL in this press release, in response to questions or otherwise. Any statements that express, or involve discussions as to expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as will likely result, are expected to, will continue, is anticipated, believe, could, estimated, may, plan, potential, projection, target, outlook) are not statements of historical facts and may

be forward-looking. Forward-looking statements involve estimates, assumptions and uncertainties. Accordingly, any such statements are qualified in their entirety by reference to, and are accompanied by, the following important factors (in addition to any assumptions and other factors referred to specifically in connection with such forward-looking statements) that could cause FPL Group's or FPL's actual results to differ materially from those contained in forward-looking statements made by or on behalf of FPL Group and FPL.

Any forward-looking statement speaks only as of the date on which such statement is made, and FPL Group and FPL undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time and it is not possible for management to predict all of such factors, nor can it assess the impact of each such factor on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

The following are some important factors that could have a significant impact on FPL Group's and FPL's operations and financial results, and could cause FPL Group's and FPL's actual results or outcomes to differ materially from those discussed in the forward-looking statements:

- FPL Group and FPL are subject to changes in laws or regulations, including the Public Utility Regulatory Policies Act of 1978, as amended (PURPA), and the Public Utility Holding Company Act of 1935, as amended (Holding Company Act), changing governmental policies and regulatory actions, including those of the Federal Energy Regulatory Commission (FERC), the Florida Public Service Commission (FPSC) and the utility commissions of other states in which FPL Group has operations, and the U.S. Nuclear Regulatory Commission (NRC), with respect to, among other things, allowed rates of return, industry and rate structure, operation of nuclear power facilities, operation and construction of plant facilities, operation and construction of transmission facilities, acquisition, disposal, depreciation and amortization of assets and facilities, recovery of fuel and purchased power costs, decommissioning costs, return on common equity and equity ratio limits, and present or prospective wholesale and retail competition (including but not limited to retail wheeling and transmission costs). The FPSC has the authority to disallow recovery by FPL of costs that it considers excessive or imprudently incurred.

- The regulatory process generally restricts FPL's ability to grow earnings and does not provide any assurance as to achievement of earnings levels.

- FPL Group and FPL are subject to extensive federal, state and local environmental statutes, rules and regulations relating to air quality, water quality, waste management, wildlife mortality, natural resources and health and safety that could, among other things, restrict or limit the output of certain facilities or the use of certain fuels required for the production of electricity and/or increase costs. There are significant capital, operating and other costs associated with compliance with these environmental statutes, rules and regulations, and those costs could be even more significant in the future.

- FPL Group and FPL operate in a changing market environment influenced by various legislative and regulatory initiatives regarding deregulation, regulation or restructuring of the energy industry, including deregulation of the production and sale of electricity. FPL Group and its subsidiaries will need to adapt to these changes and may face increasing competitive pressure.

- FPL Group's and FPL's results of operations could be affected by their ability to renegotiate franchise agreements with municipalities and counties in Florida.

- The operation of power generation facilities involves many risks, including start up risks, breakdown or failure of equipment, transmission lines or pipelines, use of new technology, the

dependence on a specific fuel source or the impact of unusual or adverse weather conditions (including natural disasters such as hurricanes), as well as the risk of performance below expected levels of output or efficiency. This could result in lost revenues and/or increased expenses. Insurance, warranties or performance guarantees may not cover any or all of the lost revenues or increased expenses, including the cost of replacement power. In addition to these risks, FPL Group's and FPL's nuclear units face certain risks that are unique to the nuclear industry including the ability to dispose of spent nuclear fuel, as well as additional regulatory actions up to and including shutdown of the units stemming from public safety concerns, whether at FPL Group's and FPL's plants, or at the plants of other nuclear operators. Breakdown or failure of an FPL Energy, LLC (FPL Energy) operating facility may prevent the facility from performing under applicable power sales agreements which, in certain situations, could result in termination of the agreement or incurring a liability for liquidated damages.

- FPL Group's and FPL's ability to successfully and timely complete their power generation facilities currently under construction, those projects yet to begin construction or capital improvements to existing facilities is contingent upon many variables and subject to substantial risks. Should any such efforts be unsuccessful, FPL Group and FPL could be subject to additional costs, termination payments under committed contracts, and/or the write-off of their investment in the project or improvement.

- FPL Group and FPL use derivative instruments, such as swaps, options, futures and forwards to manage their commodity and financial market risks, and to a lesser extent, engage in limited trading activities. FPL Group could recognize financial losses as a result of volatility in the market values of these contracts, or if a counterparty fails to perform. In the absence of actively quoted market prices and pricing information from external sources, the valuation of these derivative instruments involves management's judgment or use of estimates. As a result, changes in the underlying assumptions or use of alternative valuation methods could affect the reported fair value of these contracts. In addition, FPL's use of such instruments could be subject to prudence challenges and if found imprudent, cost recovery could be disallowed by the FPSC.

- There are other risks associated with FPL Group's non-rate regulated businesses, particularly FPL Energy. In addition to risks discussed elsewhere, risk factors specifically affecting FPL Energy's success in competitive wholesale markets include the ability to efficiently develop and operate generating assets, the successful and timely completion of project restructuring activities, maintenance of the qualifying facility status of certain projects, the price and supply of fuel, transmission constraints, competition from new sources of generation, excess generation capacity and demand for power. There can be significant volatility in market prices for fuel and electricity, and there are other financial, counterparty and market risks that are beyond the control of FPL Energy. FPL Energy's inability or failure to effectively hedge its assets or positions against changes in commodity prices, interest rates, counterparty credit risk or other risk measures could significantly impair its future financial results. In keeping with industry trends, a portion of FPL Energy's power generation facilities operate wholly or partially without long-term power purchase agreements. As a result, power from these facilities is sold on the spot market or on a short-term contractual basis, which may affect the volatility of FPL Group's financial results. In addition, FPL Energy's business depends upon transmission facilities owned and operated by others; if transmission is disrupted or capacity is inadequate or unavailable, FPL Energy's ability to sell and deliver its wholesale power may be limited.

- FPL Group is likely to encounter significant competition for acquisition opportunities that may become available as a result of the consolidation of the power industry. In addition, FPL Group may be unable to identify attractive acquisition opportunities at favorable prices and to successfully and timely complete and integrate them.

- FPL Group and FPL rely on access to capital markets as a significant source of liquidity for capital requirements not satisfied by operating cash flows. The inability of FPL Group and FPL to maintain their current credit ratings could affect their ability to raise capital on favorable terms, particularly during times of uncertainty in the capital markets which, in turn, could impact FPL Group's and FPL's ability to grow their businesses and would likely increase interest costs.

- FPL Group's and FPL's results of operations can be affected by changes in the weather. Weather conditions directly influence the demand for electricity and natural gas and affect the price of energy commodities, and can affect the production of electricity at wind and hydro-powered facilities. In addition, severe weather can be destructive, causing outages and/or property damage, which could require additional costs to be incurred.

- FPL Group and FPL are subject to costs and other effects of legal and administrative proceedings, settlements, investigations and claims, as well as the effect of new, or changes in, tax rates or policies, rates of inflation, accounting standards, securities laws or corporate governance requirements.

- FPL Group and FPL are subject to direct and indirect effects of terrorist threats and activities. Generation and transmission facilities, in general, have been identified as potential targets. The effects of terrorist threats and activities include, among other things, terrorist actions or responses to such actions or threats, the inability to generate, purchase or transmit power, the risk of a significant slowdown in growth or a decline in the U.S. economy, delay in economic recovery in the United States, and the increased cost and adequacy of security and insurance.

- FPL Group's and FPL's ability to obtain insurance, and the cost of and coverage provided by such insurance, could be affected by national events as well as company-specific events.

- FPL Group and FPL are subject to employee workforce factors, including loss or retirement of key executives, availability of qualified personnel, collective bargaining agreements with union employees or work stoppage.

The issues and associated risks and uncertainties described above are not the only ones FPL Group and FPL may face. Additional issues may arise or become material as the energy industry evolves. The risks and uncertainties associated with these additional issues could impair FPL Group's and FPL's businesses in the future.

CAUTIONARY STATEMENTS AND RISK FACTORS THAT MAY AFFECT FUTURE RESULTS FOR EL PASO CORPORATION

This release includes forward-looking statements and projections, made in reliance on the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The company has made every reasonable effort to ensure that the information and assumptions on which these statements and projections are based are current, reasonable, and complete. However, a variety of factors could cause actual results to differ materially from the projections, anticipated results or other expectations expressed in this release, including, without limitation, our ability to successfully construct and operate the proposed pipeline facilities described in this release; general economic conditions in geographic regions or markets served by El Paso Corporation and its affiliates, or where operations of the company and its affiliates are located; the uncertainties associated with governmental regulation; competition, and other factors described in the company's (and its affiliates') Securities and Exchange Commission filings. While the company makes these statements and projections in good faith, neither the company nor its management can guarantee that anticipated future results will be achieved. Reference must be made to those filings for additional important factors that may affect actual results. The company assumes no obligation to publicly

update or revise any forward-looking statements made herein or any other forward-looking statements made by the company, whether as a result of new information, future events, or otherwise.

CAUTIONARY STATEMENTS AND RISK FACTORS THAT MAY AFFECT FUTURE RESULTS FOR THE SUEZ GROUP

This press release contains certain forward-looking statements, particularly with respect to future events, trends, plans or objectives. These statements are based on management's current views and assumptions and involve a number of risks and uncertainties which may lead to a significant difference between actual results and those suggested either explicitly or implicitly in these statements (or suggested by past results). Additional information about these risks and uncertainties appears in documents filed by SUEZ with the U.S. Securities and Exchange Commission and the Autorité des Marchés Financiers (French securities regulator). The present forward-looking statements are made as of the date of the present release, with no undertaking by SUEZ to update or revise them, whether in connection with new information, future events, or any other factor.

Caldwell, Rob

From: [redacted]
Sent: Tuesday, December 14, 2004 10:10 AM
Cc: Thakur, Joy; Mason, Gregory
Subject: Joint Announcement from [redacted]

Good Morning Everyone,

For your information, attached is a news release announcing that [redacted] are combining their development resources in order to bring a new supply of natural gas to South Florida from the Bahamas. [redacted] and I wanted to send each of you a copy of the announcement as soon as it could be released.

Thanks,

[redacted]

[redacted]

[redacted]

CONFIDENTIAL

Tractebel Electricity & Gas International

Press Release

Company Contacts:

FPL Group Resources LLC
Steve Stengel
(888)867-3050

Tractebel North America, Inc.
Paula Rockstroh
(713) 636-1962

El Paso Corporation
Aaron Woods
(713) 420-6828

December 14, 2004

FOR IMMEDIATE RELEASE

FPL Group Resources, Tractebel North America and El Paso Corporation combine efforts to bring a new source of natural gas to Florida

JUNO BEACH, Fla. and HOUSTON -- FPL Group Resources LLC, a subsidiary of FPL Group, Inc. (NYSE: FPL), affiliates of Tractebel North America, Inc., a business unit of Tractebel Electricity & Gas International, one of the business divisions of SUEZ (NYSE: SZE), and subsidiaries of El Paso Corporation (NYSE: EP), today announced that they have agreed to combine development efforts and resources in order to bring a new supply of natural gas to South Florida. These efforts will help meet Florida's growing demand for clean natural gas and will deliver a new reliable source of production that will provide added supply security.

Affiliates of FPL Group Resources and Tractebel North America, Inc. have executed definitive agreements to combine their development efforts. FPL Group Resources currently has an option with subsidiaries of El Paso Corporation to purchase 100 percent of the development rights of El Paso's proposed liquefied natural gas (LNG) terminal at South Riding Point on Grand Bahama Island and 50 percent of the proposed Seafarer pipeline to Palm Beach County, Florida. An affiliate of FPL Group Resources has also signed a definitive Heads of Agreement with Ras Laffan Liquefied Natural Gas Company Limited (II) ("RasGas") for 800,000 million British Thermal units per day of LNG from Qatar. A Tractebel North America, Inc. ("TNA") subsidiary is currently developing the Calypso pipeline project, which proposes to transport natural gas via

a pipeline to Broward County, Florida, from a planned LNG terminal in Freeport, Grand Bahama, being developed by another TNA affiliate.

Upon completion of a series of new agreements, all three parties will have the ability to come together to create the most efficient project. Under terms of the new agreements, FPL Group Resources, affiliates of Tractebel North America, Inc., and El Paso will be equity owners of both the Seafarer and Calypso pipeline projects, and ultimately plan to construct one of these pipelines from the Bahamas to Florida. FPL Group Resources and affiliates of Tractebel North America, Inc. will be equal owners of an LNG receiving terminal in the Bahamas and a marketing company based in Florida called Sailfish Natural Gas Company, Ltd. ("Sailfish").

"By combining the talents and resources of our three companies, we will be able to deliver a more efficient project to bring a new supply of natural gas to South Florida," said Brad Williams, vice president, Gas Projects, for FPL Group Resources.

William P. Utt, president and CEO for Tractebel North America said, "TNA is excited to be expanding SUEZ's trans-Atlantic LNG position through these agreements. Our enormous experience in the LNG, natural gas and electricity generation value chains will contribute to ensuring that the most efficient project is built to serve the Florida market and we look forward to moving ahead with the proposed terminal and pipeline projects in the coming months."

"El Paso will bring over 75 years of expertise in pipeline development, construction and operations to these efforts," said John W. Somerhalder II, president of El Paso's Pipeline Group. "We look forward to working with the other owners to ensure safe and reliable delivery of natural gas to south Florida while continuing to provide superior customer service."

FPL Group Resources and TNA said the new Sailfish marketing company plans to furnish a joint proposal in connection with the Florida Power & Light Company outstanding request for proposals for LNG supplies. The companies said their marketing company's proposal will offer the potential customers greater flexibility and supply security. The Heads of Agreement with RasGas is subject to Sailfish successfully competing to provide regasified LNG to Florida Power & Light Company and other Florida customers and obtaining certain regulatory approvals.

The new combined pipeline enterprise plans to continue to aggressively pursue the Seafarer FERC certificate and all other permits and approvals associated with that project as well as the remaining permits and approvals related to the Calypso Pipeline, which already has received its FERC certificate and State of Florida and Broward County environmental approvals. The newly combined LNG terminal enterprise is working to permit two sites in the Bahamas. By combining efforts and evaluating and optimizing every option, the companies intend to be positioned to best serve the Florida marketplace.

###

FPL Group, with annual revenues of more than $9 billion, is nationally known as a high-quality, efficient, and customer-driven organization focused on energy-related products and services. With a growing presence in 26 states, it is widely recognized as one of the country's premier power companies. Its principal subsidiary, Florida Power & Light Company, serves more than

4.2 million customer accounts in Florida. FPL Energy, LLC, an FPL Group energy-generating subsidiary, is a leader in producing electricity from clean and renewable fuels. Additional information is available on the Internet at www.FPLGroup.com, www.FPL.com and www.FPLEnergy.com.

Based in Houston, **Tractebel North America, Inc.** ("TNA") is a business unit of Tractebel Electricity & Gas International ("EGI") and is responsible for managing EGI's positions within the energy value chain in the US, Mexico, and Canada, including electricity generation and cogeneration, natural gas and LNG, asset-based trading and origination, and energy sales and related services.

TNA subsidiaries own and/or operate a total of 59 power, cogeneration, steam, and chilled-water facilities, including those in construction or development, representing a capacity of more than 5,717 MW of electricity generation, 12 million pounds per hour of steam, and 147,000 tons per hour of chilled water. TNA's wholly owned subsidiary, Distrigas of Massachusetts LLC ("DOMAC"), owns and operates an LNG receiving terminal in Everett, Massachusetts. The DOMAC terminal commenced operations in 1971 and currently serves most of the gas utilities in New England and key power producers, meeting approximately 20% of New England's annual gas demand.

In Mexico, TNA affiliates operate three natural gas distribution networks in Guadalajara, Querétaro and Tampico, and two cogeneration plants in Tampico and Monterrey. These companies serve more than 90,000 natural gas customers and produce 280 MW of power.

For more information about SUEZ, Tractebel Electricity & Gas International, or Tractebel North America, visit www.egi.tractebel.com. For more information about Calypso U.S. Pipeline LLC (formerly Tractebel Calypso Pipeline LLC) visit www.tractebelcalypso.com.

El Paso Corporation provides natural gas and related energy products in a safe, efficient, dependable manner. The company owns North America's largest natural gas pipeline system and one of North America's largest independent natural gas producers. For more information, visit www.elpaso.com. For more information about the Seafarer pipeline project visit www.seafarer.us.

CAUTIONARY STATEMENTS AND RISK FACTORS THAT MAY AFFECT FUTURE RESULTS FOR FPL GROUP

In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 (Reform Act), FPL Group, Inc. (FPL Group) and Florida Power & Light Company (FPL) are hereby filing cautionary statements identifying important factors that could cause FPL Group's or FPL's actual results to differ materially from those projected in forward-looking statements (as such term is defined in the Reform Act) made by or on behalf of FPL Group and FPL in this press release, in response to questions or otherwise. Any statements that express, or involve discussions as to expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as will likely result, are expected to, will continue, is anticipated, believe, could, estimated, may, plan, potential, projection, target, outlook) are not statements of historical facts and may

be forward-looking. Forward-looking statements involve estimates, assumptions and uncertainties. Accordingly, any such statements are qualified in their entirety by reference to, and are accompanied by, the following important factors (in addition to any assumptions and other factors referred to specifically in connection with such forward-looking statements) that could cause FPL Group's or FPL's actual results to differ materially from those contained in forward-looking statements made by or on behalf of FPL Group and FPL.

Any forward-looking statement speaks only as of the date on which such statement is made, and FPL Group and FPL undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time and it is not possible for management to predict all of such factors, nor can it assess the impact of each such factor on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

The following are some important factors that could have a significant impact on FPL Group's and FPL's operations and financial results, and could cause FPL Group's and FPL's actual results or outcomes to differ materially from those discussed in the forward-looking statements:

- FPL Group and FPL are subject to changes in laws or regulations, including the Public Utility Regulatory Policies Act of 1978, as amended (PURPA), and the Public Utility Holding Company Act of 1935, as amended (Holding Company Act), changing governmental policies and regulatory actions, including those of the Federal Energy Regulatory Commission (FERC), the Florida Public Service Commission (FPSC) and the utility commissions of other states in which FPL Group has operations, and the U.S. Nuclear Regulatory Commission (NRC), with respect to, among other things, allowed rates of return, industry and rate structure, operation of nuclear power facilities, operation and construction of plant facilities, operation and construction of transmission facilities, acquisition, disposal, depreciation and amortization of assets and facilities, recovery of fuel and purchased power costs, decommissioning costs, return on common equity and equity ratio limits, and present or prospective wholesale and retail competition (including but not limited to retail wheeling and transmission costs). The FPSC has the authority to disallow recovery by FPL of costs that it considers excessive or imprudently incurred.

- The regulatory process generally restricts FPL's ability to grow earnings and does not provide any assurance as to achievement of earnings levels.

- FPL Group and FPL are subject to extensive federal, state and local environmental statutes, rules and regulations relating to air quality, water quality, waste management, wildlife mortality, natural resources and health and safety that could, among other things, restrict or limit the output of certain facilities or the use of certain fuels required for the production of electricity and/or increase costs. There are significant capital, operating and other costs associated with compliance with these environmental statutes, rules and regulations, and those costs could be even more significant in the future.

- FPL Group and FPL operate in a changing market environment influenced by various legislative and regulatory initiatives regarding deregulation, regulation or restructuring of the energy industry, including deregulation of the production and sale of electricity. FPL Group and its subsidiaries will need to adapt to these changes and may face increasing competitive pressure.

- FPL Group's and FPL's results of operations could be affected by their ability to renegotiate franchise agreements with municipalities and counties in Florida.

- The operation of power generation facilities involves many risks, including start up risks, breakdown or failure of equipment, transmission lines or pipelines, use of new technology, the

dependence on a specific fuel source or the impact of unusual or adverse weather conditions (including natural disasters such as hurricanes), as well as the risk of performance below expected levels of output or efficiency. This could result in lost revenues and/or increased expenses. Insurance, warranties or performance guarantees may not cover any or all of the lost revenues or increased expenses, including the cost of replacement power. In addition to these risks, FPL Group's and FPL's nuclear units face certain risks that are unique to the nuclear industry including the ability to dispose of spent nuclear fuel, as well as additional regulatory actions up to and including shutdown of the units stemming from public safety concerns, whether at FPL Group's and FPL's plants, or at the plants of other nuclear operators. Breakdown or failure of an FPL Energy, LLC (FPL Energy) operating facility may prevent the facility from performing under applicable power sales agreements which, in certain situations, could result in termination of the agreement or incurring a liability for liquidated damages.

- FPL Group's and FPL's ability to successfully and timely complete their power generation facilities currently under construction, those projects yet to begin construction or capital improvements to existing facilities is contingent upon many variables and subject to substantial risks. Should any such efforts be unsuccessful, FPL Group and FPL could be subject to additional costs, termination payments under committed contracts, and/or the write-off of their investment in the project or improvement.

- FPL Group and FPL use derivative instruments, such as swaps, options, futures and forwards to manage their commodity and financial market risks, and to a lesser extent, engage in limited trading activities. FPL Group could recognize financial losses as a result of volatility in the market values of these contracts, or if a counterparty fails to perform. In the absence of actively quoted market prices and pricing information from external sources, the valuation of these derivative instruments involves management's judgment or use of estimates. As a result, changes in the underlying assumptions or use of alternative valuation methods could affect the reported fair value of these contracts. In addition, FPL's use of such instruments could be subject to prudence challenges and if found imprudent, cost recovery could be disallowed by the FPSC.

- There are other risks associated with FPL Group's non-rate regulated businesses, particularly FPL Energy. In addition to risks discussed elsewhere, risk factors specifically affecting FPL Energy's success in competitive wholesale markets include the ability to efficiently develop and operate generating assets, the successful and timely completion of project restructuring activities, maintenance of the qualifying facility status of certain projects, the price and supply of fuel, transmission constraints, competition from new sources of generation, excess generation capacity and demand for power. There can be significant volatility in market prices for fuel and electricity, and there are other financial, counterparty and market risks that are beyond the control of FPL Energy. FPL Energy's inability or failure to effectively hedge its assets or positions against changes in commodity prices, interest rates, counterparty credit risk or other risk measures could significantly impair its future financial results. In keeping with industry trends, a portion of FPL Energy's power generation facilities operate wholly or partially without long-term power purchase agreements. As a result, power from these facilities is sold on the spot market or on a short-term contractual basis, which may affect the volatility of FPL Group's financial results. In addition, FPL Energy's business depends upon transmission facilities owned and operated by others; if transmission is disrupted or capacity is inadequate or unavailable, FPL Energy's ability to sell and deliver its wholesale power may be limited.

- FPL Group is likely to encounter significant competition for acquisition opportunities that may become available as a result of the consolidation of the power industry. In addition, FPL Group may be unable to identify attractive acquisition opportunities at favorable prices and to successfully and timely complete and integrate them.

- FPL Group and FPL rely on access to capital markets as a significant source of liquidity for capital requirements not satisfied by operating cash flows. The inability of FPL Group and FPL to maintain their current credit ratings could affect their ability to raise capital on favorable terms, particularly during times of uncertainty in the capital markets which, in turn, could impact FPL Group's and FPL's ability to grow their businesses and would likely increase interest costs.

- FPL Group's and FPL's results of operations can be affected by changes in the weather. Weather conditions directly influence the demand for electricity and natural gas and affect the price of energy commodities, and can affect the production of electricity at wind and hydro-powered facilities. In addition, severe weather can be destructive, causing outages and/or property damage, which could require additional costs to be incurred.

- FPL Group and FPL are subject to costs and other effects of legal and administrative proceedings, settlements, investigations and claims, as well as the effect of new, or changes in, tax rates or policies, rates of inflation, accounting standards, securities laws or corporate governance requirements.

- FPL Group and FPL are subject to direct and indirect effects of terrorist threats and activities. Generation and transmission facilities, in general, have been identified as potential targets. The effects of terrorist threats and activities include, among other things, terrorist actions or responses to such actions or threats, the inability to generate, purchase or transmit power, the risk of a significant slowdown in growth or a decline in the U.S. economy, delay in economic recovery in the United States, and the increased cost and adequacy of security and insurance.

- FPL Group's and FPL's ability to obtain insurance, and the cost of and coverage provided by such insurance, could be affected by national events as well as company-specific events.

- FPL Group and FPL are subject to employee workforce factors, including loss or retirement of key executives, availability of qualified personnel, collective bargaining agreements with union employees or work stoppage.

The issues and associated risks and uncertainties described above are not the only ones FPL Group and FPL may face. Additional issues may arise or become material as the energy industry evolves. The risks and uncertainties associated with these additional issues could impair FPL Group's and FPL's businesses in the future.

CAUTIONARY STATEMENTS AND RISK FACTORS THAT MAY AFFECT FUTURE RESULTS FOR EL PASO CORPORATION

This release includes forward-looking statements and projections, made in reliance on the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The company has made every reasonable effort to ensure that the information and assumptions on which these statements and projections are based are current, reasonable, and complete. However, a variety of factors could cause actual results to differ materially from the projections, anticipated results or other expectations expressed in this release, including, without limitation, our ability to successfully construct and operate the proposed pipeline facilities described in this release; general economic conditions in geographic regions or markets served by El Paso Corporation and its affiliates, or where operations of the company and its affiliates are located; the uncertainties associated with governmental regulation; competition, and other factors described in the company's (and its affiliates') Securities and Exchange Commission filings. While the company makes these statements and projections in good faith, neither the company nor its management can guarantee that anticipated future results will be achieved. Reference must be made to those filings for additional important factors that may affect actual results. The company assumes no obligation to publicly

update or revise any forward-looking statements made herein or any other forward-looking statements made by the company, whether as a result of new information, future events, or otherwise.

CAUTIONARY STATEMENTS AND RISK FACTORS THAT MAY AFFECT FUTURE RESULTS FOR THE SUEZ GROUP

This press release contains certain forward-looking statements, particularly with respect to future events, trends, plans or objectives. These statements are based on management's current views and assumptions and involve a number of risks and uncertainties which may lead to a significant difference between actual results and those suggested either explicitly or implicitly in these statements (or suggested by past results). Additional information about these risks and uncertainties appears in documents filed by SUEZ with the U.S. Securities and Exchange Commission and the Autorité des Marchés Financiers (French securities regulator). The present forward-looking statements are made as of the date of the present release, with no undertaking by SUEZ to update or revise them, whether in connection with new information, future events, or any other factor.

A division of SUEZ-Tractebel S.A.
Registered office: place du Trône, 1 – 1000 Brussels, tel. + 32 2 510 71 11, fax + 32 2 510 75 91

A division of SUEZ-Tractebel S.A.
Registered office: place du Trône, 1 – 1000 Brussels, tel. + 32 2 510 71 11, fax + 32 2 510 75 91



PEF 000763
Docket No. 041414-EI

Caldwell, Rob

From: [redacted]
Sent: Thursday, December 02, 2004 9:51 AM
To: Mason, Gregory
Subject: FW: Video to Educate Consumers on LNG is Introduced

CONFIDENTIAL

To All,

Thought you might find this interesting.

Click on the video title below (LNG - The Safe, Clean Energy Choice), and you will go to the web page where you select the video format, then view the video.

There is also a lot of other useful information on the website. Hope everyone had a good Thanksgiving.

[redacted]

From: The Center for Liquefied Natural Gas
Sent: Tuesday, November 30, 2004 3:04 PM
To: Fairley, David
Subject: Video to Educate Consumers on LNG is Introduced

THE CENTER FOR
Liquefied Natural Gas

The Center for Liquefied Natural Gas (LNG)

Video to Educate Consumers on LNG is Introduced
As part of an effort to increase the U.S. consumers' understanding about LNG, the Center for Liquefied Natural Gas, in coordination with SIGTTO - the Society of International Gas Tanker and Terminal Operators - and other prominent associations, has produced a video that helps explain LNG: what it is, how safe it is and how crucial it is to the country's continued economic growth. The video, titled, "LNG - The Safe, Clean Energy Choice," was designed as a primer on LNG.

Learn more about the important role LNG can play in helping to meet our nation's energy needs by visiting the site at www.LNGfacts.org.

Murphy, Pam (CPL)

From: [redacted]
Sent: Tuesday, April 13, 2004 1:16 PM
Cc: Mason, Gregory
Subject: Calypso Pipeline Receives Cabinet Approval

CONFIDENTIAL


Untitled Attachment


Tractebel Calypso Gets State A...

PEF 000765
Docket No. 041414-EI

Tractebel Electricity & Gas International

Press Release

HOUSTON, April 13, 2004

FOR IMMEDIATE RELEASE

FLORIDA GOVERNOR BUSH APPROVES TRACTEBEL CALYPSO PIPELINE

Tractebel North America, Inc. ("TNA"), a business unit of Tractebel Electricity & Gas International, one of the three business divisions of SUEZ (NYSE: SZE), announced that on April 13, 2004, Florida Governor Jeb Bush and his Cabinet voted to grant a Sovereign Submerged Lands Easement and approve the Florida Department of Environmental Protection's issuance of an Environmental Resource Permit ("ERP") in connection with Tractebel Calypso Pipeline LLC's proposed construction and operation of a 42-mile jurisdictional pipeline in Florida and U.S. waters and along the six-mile onshore route in Broward County, Florida.

"We're pleased with today's decision by Governor Bush and his Cabinet in respect to this important milestone for the Tractebel Calypso project and that they concur that the route selected for the Tractebel Calypso pipeline meets high standards of environmental stewardship," said William P. Utt, President and CEO of TNA. "We have now received all major U.S. approvals required to proceed with this project. Once completed, the pipeline will be capable of supplying Florida with the clean-burning natural gas it needs to meet its increasing energy demands."

The proposed Tractebel Calypso project will transport natural gas via pipeline from the planned liquefied natural gas ("LNG") storage and regasification facility of its affiliate, Tractebel Bahamas LNG Limited, in Freeport, Grand Bahama. The U.S. segment of the pipeline would make landfall at Port Everglades, Florida, then travel onshore to a proposed interconnection with the Florida Gas Transmission system adjacent to Florida Power & Light's Lauderdale power plant. The Tractebel Calypso project will transport approximately 832 million cubic feet of natural gas into Florida per day. TNA anticipates initial gas deliveries to begin as early as 2007.

In March, Tractebel Calypso Pipeline LLC received a Certificate of Public Convenience and Necessity from the Federal Energy Regulatory Commission. Tractebel Bahamas LNG Limited has received its Approval in Principle from the Government of The Bahamas and is awaiting its final approval of a Bahamian Environmental Impact Statement.

# # #

About Tractebel North America, Inc.

The Tractebel Calypso pipeline will be owned by Tractebel Calypso Pipeline LLC, a subsidiary of Tractebel North America, Inc. ("TNA"). Based in Houston, TNA is a business unit of Tractebel Electricity & Gas International ("Tractebel EGI") and is responsible for managing EGI's positions within the energy value chain in the US, Mexico, and Canada, including electricity generation and cogeneration, natural gas and LNG, asset-based trading and origination, and energy sales and related services.

TNA owns and/or operates a total of 59 power, cogeneration, steam, and chilled-water facilities, including those in construction or development, representing a capacity of more than 5,717 MW of electricity generation, 12 million pounds per hour of steam, and 147,000 tons per hour of chilled water. TNA's wholly-owned subsidiary, Tractebel LNG North America LLC ("TLNGNA"), owns and operates an LNG receiving terminal in Everett, Massachusetts. The TLNGNA terminal commenced operations in 1971 and currently serves most of the gas utilities in New England and key power producers, meeting approximately 20% of New England's annual gas demand.

In Mexico, TNA affiliates operate three natural gas distribution companies, located in Guadalajara, Querétaro and Tampico, which serve more than 90,000 customers with clean and reliable energy. TNA affiliates also operate cogeneration plants in Tampico and Monterrey, which produce 280 MW of power.

About Tractebel Electricity & Gas International

Tractebel Electricity & Gas International ("Tractebel EGI")* is one of the business divisions of SUEZ (NYSE:SZE), an international industrial and services Group that provides businesses, public authorities and individuals with innovative solutions in Energy and the Environment.

Tractebel EGI, with headquarters in Brussels, offers global solutions in energy and services to customers in North America, the southern cone of Latin America, Asia and the Middle East. It develops, builds and operates energy facilities both in electricity and gas, including LNG. It transports and distributes natural gas and LNG in several countries outside Europe. Tractebel EGI is also active as a trader around its assets and as a marketer in electricity and gas, and offers energy related services to industrial and commercial customers.

Tractebel EGI has a strong presence in its markets with a total power capacity (in operation, under construction or under development) of nearly 26,000 MW. In the LNG business, Tractebel EGI has a vaporization capacity of 27.8 million m^3 of natural gas per day and owns or has secured long-term shipping capacity of 766,100 m^3 of LNG.

In 2003, Tractebel EGI sold nearly 81.4 million MWh of power, 16.594 billion m^3 of gas, and more than 29 million tons of steam to industrial and residential customers worldwide.

In 2003, Tractebel EGI booked a turnover of 4,491 million euros.

**Tractebel EGI operates under the global brand name Tractebel Electricity & Gas International (or Tractebel EGI) and under local brand names such as Tractebel Energia, Tractebel Energy Services, Inc., Glow, Litoral Gas, etc. Tractebel Electricity & Gas International (Tractebel EGI) is not a legal entity. It is a division of SUEZ-TRACTEBEL S.A., which is the official name of the legal entity created on October 31, 2003 as a result of the merger of Tractebel S.A. and Société Générale de Belgique S.A. Therefore, as a legal matter, Tractebel EGI is represented and acts through SUEZ-TRACTEBEL S.A. and/or certain affiliates thereof.*

Contact:

Paula Rockstroh
Tractebel North America, Inc.
Tel. 713 636 1962
e-mail: prockstroh@tractebelusa.com

Murphy, Pam (CP&L)

Please see attached release for details. The vote was 4-0 in favor. As always, if you have any questions, please do not hesitate to call Greg or me.

Thanks,

David

David Fairley
713-636-1776 Office Phone
713-501-9881 Cell Phone
Tractebel Calypso LNG Marketing LLC
Tractebel Project Development, Inc.
Tractebel Energy Marketing, Inc.

Murphy, Pam (CP&L)

From: [redacted]
Sent: Friday, January 02, 2004 2:26 PM
Cc: Mason, Gregory
Subject: Article in 12-30-2003 Sun-Sentinel

To All,

For your information. Includes a good picture of the jack-up rig that we have under contract for taking core samples for the final design of the directional drilling specifications for boring under the coral reefs. My understanding is that the ship was about four miles offshore when the photo was taken. You can view the original article and a bigger photo by cutting and pasting this web address into your browser.

http://www.sun-sentinel.com/news/local/palmbeach/search/sfl-pcsoil30dec30,0,1853728.story

Any questions, give me or Greg a call.

[redacted]

[redacted]

CONFIDENTIAL

EFFECTIVE OCTOBER, 2003, [redacted] RELOCATED WITH NEW ADDRESS AND PHONE NUMBERS ABOVE.

Rig readies for gas pipeline

By David Fleshler
Staff Writer

December 30, 2003

No, they're not drilling for oil off Fort Lauderdale. The drilling rig that showed up in the ocean this week is taking sediment samples as part of an energy company's plans for constructing a natural gas pipeline from the Bahamas to Broward County.

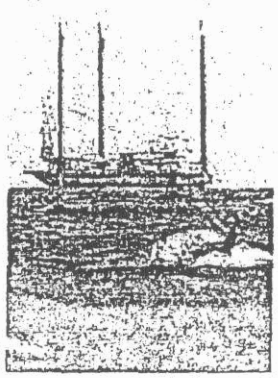
Tractebel North America Inc., a division of a French-Belgian company, is one of three companies proposing pipelines to carry natural gas from ports in the Bahamas to South Florida, where it would serve as fuel for power plants. As part of its application for federal and state permits, the company is boring holes into the sea floor to learn about the geology along the route.

The drills will bore 11 holes over the next month or so. The company says this will allow it to choose a pipeline route that minimizes the environmental effect. Many environmentalists oppose the pipeline, saying it could harm coral reefs.

The sampling work could damage some coral. The Broward County Department of Planning and Environmental Protection calculated that the placement of the drilling platform legs will have an effect on about a quarter-acre of hardbottom habitat that supports coral and other marine life.

The county placed several restrictions on the company's work. Before doing any drilling or moving the drilling rig, the company must relocate all coral with a diameter larger than 25 centimeters and monitor the relocation sites over the next few years. The county also required the placement of spotters to watch for manatees when the drilling rig moves to a new area.

Under Tractebel's plan, ships would carry the gas in liquid form to Freeport, Bahamas, from the countries that produce it. A plant in Freeport would convert it back to gas and shoot it through the pipeline to Broward County.



(Sun-Sentinel/Anastasia Walsh Infanzon)

Dec 30, 2003

Copyright (c) 2003, South Florida Sun-Sentinel

Visit Sun-Sentinel.com

Murphy, Pam (CPL)

From: [redacted]
Sent: Wednesday, May 05, 2004 3:13 PM
Cc: Fairley, David
Subject: FW: Tractebel Ships



Ships Capacity Tractebel.doc (...

Hey, here is some interesting information that [redacted] pulled together and I wanted to share this you. We are constantly being asked about our ships and shipping in general. This is a list of the [redacted] fleet and their capacity and taking in consideration we did not list our short term or spot charters. If you should any additional questions please do not hesitate to contact [redacted] or my self.
Take Care.

[redacted]

CONFIDENTIAL

-----Original Message-----
From: [redacted]
Sent: Wednesday, May 05, 2004 9:27 AM
To: [redacted]
Subject: [redacted]

<<Ships Capacity [redacted].doc>>

PEF 000772
Docket No. 041414-EI

[redacted] Capacity

[redacted]

CONFIDENTIAL

Murphy, Pam (CP&L)

From: [redacted]
Sent: Tuesday, December 30, 2003 4:44 PM
Cc: [redacted]
Subject: Project News

CONFIDENTIAL

Happy New Year to one and All.
This news release came out last week before Christmas and [redacted] and I wanted to share it with you [redacted] is the first of the Bahaman pipeline projects to commence doing field construction. They are in the field for the next six weeks collecting core samples to help determine how deep they will go when they do their directional drilling to bring the pipeline onshore at Port Everglades.
Take care and look forward to seeing you next year.

[redacted]

Tractebel Electricity & Gas International

FOR IMMEDIATE RELEASE

Press Release

Houston, December 22, 2003

Tractebel Calypso Natural Gas Pipeline conducts study of ocean floor

Company prepares to serve Florida's growing energy needs

Tractebel Calypso Pipeline announced today that it had begun an investigation of the near-shore geology east of Fort Lauderdale. This geotechnical study is related to Tractebel's proposal to serve South Florida's growing natural gas needs via an undersea pipeline. The study will provide valuable data to ensure that the pipeline route is the safest and most environmentally sound design to minimize impacts to near-shore coral reefs and other marine life.

"The Tractebel Calypso Pipeline is a top priority for our company. We are doing all we can to ensure that its development is executed according to the highest safety and environmental standards," said Jim Ebeling Project Director for Tractebel.

The investigation begins approximately one-quarter mile east of Port Everglades and follows the pipeline route in an easterly direction. The study, which will be underway for approximately 33 days and end around the end of January, entails drilling 11 boreholes under the seabed and removing sample material from each hole. Information collected from these boreholes will allow Tractebel to determine that the pipeline route minimizes impacts to the marine environment. Once collected and analyzed, the information will be shared with the scientific community for its general use.

The drilling operation will be led by Malcom Pirnie Inc., an independent environmental engineering firm with more than 100 years experience in providing environmental solutions. The company will employ a jack-up drilling platform, which is floated into place and then stabilized with "legs" that are lowered to the sea floor. The body of the structure is then lifted above the water surface to provide a stable platform for drilling operations.

In order to undertake the geotechnical study, Tractebel obtained permits from the Florida Department of Environmental Protection and the US Army Corp of Engineers. The permits require that each time the drilling platform is moved to a new bore location, scuba divers and/or an underwater camera be used to avoid contact with corals and other marine life. In addition, a Tractebel representative will be onboard the vessel at all times monitoring the process.

"By proactively seeking the data to verify our route and construction methods in advance of receiving our final permits, we are engaging in a voluntary, collaborative process with the Florida Department of Environmental Protection, the Federal Energy Regulatory Commission and other key agencies." said Ebeling, "This way, final permits can be issued with the assurance of Tractebel's sound engineering plan that entails careful attention to the marine environment."

The proposed Tractebel Calypso project will transport natural gas via pipeline from Tractebel's proposed liquefied natural gas (LNG) storage and regasification facility in Freeport, Grand Bahama. The pipeline, originating in Freeport, would make landfall at Port Everglades with another 6.2 miles of onshore pipeline ending at the Florida Gas Transmission system tie-in adjacent to Florida Power & Light's Fort Lauderdale plant. It will transport approximately 832 million cubic feet of natural gas into Florida per day.

According to the Florida Public Service Commission, the state's electricity demand is expected to increase 25 percent in the next five years. The Calypso Pipeline is designed to satisfy South Florida's projected increase in electric generation capacity. Upon approval, construction is scheduled to begin in 2004 with active transport of natural gas in 2007.

For more information on the Tractebel Calypso Natural Gas Pipeline, visit www.tractebelcalypso.com or call 1-800-500-7407.

###

About Tractebel North America, Inc.

The Tractebel Calypso Pipeline, LLC is a project of Tractebel North America, Inc. (TNA). Based in Houston, TNA is a business unit of Tractebel Electricity & Gas International and is responsible for managing Tractebel EGI's positions within the energy value chain in the US, Mexico, and Canada, including electricity generation and cogeneration, natural gas and LNG, asset-based trading and origination, and energy sales and related services.

TNA owns and/or operates a total of 57 power, cogeneration, steam, and chilled-water facilities that represent a capacity* of more than 5,800 MW of electricity generation, 12 million pounds per hour of steam, and 147,000 tons per hour of chilled water. Its wholly owned subsidiary, Tractebel LNG North America, owns and operates an LNG receiving terminal in Everett, Massachusetts, which commenced operations in 1971 and currently serves most of the gas utilities in New England and key power producers, meeting between 15-20% of New England's annual gas demand.

In Mexico, Tractebel operates three natural gas distribution companies, located in Guadalajara, Queretaro and Tampico. Tractebel also operates cogeneration plants in Tampico and Monterrey and is the only company in Mexico with the capacity to offer integrated solutions regarding natural gas, electricity and energy-related services.

Tractebel Electricity & Gas International is one of the 3 business divisions of SUEZ (NYSE:SZE), an international industrial and services Group that provides businesses, public authorities and individuals with innovative solutions in Energy and the Environment.

Based in Brussels, Tractebel EGI offers global solutions in energy and services to customers in North America, the southern cone of Latin America, Southeast Asia and the Middle East. It develops, builds and operates energy facilities both in electricity and gas, including liquefied natural gas (LNG). It transports and distributes natural gas and LNG in several countries outside Europe.

Tractebel EGI is also active as a trader around its assets and as a marketer in electricity and gas, and offers energy related services to industrial and commercial customers.

Tractebel EGI has a strong presence in its markets with a total power capacity* of nearly 28,000 MW, and a gas transport capacity of 15 billion m3/y. In 2002 EGI sold nearly 69,000,000 MWh of power, 11.89 billion m3 of gas and more than 60 million tons of steam to industrial and residential customers worldwide.

In 2002 Tractebel EGI booked a turnover of 3,732 million euros.

*In operation, under construction, in development

Contacts:

Paula Rockstroh
Tractebel North America, Inc.
Tel. 713 636-1962
Fax 713 636-1416
e-mail: prockstroh@tractebelusa.com

Murphy, Pam (CPL)

From: [redacted]
Sent: Monday, September 22, 2003 12:25 PM
Cc: [redacted], Moreland, Joey
Subject: FW: Calypso status report



CalypsoStatus_092203.doc (30 K...

Here is the up to date status report for the Calypso pipeline project. We are plugging along.
Have a great week.

[redacted]

> -----Original Message-----
> From: [redacted]
> Sent: [redacted] September 22, 2003 11:06 AM
> To: [redacted]
> Subject: FW: Calypso status report
>
>
>
> [redacted]

CONFIDENTIAL

>
>
> EFFECTIVE OCTOBER 1, 2003, [redacted] IS RELOCATING TO:
> [redacted]
>
>
>
> -----Original Message-----
> From: [redacted]
> Sent: Monday, September 22, 2003 9:57 AM
> To: [redacted]
> Subject: Calypso status report
>
>
> > <<CalypsoStatus_092203.doc>>
> This is quick 1 page report which outlines the major federal and state development items.
> Rob, this includes the Jim E. edits.
>
> regards,
>
> [redacted]
>
>

REDACTED

PEF 000780
Docket No. 041414-EI

Murphy, Pam (CP&L)

From: Rhodes, Rick
Sent: Monday, September 27, 2004 7:04 PM
To: Murphy, Pam (CP&L); Adams, Melanie; Trimble, John
Subject: FW: Interconnection Agreement between FGT and Calypso
Importance: High

fyi

Rick Rhodes
Term Gas Lead
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

CONFIDENTIAL

-----Original Message-----
From: [redacted]
Sent: Monday, September 27, 2004 6:46 PM
Subject: FW: Interconnection Agreement between [redacted]
Importance: High

Here it is for your reading pleasure, the long awaited interconnection agreement between [redacted] Pipeline.
Take Care.

[redacted]

REDACTED

PEF 000782
Docket No. 041414-EI

REDACTED

PEF 000783
Docket No. 041414-EI

REDACTED

PEF 000784
Docket No. 041414-EI

REDACTED

PEF 000785
Docket No. 041414-EI

REDACTED

PEF 000786
Docket No. 041414-EI

REDACTED

PEF 000787
Docket No. 041414-EI

REDACTED

PEF 000788
Docket No. 041414-EI

REDACTED

PEF 000789
Docket No. 041414-EI

REDACTED

PEF 000790
Docket No. 041414-EI

REDACTED

PEF 000791
Docket No. 041414-EI

REDACTED

PEF 000792
Docket No. 041414-EI

REDACTED

PEF 000793
Docket No. 041414-EI

REDACTED

PEF 000794
Docket No. 041414-EI

REDACTED

PEF 000795
Docket No. 041414-EI

REDACTED

PEF 000796
Docket No. 041414-EI

REDACTED

PEF 000797
Docket No. 041414-EI

REDACTED

PEF 000798
Docket No. 041414-EI

REDACTED

PEF 000799
Docket No. 041414-EI

REDACTED

PEF 000800
Docket No. 041414-EI

REDACTED

PEF 000801
Docket No. 041414-EI

REDACTED

PEF 000802
Docket No. 041414-EI

REDACTED

PEF 000803
Docket No. 041414-EI

REDACTED

PEF 000804
Docket No. 041414-EI

REDACTED

PEF 000805
Docket No. 041414-EI

Murphy, Pam (CP&L)

From: Rhodes, Rick
Sent: Friday, July 23, 2004 2:00 PM
To: Murphy, Pam (CP&L); Adams, Melanie; Boulmay, Ramon; Trimble, John
Subject: [redacted] Building New Ship Harbor at Bahama Island
Importance: High

[redacted] called to provide an update regarding the issue George M. brought up yesterday regarding [redacted] having to build a new harbor for the cruise ships. See the note below, but the 2 second version is that this issue had been resolved, according to [redacted]

David wanted me to share a few specific items regarding this issue:

- [redacted] has agreed with the Bahamian Officials to build a new docking facility installed near the hotel tourist area at Grand Bahamas Island. This is old news as [redacted] agreed to do this back in Feb.
- According to [redacted] the Bahamian Officials have wanted to move the harbor for many years anyway. The Bahamians would like the cruise ships to be moved out of that harbor because it is an industrial area about 20 miles away from the tourist area and they have to bus the tourists over to the hotels. Having the ships over close to the tourist area would be similar to where the ships dock at Key West.
- [redacted] has in writing an endorsement from the Cruise Ship Trade Association stating that they have no issue with LNG ships docking in the proposed area - it is a safe to move gas across the water, etc.

Let me know if anyone has any further questions regarding this issue.

Rick Rhodes
Term Gas Lead
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

CONFIDENTIAL

-----Original Message-----
From: [redacted]
Sent: Friday, July 23, 2004 12:06 PM
To: Rhodes, Rick
Cc: [redacted]
Subject: Re: Your Voice Mail about Cruise Ships

Rick,

Got your voicemail. Left one back. If I said too much, too fast, call me and we can discuss further. Bottom line is that the cruise ship topic is old news, and it has been resolved.

All the construction cost estimates have been done. The ocean studies (currents, winds, depths, etc.) have been done. The rock that is removed for our ship berth will be the sub-base for the facility. Coincidentally, the contractor and a cruise ship rep are in the meeting room next to my desk right now discussing logistical and timing questions. I have been advocating that we should name it the Calypso Love Boat Dock.

[redacted]

[redacted]

CONFIDENTIAL

Murphy, Pam (CP&L)

From: Rhodes, Rick
Sent: Thursday, May 13, 2004 3:35 PM
To: Adams, Melanie; Trimble, John; Murphy, Pam (CP&L)
Subject: FW: FPL'S PRESENTATION ON LNG

fyi

Rick Rhodes
Term Gas Lead
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

-----Original Message-----
From: [redacted]
Sent: Wednesday, May 12, 2004 3:09 PM
To: Rhodes, Rick
Subject: Florida Info - Might Be Useful

CONFIDENTIAL

LNG-A Third Source of Natural Gas to Florida.pdf

01/26/2004 08:45 LEWIS LONGMAN WALKER TALLAHASSEE → 6#01683#001#17135361858# NO.479 0002
PEF 000808
Docket No. 041414-EI

FPL

LNG – A Third Source of Natural Gas to Florida

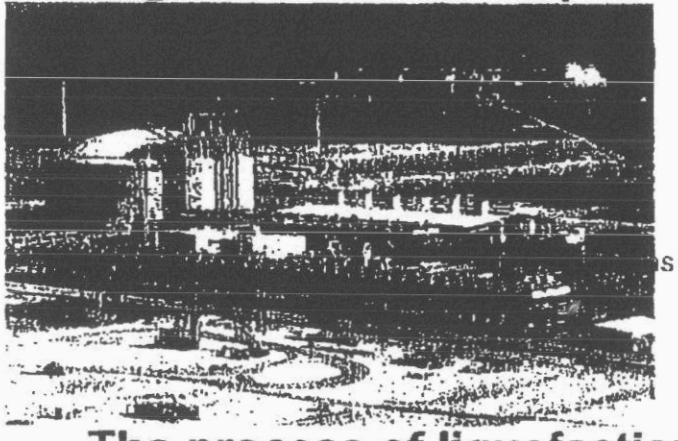
Presentation to FPSC Staff

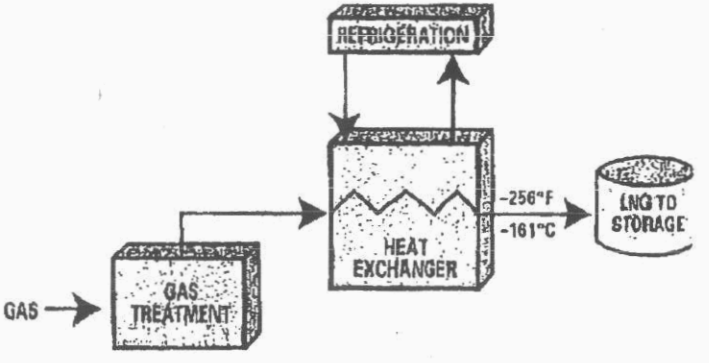
January 21, 2004

01/26/2004 09:45 LEWIS LONGMAN WALKERTALLAHASSEE → 6#01683#001#17136361859# NO.479 003
PEF 000809
Docket No. 041414-EI

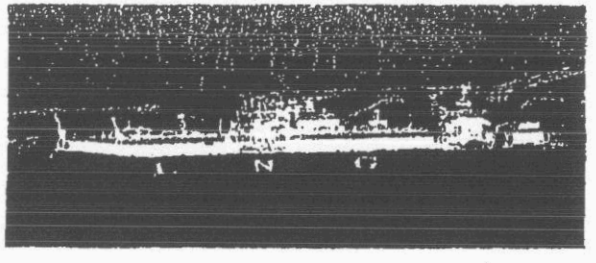
What is LNG?

- **To the end user, LNG (Liquified Natural Gas) is natural gas**
  - **The liquefaction of natural gas takes place at –256 degrees F and atmospheric pressure.**





  - **The process of liquefaction reduces the volume of the gas to about 1/600th of its original volume which allows the natural gas to be economically transported in specialized vessels throughout the world.**



FPL

01/26/2004 09:45 LEWIS LONGMAN WALKERTALLAHASSEE → &#01683#001#17136361859# NO.479 0004
PEF 000810
Docket No. 041414-EI

What is History of LNG?

- Although there were small, local liquefaction plants going back to the 1940's, the global LNG industry began in 1964 with the startup of the Algerian LNG export facility.
- Exports from the United States started in 1969, followed by Libya in 1970, United Arab Emirates (Middle East) in 1977, followed by Indonesia and others in Asia.
- 1970 saw the completion of the first LNG Regasification/Receiving Terminal in the U. S. at Everett, Massachusetts.

FPL

01/26/2004 09:45 LEWIS LONGMAN WALKER TALLAHASSEE → 6#0168304001#17136361859# NO.479 0005
PEF 000811
Docket No. 041414-EI

What are the sources of LNG Supply?

- About half of the world's remaining hydrocarbon resources are in the form of natural gas.
- Often located in areas of lower gas demand, by liquefying the gas it can be safely transported by ship to the market, just like crude oil.

Global LNG Supply and Demand



FPL

01/26/2004 09:45 LEWIS LONGMAN WALKERTALLAHASSEE → 6#01683#001#17136361859# NO.479 0006
PEF 000812
Docket No. 041414-EI

What are the sources of LNG Supply?

- Today, LNG is produced in 12 countries from 17 operating liquefaction facilities.
  - North America: United States and Trinidad
  - Africa: Algeria, Libya, Nigeria
  - Middle East: United Arab Emirates, Oman and Qatar
  - Asia: Brunei, Indonesia, Malaysia, and Australia
- Liquefaction projects are under construction in Norway and Egypt, with expansions in Trinidad, Nigeria, Qatar, Australia, and Oman.
- Proposed projects included additional trains in Trinidad, Nigeria, Algeria, and Qatar, and new developments in Nigeria, Algeria, Egypt, Sakhalin, Venezuela, Bolivia, and Peru.

FPL

01/26/2004 09:45 LEWIS LONGMAN WALKERTALLAHASSEE → 6#01683#001#17136361853# NO.479 0007

PEF 000813
Docket No. 041414-EI

Where is the demand for LNG?

- **Since the 1970's, worldwide demand for LNG has grown by about 8% per year, primarily due to the fast-growing Asian markets of Japan and Korea.**

- **While continued growth is expected for Asia, developing markets in the United States and Europe are expected to support demand growth in the range of 6 to 10% per year.**

FPL

01/26/2004 09:45 LEWIS LONGMAN WALKERTALLAHASSEE → 6#0168#001#17136361859# NO.479 0008
PEF 000814
Docket No. 041414-EI

Where is the demand for LNG?

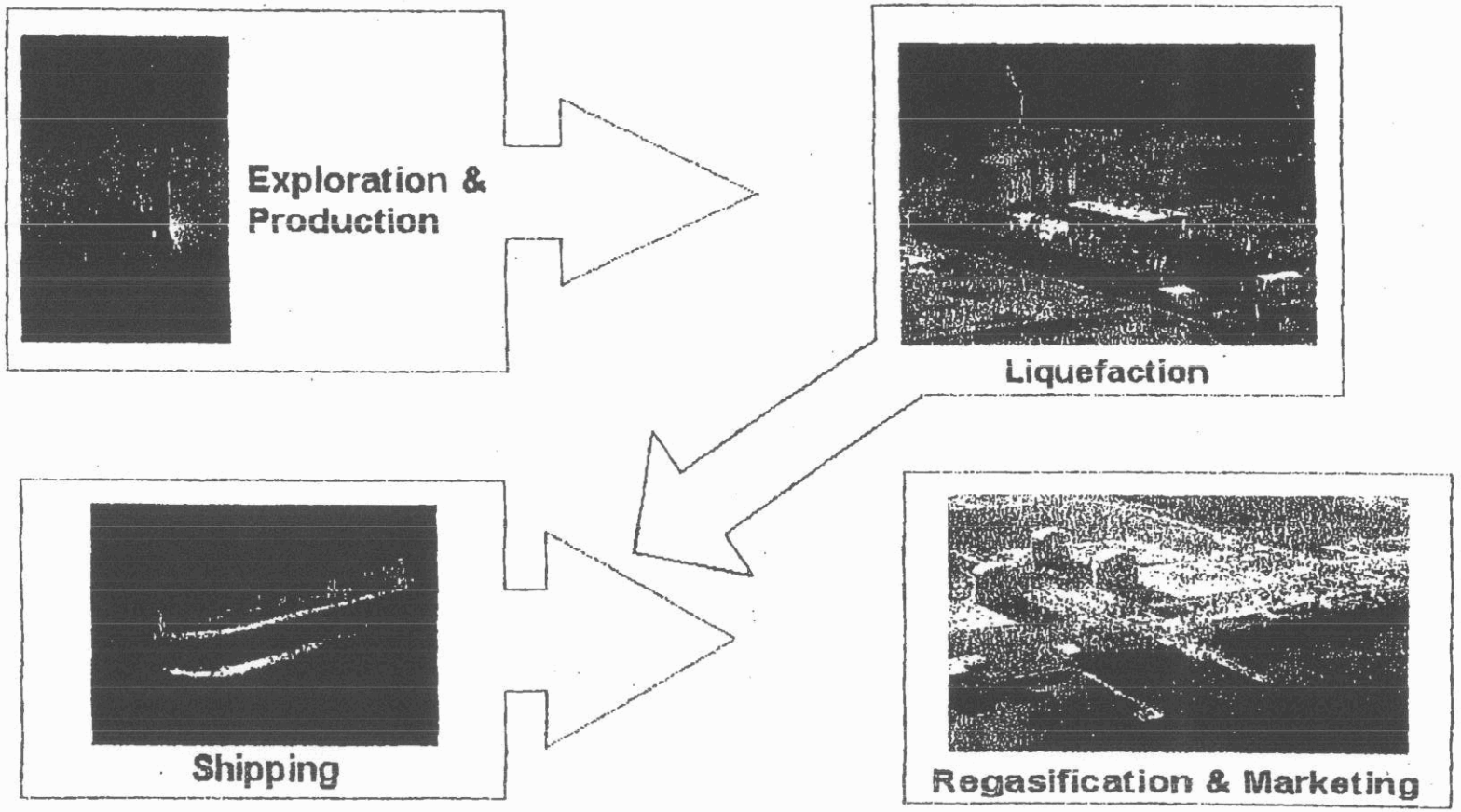
- As domestic U. S. production declines over time and Canadian imports remain relatively constant, LNG imports are anticipated to increase from less that 1 Bcf/day in 2002 (1% of supply) to about 7 Bcf/day (10% of supply) in 2010.

- Today, there are 42 proposed LNG regasification plants in North America, including three terminals in the Bahamas.

FPL

01/26/2004 09:45 LEWIS LONGMAN WALKERTALLAHASSEE → 6#01683#001#17136361859# NO.479 0011

What are the Steps in the LNG Process?



FPL

REDACTED

PEF 000816
Docket No. 041414-EI

REDACTED

PEF 000817
Docket No. 041414-EI

REDACTED

PEF 000818
Docket No. 041414-EI

REDACTED

PEF 000819
Docket No. 041414-EI

Murphy, Pam (CPL)

From: Rhodes, Rick
Sent: Tuesday, May 11, 2004 6:18 PM
To: Murphy, Pam (CP&L); Adams, Melanie; Trimble, John; Richardson, John; Lewis, Robert; Mccluskey, Edward
Subject: FW: [redacted] Florida Business Plan

Importance: High

Attached is [redacted] Business Plan to support their LNG Bid Response. [redacted] will be discussing this during Thursday's meeting.

Rick Rhodes
Term Gas Lead
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

-----Original Message-----
From: [redacted]
Sent: Tuesday, May 11, 2004 2:58 PM
To: Rhodes, Rick
Cc: [redacted]
Subject: Florida Business Plan

CONFIDENTIAL


Untitled Attachment


Florida Plan 7.doc (261 KB)


corporate gas brochure 12-2003...


PocketGuide.pdf (1..

Murphy, Pam (CP&L)

Rick,

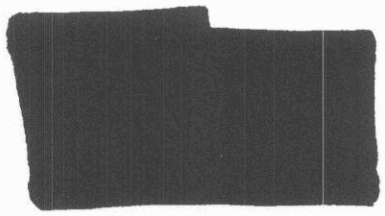
Please find attached three items about our gas business. The first is the "business plan" requested by Pam Murphy and promised by our President [redacted]. The second file is our corporate gas brochure. The third is a gas brochure from a sister company that operates in Europe. These are provided as examples to show some of the depth and commitment of the corporation to the gas business, especially regarding LNG service.

Separately, we are sending the NAESB gas sales agreement. This package will consist of a clean version, a version blacklined to show changes from the form version sent to you some months ago, and copy of your NAESB Special Provisions with notes describing where each provision was added. I believe that the contract will begin to clarify a lot of the questions that arose from the term sheet.

As more questions develop, or requests for information are necessary, please let us know. We are very much looking forward to seeing you and your team on Thursday.

Thanks,

[redacted]



CONFIDENTIAL

REDACTED

PEF 000822
Docket No. 041414-EI

REDACTED

PEF 000823
Docket No. 041414-EI

REDACTED

PEF 000824
Docket No. 041414-EI

REDACTED

PEF 000825
Docket No. 041414-EI

REDACTED

PEF 000826
Docket No. 041414-EI

REDACTED

PEF 000827
Docket No. 041414-EI

REDACTED

PEF 000828
Docket No. 041414-EI

REDACTED

PEF 000829
Docket No. 041414-EI

REDACTED

PEF 000830
Docket No. 041414-EI

REDACTED

PEF 000831
Docket No. 041414-EI

REDACTED

PEF 000832
Docket No. 041414-EI

REDACTED

PEF 000833
Docket No. 041414-EI

REDACTED

PEF 000834
Docket No. 041414-EI

REDACTED

PEF 000835
Docket No. 041414-EI

REDACTED

PEF 000836
Docket No. 041414-EI

REDACTED

PEF 000837
Docket No. 041414-EI

REDACTED

PEF 000838
Docket No. 041414-EI

REDACTED

PEF 000839
Docket No. 041414-EI

REDACTED

PEF 000840
Docket No. 041414-EI

REDACTED

PEF 000841
Docket No. 041414-EI

REDACTED

PEF 000842
Docket No. 041414-EI

REDACTED

PEF 000843
Docket No. 041414-EI

REDACTED

PEF 000844
Docket No. 041414-EI

REDACTED

PEF 000845
Docket No. 041414-EI

REDACTED

PEF 000846
Docket No. 041414-EI

REDACTED

PEF 000847
Docket No. 041414-EI

REDACTED

PEF 000848
Docket No. 041414-EI

REDACTED

PEF 000849
Docket No. 041414-EI

REDACTED

PEF 000850
Docket No. 041414-EI

REDACTED

PEF 000851
Docket No. 041414-EI

REDACTED

PEF 000852
Docket No. 041414-EI

REDACTED

PEF 000853
Docket No. 041414-EI

REDACTED

PEF 000854
Docket No. 041414-EI

REDACTED

PEF 000855
Docket No. 041414-EI

REDACTED

PEF 000856
Docket No. 041414-EI

REDACTED

PEF 000857
Docket No. 041414-EI

REDACTED

PEF 000858
Docket No. 041414-EI

REDACTED

PEF 000859
Docket No. 041414-EI

REDACTED

PEF 000860
Docket No. 041414-EI

REDACTED

PEF 000861
Docket No. 041414-EI

REDACTED

PEF 000862
Docket No. 041414-EI

REDACTED

PEF 000863
Docket No. 041414-EI

REDACTED

PEF 000864
Docket No. 041414-EI

REDACTED

PEF 000865
Docket No. 041414-EI

REDACTED

PEF 000866
Docket No. 041414-EI

REDACTED

PEF 000867
Docket No. 041414-EI

REDACTED

PEF 000868
Docket No. 041414-EI

REDACTED

PEF 000869
Docket No. 041414-EI

REDACTED

PEF 000870
Docket No. 041414-EI

REDACTED

PEF 000871
Docket No. 041414-EI

REDACTED

PEF 000872
Docket No. 041414-EI

REDACTED

PEF 000873
Docket No. 041414-EI

REDACTED

PEF 000874
Docket No. 041414-EI

REDACTED

PEF 000875
Docket No. 041414-EI

REDACTED

PEF 000875 **A**
Docket No. 041414-EI

POD #15

POD#38

Rhodes, Rick

From: [redacted]
Sent: Monday, April 26, 2004 3:56 PM
To: Rhodes, Rick
Subject: [redacted]

Mr. Rhodes:

Please find attached [redacted] proposal in response to Progress Energy's request [redacted] dated April 5th, 2004.

Sincerely,

[redacted]

CONFIDENTIAL

IMPORTANT NOTICE:
The information in this email is confidential and may be legally privileged. It is intended solely for the addressee. Access to this email by anyone else is unauthorized. If you are not the intended recipient, any disclosure, copying, distribution or any action taken or omitted to be taken in reliance on it, is prohibited and may be unlawful.

[redacted]

REDACTED

PEF 000877
Docket No. 041414-EI

[redacted] – April 26, 2004 *Confidential and Privileged*

Indicative Terms for Proposed Definitive Agreement

CONFIDENTIAL

Seller: [redacted]

Buyer: [redacted]

Definitive Agreement: [redacted]

Supply Date: [redacted]

Contract Term: [redacted]

Re-gas Plant: [redacted]

Delivery Point: [redacted]

Title and Risk: [redacted]

Contract Quantity: [redacted]

CONFIDENTIAL

Natural Gas Price:

[redacted]

Specifications:

Force Majeure:

PEF 000879
Docket No. 041414-EI

CONFIDENTIAL

[redacted]

Duties and Taxes:

Conditions Precedent:

[redacted]

CONFIDENTIAL

Governing Law: [redacted]

Dispute Resolution: [redacted]

Credit Support: [redacted]

Effect: [redacted]

Rhodes, Rick

From: [redacted]
Sent: Thursday, April 08, 2004 9:35 AM
To: 'peggy.spence@pgnmail.com'; 'rick.rhodes@pgnmail.com'
Subject: FW: Florida Power Corporation, dba Progress Energy Florida, Inc. and Carolina Power & Light Company, dba Progress Energy Carolinas, Inc. N AESBs with [redacted]

Importance: High



NAESB.04012004.BIacklined.doc ... | NAESB.04012004.Clean.doc (176 ... | Special ovisions.FPC.Blackll | Special ovisions.FPC.Clean.C | NAESB.04012004.BIacklined.doc ... | NAESB.04012004.Clean.doc (176 ... | Special ovisions.CPL.Blackll



Special ovisions.CPL.Clean.C

Peggy and Rick,

Does the attached draft address your concerns? Just following up to see how your review is coming along.

> -----Original Message-----
> From: [redacted]
> Sent: Thursday, April 01, 2004 5:41 PM
> To: 'peggy.spence@pgnmail.com'
> Cc: 'Rick.rhodes@pgnmail.com'; Evans, Mark; Migura, Chris
> Subject: Florida Power Corporation, dba Progress Energy Florida, Inc. and Carolina Power & Light Company, dba Progress Energy Carolinas, Inc. NAESBs with [redacted]
> Importance: High
>
> Peggy,
>
> In response to your drafts sent to me on March 11, and our teleconference with Rick today, attached are revised drafts. Note that these drafts also include deletion of quite a few provisions as we have recently revised our standard provisions. We discussed these deletions with Rick and they are agreeable. Rick also advised that, although we will be entering into two NAESBS, the Florida Power Corporation agreement is a priority.
>
> Note the following:
> [redacted]

CONFIDENTIAL

PEF 000883
Docket No. 041414-EI

> [redacted]

CONFIDENTIAL

> Rick,
> [redacted]
>
> <<NAESB.04012004.Blacklined.doc>> <<NAESB.04012004.Clean.doc>>
> <<Special Provisions.FPC.Blacklined.04012004.DOC>> <<Special
> Provisions.FPC.Clean.04012004.DOC>>
> <<NAESB.04012004.Blacklined.doc>> <<NAESB.04012004.Clean.doc>>
> <<Special Provisions.CPL.Blacklined.04012004.DOC>> <<Special
> Provisions.CPL.Clean.04012004.DOC>>
>
> [redacted]

IMPORTANT NOTICE:
The information in this email is confidential and may be legally privileged. It is intended solely for the addressee. Access to this email by anyone else is unauthorized. If you are not the intended recipient, any disclosure, copying, distribution or any action taken or omitted to be taken in reliance on it, is prohibited and may be unlawful.

[redacted]

REDACTED

PEF 000885
Docket No. 041414-EI

REDACTED

PEF 000886
Docket No. 041414-EI

REDACTED

PEF 000887
Docket No. 041414-EI

REDACTED

PEF 000888
Docket No. 041414-EI

REDACTED

PEF 000889
Docket No. 041414-EI

REDACTED

PEF 000890
Docket No. 041414-EI

REDACTED

PEF 000891
Docket No. 041414-EI

REDACTED

PEF 000892
Docket No. 041414-EI

REDACTED

PEF 000893
Docket No. 041414-EI

REDACTED

PEF 000894
Docket No. 041414-EI

REDACTED

PEF 000895
Docket No. 041414-EI

REDACTED

PEF 000896
Docket No. 041414-EI

REDACTED

PEF 000897
Docket No. 041414-EI

REDACTED

PEF 000898
Docket No. 041414-EI

REDACTED

PEF 000899
Docket No. 041414-EI

REDACTED

PEF 000900
Docket No. 041414-EI

REDACTED

PEF 000901
Docket No. 041414-EI

REDACTED

PEF 000902
Docket No. 041414-EI

REDACTED

PEF 000903
Docket No. 041414-EI

REDACTED

PEF 000904
Docket No. 041414-EI

REDACTED

PEF 000905
Docket No. 041414-EI

REDACTED

PEF 000906
Docket No. 041414-EI

REDACTED

PEF 000907
Docket No. 041414-EI

REDACTED

PEF 000908
Docket No. 041414-EI

REDACTED

PEF 000909
Docket No. 041414-EI

REDACTED

PEF 000910
Docket No. 041414-EI

REDACTED

PEF 000911
Docket No. 041414-EI

REDACTED

PEF 000912
Docket No. 041414-EI

REDACTED

PEF 000913
Docket No. 041414-EI

REDACTED

PEF 000914
Docket No. 041414-EI

REDACTED

PEF 000915
Docket No. 041414-EI

REDACTED

PEF 000916
Docket No. 041414-EI

REDACTED

PEF 000917
Docket No. 041414-EI

REDACTED

PEF 000918
Docket No. 041414-EI

REDACTED

PEF 000919
Docket No. 041414-EI

REDACTED

PEF 000920
Docket No. 041414-EI

REDACTED

PEF 000921
Docket No. 041414-EI

REDACTED

PEF 000922
Docket No. 041414-EI

REDACTED

PEF 000922
Docket No. 041414-EI

REDACTED

PEF 000923
Docket No. 041414-EI

REDACTED

PEF 000924
Docket No. 041414-EI

REDACTED

PEF 000925
Docket No. 041414-EI

REDACTED

PEF 000926
Docket No. 041414-EI

REDACTED

PEF 000927
Docket No. 041414-EI

REDACTED

PEF 000928
Docket No. 041414-EI

REDACTED

PEF 000929
Docket No. 041414-EI

REDACTED

PEF 000930
Docket No. 041414-EI

REDACTED

PEF 000931
Docket No. 041414-EI

REDACTED

PEF 000932
Docket No. 041414-EI

REDACTED

PEF 000933
Docket No. 041414-EI

REDACTED

PEF 000934
Docket No. 041414-EI

REDACTED

PEF 000935
Docket No. 041414-EI

REDACTED

PEF 000936
Docket No. 041414-EI

REDACTED

PEF 000937
Docket No. 041414-EI

REDACTED

PEF 000938
Docket No. 041414-EI

REDACTED

PEF 000939
Docket No. 041414-EI

REDACTED

PEF 000940
Docket No. 041414-EI

REDACTED

PEF 000941
Docket No. 041414-EI

REDACTED

PEF 000942
Docket No. 041414-EI

REDACTED

PEF 000943
Docket No. 041414-EI

REDACTED

PEF 000944
Docket No. 041414-EI

Rhodes, Rick

From: [redacted]
Sent: Wednesday, September 03, 2003 10:20 AM
To: Rick Rhodes (E-mail)
Cc: [redacted]
Subject: RFP Responses

CONFIDENTIAL




[redacted]

Rick,

Please find copies of [redacted] response to Progress Energy's Request for Proposals dated August 25, 2003. [redacted]

[redacted]

[redacted]

CONFIDENTIAL

[redacted]

Mr. Rick Rhodes
Term Gas Lead
Progress Energy Inc.

September 03, 2003

Re: Firm Gas Supply Offer to Carolina Power & Light – VIA Electronic Mail

Dear Rick:

[redacted]

CONFIDENTIAL

[redacted]

CONFIDENTIAL

CONFIDENTIAL

Proposal for [redacted]

Carolina Power & Light d/b/a Progress Energy Carolinas, Inc.

[redacted]

Term:

Pipeline:

Delivery:

Volume:

Service:

Pricing:

[redacted]

CONFIDENTIAL

CONFIDENTIAL

[redacted]

Gas Quality:

Conditions:

[redacted]

CONFIDENTIAL

[redacted]

Mr. Rick Rhodes
Term Gas Lead
Progress Energy Inc.

CONFIDENTIAL

September 03, 2003

Re: Firm Gas Supply Offer to Florida Power Corporation – VIA Electronic Mail

Dear Rick:

[redacted]

[redacted]

CONFIDENTIAL

Proposal for [redacted]

Florida Power Corporation d/b/a Progress Energy Carolinas, Inc.

[redacted]

Term:

CONFIDENTIAL

Pipeline:

Delivery:

Volume:

Service:

Pricing:

Gas Quality:

Conditions:

Rhodes, Rick

From: [redacted]
Sent: Wednesday, September 03, 2003 10:20 AM
To: Rick Rhodes (E-mail)
Cc: Evans, Mark
Subject: RFP Responses

CONFIDENTIAL

RFP LC Response 09-03-03.doc (... RFP Response 09-03-03 into Cyp...

Rick,

Please find copies of [redacted] response to Progress Energy's Request for Proposals dated August 25, 2003. [redacted] has provided indicative responses to [redacted] and [redacted] has chosen not to respond to [redacted] as LNG supplies from [redacted] are unable to meet the market delivery point requirements due to physical and economic factors.

<<RFP LC Response 09-03-03.doc>> <<RFP Response 09-03-03 into Cypress.doc>>
As previously discussed, we have scheduled a conference call for Friday, September 5, 2003 at 2:00pm CT to discuss in further detail the attached proposals. Once again, I appreciate the opportunity to provide supply services to Progress Energy, and I look forward to working with you in the future. Please feel free to call me with any questions of comments you may have.

Sincerely,

[redacted]

IMPORTANT NOTICE:
The information in this email is confidential and may be legally privileged. It is intended solely for the addressee. Access to this email by anyone else is unauthorized. If you are not the intended recipient, any disclosure, copying, distribution or any action taken or omitted to be taken in reliance on it, is prohibited and may be unlawful.

[redacted]

PEF 000945
Docket No. 041414-EI

REDACTED

PEF 000946
Docket No. 041414-EI

REDACTED

PEF 000947
Docket No. 041414-EI

REDACTED

PEF 000948
Docket No. 041414-EI

REDACTED

PEF 000949
Docket No. 041414-EI

REDACTED

PEF 000950
Docket No. 041414-EI

Rhodes, Rick

From: [redacted]
Sent: Thursday, April 01, 2004 6:41 PM
To: 'peggy.spence@pgnmail.com'
Cc: 'Rick.rhodes@pgnmail.com'; Evans, Mark; Migura, Chris
Subject: Florida Power Corporation, dba Progress Energy Florida, Inc. and Carolina Power & Light Company, dba Progress Energy Carolinas, Inc. NAESB s with [redacted]

Importance: High


NAESB.04012004.BI acklined.doc ...


NAESB.04012004.C lean.doc (176 ...


Special ovisions.FPC.Blackli


Special ovisions.FPC.Clean.C


NAESB.04012004.BI acklined.doc ...


NAESB.04012004.C lean.doc (176 ...


Special ovisions.CPL.Blackli


Special ovisions.CPL.Clean.C

CONFIDENTIAL

Peggy,

In response to your drafts sent to me on March 11, and our teleconference with Rick today, attached are revised drafts. Note that these drafts also include deletion of quite a few provisions as we have recently revised our standard provisions. We discussed these deletions with Rick and they are agreeable. Rick also advised that, although we will be entering into two NAESBS, the Florida Power Corporation agreement is a priority.

Note the following:

[redacted]

PEF 000951
Docket No. 041414-EI

Please explain your concerns with this language.

Rick,

[redacted]

CONFIDENTIAL

<<NAESB.04012004.Blacklined.doc>> <<NAESB.04012004.Clean.doc>> <<Special Provisions.FPC.Blacklined.04012004.DOC>> <<Special Provisions.FPC.Clean.04012004.DOC>>
<<NAESB.04012004.Blacklined.doc>> <<NAESB.04012004.Clean.doc>> <<Special Provisions.CPL.Blacklined.04012004.DOC>> <<Special Provisions.CPL.Clean.04012004.DOC>>

[redacted]

IMPORTANT NOTICE:
The information in this email is confidential and may be legally privileged. It is intended solely for the addressee. Access to this email by anyone else is unauthorized. If you are not the intended recipient, any disclosure, copying, distribution or any action taken or omitted to be taken in reliance on it, is prohibited and may be unlawful.

[redacted]
(713) 403-3741 - Voice
(713) 403-3781 - Fax

PEF 000952
Docket No. 041414-EI

Caldwell, Rob

From: Murphy, Pam (CP&L)
Sent: Friday, October 01, 2004 10:14 AM
To: Caldwell, Rob
Subject: [redacted] CONFIDENTIAL

I know our target has been the end of September for us but our counterparties have not cooperated. In addition, [redacted] attorney was out this Thursday and Friday so that put a stop to those efforts as well. There are several issues where our counterparties will not budge on their position...e.g., [redacted] wants to take out any provisions about PEF walking after May 1, 2007 if Cypress is not built and there is still a lot of confusion around when the drop dead time date with the [redacted] agreement, etc. That is the reason I wanted to schedule a meeting with you early on Monday so that Mark and I could go over the remaining issues that I don't feel I can make the call to waive.

Pam

-----Original Message-----
From: Caldwell, Rob
Sent: Thursday, September 30, 2004 5:46 PM
To: Murphy, Pam (CP&L)
Subject: [redacted]

When do you think we will be ready? Our target has been end of the month of Sept. Rob

---
Sent from my BlackBerry Wireless Handheld

-----Original Message-----
From: Murphy, Pam (CP&L) <pam.murphy@pgnmail.com>
To: Caldwell, Rob <rob.caldwell@pgnmail.com>; McQuade, Mark <Mark.McQuade@pgnmail.com>
Sent: Thu Sep 30 16:58:44 2004
Subject: BG/Cypress/FGT Contract Issues

When: Monday, October 04, 2004 8:30 AM-9:30 AM (GMT-05:00) Eastern Time (US & Canada).
Where: Rob's Office

~~*~*~*~*~*~*~*~*

Rob:

I received your e-mail where you asked that the subject contracts be finalized by Friday. Mark and I feel that this is not feasible since [redacted] attorney is out of town the rest of this week and other issues with our counterparties that have cropped up. The purpose of this meeting is to go over our drafts to subject contracts and outline for you to outstanding issues to finalize them.

Thanks!
Pam

PEF 000953
Docket No. 041414-EI

Caldwell, Rob

From: Murphy, Pam (CP&L)
Sent: Thursday, September 30, 2004 2:25 PM
To: Davis, Bonnie - Tallahassee
Cc: Caldwell, Rob
Subject: FW: [redacted]

Information on [redacted] for testimonies.
Thanks
Pam

CONFIDENTIAL

-----Original Message-----
From: Rhodes, Rick
Sent: Thursday, September 30, 2004 9:34 AM
To: Caldwell, Rob; Murphy, Pam (CP&L)
Cc: Adams, Melanie
Subject: [redacted]

Per your request...



[redacted]

Rick Rhodes
Term Gas Lead
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

[redacted] plc is an integrated gas company with activities across the whole range of gas operations from exploration to the final consumer. [redacted] has a market capitalization over $15 billion and employees 4500 staff. The operations of the Company is primarily comprised of Exploration and Production (E&P), Liquefied Natural Gas (LNG), Gas Transmission and Distribution (T&D), and Power Generation. [redacted] is a wholly owned subsidiary of [redacted] and the largest LNG importer into the United States. The LNG business combines the development and use of LNG import and exports facilities with the purchase, shipping and sale of LNG and regasified natural gas.

CONFIDENTIAL

Caldwell, Rob

From: Boulmay, Ramon
Sent: Thursday, October 07, 2004 2:59 PM
To: Caldwell, Rob
Subject: [redacted]

CONFIDENTIAL

Rob:

Pam has informed me that [redacted] is, today, informing us that they are not going to provide representations regarding shipping. [redacted] shipping capacity is going solely to Lake Charles and they plan on utilizing (non-affiliated) 3rd parties for shipping to Elba.

My concern is that this may not be consistent with what our management's (perceived) expectation regarding shipping risk. If you concur, further consult with selected management may be a prudent step before we execute.

Ramon

PEF 000956
Docket No. 041414-EI

Caldwell, Rob

From: Murphy, Pam (CP&L)
Sent: Friday, October 08, 2004 7:03 PM
To: Caldwell, Rob
Subject: BG Status

Rob:

I finally got hold of David Jenkins late this afternoon and I asked when he thought [redacted] would finalize their Precedent Agreement with [redacted] indicated.....are you sitting down????.....that they were targeting next Friday to get everything complete, but of course, they are trying to get them finalized earlier if they can. Their inside counsel, [redacted] is out of the country all next week but will be conferring with [redacted] on the agreements (ours and [redacted] while he is out of the country. [redacted] outside counsel will also be working on the agreements.

Just so you will know, our agreements with [redacted] in all of the agreements that they must be signed by October 12th. I gave [redacted] e FGT originals signed by [redacted] and [redacted] is sending their originals via overnight mail service to us and I should have them on Monday. We are still trying to finalize the [redacted] agreements.

Pam

CONFIDENTIAL

PEF 000957
Docket No. 041414-EI

Caldwell, Rob

From: Murphy, Pam (CP&L)
Sent: Friday, October 08, 2004 9:53 AM
To: Caldwell, Rob
Subject: Status of [redacted] contract

Importance: High

CONFIDENTIAL

Rob:

Wanted to give you a heads up that [redacted] attorney, [redacted] is out of the country today and [redacted] is out until around 3:00 pm today. Mark McQuade sent our revisions to their proposed Guarantee language to [redacted] yesterday to review. [redacted] outside counsel, [redacted] advised Mark today that [redacted] has to run the Guarantee langugage past their management (I think in London) to get their approval.

In addition, [redacted] left me a voice mail message last night that [redacted] is reworking the Suwannee option language to put it in contract form and that will be coming to us sometime this morning. In addition, [redacted] said that he was going to Birmingham next week to visit with [redacted] to work on/finalize their Precedent Agreement.

Basically, what that tells me is that the [redacted] contract will not be finalized today as we had hoped. Mark and I did everything we could to keep the full court press on them but we cannot control their schedule. We will continue to work on the agreement with their outside counsel but [redacted] advised Mark that we will have to wait on [redacted] to finalize.

In the interim, Mark and I are working on the "issues list" I mentioned to you yesterday and will somehow get you a copy today. Is there someone there we can e-mail the document to and they can print it out for you? I imagine we can complete the list sometime around 4:00 today? The list may not be all inclusive on the [redacted] contract since it is not finalized. How does that fit your schedule?

Mark and I would still like to meet with you on Monday at 8:30 to go over the contracts.

Thanks
Pam

Caldwell, Rob

From: [redacted]
Sent: Wednesday, January 26, 2005 7:41 PM
To: Murphy, Pam (CP&L); Caldwell, Rob
Subject: FW: Satisfaction of Condition Precedent and Amendment to Gas Sale and Purchase Agreement

Rob and/or Pam,

For some reason I received a failure notice on my note below. Hopefully this attempt will work. Pam, if you receive this could you check to make sure Rob has as well? (I appear to have missed the "n" in pgnmail.)

Thanks,

[redacted]

CONFIDENTIAL

-----Original Message-----
From: [redacted]
Sent: Wednesday, January 26, 2005 6:30 PM
To: 'rob.caldwell@pgmail.com'
Cc: 'pam.murphy@pgmail.com'; [redacted] Armistead, Thomas; Andril, David - Via the Internet
Subject: Satisfaction of Condition Precedent and Amendment to Gas Sale and Purchase Agreement

Rob,

As we discussed on Monday, attached please find [redacted] proposed letter regarding the satisfaction of [redacted] condition precedent regarding final management and Board approval on or before January 31, 2005.

As we discussed, rather than provide a list of each cp in the Gas Sale and Pruchase Agreement [redacted] assumed that we would secure all necessary consents and approvals prior to January 31, 2005. Unfortunately, [redacted] and [redacted] do not operate on our time frame and we will need an additional 60 days to complete work on the necessary consents to assignment.

Needless to say, they are both happy to see [redacted] replace [redacted] under the agreements but since the assignments aren't effective until Progress signs off on FERC's Preliminary Determination for the pipeline, it has been hard to pressure them to meet our January 31st deadline.

Please let me know if you have any questions or concerns. We would appreciate it if we could have this signed off by the end of this week as Monday is the 31st.

Thanks for your cooperation,

[redacted]

<<Progress Amendment Letter.DOC>>

IMPORTANT NOTICE:
The information in this email is confidential and may be legally privileged. It is intended solely for the

addressee. Access to this email by anyone else is unauthorized. If you are not the intended recipient, any disclosure, copying, distribution or any action taken or omitted to be taken in reliance on it, is prohibited and may be unlawful.

[redacted]

CONFIDENTIAL

January __, 2005

CONFIDENTIAL

Rob Caldwell
Progress Energy Florida, Inc.
410 S. Wilmington Street
Raleigh, NC 27601

Re: [redacted]Florida Power Corporation, doing business as Progress Energy Florida, Inc ("Progress") [redacted]

Dear Rob:

[redacted]

Caldwell, Rob

From: Murphy, Pam (CP&L)
Sent: Monday, December 06, 2004 11:47 AM
To: Caldwell, Rob
Subject: FW: Cypress

Sensitivity: Private

fyi

-----Original Message-----
From: Kunkel, Richard
Sent: Monday, December 06, 2004 10:11 AM
To: Boulmay, Ramon; Duke, Elizabeth; Massengill, Donna; Murphy, Pam (CP&L)
Cc: Meadows, Stephen; Hamilton, Benjamin; Bass, Jim
Subject: RE: Cypress
Sensitivity: Private

All,

I wanted to send an email analyzing the accounting treatment related to the gas supply and transport agreements related to the [redacted] supply contract and the transport agreements with [redacted] and [redacted] As the purchase from [redacted] is less than a material share of their output, it is not considered a lease and thus will be accounted for as any other physical purchase of natural gas by the Florida group.

The transport agreements, for which we are awaiting FPSC approval, are not a material portion of either pipelines space and thus are not lease transactions and will be accounted for on an accrual basis as the transport is utilized.

These deals will not be finalized until the FPSC approves.

If you have any questions or issues let me know.

We support these transactions.

Richard

-----Original Message-----
From: Boulmay, Ramon
Sent: Wednesday, August 18, 2004 3:05 PM
To: Duke, Elizabeth; Kunkel, Richard
Cc: Murphy, Pam (CP&L)
Subject: Cypress
Sensitivity: Private

CONFIDENTIAL

Per our meeting this morning, attached is the some info regarding the long-term gas supply and transportation commitment that Pam mentioned.

This is a [redacted] commitment to LNG supply from [redacted] and associated transportation from [redacted] and [redacted] LNG supply will originate from the [redacted] facility located near Savannah, Georgia. Firm transportation (FT) needed to deliver LNG supplies to PEF generation sites will be provided by a [redacted] expansion coupled with an expansion of [redacted] system. The [redacted] expansion is a new 160-mile [redacted] interstate pipeline ("Cyrpess") being developed by [redacted] that will originate at [redacted] and terminate in Florida at an interconnection with the [redacted] system. Both expansion projects are expected to be in service by May 2007.

<< File: [redacted]081704.ppt >>

Feel free to call Pam (x4553) or me (x5790) should you have any questions.

Ramon Boulmay
Manager - Structuring & Analysis

PEF 000962
Docket No. 041414-EI

Regulated Commercial Operations
(919) 546-5790
ramon.boulmay @pgnmail.com

Caldwell, Rob

From: Murphy, Pam (CP&L)
Sent: Wednesday, October 06, 2004 8:51 AM
To: Caldwell, Rob
Subject: Suwannee Options

CONFIDENTIAL

Rob:

Wanted to let you know that during Mark's and my discussion with [redacted] yesterday, Bruce finally admitted that the option they are providing as well as [redacted] option will also have to include a [redacted] demand charge on South Georgia's system. The result is that the final monthly demand charge would be [redacted] delivered to Suwannee UNLESS they can get the South Georgia lateral rolled in to [redacted] system as a settlement on their rate case. I kept pushing back on Bruce to verify that information and finally he admitted yesterday there would be an extra charge on the South Georgia system.

Pam

Murphy, Pam (CPL)

From: [redacted]
Sent: Wednesday, August 18, 2004 6:33 PM
To: Murphy, Pam (CP&L)
Subject: Re: Conference Call

Pam, 2:15 EST works for us. We look forward to the call.

[redacted]

Sent from my BlackBerry Wireless Handheld

CONFIDENTIAL

-----Original Message-----
From: Murphy, Pam (CP&L) <pam.murphy@pgnmail.com>
To: [redacted]
CC: Norberg, Linda <Linda.Norberg@pgnmail.com>
Sent: Wed Aug 18 16:59:54 2004
Subject: RE: Conference Call

[redacted] I checked Rob's calendar and it appears that 2:15 looks better for Rob. If that works, please let me know.

Linda: Rob is aware of the conference call.

Thanks
Pam

-----Original Message-----
From: [redacted]
Sent: Wednesday, August 18, 2004 4:40 PM
To: Murphy, Pam (CP&L)
Subject: Conference Call

Pam,

Thanks for your voicemail. Both Betsy and I will be travelling on the 20th. How does Monday 23rd at 2:00 EST sound? Our conference call # is 866-836-2462 passcode 812179.

Please suggest another time if the one above doesn't work.

Thanks

[redacted]

IMPORTANT NOTICE:
The information in this email is confidential and may be legally privileged. It is intended solely for the addressee. Access to this email by anyone else is unauthorized. If you are not the intended recipient, any disclosure, copying, distribution or any action taken or omitted to be taken in reliance on it, is prohibited and may be unlawful.

[redacted]

PEF 000965
Docket No. 041414-EI

This message has been checked for all known viruses by the Message Labs Virus Control Centre.

IMPORTANT NOTICE:
The information in this email is confidential and may be legally privileged. It is intended solely for the addressee. Access to this email by anyone else is unauthorized. If you are not the intended recipient, any disclosure, copying, distribution or any action taken or omitted to be taken in reliance on it, is prohibited and may be unlawful.

[redacted] CONFIDENTIAL

Murphy, Pam (CP&L)

From: [redacted]
Sent: Wednesday, July 21, 2004 12:23 PM
To: Murphy, Pam (CP&L)
Subject: FW: Conf. Call w/Progress Energy

Pam, please use the dial-in # below for the conference call with Betsy and Rob tomorrow. Also, I would like to further our call from yesterday, are you available at 3:00 pm est today?

Thanks
[redacted]

-----Original Message-----
From: McKitterick, Beth
Sent: Wednesday, July 21, 2004 11:19 AM
To: [redacted]
Subject: Conf. Call w/Progress Energy

Please use the following for the conference call with Progress Energy on Thursday, July 22 (10:30 Houston time, 4:30 London time):

US dial in – 866 836 2462; passcode 812179

International dial in – 210 339 7364; passcode 352270

IMPORTANT NOTICE:
The information in this email is confidential and may be legally privileged. It is intended solely for the addressee. Access to this email by anyone else is unauthorized. If you are not the intended recipient, any disclosure, copying, distribution or any action taken or omitted to be taken in reliance on it, is prohibited and may be unlawful.
[redacted]

CONFIDENTIAL

Murphy, Pam (CP&L)

From: [redacted]
Sent: Monday, April 26, 2004 4:53 PM
To: Murphy, Pam (CP&L)
Subject: [redacted]

Pam,

Attached is a copy of the RFP response that I e-mailed to Rick earlier today. Please call me if you have any questions. I will plan on following up with you later in the week.

Regards,

[redacted]

CONFIDENTIAL

-----Original Message-----
From: [redacted]
Sent: Monday, April 26, 2004 2:56 PM
To: 'rick.rhodes@pgnmail.com'
Subject: [redacted]

Mr. Rhodes:

Please find attached [redacted] proposal in response to Progress Energy's reques[redacted] dated April 5th, 2004.

Sincerely,

[redacted]

IMPORTANT NOTICE:
The information in this email is confidential and may be legally privileged. It is intended solely for the addressee. Access to this email by anyone else is unauthorized. If you are not the intended recipient, any disclosure, copying, distribution or any action taken or omitted to be taken in reliance on it, is prohibited and may be unlawful.

[redacted]

[redacted] CONFIDENTIAL

REDACTED

PEF 000970
Docket No. 041414-EI

[redacted] – April 26, 2004 *Confidential and Privileged*

Indicative Terms for Proposed Definitive Agreement

CONFIDENTIAL

Seller: [redacted]

Buyer: [redacted]

Definitive Agreement: [redacted]

Supply Date: [redacted]

Contract Term: [redacted]

Re-gas Plant: [redacted]

Delivery Point: [redacted]

Title and Risk: [redacted]

Contract Quantity: [redacted]

THIS IS A DRAFT DOCUMENT FOR DISCUSSIONS ONLY. IT IS NON-BINDING

CONFIDENTIAL

Natural Gas Price:

[redacted]

Specifications:

Force Majeure:

[redacted]

PEF 000972
Docket No. 041414-EI

[redacted]

Duties and Taxes:

Conditions Precedent:

Governing Law:

[redacted]

Dispute Resolution:

[redacted]

Credit Support:

[redacted]

Effect:

[redacted]

Murphy, Pam (CPL)

From: [redacted]
Sent: Wednesday, March 17, 2004 5:40 PM
To: Murphy, Pam (CP&L)
Cc: [redacted] 'David & Julie Jenkins'
Subject:

CONFIDENTIAL

Florida Power Corp.
Elba Propo...

Pam,

I'm guessing at your email address. I hope this email gets to you as I have promised. Anyway, our proposal is attached below. The chart below summarizes the key commercial terms:

Progress Energy Florida		
Case:	Without Hines	With Hines
Start Date	1-Oct-2006	1-Oct-2006
Volume Before Hines		
Summer (dth/day)	[redacted]	[redacted]
Winter (dth/day)		
Volume After Hines		
Summer (dth/day)		na
Winter (dth/day)	[redacted]	na
Price (HH FS)		
Price W/ weekend swing		

You will note the price terms do not yet match those terms available from Destin suppliers albeit this offer represents a reduction from our initial offer. I am continuing to work the upstream side of this equation, but I am not able to reduce the price beyond those terms quoted above, at least for this iteration. However, I'm hopeful there is enough of substance beyond the price terms to continue the advancement of this unique opportunity.

I look forward to our meeting on Friday in Raleigh. In the interim, please feel free to call me at 713-403-3748.

Regards,

[redacted]

<<Florida Power Corp. Elba Proposal - February 2004_v.2_1.pdf>>

IMPORTANT NOTICE:
The information in this email is confidential and may be legally privileged. It is intended solely for the addressee. Access to this email by anyone else is unauthorized. If you are not the intended recipient, any disclosure, copying, distribution or any action taken or omitted to be taken in reliance on it, is prohibited and may be unlawful.

[redacted]

REDACTED

PEF 000976
Docket No. 041414-EI

CONFIDENTIAL

CONFIDENTIAL AND PRIVILEGED

Indicative Term Sheet for Definitive Agreement

DRAFT – FOR DISCUSSION PURPOSES ONLY – NOT TO BE CONSTRUED AS AN OFFER OR ACCEPTANCE OF AN OFFER BY EITHER PARTY

Seller: [redacted]

Buyer:

Party or Parties

Definitive Agreement:

Supply Date:

Contract Term:

Contract Year:

Re-gas Plant:

Delivery Point:

CONFIDENTIAL

Title and Risk: [redacted]

Contract Quantity: [redacted]

CONFIDENTIAL

Natural Gas Price:

[redacted]

Alternative Product:

[redacted]

CONFIDENTIAL

Performance Obligations:

[redacted]

REDACTED

PEF 000982
Docket No. 041414-EI

REDACTED

PEF 000983
Docket No. 041414-EI

REDACTED

PEF 000984
Docket No. 041414-EI

Duties and Taxes:

[redacted]

Conditions Precedent:

[redacted]

Governing Law:

[redacted]

[redacted]

Dispute Resolution:

[redacted]

Credit Support:

[redacted]

Effect:

[redacted]

[redacted] CONFIDENTIAL

Murphy, Pam (CP&L)

From: [redacted]
Sent: Wednesday, July 21, 2004 12:23 PM
To: Murphy, Pam (CP&L)
Subject: FW: Conf. Call w/Progress Energy

Pam, please use the dial-in # below for the conference call with Betsy and Rob tomorrow. Also, I would like to further our call from yesterday, are you available at 3:00 pm est today?

Thanks.
[redacted]

-----Original Message-----
From: McKitterick, Beth
Sent: Wednesday, July 21, 2004 11:19 AM
To: [redacted]
Subject: Conf. Call w/Progress Energy

Please use the following for the conference call with Progress Energy on Thursday, July 22 (10:30 Houston time, 4:30 London time):

US dial in -- 866 836 2462; passcode 812179

International dial in -- 210 339 7364; passcode 352270

IMPORTANT NOTICE:
The information in this email is confidential and may be legally privileged. It is intended solely for the addressee. Access to this email by anyone else is unauthorized. If you are not the intended recipient, any disclosure, copying, distribution or any action taken or omitted to be taken in reliance on it, is prohibited and may be unlawful.

[redacted]

CONFIDENTIAL

Adams, Melanie

From: Murphy, Pam (CP&L)
Sent: Thursday, March 18, 2004 9:24 AM
To: 'Evans, Mark'
Cc: [redacted] Adams, Melanie; Rhodes, Rick
Subject: [redacted]

Mark:

Good guess on the e-mail address. The volume below for the [redacted] Summer, [redacted] Winter is still before Hines. If everything works out, we may be able to commit [redacted] Summer, [redacted] Winter if we are awarded Hines 4 by the FPSC.

I appreciate that you are still working on the upstream side of this equation to lower the premiums to other offers we received for Destin/Mobile Gas.
Thanks,
Pam

-----Original Message-----
From: [redacted]
Sent: Wednesday, March 17, 2004 5:40 PM
To: Murphy, Pam (CP&L)
Cc: [redacted]
Subject: [redacted]

CONFIDENTIAL

Pam,

I'm guessing at your email address. I hope this email gets to you as I have promised. Anyway, our proposal is attached below. The chart below summarizes the key commercial terms:

Progress Energy Florida		
Case:	Without Hines	With Hines
Start Date	1-Oct-2006	1-Oct-2006
Volume Before Hines		
Summer (dth/day)	[redacted]	
Winter (dth/day)		
Volume After Hines		
Summer (dth/day)	na	[redacted]
Winter (dth/day)	na	
Price (HH FS)	[redacted]	
Price W/ weekend swing		[redacted]

You will note the price terms do not yet match those terms available from Destin suppliers albeit this offer represents a reduction from our initial offer. I am continuing to work the upstream side of this equation, but I am not able to reduce the price beyond those terms quoted above, at least for this iteration. However, I'm hopeful there is enough of substance beyond the price terms to continue the advancement of this unique opportunity.

I look forward to our meeting on Friday in Raleigh. In the interim, please feel free to call me at 713-403-3748.

Regards,

[redacted]

<<Florida Power Corp. Elba Proposal - February 2004_v.2_1.pdf>>

3 copies

Progress / BG / SNG / FGT Meeting in Raleigh

Hines 4 Project
May 26, 2004

PEF 000990
Docket No. 041414-EI

Attendees

- Rob Caldwell — Progress — (919) 546-4552
- Pam Murphy — Progress — (919) 546-4553
- [redacted]

PEF 000991
Docket No. 041414-EI

CONFIDENTIAL

Agenda

- Review commitment level and cost to-date
- New SNG/FGT Proposal
- Comparative Analysis
- Timeline
- Next Steps

PEF 000992
Docket No. 041414-EI

REDACTED

PEF 000993
Docket No. 041414-EI

REDACTED

PEF 000994
Docket No. 041414-EI

REDACTED

PEF 000995
Docket No. 041414-EI

REDACTED

PEF 000996
Docket No. 041414-EI

REDACTED

PEF 000997
Docket No. 041414-EI

REDACTED

PEF 000998
Docket No. 041414-EI

REDACTED

PEF 000999
Docket No. 041414-EI

REDACTED

PEF 001000
Docket No. 041414-EI

REDACTED

PEF 001001
Docket No. 041414-EI

REDACTED

PEF 001002
Docket No. 041414-EI

REDACTED

PEF 001003
Docket No. 041414-EI

Next Steps

- Progress response
- Progress Hines 5
- SNG open season
- FGT open season
- Open season review
- Board approvals
- Contracting process

PEF 001004
Docket No. 041414-EI

POD #16

Rhodes, Rick

From: [redacted]
Sent: Thursday, April 22, 2004 12:07 PM
To: Rhodes, Rick
Cc: Risser, Dave; Thompson, Carl
Subject: RFP# LT040504-Elba

<<Progress Energy 4-5-04 RFP.doc>> Rick -

Attached please find [redacted] response to the above referenced RFP. Please let me know if you have any questions, and thank you for the opportunity to participate.

[redacted]

CONFIDENTIAL

April 22, 2004

Progress Energy, Inc.
Attn: Rick Rhodes
Term Gas and Logistics Unit
P. O. Box 1551 – PEB 10A
Raleigh, NC 27602

CONFIDENTIAL

Dear Mr. Rhodes:

Subject: Request for Proposal for Long-Term Gas Supply; [redacted]

[redacted]

Term [redacted]

Volume [redacted]

Primary Receipt Point [redacted]

Service [redacted]

Pricing [redacted]

Force Majeure [redacted]

[redacted]

Nominations: [redacted]

Requirements [redacted]

Gas Quality [redacted]

Acceptance Date [redacted]

Conditions Precedent [redacted]

[redacted]

[redacted]

CONFIDENTIAL

[redacted]

Rhodes, Rick

From: [redacted]
Sent: Tuesday, April 13, 2004 9:10 AM
To: Rhodes, Rick
Subject: RE: Long-Term Gas RFP Elba
Sensitivity: Confidential

Rick -

Your e-mail did not include the referenced Special Provisions, could you please send them so that we can ensure we're working with the most recent version?

Thanx,

[redacted]

-----Original Message-----
From: Rhodes, Rick [mailto:Rick.Rhodes@pgnmail.com]
Sent: Monday, April 05, 2004 12:51 PM
To: [redacted]
Subject: Long-Term Gas RFP Elba
Importance: High
Sensitivity: Confidential

CONFIDENTIAL

[redacted]

Florida Power Corporation d/b/a Progress Energy Florida, Inc. (FPC) seeks proposals from you to supply natural gas for the requirements listed in the attached RFP. A successful deal will require the execution of a NAESB with the attached Special Provisions, unless your firm already has an approved GISB or NAESB with FPC.

You are encouraged to submit your bid via e-mail. FAX response is acceptable, but e-mail is preferable.

We look forward to your response. Feel free to contact me at the number below with any questions. Thanks in advance for your timely response by this April 26, 2004 deadline.

***** IMMEDIATELY UPON RECEIPT, PLEASE RESPOND TO THE E-MAIL TO CONFIRM RECEIPT *****

[redacted]

Rick Rhodes
Term Gas Lead
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

Rhodes, Rick

From: [redacted]
Sent: Wednesday, April 07, 2004 10:14 AM
To: Rhodes, Rick
Subject: RE: Long-Term Gas RFP Elba
Sensitivity: Confidential

Rick -

Just confirming that we received your RFP.

CONFIDENTIAL

Thanks,

[redacted]

-----Original Message-----
From: Rhodes, Rick [mailto:Rick.Rhodes@pgnmail.com]
Sent: Monday, April 05, 2004 12:51 PM
To: [redacted]
Subject: Long-Term Gas RFP Elba
Importance: High
Sensitivity: Confidential

[redacted]

Florida Power Corporation d/b/a Progress Energy Florida, Inc. (FPC) seeks proposals from you to supply natural gas for the requirements listed in the attached RFP. A successful deal will require the execution of a NAESB with the attached Special Provisions, unless your firm already has an approved GISB or NAESB with FPC.

You are encouraged to submit your bid via e-mail. FAX response is acceptable, but e-mail is preferable.

We look forward to your response. Feel free to contact me at the number below with any questions. Thanks in advance for your timely response by this April 26, 2004 deadline.

***** IMMEDIATELY UPON RECEIPT, PLEASE RESPOND TO THE E-MAIL TO CONFIRM RECEIPT *****

[redacted]

Rick Rhodes
Term Gas Lead
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

Rhodes, Rick

From: [redacted]
Sent: Tuesday, September 09, 2003 4:19 PM
To: Rhodes, Rick
Cc: Bowden, Jim
Subject: RE: Non-Binding RFP

Sensitivity: Confidential

CONFIDENTIAL

Here is the link for Atlantic LNG, enjoy.

http://www.atlanticlng.com/

Also, please let me know who I should talk with about Destin supplies either daily or monthly. As we mentioned, we have production that will feed into Destin to serve Gulfstream and FGT.

Thanks,

[redacted]

-----Original Message-----
From: Rhodes, Rick [mailto:Rick.Rhodes@pgnmail.com]
Sent: Monday, August 25, 2003 10:16 AM
To: [redacted]
Cc: Trimble, John
Subject: Non-Binding RFP
Importance: High
Sensitivity: Confidential

> Progress Energy seeks non-binding proposals from your company to supply natural gas for the requirements listed in the attached RFP. Progress Energy is currently evaluating how LNG could play an integral role in its supply portfolio and your response will serve as a key input to this evaluation. A successful deal will require the execution of a NAESB with the attached Special Provisions, unless your firm already has an approved GISB or NAESB.
>
> You are encouraged to submit your bid via e-mail. FAX response is acceptable, but e-mail is preferable.
>
> We look forward to your response. Feel free to contact me with any questions. Thanks in advance for your timely response by this September 3, 2003 deadline.
>
> > [redacted]
> Rick Rhodes
> Term Gas & Logistics
> Progress Energy
> 919.546.7613
> rick.rhodes@pgnmail.com
>
>
>

PEF 001010
Docket No. 041414-EI

Rhodes, Rick

From: [redacted]
Sent: Wednesday, September 03, 2003 2:16 PM
To: Rick Rhodes (E-mail)
Cc: [redacted]
Subject: [redacted]

Mr. Rhodes -

Attached please find our response to the above referenced RFP.

Thank you,

[redacted]

CONFIDENTIAL

September 3, 2003

Progress Energy, Inc.
Attn: Rick Rhodes
Term Gas and Logistics Unit
P. O. Box 1551 – PEB 10A
Raleigh, NC 27602

CONFIDENTIAL

Dear Mr. Rhodes:

Subject: [redacted]

Term [redacted]

Volume [redacted]

Primary Receipt Point [redacted]

Service [redacted]

Pricing [redacted]

[redacted]

Nominations: [redacted]

Requirements [redacted]

Gas Quality [redacted]

[redacted]

[redacted]

[redacted]

CONFIDENTIAL

POD #17

Rhodes, Rick

From: [redacted]
Sent: Wednesday, May 26, 2004 11:47 AM
To: Rhodes, Rick [redacted]

Progress Energy May 26 2004 Pr... | Progress Energy May 26 2004 Pr... | Progress Energy April 26 2004 ...

Rick,

Attached is an updated proposal for [redacted] to deliver supplies to Progress at [redacted] I am also attaching a redline version that compares the changes introduced in this updated proposal to the April 26 proposal.

Please contact me at your convenience to discuss any questions or comments that you may have.

Thanks,
[redacted]

<<Progress Energy May 26 2004 Proposal.doc>> <<Progress Energy May 26 2004 Proposal redline.doc>>

> -----Original Message-----
> From: [redacted]
> Sent: Monday, April 26, 2004 2:45 PM
> To: 'rick.rhodes@pgnmail.com'
> Subject: [redacted]
>
> Rick,
> [redacted] appreciates the opportunity to deliver this proposal to you for
> supplies at Elba Island beginning in May 2008.
>
> Please don't hesitate to contact me once you've had an opportunity to
> review this proposal. I would appreciate the opportunity to address any
> immediate issues or concerns that you might have or if you require
> additional information.
>
> Regards,
> [redacted]
>
> <<Progress Energy April 26 2004 Proposal.doc>>

CONFIDENTIAL

PEF 001014
Docket No. 041414-EI

Shell Trading

[redacted]

May 26, 2004

Via E-mail: rick.rhodes@pgnmail.com

Mr. Rick Rhodes
Term Gas Lead
Progress Energy Inc.
Term Gas and Logistics Unit
P.O. Box 1551 – PEB 10A
Raleigh, NC 27602

RE: [redacted]
Response of [redacted]

CONFIDENTIAL

Dear Rick:

[redacted]

Term

[redacted]

Volume

(1) [redacted]

(2) [redacted]

CONFIDENTIAL

[redacted]

Delivery Point

[redacted]

Alternative Delivery Points: [redacted]

Service

[redacted]

Price

[redacted]

CONFIDENTIAL

[redacted]

Nominations

[redacted]

Taxes

[redacted]

Credit

[redacted]

Conditions Precedent

[redacted]

(1) [redacted]

CONFIDENTIAL

[redacted]

Shell Trading

[redacted]

May 26, 2004 Deleted: April

Via E-mail: rick.rhodes@pgnmail.com

Mr. Rick Rhodes
Term Gas Lead
Progress Energy Inc.
Term Gas and Logistics Unit
P.O. Box 1551 – PEB 10A
Raleigh, NC 27602

RE: [redacted]
Response of [redacted]

Dear Rick:

[redacted] Deleted:

Term

[redacted]

Volume

(1) [redacted]

(2) [redacted]

Deleted: [redacted]

[redacted]

Delivery Point

[redacted]

CONFIDENTIAL

Service

[redacted]

[redacted]

Price

[redacted]

Deleted: April

Deleted:

[redacted]

CONFIDENTIAL

Nominations

[redacted]

Taxes

[redacted]

Credit

[redacted]

Conditions Precedent

[redacted]

Deleted: (1)

Formatted: Bullets and Numbering

Deleted: April

Deleted:



CONFIDENTIAL

[redacted]

[redacted]

April 26, 2004

Via E-mail: rick.rhodes@pgnmail.com

Mr. Rick Rhodes
Term Gas Lead
Progress Energy Inc.
Term Gas and Logistics Unit
P.O. Box 1551 – PEB 10A
Raleigh, NC 27602

CONFIDENTIAL

RE: [redacted]
Response of [redacted]

Dear Rick:

[redacted]

Term

[redacted]

Volume

(1) [redacted]

(2) [redacted]

CONFIDENTIAL

[redacted]

Delivery Point

[redacted]

Service

[redacted]

Price

[redacted]

CONFIDENTIAL

[redacted]

Nominations

[redacted]

Taxes

[redacted]

Credit

[redacted]

Conditions Precedent

[redacted]

(1) [redacted]

CONFIDENTIAL

[redacted]

CONFIDENTIAL

[redacted]

Rhodes, Rick

From: [redacted]
Sent: Wednesday, May 26, 2004 11:47 AM
To: Rhodes, Rick
Subject: FW: [redacted]

CONFIDENTIAL


Progress Energy May 26 2004 Pr...


Progress Energy May 26 2004 Pr...


Progress Energy April 26 2004 ...

Rick,

Attached is an updated proposal for [redacted] to deliver supplies to Progress at [redacted] I am also attaching a redline version that compares the changes introduced in this updated proposal to the April 26 proposal.

Please contact me at your convenience to discuss any questions or comments that you may have.

Thanks,
[redacted]

<<Progress Energy May 26 2004 Proposal.doc>> <<Progress Energy May 26 2004 Proposal redline.doc>>

> -----Original Message-----
> From: [redacted]
> Sent: Monday, April 26, 2004 2:45 PM
> To: 'rick.rhodes@pgnmail.com'
> Subject: RFP# LT040504-elba
>
> Rick,
> [redacted] appreciates the opportunity to deliver this proposal to you for
> supplies at [redacted] beginning in May 2008.
>
> Please don't hesitate to contact me once you've had an opportunity to
> review this proposal. I would appreciate the opportunity to address any
> immediate issues or concerns that you might have or if you require
> additional information.
>
> Regards,
> [redacted]
>
> <<Progress Energy April 26 2004 Proposal.doc>>

PEF 001028
Docket No. 041414-EI

Rhodes, Rick

From: [redacted]
Sent: Monday, April 26, 2004 3:45 PM
To: Rhodes, Rick
Subject: [redacted]

CONFIDENTIAL

Progress Energy
April 26 2004 ...

Rick,

[redacted] appreciates the opportunity to deliver this proposal to you for supplies at [redacted] beginning in May 2008.

Please don't hesitate to contact me once you've had an opportunity to review this proposal. I would appreciate the opportunity to address any immediate issues or concerns that you might have or if you require additional information.

Regards,
[redacted]

<<Progress Energy April 26 2004 Proposal.doc>>

PEF 001029
Docket No. 041414-EI

[redacted]

[redacted]

April 26, 2004

Via E-mail: rick.rhodes@pgnmail.com

Mr. Rick Rhodes
Term Gas Lead
Progress Energy Inc.
Term Gas and Logistics Unit
P.O. Box 1551 – PEB 10A
Raleigh, NC 27602

CONFIDENTIAL

RE: [redacted]
Response of [redacted]

Dear Rick:

[redacted]

Term

[redacted]

Volume

[redacted]

(2) [redacted]

CONFIDENTIAL

[redacted]

Delivery Point

[redacted]

Service

[redacted]

Price

[redacted]

CONFIDENTIAL

[redacted]

Nominations

[redacted]

Taxes

[redacted]

Credit

[redacted]

Conditions Precedent

[redacted]

(1) [redacted]

CONFIDENTIAL

[redacted]

CONFIDENTIAL

[redacted]

Rhodes, Rick

From: [redacted]
Sent: Monday, April 26, 2004 3:45 PM
To: Rhodes, Rick
Subject: [redacted]

CONFIDENTIAL



Progress Energy
April 26 2004 ...

Rick,

[redacted] appreciates the opportunity to deliver this proposal to you for supplies at [redacted] beginning in May 2008.

Please don't hesitate to contact me once you've had an opportunity to review this proposal. I would appreciate the opportunity to address any immediate issues or concerns that you might have or if you require additional information.

Regards,

[redacted]

<<Progress Energy April 26 2004 Proposal.doc>>

PEF 001035
Docket No. 041414-EI

Rhodes, Rick

From: [redacted]
Sent: Tuesday, March 23, 2004 7:13 PM
To: Rhodes, Rick
Subject: Non-Binding Supply Proposal at [redacted]



Progress Energy
March 23 2004 ...

CONFIDENTIAL

Rick,

[redacted] appreciates the opportunity to deliver this non-binding proposal to you for supplies at [redacted] beginning in May 2007.

Please don't hesitate to contact me once you've had an opportunity to read through this proposal. I would appreciate the opportunity to review it with you and address any immediate issues or concerns that you might have.

Thank you again for your patience and we appreciate having this opportunity to discuss this proposed transaction.

Regards,

[redacted]

<<Progress Energy March 23 2004 Non-Binding Proposal.doc>>

PEF 001036
Docket No. 041414-EI

[redacted]

[redacted]

March 23, 2004

Via E-mail: rick.rhodes@pgnmail.com

Mr. Rick Rhodes
Term Gas Lead
Progress Energy Inc.
Term Gas and Logistics Unit
P.O. Box 1551 – PEB 10A
Raleigh, NC 27602

CONFIDENTIAL

RE: [redacted]

Dear Rick:

[redacted]

Term

[redacted]

Volume

[redacted]

Delivery Point

[redacted]

CONFIDENTIAL

[redacted]

Service

[redacted]

Price

[redacted]

REDACTED

CONFIDENTIAL

[redacted]

Nominations

[redacted]

Taxes

[redacted]

Credit

[redacted]

Other Conditions Precedent

[redacted]

REDACTED

CONFIDENTIAL

REDACTED

Rhodes, Rick

From: [redacted]
Sent: Friday, September 05, 2003 12:14 PM
To: 'rick.rhodes@pgnmail.com'
Subject: FW: Non-Binding RFP

Importance: High
Sensitivity: Confidential

CONFIDENTIAL




Ing rfp elba Island.doc (218 K... Progress Energy Florida Septem...

Rick,
Attached below is [redacted] indicative non-binding response to Progress' non-binding request for proposal for gas supply sourced out of the [redacted]. We hope you that you please understand that this is very preliminary and effectively kicks off any discussions that Progress and [redacted] will have regarding LNG supplies at [redacted] We anticipate that details will be further defined as discussions progress.

We look forward to the conference call we have set up with you at 3 pm Eastern time next Monday (September 8) to discuss potential LNG arrangements at [redacted]
Regards,
[redacted]

-----Original Message-----
From: Rhodes, Rick [mailto:Rick.Rhodes@pgnmail.com]
Sent: Friday, August 22, 2003 4:02 PM
To: [redacted]
Cc: Trimble, John
Subject: Non-Binding RFP
Importance: High
Sensitivity: Confidential

> Progress Energy seeks non-binding proposals from your company to supply natural gas for the requirements listed in the attached RFP. Progress Energy is currently evaluating how LNG could play an integral role in its supply portfolio and your response will serve as a key input to this evaluation. A successful deal will require the execution of a NAESB with the attached Special Provisions, unless your firm already has an approved GISB or NAESB.
>
> You are encouraged to submit your bid via e-mail. FAX response is acceptable, but e-mail is preferable.
>
> We look forward to your response. Feel free to contact me with any questions. Thanks in advance for your timely response by this September 3, 2003 deadline.
>
> > [redacted]
> Rick Rhodes
> Term Gas & Logistics
> Progress Energy
> 919.546.7613
> rick.rhodes@pgnmail.com
>
>
>

Progress Energy

Regulated Commercial Operations Department
P. O. Box 1551 - CPB 10A
Raleigh, North Carolina 27602

[redacted]

CONFIDENTIAL

March 21, 2005

Dear Sir or Madam:

Subject: Non-Binding Request for Proposal for Gas Supply

Florida Power Corporation d/b/a Progress Energy Florida, Inc. (hereinafter referred to as Buyer) is requesting proposals for [redacted] gas supply sourced out of [redacted]

Term	Buyer has interest in reviewing contract terms for 3, 5, 10, & 20 years beginning January 1, 2008.
Volume	Up to 75,000 Dth/day baseload.
Primary Receipt Point	Buyer receipt point will be downstream of the LNG facility outlet into the proposed Cypress Pipeline.
Service	Firm. Buyer requests that Seller address how it will warranty against delivery risk and provide an alternate or back-up source of gas (*i.e. hurricanes* diverting ships, foreign country political risk, etc.).
Desired Pricing	Buyer desires that Seller provide a response for 2 pricing scenarios - Fixed pricing or Zero Cost Collar pricing for the entire term.
Other Pricing	Buyer will consider other pricing options including, but not limited to: • Inside FERC First of the Month with Buyer's election to convert to Gas Daily Midpoint. • Call Option. Specify all appropriate terms & conditions. • Option to allow Buyer to swing down volumes a specific number of times per month. • Seller proposed pricing.
Nominations:	Pre-scheduled (day ahead of gas flow) and/or intraday (day of gas flow) may be submitted up until nomination deadline.
Requirements	GISB / NAESB with special provisions for gas purchases.
Gas Quality	Seller shall warranty to Buyer at delivery that all gas meets or exceeds pipeline gas quality specifications regarding Btu content and natural gas liquids. If gas is found to be insufficiently processed, Seller will join with Buyer to petition that the pipeline enforces required specifications on producers.

Proposals are DUE by: **Wednesday, September 3, 2003, 4:00 p.m. EST**

Proposals [redacted]

Please send proposals to:

Progress Energy Inc.
Attn: Rick Rhodes
Term Gas and Logistics Unit
P. O. Box 1551 - PEB 10A
Raleigh, North Carolina 27602
Telephone: 919-546-7613

CONFIDENTIAL

Send e-mail responses to: **rick.rhodes@pgnmail.com**

Send FAX responses to: **919-546-2922**

Sincerely,

Rick Rhodes

Term Gas Lead
919-546-7613

[redacted]

[redacted]

September 5, 2003

Via E-mail: rick.rhodes@pgnmail.com

CONFIDENTIAL

Mr. Rick Rhodes
Term Gas Lead
Progress Energy Inc.
Term Gas and Logistics Unit
P.O. Box 1551 – PEB 10A
Raleigh, NC 27602

RE: Non-Binding Gas Supply Proposal at the [redacted]

Dear Rick:

[redacted]

Term

[redacted]

Volume

[redacted]

Delivery Point

[redacted]

CONFIDENTIAL

[redacted]

Service

[redacted]

Monthly Baseload Priced Firm Supply

[redacted]

CONFIDENTIAL

[redacted]

Nominations

[redacted]

Taxes

[redacted]

Credit

[redacted]

Other Conditions Precedent

[redacted]

[redacted]

Sincerely,

[redacted]

Rhodes, Rick

From: [redacted]
Sent: Monday, August 25, 2003 10:58 AM
To: 'Rhodes, Rick'
Subject: RE: Non-Binding RFP

CONFIDENTIAL

Sensitivity: Confidential

Rick,
I received your voice mail message this morning. I am checking to see which date would work for [redacted] (September 8, 9, or 10) for a one hour conference call with your group.

[redacted] is the primary [redacted] contact for [redacted] inquiries of greater than 1 year. His phone number is 713-[redacted] and e-mail is [redacted]

I have forwarded this RFP to him and have passed on your contact information to him. He and I will coordinate our efforts, so there shouldn't be any communication issues for you. I would suggest that you continue to contact me to coordinate the conference call, etc.

Thanks,
[redacted]

-----Original Message-----
From: Rhodes, Rick [mailto:Rick.Rhodes@pgnmail.com]
Sent: Friday, August 22, 2003 3:59 PM
To: [redacted]
Cc: Trimble, John
Subject: Non-Binding RFP
Importance: High
Sensitivity: Confidential

> Progress Energy seeks non-binding proposals from your company to supply natural gas for the requirements listed in the attached RFP. Progress Energy is currently evaluating how LNG could play an integral role in its supply portfolio and your response will serve as a key input to this evaluation. A successful deal will require the execution of a NAESB with the attached Special Provisions, unless your firm already has an approved GISB or NAESB.
>
> You are encouraged to submit your bid via e-mail. FAX response is acceptable, but e-mail is preferable.
>
> We look forward to your response. Feel free to contact me with any questions. Thanks in advance for your timely response by this September 3, 2003 deadline.
>
> > [redacted]
> Rick Rhodes
> Term Gas & Logistics
> Progress Energy
> 919.546.7613
> rick.rhodes@pgnmail.com
>
>
>

PEF 001049
Docket No. 041414-EI

POD #18

Murphy, Pam (CP&L)

From: Rhodes, Rick
Sent: Thursday, April 08, 2004 7:58 AM
To: Mccluskey, Edward; Murphy, Pam (CP&L); Adams, Melanie; Trimble, John
Subject: FW: Compass Port Info

Thanks Ed. I followed up with Randy last night on the project. It looks like [redacted] is nicely located in the Mobile Bay area where our supply is sourced, however, given the fact its offshore and would have above ground storage, it may not be as hurricane proof as McMoran's offshore facility which stores its gas in underground caverns.

Its definitely a project to keep on our short list - this will be added to our strategy for evaluation this year.

Rick Rhodes
Term Gas Lead
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

-----Original Message-----
From: Mccluskey, Edward
Sent: Thursday, April 08, 2004 7:35 AM
To: Trimble, John; Rhodes, Rick
Cc: Murphy, Pam (CP&L)
Subject: FW: Compass Port Info

FYI

-----Original Message-----
From: [redacted] [mailto:[redacted]
Sent: Wednesday, April 07, 2004 5:16 PM
To: Ed McCluskey (E-mail); John R. Trimble (E-mail); John C. Richardson (E-mail)
Subject: FW: Compass Port Info

Ed/John/John:
Here is some information about our proposed LNG regas facility in the offshore Mobile Bay area. The onshore pipeline would make delivery at Coden, AL. We expect to file an application at the FERC for jurisdictional facilities in the near future. Please give me a call to discuss any of this further.

[redacted]

CONFIDENTIAL

REDACTED

PEF 001051
Docket No. 041414-EI

REDACTED

PEF 001052
Docket No. 041414-EI

REDACTED

PEF 001053
Docket No. 041414-EI

REDACTED

PEF 001054
Docket No. 041414-EI

Murphy, Pam (CP&L)

From: Rhodes, Rick
Sent: Thursday, April 08, 2004 7:58 AM
To: Mccluskey, Edward; Murphy, Pam (CP&L); Adams, Melanie; Trimble, John
Subject: FW: Compass Port Info

Thanks Ed. I followed up with Randy last night on the project. It looks like [redacted] nicely located in the Mobile Bay area where our supply is sourced, however, given the fact its offshore and would have above ground storage, it may not be as hurricane proof as McMoran's offshore facility which stores its gas in underground caverns.

Its definitely a project to keep on our short list - this will be added to our strategy for evaluation this year.

Rick Rhodes
Term Gas Lead
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

-----Original Message-----
From: Mccluskey, Edward
Sent: Thursday, April 08, 2004 7:35 AM
To: Trimble, John; Rhodes, Rick
Cc: Murphy, Pam (CP&L)
Subject: FW: Compass Port Info

FYI

-----Original Message-----
From: [redacted]
Sent: Wednesday, April 07, 2004 5:16 PM
To: Ed McCluskey (E-mail); John R. Trimble (E-mail); John C. Richardson (E-mail)
Subject: FW: Compass Port Info

Ed/John/John:
Here is some information about our proposed LNG regas facility in the offshore Mobile Bay area. The onshore pipeline would make delivery at Coden, AL. We expect to file an application at the FERC for jurisdictional facilities in the near future. Please give me a call to discuss any of this further.

[redacted]

CONFIDENTIAL

Rhodes, Rick

From: [redacted]
Sent: Friday, June 25, 2004 2:07 PM
To: Rhodes, Rick; Trimble, John
Subject: FW: [redacted]

285191_web.url
(396 B)

Rick/John:
We enjoyed the visit yesterday. Here's is a link to information in the Federal Register about upcoming public meetings in Alabama and Mississippi regarding our project. Any public support that you may be able to provide to us going forward will be appreciated. Thanks.

http://dmses.dot.gov/docimages/pdf89/285191_web.pdf

[redacted]

CONFIDENTIAL

PEF 001056
Docket No. 041414-EI

The DEIS will assess the impacts of the alternatives—including approving, approving with conditions, or not approving (No Action Alternative) the license application to construct and operate Gulf Landing—on the natural and human environment.

As required by the National Environmental Policy Act, the Coast Guard also will analyze the No Action Alternative as a baseline for comparing the impacts of the proposed project. For the purposes of this project, the No Action Alternative is defined as not approving the Gulf Landing LLC Deepwater Port License Application.

Dated: June 21, 2004.

Howard L. Hime,

Acting Director of Standards, Marine Safety, Security, and Environmental Protection, U.S. Coast Guard.

Raymond R. Barberesi,

Director, Office of Ports and Domestic Shipping, U.S. Maritime Administration.

[FR Doc. 04–14456 Filed 6–22–04; 1:22 pm]

BILLING CODE 4910–15–P

DEPARTMENT OF HOMELAND SECURITY

Coast Guard

DEPARTMENT OF TRANSPORTATION

Maritime Administration

[USCG–2004–17659]

Compass Port LLC Liquefied Natural Gas Deepwater Port License Application; Preparation of Environmental Impact Statement

AGENCY: Coast Guard, DHS; and Maritime Administration, DOT.

ACTION: Notice of intent; notice of public meeting; and request for public comments.

SUMMARY: The U.S. Coast Guard and the Maritime Administration announce that the Coast Guard intends to prepare an environmental impact statement as part of the environmental review of the license application for the proposed Compass Port deepwater port, to be located approximately 11 miles south of Dauphin Island, Alabama. Publication of this notice begins a public scoping process that will help determine the scope of issues to be addressed in the environmental impact statement and identify the significant environmental issues related to this license application. Finally, this notice solicits public involvement in the scoping process, and announces public meetings and a public comment period to facilitate that involvement.

DATES: The public meetings will be held July 12, 13, and 14, 2004, from 3 p.m. to 7 p.m. in Dauphin Island, Alabama, Mobile, Alabama, and Pascagoula, Mississippi, respectively. Each meeting will consist of an informational open house from 3 p.m. to 4:30 p.m. and a public scoping meeting from 5 p.m. to 7 p.m. Comments and related material must reach the docket on or before July 26, 2004.

ADDRESSES:

The Dauphin Island meetings will be held at:
Dauphin Island Chamber of Commerce, 402 La Vente Street, Dauphin Island, Alabama 36528, 251–861–5524.

The Mobile meetings will be held at:
Mobile Government Plaza, 205 Government Street, Mobile, Alabama 36644, 251–574–5058.

The Pascagoula meetings will be held at:
Jackson County Fairgrounds Fair Hall, 2902 Shortcut Road, Pascagoula, Mississippi 39567, 228–762–6043.

All meeting spaces will be wheelchair-accessible.

You need not attend the meetings in order to comment. You may also submit comments identified by docket number USCG–2004–17659 to the Docket Management Facility at the U.S. Department of Transportation. To avoid duplication, please use only one of the following methods:

(1) Electronically through the Web site for the Docket Management System, at *http://dms.dot.gov.*

(2) By mail to the Docket Management Facility, U.S. Department of Transportation, Room PL–401, 400 Seventh Street SW., Washington, DC 20590–0001.

(3) By fax to the Docket Management Facility at 202–493–2251.

(4) By delivery to Room PL–401 on the Plaza level of the Nassif Building, 400 Seventh Street SW., Washington, DC, from 9 a.m. to 5 p.m., Monday through Friday, except Federal holidays. The telephone number is 202–366–9329.

(5) By the Federal eRulemaking Portal at *http://www.regulations.gov/.*

The Docket Management Facility maintains the public docket for this notice. Comments and material received from the public will become part of this docket and will be available for inspection or copying in Room PL–401 on the Plaza level of the Nassif Building, 400 Seventh Street SW., Washington, DC, from 9 a.m. to 5 p.m. Monday through Friday, except Federal holidays. This docket may also be found on the Internet at *http://dms.dot.gov.*

FOR FURTHER INFORMATION CONTACT: If you have questions on the application, this notice, or the meetings, or if you want to be notified when the draft and final environmental impact statements become available, call Mr. Kenneth Smith at 202–267–0578, or email at *KNSmith@comdt.uscg.mil.* If you have questions on viewing or submitting material to the docket, call Ms. Andrea M. Jenkins, Program Manager, Docket Operations, telephone 202–366–0271.

SUPPLEMENTARY INFORMATION:

Scoping Meetings and Request for Comments

We seek public review of and comment on this license application, particularly with respect to the environmental review discussed in this notice. Public input on environmental concerns related to the application, suggested sources of relevant data, and suggested methods for environmental analysis are especially welcome.

The Coast Guard will hold informational open houses and scoping meetings for interested members of the public, as described under **DATES** and **ADDRESSES.** Meeting facilities are wheelchair accessible. If you need other special assistance in order to participate in these sessions (for example, sign language interpretation), please contact the person named in **FOR FURTHER INFORMATION CONTACT,** and we will try to make reasonable accommodation for your needs. We ask that you make such requests at least three (3) business days before the scheduled meeting. Include a contact person's name and telephone number, your specific need, and (for persons with hearing impairments) a TDD number.

If you submit comments or related material to the docket (see **DATES** and **ADDRESSES**), please make your comment as specific as possible and give us the reasons for each comment. If you mail or hand-deliver printed documents, please submit them unbound and in a format suitable for copying and electronic filing, no larger than 8½ by 11 inches. If you submit comments or material by mail and want confirmation that it has reached the facility, please enclose a stamped, self-addressed postcard or envelope. We will consider all comments and material received during the comment period. All comments received will be posted, without change, to *http://dms.dot.gov/* and will include any personal information you have provided.

Anyone can search the electronic form of all comments received into any of our dockets by the name of the individual submitting the comment (or signing the comment, if submitted on

behalf of an association, business, labor union, etc.). You may review the Department of Transportation's Privacy Act Statement in the **Federal Register** published on April 11, 2000 (65 FR 19477), or you may visit *http://dms.dot.gov/*.

Environmental Review

Deepwater ports for the transportation, storage, or further handling of oil or natural gas must be licensed in accordance with the Deepwater Port Act of 1974, as amended, 33 U.S.C. 1501 *et seq.* ("the Act"). The Coast Guard and the Maritime Administration (MARAD) jointly process applications for deepwater port licenses. A notice of application for a proposed Compass Port liquefied natural gas deepwater port, to be located in the Gulf of Mexico approximately 11 miles south of Dauphin Island, Alabama, was published in the **Federal Register** on May 20, 2004 (69 FR 29142). That notice contains a fuller description of the proposed deepwater port. In addition to information previously published in the **Federal Register**, the applicant has identified five locations as possible fabrication sites for the concrete Gravity Based Structures (GBS's) which would be used to contain the LNG storage tanks. The proposed locations are:

Big Bend Site, Freeport, TX;
Zachary Construction Site, Harbor Island, TX;
Gulf Marine Fabrications, Ingleside, TX;
Kiewit Construction Site, Ingleside, TX;
Port of Altamira, Mexico.

The complete application, including environmental documentation provided by the applicant, is available in the public docket (see "Viewing Comments and Dockets," above).

The Act establishes a licensing process for proposed deepwater ports, and that process includes review of the proposed port's natural and human environmental impacts. Consistent with the DWPA, this environmental review must comply with the National Environmental Policy Act of 1969 (NEPA), 42 U.S.C. 4332, and with the following authorities: Coast Guard regulations in 33 CFR part 148, Council on Environmental Quality regulations in 40 CFR parts 1500–1508, DOT Order 5610.1C (Procedures for Considering Environmental Impacts), and Coast Guard Commandant's Instruction (COMDTINST) M16475.1D. Environmental review includes public involvement, and consultation with States deemed adjacent to the proposed port (in this case, Alabama and Mississippi). The Coast Guard is the lead agency for determining the required scope of environmental review, and in this case the Coast Guard has determined that an environmental impact statement (EIS) must be prepared. Therefore, we are publishing the notice of intent described in 40 CFR 1508.22, to announce our intention to prepare and consider an EIS, and to describe our proposed action and possible alternatives, describe the scoping process required by 40 CFR 1501.7, and provide contact information. Contact information is provided above, under **FOR FURTHER INFORMATION CONTACT.**

The proposed action requiring environmental review is the Federal licensing of the Compass Port deepwater port application. The alternatives to licensing approval are licensing with conditions (including conditions designed to mitigate environmental impact), and denying the application, which for purposes of environmental review is the "no-action" alternative.

Public scoping is an early and open process for determining the scope of issues to be addressed in an EIS and for identifying the significant issues related to a proposed action. The scoping process begins with publication of this notice, extends through the public comment period (see *DATES*), and ends when the Coast Guard completes the following actions:

- Invites the participation of Federal, State, and local agencies, any affected Indian tribe, the applicant, and other interested persons;
- Determines the actions, alternatives, and impacts described in 40 CFR 1508.25;
- Identifies and eliminates from detailed study those issues that are not significant or that have been covered elsewhere;
- Allocates responsibility for preparing EIS components;
- Indicates any related environmental assessments or environmental impact statements that are not part of the EIS;
- Identifies other relevant environmental review and consultation requirements;
- Indicates the relationship between timing of the environmental review and other aspects of the application process; and
- At its discretion, exercises options provided in 40 CFR 1501.7(b).

Once the scoping process is complete, the Coast Guard will prepare a draft EIS, and we will publish a **Federal Register** notice announcing its public availability. If you want to be mailed or emailed the draft EIS notice of availability, please contact the person named in **FOR FURTHER INFORMATION CONTACT**. We will provide the public with an opportunity to review and comment on the draft EIS. After the Coast Guard considers those comments, we will prepare the final EIS and similarly announce its availability and solicit public review and comment.

Dated: June 21, 2004.

Howard L. Hime,

Acting Director of Standards, Marine Safety, Security, and Environmental Protection, U.S. Coast Guard.

Raymond R. Barberesi,

Director, Office of Ports and Domestic Shipping, U.S. Maritime Administration.

[FR Doc. 04–14455 Filed 6–22–04; 1:21 pm]

BILLING CODE 4910–15–P

DEPARTMENT OF HOMELAND SECURITY

Federal Emergency Management Agency

[FEMA–1520–DR]

Indiana; Amendment No. 2 to Notice of a Major Disaster Declaration

AGENCY: Federal Emergency Management Agency, Emergency Preparedness and Response Directorate, Department of Homeland Security.

ACTION: Notice.

SUMMARY: This notice amends the notice of a major disaster declaration for the State of Indiana (FEMA–1520–DR), dated June 3, 2004, and related determinations.

DATES: *Effective Date:* June 17, 2004.

FOR FURTHER INFORMATION CONTACT: Magda Ruiz, Recovery Division, Federal Emergency Management Agency, Washington, DC 20472, (202) 646–2705.

SUPPLEMENTARY INFORMATION: The notice of a major disaster declaration for the State of Indiana is hereby amended to include the Public Assistance program for the following areas among those areas determined to have been adversely affected by the catastrophe declared a major disaster by the President in his declaration of June 3, 2004:

Benton, Clark, Crawford, Floyd, Harrison, Martin, Miami, Orange, Perry, Spencer, Tippecanoe, Warren, Warrick, and Washington Counties for Public Assistance (already designated for Individual Assistance.)

Greene and Owen Counties for Public Assistance.

(The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund Program; 97.032, Crisis Counseling; 97.033, Disaster Legal Services Program; 97.034, Disaster Unemployment

Rhodes, Rick

From: [redacted]
Sent: Friday, June 25, 2004 2:07 PM
To: Rhodes, Rick; Trimble, John
Subject: [redacted]

285191_web.url
(396 B)

Rick/John:
We enjoyed the visit yesterday. Here's is a link to information in the Federal Register about upcoming public meetings in Alabama and Mississippi regarding our project. Any public support that you may be able to provide to us going forward will be appreciated. Thanks.

http://dmses.dot.gov/docimages/pdf89/285191_web.pdf

[redacted]

CONFIDENTIAL

PEF 001059
Docket No. 041414-EI

Rhodes, Rick

From: [redacted]
Sent: Wednesday, June 23, 2004 3:17 PM
To: Rhodes, Rick
Cc:
Subject: [redacted]

CONFIDENTIAL

ProgressEnergyFL6-24-04.doc (3...

Rick,

[redacted] is on the road so he asked me to send this out.
In addition, I work with [redacted] on deals around are LNG Projects.

[redacted] would like to pursue discussions on a [redacted] as we have outlined in the attached response.

I am sending this today so you will have it before [redacted] comes in tomorrow.

We look forward to pursuing this opportunity.

Thanks,
[redacted]

<<ProgressEnergyFL6-24-04.doc>>

[redacted]
Gas & Power Marketing

June 24, 2004

Mr. Rick Rhodes
Progress Energy Inc.
P.O. Box 1551 – PEB 10A
Raleigh, NC 27602

CONFIDENTIAL

Re: [redacted]

Dear Rick:

REDACTED

REDACTED

CONFIDENTIAL

POD #23

Caldwell, Rob

From: Varagona, Michael J (Mike) [Mike.Varagona@ElPaso.com]
Sent: Friday, May 21, 2004 3:30 PM
To: Caldwell, Rob
Subject: FW: SNG / FGT Transport Proposal

From: Varagona, Michael J (Mike)
Sent: Friday, May 21, 2004 2:28 PM
To: 'pam.murphy@pgnmail.com'
Cc: Hughes, Bruce H; 'Jack.Boatman@CrossCountryEnergy.com'
Subject: SNG / FGT Transport Proposal

Rob and Pam - attached above are the presentation materials that we are planning on discussing with you on Wednesday. Please take a look and feel free to give either me or Bruce a call if you have any questions. We look forward to seeing you on Wednesday.

Regards

Mike Varagona
Ph. (205) 325-7185 (Bham)
Fax (205) 325-3787
Cell (205) 908-7056
Email Mike.Varagona@ElPaso.com

CONFIDENTIAL

IMPORTANT NOTICE:

The information in this email is confidential and may be legally privileged. It is intended solely for the addressee. Access to this email by anyone else is unauthorized. If you are not the intended recipient, any disclosure, copying, distribution or any action taken or omitted to be taken in reliance on it, is prohibited and may be unlawful.

****
This email and any files transmitted with it from the ElPaso
Corporation are confidential and intended solely for the
use of the individual or entity to whom they are addressed.
If you have received this email in error please notify the
sender.
****

CONFIDENTIAL

Progress / [redacted] / [redacted] / [redacted]
Meeting in Raleigh

Hines 4 Project
May 26, 2004

PEF 001064
Docket No. 041414-EI

Attendees

- Rob Caldwell — Progress — (919) 546-4552
- Pam Murphy — Progress — (919) 546-4553
- [redacted]



PEF 001065
Docket No. 041414-EI

CONFIDENTIAL

C:\MJV\Progress 5-26-04.ppt

REDACTED

PEF 001067
Docket No. 041414-EI

REDACTED

PEF 001068
Docket No. 041414-EI

REDACTED

PEF 001069
Docket No. 041414-EI

REDACTED

PEF 001070
Docket No. 041414-EI

REDACTED

PEF 001071
Docket No. 041414-EI

REDACTED

PEF 001072
Docket No. 041414-EI

REDACTED

PEF 001073
Docket No. 041414-EI

REDACTED

PEF 001074
Docket No. 041414-EI

REDACTED

PEF 001075
Docket No. 041414-EI

REDACTED

PEF 001076
Docket No. 041414-EI

REDACTED

PEF 001077
Docket No. 041414-EI

REDACTED

PEF 001078
Docket No. 041414-EI

Caldwell, Rob

CONFIDENTIAL

From: Mazo, Gary
Sent: Thursday, November 11, 2004 10:19 AM
To: Caldwell, Rob; Schiller, Frank; Byone, Steve
Cc: McCallister, Joseph; Daly, John; McQuade, Mark; Murphy, Pam (CP&L); Torres, Pete; Bechard, Gary
Subject: [redacted]

As follow up to the meeting last week regarding [redacted] the credit group performed a detail review of [redacted] 2003 10-K and 6/30/04 10-Q.

The main driver of [redacted]' weak credit ratings is its affiliation with [redacted] [redacted] is rated CCC+ by S&P and Moody's and are on negative watch for further downgrades. Moody's KMV a service that uses predictive analytics to assess credit risk rates [redacted] over 50 times riskier than the S&P median and the 4th riskiest firm in the S&P 500 index.

[redacted] states in its filings "Due to our relationship with [redacted] adverse developments or announcements concerning [redacted] could adversely affect our financial condition, even if we have not suffered any similar development". [redacted] further discloses "If [redacted] were the subject of a voluntary or involuntary bankruptcy proceedings, *El Paso and its other subsidiaries and their creditors could attempt to make claims against us, including claims to* substantively consolidate our assets and liabilities with those of [redacted] and its other subsidiaries." In that event, "...there could be a material adverse effect on our financial condition and our liquidity"

This is important because [redacted] has substantial control over [redacted] payment of dividends, decisions about financings and capital raising activities, mergers and other business combinations, acquisition and disposition of assets and participation in [redacted] cash management program. The 10-K states, [redacted] may exercise such control in its interests and not necessarily in the interests of us or the holders of our long term debt." This control is highlighted by the following:

- [redacted] took a $600mm dividend in 2003. This resulted in reducing [redacted] equity by almost 40%.
- In 2003 $400mm in debt was added to [redacted] balance sheet
- All of [redacted] cash surpluses are sent to [redacted] as part of the cash management program. [redacted] maintains no cash and is currently owed $160mm from [redacted]
- $140mm of [redacted] assets [redacted] serve as collateral under [redacted] revolving credit facility.

A bankruptcy by [redacted] could have further impacts to [redacted] liquidity:

- Loss of a "significant potential liquidity" through the [redacted] cash management program
- "No assurance that [redacted] could repay amounts owed to us" requiring write-offs that could have a "material impact on our stockholders equity". Such a write-off "...could prohibit us from incurring additional debt..."

What does all this mean? Even though [redacted] is a profitable entity with positive cash flows from operations, it financial resources are being drained by their parent company [redacted] As a result, you can not look at [redacted] credit with out taking into account their relationship with [redacted] (this is why the major rating agencies rate them as a B). We see 3 likely outcomes for [redacted]

- As part of [redacted] restructuring, [redacted] is sold to a stronger player in the industry
- Claims are made against [redacted] in an [redacted] bankruptcy proceeding
- [redacted] is forced to enter bankruptcy (at least for a short time) after an [redacted] bankruptcy because they have no short term liquidity to pay creditors or service debt

As far as probabilities of bankruptcy, we got some additional predictive information from Moody's KMV to go along with the historical default rates we also got from Moody's. With this information we have come up with some ranges of bankruptcy probabilities. Please note that once you get past 10 years the data is less reliable as we must extrapolate the curves.

1 year - 6 to 7 percent
5 years - 18 to 30 percent
10 years - 23 to 43 percent
20 years - 50 to 76 percent

Keep in mind, these percentages do not represent the probabilities of [redacted] not performing under the [redacted] contract. They only represent the probabilities of [redacted] declaring bankruptcy. Many companies operate in bankruptcy. However, it does increase the risk that unfavorable contacts are set aside by the courts.

If anyone has additional question let me know.

Gary P. Mazo
Manager - Progress Ventures Credit
Enterprise Risk Management Department
Progress Energy Service Company, LLC
Phone - (919) 546-7189
Cell - (919) 812-1898

CONFIDENTIAL

Caldwell, Rob

From: [redacted]
Sent: Wednesday, July 07, 2004 3:34 PM
To: Caldwell, Rob
Cc: Rhodes, Rick; Murphy, Pam (CP&L)
Subject: [redacted]

CONFIDENTIAL

Rob,

I understand your team is taking a hard look at our project, the Bahama projects and Gulfstream. We have spent a considerable amount of time discussing the merits of our project. We believe the combination of [redacted] firm transportation capacity offers significant flexibility and value to Progress at a competitive rate. In addition, we feel [redacted] has really stepped up to support the project by offering Progress an attractive supply deal and by committing to take a substantial portion of firm transportation capacity on [redacted] to support the project scope requirements.

Attached are three charts which attempt to distinguish our project from the Bahama projects. You probably have a better perspective than we do on the schedule risk, but the charts reflect our view. [redacted] is probably better informed than either of us on gas supply matters and she has shared her views with you and us. On the Bahama project economics, we can see the attraction of a landed price in south Florida in the fifty cent range for [redacted] but it is not clear to us if that is sufficient to attract gas supply. Furthermore, if [redacted] requires a rate comparable to the proposed Progress rate from either the [redacted] interconnection or any of the proposed Bahama project interconnections as we understand they will, we do not believe any of the Bahama projects offer significant commercial advantages in the Tampa area.

[redacted]

****
This email and any files transmitted with it from the ElPaso Corporation are confidential and intended solely for the use of the individual or entity to whom they are addressed. If you have received this email in error please notify the sender.
****

Elba Advantages

July 7, 2004



Southern Natural Gas
an El Paso company

PEF 001082
Docket No. 041414-EI

REDACTED

PEF 001083
Docket No. 041414-EI

REDACTED

PEF 001084
Docket No. 041414-EI

REDACTED

PEF 001085
Docket No. 041414-EI

Caldwell, Rob

From: Murphy, Pam (CP&L)
Sent: Thursday, May 20, 2004 10:25 AM
To: Caldwell, Rob
Subject: [redacted]

Importance: High

That's fine. I can set up the meeting here. Also attached is hopefully the final version of the analysis you requested. I asked John to add one more scenario which is [redacted] as well as to match up the TECO volumes with their actual proposal and raise the [redacted] volumes to [redacted] Dth so that it would equal [redacted] under the [redacted]



Please review
'Supply Options ...

In addition, I am working with the attorneys to be sure that the max cost rate for Hines 4 is the [redacted] OR the total cost when you multiply the volumes times the rate times 365 days based on the evaluation that was conducted on the RFP proposals. Another concern I have is tying the extra volumes in 2009 forward [redacted] with the Hines 4 Precedent Agreement when the evaluation and cost was based on a lower volume.

The original [redacted] proposal was delivered to us using the following volumes: [redacted] round on Cypress in 2007 [redacted] year round in 2008 and [redacted] year round in 2009. [redacted] was [redacted] May-Sept and [redacted] October-April in 2007, [redacted] May-Sept and [redacted] in October-April in 2008 and [redacted] May-Sept and [redacted] October-April in 2009.

I want to be sure you are aware that the volumes we are looking at are [redacted] in 2008 and then [redacted] in 2009 forward. We cannot do the [redacted] day scenario. I did discuss with Javier if there was a risk to start the [redacted] in 2007 and we both thought we could sell that to the Public Staff and the Commission.

Pam

CONFIDENTIAL

-----Original Message-----
From: Caldwell, Rob
Sent: Wednesday, May 19, 2004 1:12 PM
To: Murphy, Pam (CP&L)
Subject: [redacted]

Pam, I just talked to [redacted] They would like to come up on Weds 5/26 8 to 10am , with [redacted] to take a final shot at seeing if we can make it work. We need to be ready before then to with our position or potential solutions, if any. Let's get our internal team together before then and finalize our analysis and thoughts. I believe this is going to be the go or no-go decisions for [redacted] and [redacted] Please call if you would like to discuss. Thanks. Rob

Murphy, Pam (CP&L)

From: [redacted]
Sent: Wednesday, July 07, 2004 3:34 PM
To: Caldwell, Rob
Cc: Rhodes, Rick; Murphy, Pam (CP&L)
Subject: [redacted] Advantages

Rob,

I understand your team is taking a hard look at our project, the Bahama projects and Gulfstream. We have spent a considerable amount of time discussing the merits of our project. We believe the combination of [redacted] firm transportation capacity offers significant flexibility and value to Progress at a competitive rate. In addition, we fee[redacted] has really stepped up to support the project by offering Progress an attractive supply deal and by committing to take a substantial portion of firm transportation capacity on [redacted] to support the project scope requirements.

Attached are three charts which attempt to distinguish our project from the Bahama projects. You probably have a better perspective than we do on the schedule risk, but the charts reflect our view. [redacted] is probably better informed than either of us on gas supply matters and she has shared her views with you and us. On the Bahama project economics, we can see the attraction of a landed price in south Florida in the fifty cent range for [redacted] but it is not clear to us if that is sufficient to attract gas supply. Furthermore, if [redacted] requires a rate comparable to the proposed Progress rate from either the [redacted] interconnection or any of the proposed Bahama project interconnections as we understand they will, we do not believe any of the Bahama projects offer significant commercial advantages in the Tampa area.

[redacted] CONFIDENTIAL

****
This email and any files transmitted with it from the ElPaso Corporation are confidential and intended solely for the use of the individual or entity to whom they are addressed. If you have received this email in error please notify the sender.
****

REDACTED

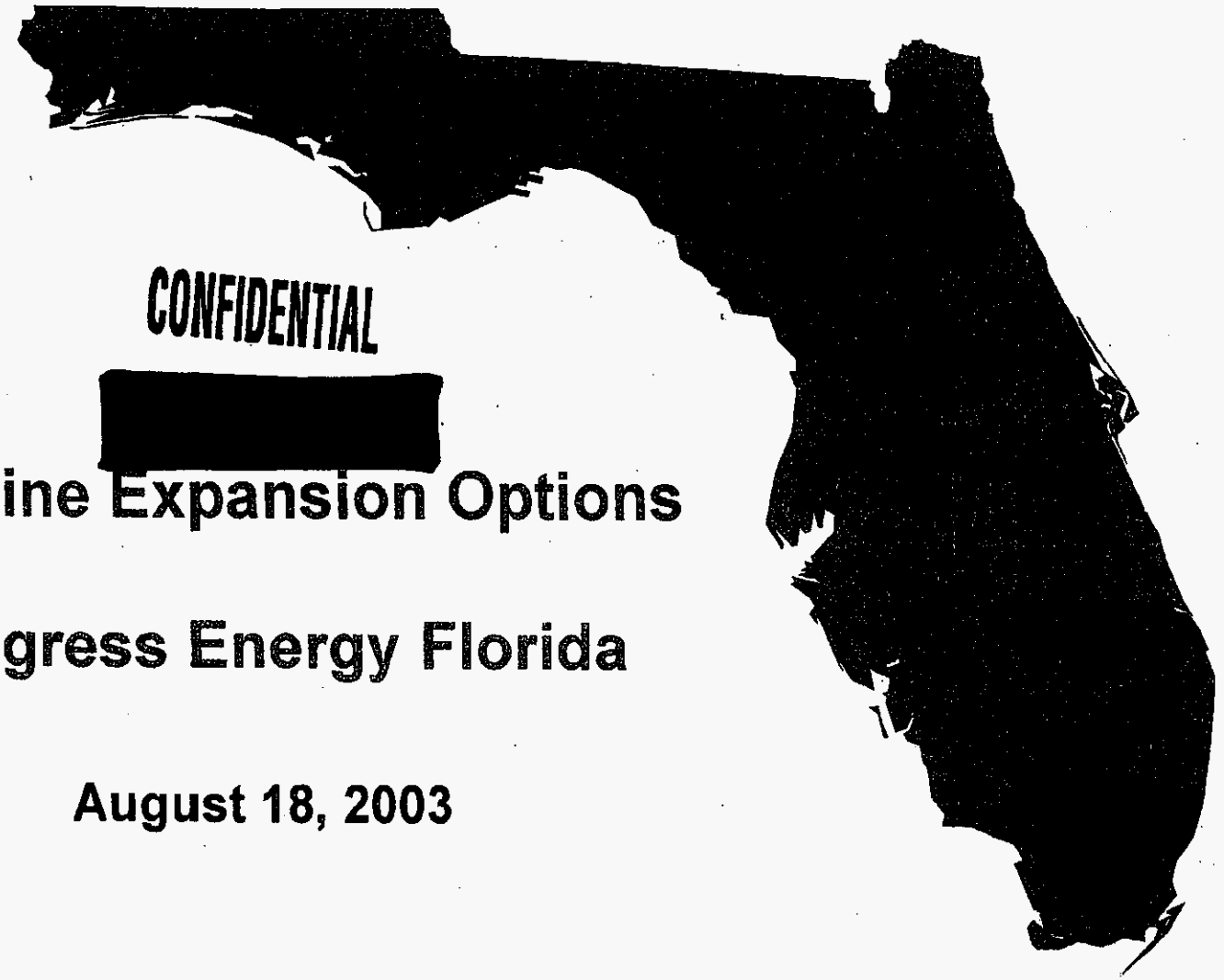
PEF 001089
Docket No. 041414-EI

REDACTED

PEF 001090
Docket No. 041414-EI

REDACTED

PEF 001091
Docket No. 041414-EI



CONFIDENTIAL

[redacted]

Pipeline Expansion Options

Progress Energy Florida

August 18, 2003

PEF 001092
Docket No. 041414-EI

REDACTED

PEF 001093
Docket No. 041414-EI

REDACTED

PEF 001094
Docket No. 041414-EI

REDACTED

PEF 001095
Docket No. 041414-EI

Rhodes, Rick

From: [redacted]
Sent: Friday, January 21, 2005 10:03 AM
To: Rhodes, Rick
Cc: [redacted]
Subject: [redacted] Cypress Testimony

Per your conversation with [redacted] yesterday, see the middle schedule. Please call [redacted] if you need additional information. Thanks.

[redacted]

CONFIDENTIAL

****
This email and any files transmitted with it from the [redacted]
Corporation are confidential and intended solely for the
use of the individual or entity to whom they are addressed.
If you have received this email in error please notify the
sender.
****

Rhodes, Rick

From: [redacted]
Sent: Friday, January 21, 2005 10:03 AM
To: Rhodes, Rick
Cc: [redacted]
Subject: [redacted] Cypress Testimony

Per your conversation with [redacted] yesterday, see the middle schedule. Please cal[redacted] if you need additional information. Thanks.

[redacted]

CONFIDENTIAL

****
This email and any files transmitted with it from the [redacted]
Corporation are confidential and intended solely for the
use of the individual or entity to whom they are addressed.
If you have received this email in error please notify the
sender.
****

FPSC DOCKET NO.

IN RE: PROGRESS ENERGY FLORIDA, INC.'S PETITION FOR APPROVAL OF LONG-TERM FUEL SUPPLY AND TRANSPORTATION CONTRACTS FOR HINES UNIT 4 AND ADDITIONAL SYSTEM SUPPLY AND TRANSPORTATION

DIRECT TESTIMONY OF [redacted] ON BEHALF OF [redacted] AND PROGRESS ENERGY FLORIDA, INC.

CONFIDENTIAL

I. INTRODUCTION AND QUALIFICATIONS

1 [redacted]
2 [redacted]
3 [redacted]
4 [redacted]
5 [redacted]
6
7 [redacted]
8 [redacted]
9 [redacted]
10 [redacted]
11 [redacted]
12
13 [redacted]

REDACTED

PEF 001099
Docket No. 041414-EI

REDACTED

PEF 001100
Docket No. 041414-EI

REDACTED

PEF 001101
Docket No. 041414-EI

REDACTED

PEF 001102
Docket No. 041414-EI

REDACTED

PEF 001103
Docket No. 041414-EI

REDACTED

PEF 001104
Docket No. 041414-EI

REDACTED

PEF 001105
Docket No. 041414-EI

REDACTED

PEF 001106
Docket No. 041414-EI

REDACTED

PEF 001107
Docket No. 041414-EI

REDACTED

PEF 001108
Docket No. 041414-EI

Rhodes, Rick

From: [redacted]
Sent: Wednesday, September 01, 2004 3:08 PM
To: Caldwell, Rob; Murphy, Pam (CP&L); Rhodes, Rick
Cc: [redacted]
Subject: Draft Precedent Agreement

Attached for your review is our latest version of the draft Precedent Agreement between [redacted] and Progress Energy Florida, Inc. for Hines IV. We believe this version reflects most of the changes that we have been discussing over the last several days. We are also working on a conforming System Supply Agreement and should have that document available for your review before the end of the week. We look forward to sitting down with you face to face in Raleigh next week to hammer out any remaining differences. Please feel free to call me on [redacted] if you have any questions.

<<PRECEDENT AGREEMENT-Progress 09-01-2004.doc>>

Regards

[redacted]

CONFIDENTIAL

IMPORTANT NOTICE:

The information in this email is confidential and may be legally privileged. It is intended solely for the addressee. Access to this email by anyone else is unauthorized. If you are not the intended recipient, any disclosure, copying, distribution or any action taken or omitted to be taken in reliance on it, is prohibited and may be unlawful.

****
This email and any files transmitted with it from the [redacted] Corporation are confidential and intended solely for the use of the individual or entity to whom they are addressed. If you have received this email in error please notify the sender.
****

PRECEDENT AGREEMENT
BY AND BETWEEN

[redacted]

AND

[redacted]

CONFIDENTIAL

DATED: September 1, 2004 Deleted: June 11

DRAFT 9-1-2004

REDACTED

PEF 001111
Docket No. 041414-EI

REDACTED

PEF 001112
Docket No. 041414-EI

REDACTED

PEF 001113
Docket No. 041414-EI

REDACTED

PEF 001114
Docket No. 041414-EI

REDACTED

PEF 001115
Docket No. 041414-EI

REDACTED

PEF 001116
Docket No. 041414-EI

REDACTED

PEF 001117
Docket No. 041414-EI

REDACTED

PEF 001118
Docket No. 041414-EI

REDACTED

PEF 001119
Docket No. 041414-EI

REDACTED

PEF 001120
Docket No. 041414-EI

REDACTED

PEF 001121
Docket No. 041414-EI

REDACTED

PEF 001122
Docket No. 041414-EI

REDACTED

PEF 001123
Docket No. 041414-EI

REDACTED

PEF 001124
Docket No. 041414-EI

REDACTED

PEF 001125
Docket No. 041414-EI

REDACTED

PEF 001126
Docket No. 041414-EI

REDACTED

PEF 001127
Docket No. 041414-EI

REDACTED

PEF 001128
Docket No. 041414-EI

REDACTED

PEF 001129
Docket No. 041414-EI

REDACTED

PEF 001130
Docket No. 041414-EI

REDACTED

PEF 001131
Docket No. 041414-EI

REDACTED

PEF 001132
Docket No. 041414-EI

REDACTED

PEF 001133
Docket No. 041414-EI

REDACTED

PEF 001134
Docket No. 041414-EI

REDACTED

PEF 001135
Docket No. 041414-EI

REDACTED

PEF 001136
Docket No. 041414-EI

Rhodes, Rick

From: [redacted]
Sent: Friday, July 16, 2004 2:59 PM
To: Rhodes, Rick
Cc: Murphy, Pam (CP&L); [redacted]
Subject: Cypress Cost Build-Up

Rick - I apologize for the delay in getting this to you, but attached is our most recent estimate of the cost build-up for the Cypress project. You had requested this schedule in order to evaluate the termination language in sections 3, 4, & 5 of the proposed Precedent Agreement. I hope this helps to illustrate the termination exposure profile. Feel free to give me a call if you have any questions.

<<Cypress Cost Build-Up.xls>>

Regards

[redacted]

CONFIDENTIAL

IMPORTANT NOTICE:

The information in this email is confidential and may be legally privileged. It is intended solely for the addressee. Access to this email by anyone else is unauthorized. If you are not the intended recipient, any disclosure, copying, distribution or any action taken or omitted to be taken in reliance on it, is prohibited and may be unlawful.

****

This email and any files transmitted with it from the [redacted] Corporation are confidential and intended solely for the use of the individual or entity to whom they are addressed. If you have received this email in error please notify the sender.

****

Cypres Cost Projections as of 7/12/2004

	Month	Cost w/o AFUDC	Cumulative
	Mar-04	[redacted]	[redacted]
	Apr-04		
	May-04		
	Jun-04		
	Jul-04		
	Aug-04		
	Sep-04		
Board Approvals	Oct-04		
	Nov-04		
	Dec-04		
	Jan-05		
	Feb-05		
	Mar-05		
	Apr-05		
	May-05		
	Jun-05		
	Jul-05		
	Aug-05		
	Sep-05		
Preliminary Determination	Oct-05		
	Nov-05		
	Dec-05		
	Jan-06		
	Feb-06		
	Mar-06		
	Apr-06		
Final Determination	May-06		
	Jun-06		
	Jul-06		
	Aug-06		
	Sep-06		
	Oct-06		
	Nov-06		
	Dec-06		
	Jan-07		
	Feb-07		
	Mar-07		
	Apr-07		
	May-07		
	Jun-07		
		$210,586,501	

CONFIDENTIAL

Rhodes, Rick

From: [redacted]
Sent: Tuesday, July 13, 2004 12:41 PM
To: Murphy, Pam (CP&L); Rhodes, Rick
Cc: [redacted]
Subject: FW: Cypress Precedent Agreement

I understand that we had an email transmission problem yesterday. In case you did not receive the documents, I am resending them. Sorry for the problem.

Regards

[redacted]

CONFIDENTIAL

IMPORTANT NOTICE:

The information in this email is confidential and may be legally privileged. It is intended solely for the addressee. Access to this email by anyone else is unauthorized. If you are not the intended recipient, any disclosure, copying, distribution or any action taken or omitted to be taken in reliance on it, is prohibited and may be unlawful.

From: [redacted]
Sent: Monday, July 12, 2004 6:03 PM
To: Rhodes, Rick ; 'pam.murphy@pgnmail.com'
Cc: [redacted]
Subject: RE: Cypress Precedent Agreement

Please find attached [redacted] comments to the comments that you sent us on June 25. Please let us know if you have any further comments and when you would like to discuss. I have made parallel changes to the Hines and system supply agreements. psf

From: [redacted]
Sent: Friday, June 25, 2004 12:20 PM
To: [redacted]
Subject: FW: Cypress Precedent Agreement
Importance: High

-----Original Message-----
From: Rhodes, Rick [mailto:Rick.Rhodes@pgnmail.com]
Sent: Friday, June 25, 2004 11:56 AM
To: [redacted]
Cc: Murphy, Pam (CP&L); Adams, Melanie; Trimble, John; Larger, Pam; Jim Jeffries
Subject: Cypress Precedent Agreement

Importance: High

[redacted]

Attached are FPC's red-lined suggested changes for the Cypress PA. Note that the same structural changes we suggested for this PA will apply to the 2nd agreement. Feel free to give us a call with any questions.

Rick Rhodes
Term Gas Lead
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

****
This email and any files transmitted with it from the [redacted] Corporation are confidential and intended solely for the use of the individual or entity to whom they are addressed. If you have received this email in error please notify the sender.
****

CONFIDENTIAL

PRECEDENT AGREEMENT
BY AND BETWEEN

[redacted]

AND

[redacted]

CONFIDENTIAL

DATED: July 29, 2004 Deleted: June 11

DRAFT 6-2-2004

REDACTED

PEF 001142
Docket No. 041414-EI

REDACTED

PEF 001143
Docket No. 041414-EI

REDACTED

PEF 001144
Docket No. 041414-EI

REDACTED

PEF 001145
Docket No. 041414-EI

REDACTED

PEF 001146
Docket No. 041414-EI

REDACTED

PEF 001147
Docket No. 041414-EI

REDACTED

PEF 001148
Docket No. 041414-EI

REDACTED

PEF 001149
Docket No. 041414-EI

REDACTED

PEF 001150
Docket No. 041414-EI

REDACTED

PEF 001151
Docket No. 041414-EI

REDACTED

PEF 001152
Docket No. 041414-EI

REDACTED

PEF 001153
Docket No. 041414-EI

REDACTED

PEF 001154
Docket No. 041414-EI

REDACTED

PEF 001155
Docket No. 041414-EI

REDACTED

PEF 001156
Docket No. 041414-EI

REDACTED

PEF 001157
Docket No. 041414-EI

REDACTED

PEF 001158
Docket No. 041414-EI

REDACTED

PEF 001159
Docket No. 041414-EI

REDACTED

PEF 001160
Docket No. 041414-EI

REDACTED

PEF 001161
Docket No. 041414-EI

REDACTED

PEF 001162
Docket No. 041414-EI

REDACTED

PEF 001163
Docket No. 041414-EI

REDACTED

PEF 001164
Docket No. 041414-EI

REDACTED

PEF 001165
Docket No. 041414-EI

REDACTED

PEF 001166
Docket No. 041414-EI

REDACTED

PEF 001167
Docket No. 041414-EI

REDACTED

PEF 001168
Docket No. 041414-EI

PRECEDENT AGREEMENT
BY AND BETWEEN

CONFIDENTIAL

[redacted]

AND

[redacted]

Deleted: ,

Deleted: L.P

DATED: July 29, 2004

Deleted: June 11

DRAFT 6-2-2004

REDACTED

PEF 001170
Docket No. 041414-EI

REDACTED

PEF 001171
Docket No. 041414-EI

REDACTED

PEF 001172
Docket No. 041414-EI

REDACTED

PEF 001173
Docket No. 041414-EI

REDACTED

PEF 001174
Docket No. 041414-EI

REDACTED

PEF 001175
Docket No. 041414-EI

REDACTED

PEF 001176
Docket No. 041414-EI

REDACTED

PEF 001177
Docket No. 041414-EI

REDACTED

PEF 001178
Docket No. 041414-EI

REDACTED

PEF 001179
Docket No. 041414-EI

PRECEDENT AGREEMENT
BY AND BETWEEN

[redacted]

AND

[redacted]

CONFIDENTIAL

DATED: June 11, 2004

DRAFT 6-2-2004

REDACTED

PEF 001181
Docket No. 041414-EI

REDACTED

PEF 001182
Docket No. 041414-EI

REDACTED

PEF 001183
Docket No. 041414-EI

REDACTED

PEF 001184
Docket No. 041414-EI

REDACTED

PEF 001185
Docket No. 041414-EI

REDACTED

PEF 001186
Docket No. 041414-EI

REDACTED

PEF 001187
Docket No. 041414-EI

REDACTED

PEF 001188
Docket No. 041414-EI

REDACTED

PEF 001189
Docket No. 041414-EI

REDACTED

PEF 001190
Docket No. 041414-EI

REDACTED

PEF 001191
Docket No. 041414-EI

REDACTED

PEF 001192
Docket No. 041414-EI

REDACTED

PEF 001193
Docket No. 041414-EI

REDACTED

PEF 001194
Docket No. 041414-EI

REDACTED

PEF 001195
Docket No. 041414-EI

REDACTED

PEF 001196
Docket No. 041414-EI

REDACTED

PEF 001197
Docket No. 041414-EI

REDACTED

PEF 001198
Docket No. 041414-EI

REDACTED

PEF 001199
Docket No. 041414-EI

REDACTED

PEF 001200
Docket No. 041414-EI

REDACTED

PEF 001201
Docket No. 041414-EI

REDACTED

PEF 001202
Docket No. 041414-EI

REDACTED

PEF 001203
Docket No. 041414-EI

PRECEDENT AGREEMENT
BY AND BETWEEN

[redacted]

AND

[redacted]

CONFIDENTIAL

DATED: June 11, 2004

DRAFT 6-2-2004

REDACTED

PEF 001205
Docket No. 041414-EI

REDACTED

PEF 001206
Docket No. 041414-EI

REDACTED

PEF 001207
Docket No. 041414-EI

REDACTED

PEF 001208
Docket No. 041414-EI

REDACTED

PEF 001209
Docket No. 041414-EI

REDACTED

PEF 001210
Docket No. 041414-EI

REDACTED

PEF 001211
Docket No. 041414-EI

REDACTED

PEF 001212
Docket No. 041414-EI

REDACTED

PEF 001213
Docket No. 041414-EI

REDACTED

PEF 001214
Docket No. 041414-EI

REDACTED

PEF 001215
Docket No. 041414-EI

REDACTED

PEF 001216
Docket No. 041414-EI

REDACTED

PEF 001217
Docket No. 041414-EI

REDACTED

PEF 001218
Docket No. 041414-EI

REDACTED

PEF 001219
Docket No. 041414-EI

REDACTED

PEF 001220
Docket No. 041414-EI

REDACTED

PEF 001221
Docket No. 041414-EI

REDACTED

PEF 001222
Docket No. 041414-EI

REDACTED

PEF 001223
Docket No. 041414-EI

REDACTED

PEF 001224
Docket No. 041414-EI

REDACTED

PEF 001225
Docket No. 041414-EI

REDACTED

PEF 001226
Docket No. 041414-EI

REDACTED

PEF 001227
Docket No. 041414-EI

REDACTED

PEF 001228
Docket No. 041414-EI

PRECEDENT AGREEMENT
BY AND BETWEEN

[redacted]

AND

[redacted]

CONFIDENTIAL

DATED: _____

REDACTED

PEF 001230
Docket No. 041414-EI

REDACTED

PEF 001231
Docket No. 041414-EI

REDACTED

PEF 001232
Docket No. 041414-EI

REDACTED

PEF 001233
Docket No. 041414-EI

REDACTED

PEF 001234
Docket No. 041414-EI

REDACTED

PEF 001235
Docket No. 041414-EI

REDACTED

PEF 001236
Docket No. 041414-EI

REDACTED

PEF 001237
Docket No. 041414-EI

REDACTED

PEF 001238
Docket No. 041414-EI

REDACTED

PEF 001239
Docket No. 041414-EI

REDACTED

PEF 001240
Docket No. 041414-EI

REDACTED

PEF 001241
Docket No. 041414-EI

REDACTED

PEF 001242
Docket No. 041414-EI

REDACTED

PEF 001243
Docket No. 041414-EI

REDACTED

PEF 001244
Docket No. 041414-EI

REDACTED

PEF 001245
Docket No. 041414-EI

REDACTED

PEF 001246
Docket No. 041414-EI

REDACTED

PEF 001247
Docket No. 041414-EI

REDACTED

PEF 001248
Docket No. 041414-EI

REDACTED

PEF 001249
Docket No. 041414-EI

REDACTED

PEF 001250
Docket No. 041414-EI

REDACTED

PEF 001251
Docket No. 041414-EI

REDACTED

PEF 001252
Docket No. 041414-EI

PRECEDENT AGREEMENT
BY AND BETWEEN

[redacted]

AND

[redacted]

CONFIDENTIAL

DATED: _____

REDACTED

PEF 001254
Docket No. 041414-EI

REDACTED

PEF 001255
Docket No. 041414-EI

REDACTED

PEF 001256
Docket No. 041414-EI

REDACTED

PEF 001257
Docket No. 041414-EI

REDACTED

PEF 001258
Docket No. 041414-EI

REDACTED

PEF 001259
Docket No. 041414-EI

REDACTED

PEF 001260
Docket No. 041414-EI

REDACTED

PEF 001261
Docket No. 041414-EI

REDACTED

PEF 001262
Docket No. 041414-EI

REDACTED

PEF 001263
Docket No. 041414-EI

REDACTED

PEF 001264
Docket No. 041414-EI

REDACTED

PEF 001265
Docket No. 041414-EI

REDACTED

PEF 001266
Docket No. 041414-EI

REDACTED

PEF 001267
Docket No. 041414-EI

REDACTED

PEF 001268
Docket No. 041414-EI

REDACTED

PEF 001269
Docket No. 041414-EI

REDACTED

PEF 001270
Docket No. 041414-EI

REDACTED

PEF 001271
Docket No. 041414-EI

REDACTED

PEF 001272
Docket No. 041414-EI

REDACTED

PEF 001273
Docket No. 041414-EI

REDACTED

PEF 001274
Docket No. 041414-EI

REDACTED

PEF 001275
Docket No. 041414-EI

REDACTED

PEF 001276
Docket No. 041414-EI

CONFIDENTIAL

Progress [redacted] Meeting in Raleigh

Hines 4 Project
May 26, 2004

PEF 001277
Docket No. 041414-EI

CONFIDENTIAL

Attendees

- Rob Caldwell — Progress — (919) 546-4552
- Pam Murphy — Progress — (919) 546-4553
- [redacted]



Agenda

- Review commitment level and cost to-date
- New [redacted] Proposal
- Comparative Analysis
- Timeline
- Next Steps

CONFIDENTIAL

REDACTED

PEF 001280
Docket No. 041414-EI

REDACTED

PEF 001281
Docket No. 041414-EI

REDACTED

PEF 001282
Docket No. 041414-EI

REDACTED

PEF 001283
Docket No. 041414-EI

REDACTED

PEF 001284
Docket No. 041414-EI

REDACTED

PEF 001285
Docket No. 041414-EI

REDACTED

PEF 001286
Docket No. 041414-EI

REDACTED

PEF 001287
Docket No. 041414-EI

REDACTED

PEF 001288
Docket No. 041414-EI

REDACTED

PEF 001289
Docket No. 041414-EI

REDACTED

PEF 001290
Docket No. 041414-EI

REDACTED

PEF 001291
Docket No. 041414-EI

POD #24
CONFIDENTIAL

Rhodes, Rick

From: [redacted]
Sent: Tuesday, October 05, 2004 11:30 AM
To: Murphy, Pam (CP&L); Rhodes, Rick; McQuade, Mark; jim.jeffries@nelsonmullins.com
Subject: FW: FTS-2 Service and Related Agreements for Progress Energy
Importance: High

Updated agreements are attached below reflecting the changes we discussed yesterday.

Please call if any questions or you wish to discuss.

-----Original Message-----
From: McCoppin, Dorothy
Sent: Tuesday, October 05, 2004 10:17 AM
To: [redacted]
Cc: Hayes, Robert; Kilmer III, Robert; Fossum, Drew
Subject: FTS-2 Service and Related Agreements for Progress Energy
Importance: High

CONFIDENTIAL

[redacted]

Here are the service agreements for the proposed service, revised along the lines we discussed in our conference call yesterday, and our meeting this morning. Corrections (mainly clerical) were also made to the letter agreements, and they are attached as well.

--Dot

For summer service:

<<Cover-6-service agmt.doc>> <<FTS-v11-sum-10-05-04.doc>>

For winter service:

<<Discount-ltr-agr-9.doc>> <<FTS-v09-win-10-05-04.doc>>

****
This e-mail is the property of CrossCountry Energy, LLC and/or its relevant affiliate and may contain confidential and privileged material for the sole use of the intended recipient (s). Any review, use, distribution or disclosure by others is strictly prohibited. If you are not the intended recipient (or authorized to receive for the recipient), please contact the sender or reply to CrossCountry Energy, LLC at crosscountry.messaging.administration@crosscountryenergy.com and delete all copies of the message. This e-mail (and any attachments hereto) are not intended to be an offer (or an acceptance) and do not create or evidence a binding and enforceable contract between CrossCountry Energy, LLC (or any of its affiliates) and the intended recipient or any other party, and may not be relied on by anyone as the basis of a contract by estoppel or otherwise. Thank you.
****

Progress Energy

March 18, 2005

Mr. Frank J. Mercer, Receiver for Jefferson Power
1292 Timberlane Road
Tallahasee, FL 32312

Dear Mr. Mercer:

We are advising our Controller's Department to render payment to Jefferson Power, L.C. for As-Available energy purchased by Florida Power Corporation from Jefferson Power L.C. -- As Available during the period February 01, 2005 to February 11, 2005.

The twentieth business day for the month of March is 28-Mar-2005.

Energy	53.37 MWH	$2,377.75
Total Payment		$2,377.75

Sincerely,

Marc V. Colpo
marc.colpo@pgnmail.com
Business Financial Analyst
Progress Ventures Finance
(919) 546-7518

Attachments

October__, 2004 Deleted: September 21

Progress Energy Florida, Inc.
Attention: Ms. Pamela Murphy
P. O. Box 1551,
410 South Wilmington St., PEB10A
Raleigh, North Carolina27602-1551

Formatted: French (France)
Deleted: , PEB 10A

Re: Proposal for [redacted] by and between Florida Power Corporation, d/b/a Progress Energy Florida, Inc., [redacted]

CONFIDENTIAL

Dear Ms. Murphy:

Florida Power Corporation d/b/a Progress Energy Florida, Inc. ("Progress" or "Shipper") [redacted]

[redacted]

[redacted]

Deleted: September 21

[redacted]

Deleted: September

[redacted]

CONFIDENTIAL

[redacted]

FLORIDA POWER CORPORATION
d/b/a PROGRESS ENERGY FLORIDA, INC.

By:_____
Name:_____
Title:_____

Attachment

[redacted]

THIS AGREEMENT entered into this day ____ of _____, 2005 by and between [redacted]

Deleted: 4

[redacted]

WITNESSETH:

[redacted]

CONFIDENTIAL

[redacted]

ARTICLE I
Definitions

[redacted]

[redacted]

CONFIDENTIAL

ARTICLE II
Quantity

[redacted]

[redacted]

CONFIDENTIAL

ARTICLE III
Payment and Rights in the Event of Non-Payment

[redacted]

ARTICLE IV
Rates and Terms and Conditions of Service

[redacted]

REDACTED

PEF 001299
Docket No. 041414-EI

REDACTED

PEF 001300
Docket No. 041414-EI

REDACTED

PEF 001301
Docket No. 041414-EI

[redacted]

CONFIDENTIAL

ARTICLE V
Term of Agreement

[redacted]

Deleted: later of the

Deleted: or May 1, 2007

Deleted: commencement of service under this Agreement

Deleted: ;

[redacted]

CONFIDENTIAL

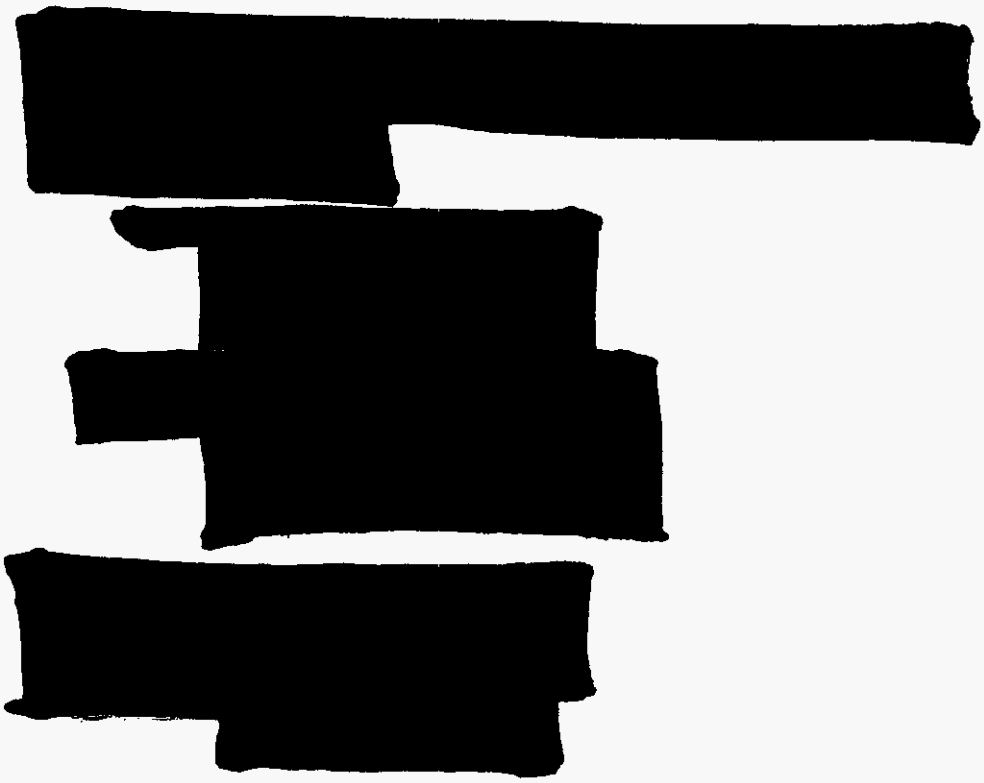
ARTICLE VI
Point(s) of Receipt and Delivery and Maximum Daily Quantities

[redacted]



CONFIDENTIAL

ARTICLE VII
Notices



CONFIDENTIAL

[redacted]

8.1 [redacted]

8.2 [redacted]

ARTICLE IX
Regulatory Authorizations and Approvals

[redacted]

ARTICLE X
Pressure

[redacted]

[redacted]

CONFIDENTIAL

ARTICLE XI
Other Provisions

[redacted]

REDACTED

PEF 001307
Docket No. 041414-EI

REDACTED

PEF 001308
Docket No. 041414-EI

[redacted]

CONFIDENTIAL

ARTICLE XII
Miscellaneous

[redacted]

[redacted]

CONFIDENTIAL

ARTICLE XIII
Superseding Prior Service Agreements

[redacted]

REDACTED

PEF 001311
Docket No. 041414-EI

REDACTED

PEF 001312
Docket No. 041414-EI

REDACTED

PEF 001313
Docket No. 041414-EI

REDACTED

PEF 001314
Docket No. 041414-EI

REDACTED

PEF 001315
Docket No. 041414-EI

REDACTED

PEF 001316
Docket No. 041414-EI

CONFIDENTIAL

October__, 2004

Deleted: September 21

Progress Energy Florida, Inc.
Attn: Ms. Pamela Murphy
P. O. Box 1551
410 South Wilmington St., PEB10A
Raleigh, NC 27601

Re: [redacted] lorida Power Corporation d/b/a Progress Energy

Dear Ms. Murphy:

[redacted]

Deleted: Shipper terminates

PEF 001317
Docket No. 041414-EI

REDACTED

PEF 001318
Docket No. 041414-EI

REDACTED

PEF 001319
Docket No. 041414-EI

[redacted]

THIS AGREEMENT entered into this the [redacted]

Deleted: 30th
Deleted:
Deleted: September

CONFIDENTIAL

WITNESSETH:

[redacted]

ARTICLE I
Definitions

[redacted]

[redacted]

CONFIDENTIAL

[redacted]

Formatted: Bullets and Numbering

ARTICLE II
Quantity

[redacted]

Deleted: effective date

[redacted]

[redacted]

CONFIDENTIAL

ARTICLE III
Payment and Rights in the Event of Non-Payment

[redacted]

Deleted: commencement of service hereunder

ARTICLE IV
Rates and Terms and Conditions of Service

[redacted]

Deleted: in-service date

REDACTED

PEF 001323
Docket No. 041414-EI

REDACTED

PEF 001324
Docket No. 041414-EI

REDACTED

PEF 001325
Docket No. 041414-EI

[redacted]

CONFIDENTIAL

ARTICLE V
Term of Agreement

[redacted]

[redacted]

CONFIDENTIAL

ARTICLE VI
Point(s) of Receipt and Delivery and Maximum Daily Quantities

[redacted]

[redacted]

ARTICLE VII
Notices

CONFIDENTIAL

[redacted]

[redacted]

ARTICLE VIII
Facilities

[redacted]

CONFIDENTIAL

ARTICLE IX
Regulatory Authorizations and Approvals

[redacted]

ARTICLE X
Pressure

[redacted]

[redacted]

CONFIDENTIAL

ARTICLE XI
Other Provisions

[redacted]

[redacted]

CONFIDENTIAL

ARTICLE XII
Miscellaneous

[redacted]

[redacted]

CONFIDENTIAL

ARTICLE XIII
Superseding Prior Service Agreements

[redacted]

REDACTED

PEF 001333
Docket No. 041414-EI

REDACTED

PEF 001334
Docket No. 041414-EI

REDACTED

PEF 001335
Docket No. 041414-EI

REDACTED

PEF 001336
Docket No. 041414-EI

REDACTED

PEF 001337
Docket No. 041414-EI

REDACTED

PEF 001338
Docket No. 041414-EI

Rhodes, Rick

CONFIDENTIAL

From: [redacted]
Sent: Wednesday, September 29, 2004 5:09 PM
To: jim.jeffries@nelsonmullins.com; McQuade, Mark; Murphy, Pam (CP&L); Rhodes, Rick
Cc: Hayes, Robert; Kilmer III, Robert; McCoppin, Dorothy
Subject: Revised Agreements
Importance: High

The attached drafts reflect acceptance of all changes submitted by Progress in the e-mail from Jim Jeffries last Friday Sept. 24th.

The red-lined changes indicated are [redacted] changes to those drafts (with all changes accepted), and include changes discussed in the conference call with Jim and Mark on Monday Sept. 27th.

Please call when you are available to discuss.

<<Progress Letter Agreement 092904.doc>> <<Progress Discount Letter Agreement 092904.doc>> <<Progress FTS-2 Summer 092904.doc>> <<Progress FTS-2 Winter 092904.doc>>

****
This e-mail is the property of [redacted] and/or its relevant affiliate and may contain confidential and privileged material for the sole use of the intended recipient (s). Any review, use, distribution or disclosure by others is strictly prohibited. If you are not the intended recipient (or authorized to receive for the recipient), please contact the sender or reply to [redacted] at crosscountry.messaging.administration[redacted] and delete all copies of the message. This e-mail (and any attachments hereto) are not intended to be an offer (or an acceptance) and do not create or evidence a binding and enforceable contract between [redacted] (or any of its affiliates) and the intended recipient or any other party, and may not be relied on by anyone as the basis of a contract by estoppel or otherwise. Thank you.
****

[redacted]

Formatted
Deleted: ___

CONFIDENTIAL

WITNESSETH:

[redacted]

ARTICLE I
Definitions

[redacted]

[redacted]

ARTICLE II
Quantity

CONFIDENTIAL

[redacted]

[redacted]

ARTICLE III
Payment and Rights in the Event of Non-Payment

CONFIDENTIAL

[redacted]

ARTICLE IV
Rates and Terms and Conditions of Service

[redacted]

Deleted: any obligations undertaken by Transporter outside of this Agreement

REDACTED

PEF 001343
Docket No. 041414-EI

REDACTED

PEF 001344
Docket No. 041414-EI

REDACTED

PEF 001345
Docket No. 041414-EI

[redacted]

ARTICLE V
Term of Agreement

[redacted]

CONFIDENTIAL

[redacted]

ARTICLE VI
Point(s) of Receipt and Delivery and Maximum Daily Quantities

[redacted]

CONFIDENTIAL

[redacted]

ARTICLE VII
Notices

[redacted]

CONFIDENTIAL

[redacted]

ARTICLE VIII
Facilities

[redacted]

ARTICLE IX
Regulatory Authorizations and Approvals

[redacted]

ARTICLE X
Pressure

[redacted]

ARTICLE XI
Other Provisions

CONFIDENTIAL

REDACTED

PEF 001350
Docket No. 041414-EI

[redacted]

ARTICLE XII
Miscellaneous

[redacted]

CONFIDENTIAL

[redacted]

Deleted: FLORIDA

ARTICLE XIII
Superseding Prior Service Agreements

[redacted]

CONFIDENTIAL

REDACTED

PEF 001353
Docket No. 041414-EI

REDACTED

PEF 001354
Docket No. 041414-EI

REDACTED

PEF 001355
Docket No. 041414-EI

REDACTED

PEF 001356
Docket No. 041414-EI

REDACTED

PEF 001357
Docket No. 041414-EI

REDACTED

PEF 001358
Docket No. 041414-EI

[redacted]

WITNESSETH:

[redacted]

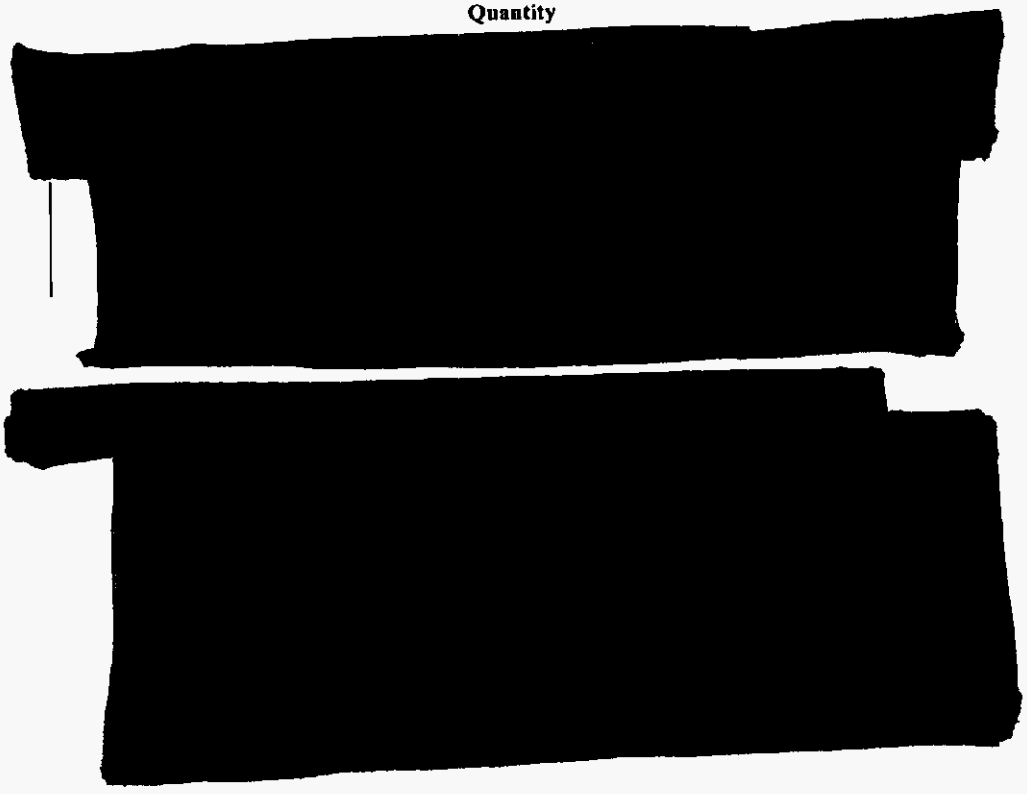
ARTICLE I
Definitions

[redacted]

CONFIDENTIAL



ARTICLE II
Quantity



CONFIDENTIAL

[redacted]

ARTICLE III
Payment and Rights in the Event of Non-Payment

[redacted]

ARTICLE IV
Rates and Terms and Conditions of Service

[redacted]

CONFIDENTIAL

REDACTED

PEF 001362
Docket No. 041414-EI

REDACTED

PEF 001363
Docket No. 041414-EI

REDACTED

PEF 001364
Docket No. 041414-EI

[redacted]

ARTICLE V
Term of Agreement

[redacted]

CONFIDENTIAL

[redacted]

ARTICLE VI
Point(s) of Receipt and Delivery and Maximum Daily Quantities

[redacted]

CONFIDENTIAL

[redacted]

ARTICLE VII
Notices

[redacted]

CONFIDENTIAL

[redacted]

ARTICLE VIII
Facilities

[redacted]

ARTICLE IX
Regulatory Authorizations and Approvals

CONFIDENTIAL

[redacted]

ARTICLE X
Pressure

[redacted]

ARTICLE XI
Other Provisions

[redacted]

CONFIDENTIAL

REDACTED

PEF 001370
Docket No. 041414-EI

REDACTED

PEF 001371
Docket No. 041414-EI

[redacted]

ARTICLE XII
Miscellaneous

[redacted]

CONFIDENTIAL

[redacted]

Deleted: FLORIDA

ARTICLE XIII
Superseding Prior Service Agreements

[redacted]

CONFIDENTIAL

September 30, 2004

CONFIDENTIAL

Progress Energy Florida, Inc.
Attention: Ms. Pamela Murphy
P. O. Box 1551, PEB 10A
Raleigh, North Carolina27602-1551

Re: [redacted] Florida Power Corporation, d/b/a Progress Energy Florida, Inc., [redacted]

Dear Ms. Murphy:

[redacted]

PEF 001374
Docket No. 041414-EI

REDACTED

PEF 001375
Docket No. 041414-EI

REDACTED

PEF 001376
Docket No. 041414-EI

REDACTED

PEF 001377
Docket No. 041414-EI

REDACTED

PEF 001378
Docket No. 041414-EI

REDACTED

PEF 001379
Docket No. 041414-EI

REDACTED

PEF 001380
Docket No. 041414-EI

REDACTED

PEF 001381
Docket No. 041414-EI

REDACTED

PEF 001382
Docket No. 041414-EI

CONFIDENTIAL

September 30, 2004

Deleted: 21

Progress Energy Florida, Inc.
Attn: Ms. Pamela Murphy
410 South Wilmington St. PEB10
Raleigh, NC 27601

Re: [redacted] Florida Power Corporation d/b/a Progress Energy Florida, Inc. ("Progress" or "[redacted]

Dear Ms. Murphy:

[redacted]

REDACTED

PEF 001384
Docket No. 041414-EI

REDACTED

PEF 001385
Docket No. 041414-EI

REDACTED

PEF 001386
Docket No. 041414-EI

REDACTED

PEF 001387
Docket No. 041414-EI

REDACTED

PEF 001388
Docket No. 041414-EI

REDACTED

PEF 001389
Docket No. 041414-EI

Rhodes, Rick

From: Rhodes, Rick
Sent: Thursday, August 19, 2004 2:56 PM
To: [redacted]
Cc: Trimble, John; Murphy, Pam (CP&L); Adams, Melanie
Subject: FW: Delivery Station Facility Cost Estimates
Importance: High

Jimmy,

I confirmed today with Pam that if PEF were to pursue Cypress, we would choose Option # 2 below for the Measurement Facility and Option # 2 for the blending. Let me know if you have any questions.

Rick Rhodes
Term Gas Lead
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

-----Original Message-----
From: Rhodes, Rick
Sent: Wednesday, August 18, 2004 11:11 AM
To: [redacted]
Subject: FW: Delivery Station Facility Cost Estimates
Importance: High

CONFIDENTIAL

Rick Rhodes
Term Gas Lead
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

-----Original Message-----
From: Murphy, Pam (CP&L)
Sent: Friday, May 14, 2004 8:53 PM
To: Adams, Melanie; Rhodes, Rick; Trimble, John
Subject: FW: Delivery Station Facility Cost Estimates
Importance: High

fyi
-----Original Message-----
From: [redacted]
Sent: Friday, May 14, 2004 10:10 AM
To: Murphy, Pam (CP&L)
Subject: Delivery Station Facility Cost Estimates
Importance: High

The following cost estimates are provided as a courtesy for use as a order of magnitude analysis of possible costs. The cost estimates below do not include income tax gross-up.

Option 1 - Station Capacity [redacted]

- Low volume meter and upgrade turbine module

Option 2 - Station Capacity [redacted]

- Upgrade existing station, ultrasonic measurement, globe valves

Option 3 - Station Capacity [redacted]

- New station

Option 4 - Station Capacity [redacted]

- New station

CONFIDENTIAL

Fuel Blending [redacted]
Option 1 - Station Capacity [redacted]

- Fuel blending system

Option 2 - Station Capacity [redacted]

- Fuel blending system

****
This e-mail is the property of [redacted] and/or its relevant affiliate and may contain confidential and privileged material for the sole use of the intended recipient (s). Any review, use, distribution or disclosure by others is strictly prohibited. If you are not the intended recipient (or authorized to receive for the recipient), please contact the sender or reply to [redacted] at crosscountry.messaging.administration[redacted] and delete all copies of the message. This e-mail (and any attachments hereto) are not intended to be an offer (or an acceptance) and do not create or evidence a binding and enforceable contract between [redacted] (or any of its affiliates) and the intended recipient or any other party, and may not be relied on by anyone as the basis of a contract by estoppel or otherwise. Thank you.
****

Rhodes, Rick

From: Rhodes, Rick
Sent: Tuesday, October 19, 2004 8:16 AM
To: [redacted]
Cc: Adams, Melanie; Murphy, Pam (CP&L)
Subject: FW: Delivery Station Facility Cost Estimates
Importance: High

[redacted]

This note is to confirm our conversation yesterday regarding the proposed blending station at Hines. We are still interested in Option #2 for the blending facility (see e-mail below) and would like to take the next steps with [redacted] in finalizing the cost estimate.

Per our discussion, please follow up with systems planning and let us know a proposed timeline when [redacted] will be able to complete the "level B" estimates as well as when the blending station would be installed. Thanks for your help on this.

Rick Rhodes
Term Gas Lead
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

CONFIDENTIAL

-----Original Message-----
From: Rhodes, Rick
Sent: Thursday, August 19, 2004 2:56 PM
To: [redacted]
Cc: Trimble, John; Murphy, Pam (CP&L); Adams, Melanie
Subject: FW: Delivery Station Facility Cost Estimates
Importance: High

[redacted]

I confirmed today with Pam that if PEF were to pursue Cypress, we would choose Option # 2 below for the Measurement Facility and Option # 2 for the blending. Let me know if you have any questions.

Rick Rhodes
Term Gas Lead
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com
-----Original Message-----
From: Rhodes, Rick
Sent: Wednesday, August 18, 2004 11:11 AM
To: 'James C. Dowden Jr. (jimmy.dowden@enron.com)'
Subject: FW: Delivery Station Facility Cost Estimates
Importance: High

Term Gas Lead
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

-----Original Message-----
From: Murphy, Pam (CP&L)
Sent: Friday, May 14, 2004 8:53 PM
To: Adams, Melanie; Rhodes, Rick; Trimble, John
Subject: FW: Delivery Station Facility Cost Estimates
Importance: High

fyi
-----Original Message-----
From: [redacted]
Sent: Friday, May 14, 2004 10:10 AM
To: Murphy, Pam (CP&L)
Subject: Delivery Station Facility Cost Estimates
Importance: High

The following cost estimates are provided as a courtesy for use as a order of magnitude analysis of possible costs. The cost estimates below do not include income tax gross-up.

Option 1 - Station Capacity [redacted]

- Low volume meter and upgrade turbine module

Option 2 - Station Capacity [redacted]

- Upgrade existing station, ultrasonic measurement, globe valves

Option 3 - Station Capacity [redacted]

CONFIDENTIAL

- New station

Option 4 - Station Capacity [redacted]

- New station

Fuel Blending [redacted]
Option 1 - Station Capacity [redacted]

- Fuel blending system

Option 2 - Station Capacity [redacted]

- Fuel blending system

****
This e-mail is the property of [redacted] and/or its relevant affiliate and may contain confidential and privileged material for the sole use of the intended recipient (s). Any review, use, distribution or disclosure by others is strictly prohibited. If you are not the intended recipient (or authorized to receive for the recipient), please contact the

sender or reply to [redacted] and delete all copies of the message. This e-mail (and any attachments hereto) are not intended to be an offer (or an acceptance) and do not create or evidence a binding and enforceable contract between [redacted] (or any of its affiliates) and the intended recipient or any other party, and may not be relied on by anyone as the basis of a contract by estoppel or otherwise. Thank you.

****

CONFIDENTIAL

REDACTED

PEF 001395
Docket No. 041414-EI

REDACTED

PEF 001396
Docket No. 041414-EI

Murphy, Pam (CP&L)

From: [redacted]
Sent: Friday, August 20, 2004 4:01 PM
To: Murphy, Pam (CP&L)
Cc: Rhodes, Rick; Dowden Jr., Jimmy
Subject: Updated [redacted] Service Proposal
Importance: High

CONFIDENTIAL

Pam,

Attached is an updated service proposal which reflects the modifications we discussed yesterday:

- Clarifies that the minimum delivery pressure of 575 psig will be applicable for all firm service agreements
- At no cost to Progress, [redacted] will provide modifications to the existing meter and regulation facilities at the Hines delivery station to provide a delivery capacity of [redacted]

Please call me at [redacted] if you have questions or wish to discuss.

<<Progress Service Proposal 3.doc>>

****
This e-mail is the property of [redacted] and/or its relevant affiliate and may contain confidential and privileged material for the sole use of the intended recipient (s). Any review, use, distribution or disclosure by others is strictly prohibited. If you are not the intended recipient (or authorized to receive for the recipient), please contact the sender or reply to [redacted] at [redacted] messaging.administration@[redacted] and delete all copies of the message. This e-mail (and any attachments hereto) are not intended to be an offer (or an acceptance) and do not create or evidence a binding and enforceable contract between [redacted] or any of its affiliates) and the intended recipient or any other party, and may not be relied on by anyone as the basis of a contract by estoppel or otherwise. Thank you.
****

REDACTED

PEF 001398
Docket No. 041414-EI

REDACTED

PEF 001399
Docket No. 041414-EI

REDACTED

PEF 001400
Docket No. 041414-EI

Progress / BG / SNG / FGT Meeting in Raleigh

Hines 4 Project
May 26, 2004

PEF 001401
Docket No. 041414-EI

Attendees

- Rob Caldwell — Progress — (919) 546-4552
- Pam Murphy — Progress — (919) 546-4553
- [redacted]

CONFIDENTIAL

Agenda

- Review commitment level and cost to-date
- New [redacted] CONFIDENTIAL
- Comparative Analysis
- Timeline
- Next Steps

REDACTED

PEF 001404
Docket No. 041414-EI

REDACTED

PEF 001405
Docket No. 041414-EI

REDACTED

PEF 001406
Docket No. 041414-EI

REDACTED

PEF 001407
Docket No. 041414-EI

REDACTED

PEF 001408
Docket No. 041414-EI

REDACTED

PEF 001409
Docket No. 041414-EI

REDACTED

PEF 001410
Docket No. 041414-EI

REDACTED

PEF 001411
Docket No. 041414-EI

REDACTED

PEF 001412
Docket No. 041414-EI

REDACTED

PEF 001413
Docket No. 041414-EI

REDACTED

PEF 001414
Docket No. 041414-EI

REDACTED

PEF 001415
Docket No. 041414-EI

Murphy, Pam (CP&L)

From: [redacted]
Sent: Thursday, June 03, 2004 12:39 PM
To: Rhodes, Rick
Cc: Murphy, Pam (CP&L)
Subject: Draft Agreements
Importance: High

CONFIDENTIAL

The following draft agreements are attached:

- [redacted]
- Discount Letter Agreement - Winter Season Capacity
- Exhibit A & B for the winter season [redacted] (the [redacted] would be similar to the summer season agreement, with different contract volumes)

As we discussed, we would also amend the existing firm service agreements that have the Hines plant as a primary delivery point to increase the minimum delivery pressure to [redacted] effective with the in-service date of the expansion facilities.

Please call me when you have a minute to discuss.

<<Progress Energy FTS-2 632004.doc>> <<Progress - Discount Letter Agreement.doc>> <<Progress Energy Oct-Apr Exhibit A&B.doc>>

****
This e-mail is the property of [redacted] and/or its relevant affiliate and may contain confidential and privileged material for the sole use of the intended recipient (s). Any review, use, distribution or disclosure by others is strictly prohibited. If you are not the intended recipient (or authorized to receive for the recipient), please contact the sender or reply to [redacted] at [redacted]messaging.administration@[redacted]com and delete all copies of the message. This e-mail (and any attachments hereto) are not intended to be an offer (or an acceptance) and do not create or evidence a binding and enforceable contract between [redacted] (or any of its affiliates) and the intended recipient or any other party, and may not be relied on by anyone as the basis of a contract by estoppel or otherwise. Thank you.
****

[redacted]

CONFIDENTIAL

[redacted]

WITNESSETH:

[redacted]

ARTICLE I
Definitions

[redacted]

ARTICLE II
Quantity

[redacted]

[redacted]

CONFIDENTIAL

[redacted]

ARTICLE III
Payment and Rights in the Event of Non-Payment

[redacted]

ARTICLE IV
Rates and Terms and Conditions of Service

[redacted]

REDACTED

PEF 001419
Docket No. 041414-EI

REDACTED

PEF 001420
Docket No. 041414-EI

REDACTED

PEF 001421
Docket No. 041414-EI

REDACTED

PEF 001422
Docket No. 041414-EI

CONFIDENTIAL

[redacted]

ARTICLE IX
Regulatory Authorizations and Approvals

[redacted]

ARTICLE X
Pressure

[redacted]

ARTICLE XI
Other Provisions

[redacted]

REDACTED

PEF 001424
Docket No. 041414-EI

REDACTED

PEF 001425
Docket No. 041414-EI

REDACTED

PEF 001426
Docket No. 041414-EI

REDACTED

PEF 001427
Docket No. 041414-EI

REDACTED

PEF 001428
Docket No. 041414-EI

REDACTED

PEF 001429
Docket No. 041414-EI

REDACTED

PEF 001430
Docket No. 041414-EI

REDACTED

PEF 001431
Docket No. 041414-EI

REDACTED

PEF 001432
Docket No. 041414-EI

REDACTED

PEF 001433
Docket No. 041414-EI

REDACTED

PEF 001434
Docket No. 041414-EI

CONFIDENTIAL

Date [redacted]

Progress Energy Florida, Inc.
Attn: Pam Murphy
410 South Wilmington St. PEB10
Raleigh, NC 27601

Re: [redacted] Progress Energy Florida, Inc. ("Progress" [redacted]

Dear Pam:

[redacted]

CONFIDENTIAL



CONFIDENTIAL



REDACTED

PEF 001438
Docket No. 041414-EI

REDACTED

PEF 001439
Docket No. 041414-EI

REDACTED

PEF 001440
Docket No. 041414-EI

REDACTED

PEF 001441
Docket No. 041414-EI

REDACTED

PEF 001442
Docket No. 041414-EI

REDACTED

PEF 001443
Docket No. 041414-EI

Murphy, Pam (CP&L)

From: [redacted]
Sent: Monday, May 17, 2004 1:45 PM
To: Murphy, Pam (CP&L)
Subject: [redacted]
Importance: High

CONFIDENTIAL

Attached is an updated service proposal which reflects an increase in the minimum delivery pressure at Hines and a ramp-up of the contract volumes over a three year period.

Please call me at [redacted] when you have a minute to discuss.

<<Progress Service Proposal 2.doc>>

****
This e-mail is the property of [redacted] and/or its relevant affiliate and may contain confidential and privileged material for the sole use of the intended recipient (s). Any review, use, distribution or disclosure by others is strictly prohibited. If you are not the intended recipient (or authorized to receive for the recipient), please contact the sender or reply to [redacted] at [redacted] messaging.administration@[redacted].com and delete all copies of the message. This e-mail (and any attachments hereto) are not intended to be an offer (or an acceptance) and do not create or evidence a binding and enforceable contract between [redacted] (or any of its affiliates) and the intended recipient or any other party, and may not be relied on by anyone as the basis of a contract by estoppel or otherwise. Thank you.
****

REDACTED

PEF 001445
Docket No. 041414-EI

REDACTED

PEF 001446
Docket No. 041414-EI

REDACTED

PEF 001447
Docket No. 041414-EI

Murphy, Pam (CP&L)

From: [redacted]
Sent: Friday, April 23, 2004 6:49 PM
To: Murphy, Pam (CP&L)
Subject: [redacted]
Importance: High

CONFIDENTIAL

Attached is [redacted] for incremental firm transportation service.

For the [redacted] you may want to assume the current [redacted] for now, however, hopefully following the settlement conferences next week we should have a much better feel where that rate will be the next few years.

For preliminary analysis on the winter season capacity you may want to assume a 10 cent rate.

Facility Planning is still working on the east leg scenario you requested, I will provide information on that option next week.

Let me know if you have any questions or wish to discuss.

<<Progress Service Proposal.doc>>

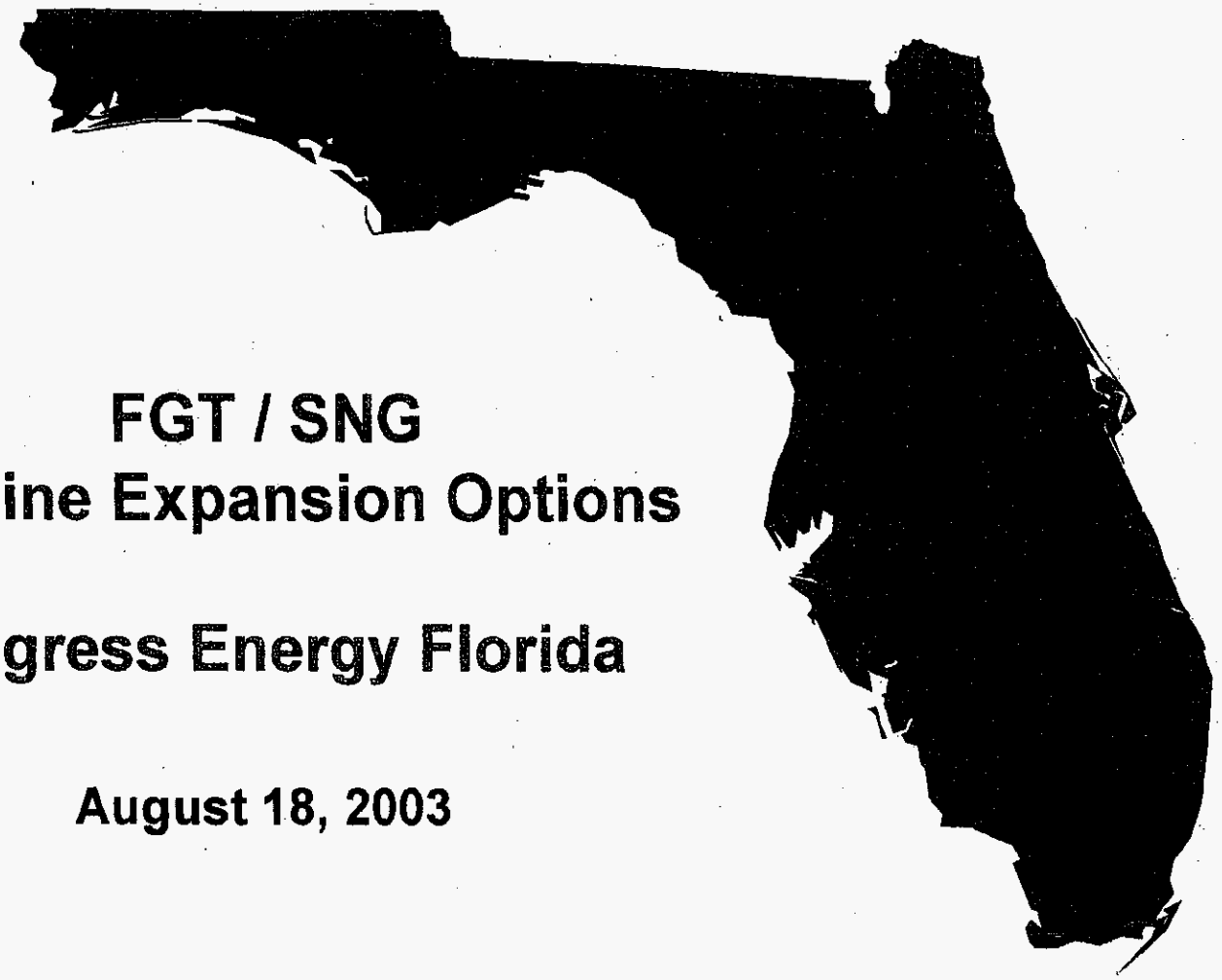
****
This e-mail is the property of [redacted] and/or its relevant affiliate and may contain confidential and privileged material for the sole use of the intended recipient (s). Any review, use, distribution or disclosure by others is strictly prohibited. If you are not the intended recipient (or authorized to receive for the recipient), please contact the sender or reply to [redacted] at [redacted] messaging.administration@[redacted] and delete all copies of the message. This e-mail (and any attachments hereto) are not intended to be an offer (or an acceptance) and do not create or evidence a binding and enforceable contract between [redacted] (or any of its affiliates) and the intended recipient or any other party, and may not be relied on by anyone as the basis of a contract by estoppel or otherwise. Thank you.
****

REDACTED

PEF 001449
Docket No. 041414-EI

REDACTED

PEF 001450
Docket No. 041414-EI



FGT / SNG
Pipeline Expansion Options

Progress Energy Florida

August 18, 2003

PEF 001451
Docket No. 041414-EI

REDACTED

PEF 001452
Docket No. 041414-EI

REDACTED

PEF 001453
Docket No. 041414-EI

REDACTED

PEF 001454
Docket No. 041414-EI

POD #28

Adams, Melanie

From: Rhodes, Rick
Sent: Wednesday, June 30, 2004 8:16 AM
To: Rhodes, Rick; Caldwell, Rob; Murphy, Pam (CP&L); Adams, Melanie; Boulmay, Ramon
Subject: RE: Gas Strategy - Updated

Per Ramon, I added the Elba/Cypress option to the following spreadsheet.



LNG Alternative
nalysis baham..

Rick Rhodes
Term Gas Lead
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

-----Original Message-----
From: Rhodes, Rick
Sent: Tuesday, June 29, 2004 7:08 PM
To: Caldwell, Rob; Murphy, Pam (CP&L); Adams, Melanie; Boulmay, Ramon
Subject: Gas Strategy - Updated
Importance: High

Attached is the updated presentation and LNG Bahamas Summary.

<< File: Gas Strategy V8.ppt >> << File: LNG Alternative Analysis bahamas.xls >>

Rick Rhodes
Term Gas Lead
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

PEF 001455
Docket No. 041414-EI

REDACTED

PEF 001456
Docket No. 041414-EI

Adams, Melanie

From: Trimble, John
Sent: Thursday, May 20, 2004 10:07 AM
To: Murphy, Pam (CP&L)
Cc: Rhodes, Rick; Adams, Melanie
Subject: Please review 'Supply Options For PB4a'

Follow Up Flag: Review
Flag Status: Flagged

Pam:

I've fixed the bust in the summation formula on Elba LNG - Cypress PL Opt2a.
When I copied Opt2, I inserted a few lines and the formula did not change to compensate.
Sorry. It works now.

John

Please review the attached document.



Supply Options
for PB4a.xls (5..

REDACTED

PEF 001458
Docket No. 041414-EI

REDACTED

PEF 001459
Docket No. 041414-EI

REDACTED

PEF 001460
Docket No. 041414-EI

REDACTED

PEF 001461
Docket No. 041414-EI

REDACTED

PEF 001462
Docket No. 041414-EI

REDACTED

PEF 001463
Docket No. 041414-EI

REDACTED

PEF 001464
Docket No. 041414-EI

REDACTED

PEF 001465
Docket No. 041414-EI

REDACTED

PEF 001466
Docket No. 041414-EI

REDACTED

PEF 001467
Docket No. 041414-EI

Adams, Melanie

From: Murphy, Pam (CP&L)
Sent: Wednesday, July 21, 2004 1:53 PM
To: Adams, Melanie; Rhodes, Rick; Boulmay, Ramon
Subject: FW: LNG Alternative Analysis REV.xls

Rob made some changes to the attached. Here is the final version.
Pam

-----Original Message-----
From: Norberg, Linda
Sent: Wednesday, July 21, 2004 1:45 PM
To: Murphy, Pam (CP&L)
Subject: LNG Alternative Analysis REV.xls

Rob revised (see 3rd column under Annual Average FT Rate and Annual Average FT Cost)



LNG Alternative
Analysis REV.x..

[redacted]

Status of Issues

Issue	[redacted]	[redacted]
Capital Cost	[redacted]	[redacted]
Average FT Rate	[redacted]	[redacted]
Supply	[redacted]	[redacted]
Project Conditions Precedent	[redacted]	[redacted]
PEF Conditions Precedent	[redacted]	[redacted]
Termination	[redacted]	[redacted]
Rate Cap	[redacted]	[redacted]
Guarantee	[redacted]	[redacted]
Physical Gas Fallback Strategy	[redacted]	[redacted]
Project Timeline	[redacted]	[redacted]

CONFIDENTIAL

Murphy, Pam (CPL)

From: Murphy, Pam (CP&L)
Sent: Wednesday, July 21, 2004 1:53 PM
To: Adams, Melanie; Rhodes, Rick; Boulmay, Ramon
Subject: FW: LNG Alternative Analysis REV.xls

Rob made some changes to the attached. Here is the final version.
Pam

-----Original Message-----
From: Norberg, Linda
Sent: Wednesday, July 21, 2004 1:45 PM
To: Murphy, Pam (CP&L)
Subject: LNG Alternative Analysis REV.xls

Rob revised (see 3rd column under Annual Average FT Rate and Annual Average FT Cost)



LNG Alternative
Analysis REV.x...

[redacted]

Status of Contract Negotiation

Key Contract Terms	[redacted]	[redacted]
Capital Cost	[redacted]	[redacted]
Annual Average FT Rate	[redacted]	[redacted]
Annual Average FT Cost	[redacted]	[redacted]
Supply	[redacted]	[redacted]
Project Conditions Precedent	[redacted]	[redacted]
PEF Conditions Precedent	[redacted]	[redacted]
Termination	[redacted]	[redacted]
Rate Cap	[redacted]	[redacted]
Credit Requirements	[redacted]	[redacted]
Timeline to Execute Agreements	[redacted]	[redacted]
Physical Gas Fallback Strategy	[redacted]	[redacted]

CONFIDENTIAL

Murphy, Pam (CP&L)

From: Rhodes, Rick

Sent: Monday, February 28, 2005 1:39 PM

To: Trimble, John; Mccluskey, Edward; Lewis, Robert; Trimble, John; Murphy, Pam (CP&L); Adams, Melanie

Subject: FW: PIRA's Global LNG Special Feature (02/25/2005)

FYI - more background on the Shell/Qatar deal and Shell's proposed Gulf Landing Project.

Rick Rhodes
Term Gas Lead
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

-----Original Message-----
From: PIRA Distribution [mailto:distribution@pira.com]
Sent: Friday, February 25, 2005 3:52 PM
To: PIRA Global LNG Client
Subject: PIRA's Global LNG Special Feature (02/25/2005)

Attached is the latest special feature from PIRA's Global LNG Service, titled *The Age of Mega-Deals: Shell Enters Qatar*.

To access the latest monthly forecast as well as the LNG database and Netback Calculator on PIRA Online, go to the following web page, log in to PIRA Online, and click on the "Monthly Forecast" link (under the "Global LNG" section of the Main Reports menu bar on the left-hand side of the page.)

http://www.pira.com/web/pirawebr.nsf

If you have any questions about your PIRA services or need assistance logging into PIRA Online, contact Client Services at (212) 686-6808, email: support@pira.com.

Contact Client Services regarding delivery of your PIRA reports, address changes, or technical support at (212) 686-6808, email: support@pira.com.

If you have any questions regarding the contents of a PIRA Global LNG report, please contact Ira Joseph (email: iraj@pira.com), Madeline Jowdy (email: madeline@pira.com), or Harvey Harmon (email: hharmon@pira.com) at (212) 686-6808.

NOTE: Circulation of PIRA reports outside a Client's licensed distribution area is strictly prohibited. Clients that are unsure of their licensed distribution or require an extension of their current license should contact their PIRA sales representative, or email: sales@pira.com.

PIRA Energy Group

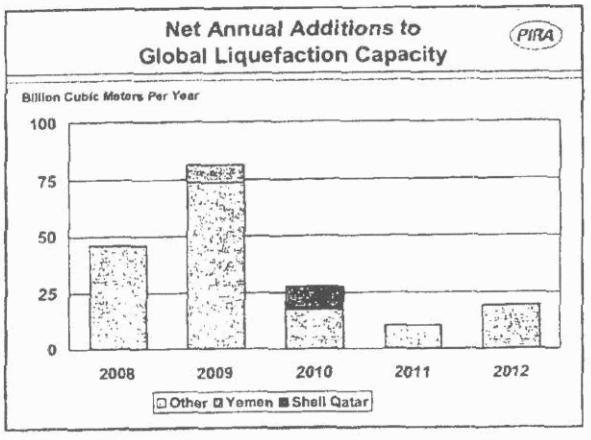
February 25, 2005

The Age of Mega-Deals: Shell Enters Qatar

Several new and larger liquefaction projects are sprouting up for commissioning near the end of the decade that will add nearly 20-bcm/yr. to the supply pool coming out of the Mideast. Next week Qatar Petroleum (QP) will sign a Heads of Agreement (HOA) with Shell for a stake in Qatargas IV, which is essentially the seventh train in the Qatargas family.[1]

The deal further solidifies the role of Mideast LNG in the Atlantic Basin market for years to come, echoing the precedents set by Exxon/Mobil and ConocoPhillips in similar-sized deals to the U.S. and U.K. All tolled, the three Qatargas deals will supply 60-bcm/yr. of LNG into an Atlantic Basin market that PIRA is forecasting to grow from 60-bcm/yr. in 2004 to 300-bcm/yr. by 2015.

The deal also reflects an increasing escalation of contract size and project integration, as customer-free marketing has arrived in LNG in conjunction with fully integrated supply chains that include not only liquefaction and shipping, but also regasification as well.



The seventh train is the latest of three massive 7.5 million tons per year (10.4-bcm/yr. or ~1 BCF/D) liquefaction trains being developed in this phase of Qatargas' LNG expansion. Shell is generally expected to receive a 30% stake in the so-called Qatargas IV, which is being developed primarily for the U.S. market and scheduled for completion in 2010. Its location in Qatar does also allow it to target seasonal plays or arbitrage opportunities in Europe and Asia as well.

This award will help Shell's competitive position in the Atlantic Basin relative to BG and ExxonMobil. BG, in particular, had leaped ahead of Shell the last few years with supply contracts from Trinidad, Egypt, Equatorial Guinea and Nigeria. ExxonMobil, with four new trains from Qatar, also was threatening to pass Shell in the Atlantic Basin.

Shell had a supply crunch with only Nigerian supply and a two–year bridging supply contract with Repsol, which expires in 2006. Shell had been counting on supply from the proposed Mariscal Sucre project in Venezuela, which does not appear to be likely any time soon. Shell did not have enough supply to fill its capacity positions at Cove Point, Elba Island and Altamira, much less Gulf Landing or the proposed Broadwater terminal in Long Island Sound.

The upstream agreement matches up with a 10.4-bcm/yr. (1-bcf/d) regasification project at Gulf Landing just southwest of Henry Hub. Like other majors, Shell is adopting a more integrated approach to its gas marketing, thereby guaranteeing access to the U.S. market, particularly now that the door has been opened to building new terminals that do not require third party access. A U.S. FERC approval in 2003 for Cameron LNG set this precedent.

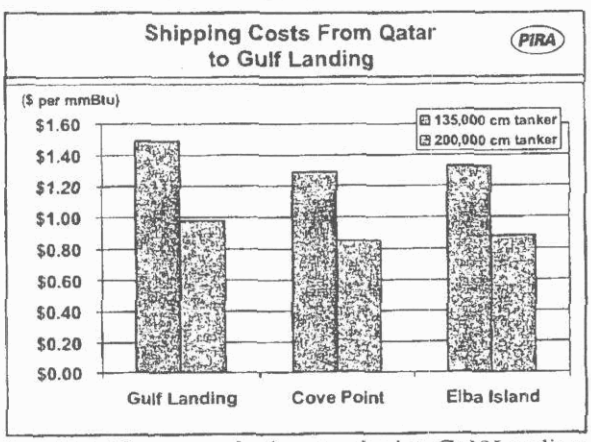
The Shell deal also supports the commercial evolution of the tanker business, as the new tankers for this project will be roughly 50% larger than the current standard. Unlike other Shell access points at

[1] Qatar is also home to RasGas, which currently operates three trains totaling 15.6-bcm/yr., with four more due to add 34.5-bcm (13-bcm by 2007 and 21.52-bcm in 2009) by the end of the decade.

For authorized users of PIRA Client Services. Copyright © 2005 PIRA Energy Group. All rights reserved.

PEF 001473
Docket No. 041414-EI

Cove Point or Elba Island that have size limitations, Gulf Landing will allow Shell to use significantly larger tankers (at least 200,000 cm tankers), so what is lost in terms of the farther distance is made up for in terms of cost savings by using larger tankers. Using a larger 200,000 cm tanker at Gulf Landing will save Shell roughly 50c per mmBtu on its netback to Qatar, while the difference in savings between a larger tanker at Gulf Landing and a smaller 135,000 cm tanker at a U.S. East Coast terminal is roughly 30c per mmBtu.



From a U.S. gas-marketing standpoint, Gulf Landing offers excellent access to the Gulf Coast pipeline grid with interconnections proposed to five interstate pipelines. Unlike some of the other proposed Gulf Coast LNG regas terminals, there is plenty of existing downstream pipeline capacity. Gulf Landing supply also appears in a position to achieve a favorable pricing basis relative to other proposed Gulf Coast terminals.

Gulf Landing also has some significant geographic advantages. It allows for offshore loading that avoids local political problems that have plagued so many other projects. Gulf Landing is a concrete gravity-based structure (GBS) that will be similar to those used for oil and gas production in the North Sea. Using a GBS structure for an LNG regasification terminal is not necessarily new technology, but will require some refinement and a different use of the technology.

While not the first to try, Shell will likely be the first company to build a GBS LNG regasification terminal. With the Port Pelican GBS project being placed on hold by ChevronTexaco and ExxonMobil's offshore project not as far advanced as their onshore projects, it seems likely Gulf Landing will become the first GBS terminal to be built and after Excelerate's Energy Bridge, the second offshore regas terminal.

Since launching its first three trains in 1997, Qatargas has signed HOAs for the next four trains with ExxonMobil, ConocoPhillips, and Shell. ExxonMobil has 30% stakes in both the Qatargas II trains totaling (20-bcm/yr. (15.6 mtpa) destined for European markets and scheduled to be completed in 2007-08. ConocoPhillips has a 30% stake in the Qatargas III 10-bcm/yr. (7.5 mtpa train) for the U.S. market and scheduled to be completed in 2009. Also destined for the U.S. market, ExxonMobil has 30% stakes in both (20-bcm/yr.) 7.8 mtpa trains being developed for RasGas III.

Considered a top priority as recently as last year, Shell initially had focused on a Qatari gas-to-liquids project and signed to build the second Qatar GTL plant back in 2003. The plant will use 17-bcm/yr. of gas feed to produce 60,000 b/d of NGLs and 140,000 b/d of condensate.

For comments, suggestions or questions, please contact Ira Joseph, Madeline Jowdy, or Harvey Harmon.

Or email lng@pira.com.

PEF 001474
Docket No. 041414-EI

For authorized users of PIRA Client Services. Copyright © 2005 PIRA Energy Group. All rights reserved.

Murphy, Pam (CPL)

From: Rhodes, Rick
Sent: Wednesday, April 14, 2004 9:40 AM
To: Murphy, Pam (CP&L)
Cc: Adams, Melanie
Subject: BG Contract Supply Risks

Pam,

Attached is an updated summary of the supply risks associated with the BG contract. Also, the attached NAESB provisions include the updated language that clarifies BG taking on risks upstream of the liquefaction facility.



Supply Risks.ppt
(254 KB)



FW: Florida Power Corporation,...

Rick Rhodes
Term Gas Lead
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

Supply Risks

[redacted]

- [redacted]
- [redacted]

CONFIDENTIAL

Progress Energy

PEF 001476
Docket No. 041414-EI

Murphy, Pam (CPL)

From: Rhodes, Rick
Sent: Thursday, April 01, 2004 4:06 PM
To: Murphy, Pam (CP&L)
Cc: Adams, Melanie
Subject: Risks with BG Contract

Pam,

Attached is a slide that summarizes the BG supply risks. Although the current NAESB does not reflect the summary, BG is planning to send up an updated contract that is consistent with this summary in the next few days.

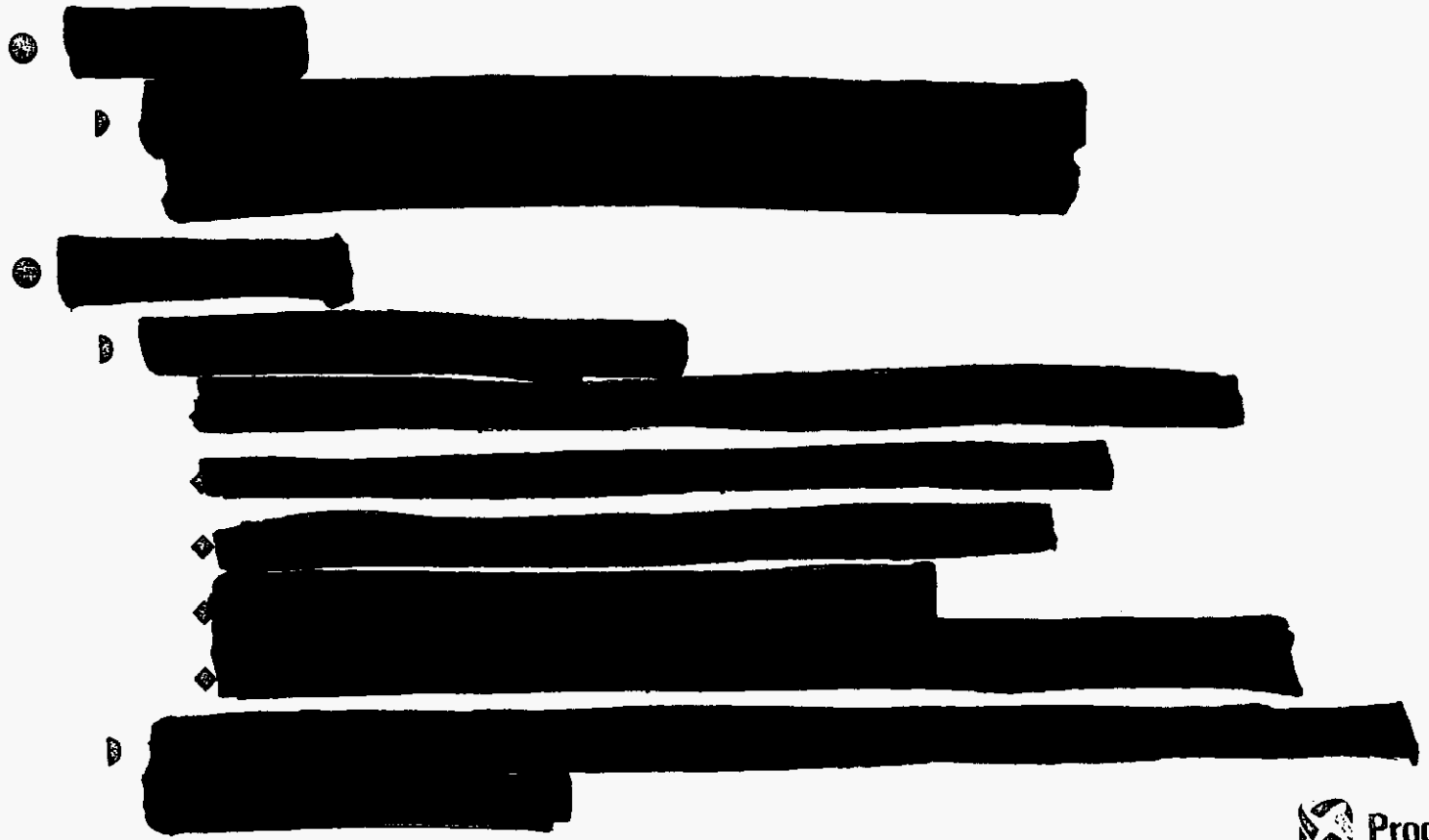


Supply Risks.ppt
(254 KB)

Rick Rhodes
Term Gas Lead
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

Supply Risks

[redacted]



Progress Energy

CONFIDENTIAL

Murphy, Pam (CPL)

From: Murphy, Pam (CP&L)
Sent: Thursday, September 02, 2004 4:27 PM
To: Caldwell, Rob
Cc: Boulmay, Ramon; Rhodes, Rick; Trimble, John; Adams, Melanie
Subject: [redacted] Matrix Analysis Criteria

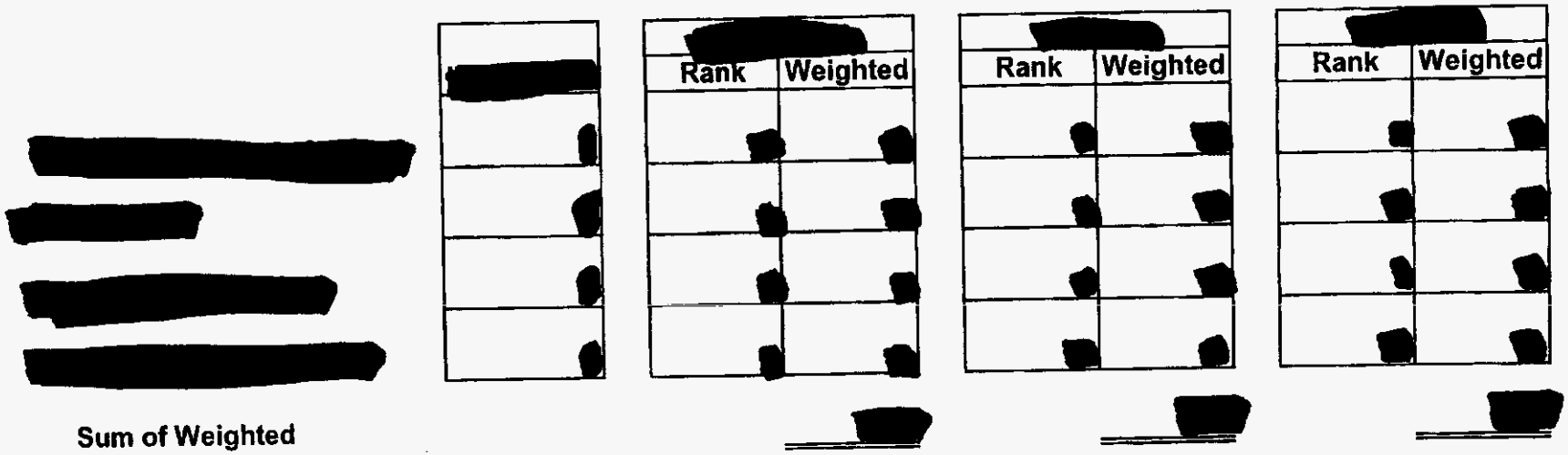
Here is the matrix you requested.

Thanks
Pam



[redacted] Matrix Analysis Criter...

Analysis Criteria



CONFIDENTIAL

Caldwell, Rob

From: Murphy, Pam (CP&L)
Sent: Thursday, September 02, 2004 1:22 PM
To: Caldwell, Rob
Subject: RE: [redacted] Precedent Agreement

Still May 1st, 2007.

-----Original Message-----
From: Caldwell, Rob
Sent: Thursday, September 02, 2004 10:58 AM
To: Murphy, Pam (CP&L)
Subject: Re: [redacted] Precedent Agreement

What is expected in service date. Rob

Sent from my BlackBerry Wireless Handheld

-----Original Message-----
From: Murphy, Pam (CP&L) <pam.murphy@pgnmail.com>
To: Caldwell, Rob <rob.caldwell@pgnmail.com>
CC: Boulmay, Ramon <ramon.boulmay@pgnmail.com>; Rhodes, Rick <Rick.Rhodes@pgnmail.com>; Adams, Melanie <Melanie.Adams@pgnmail.com>; Trimble, John <John.Trimble@pgnmail.com>
Sent: Thu Sep 02 09:50:13 2004
Subject: [redacted] Precedent Agreement

Rob:

I have reviewed subject agreement and here is my interpretation of the agreement.

1) [redacted] did not provide a hard cap at [redacted]. [redacted] did provide a soft cap at [redacted] with language that they can increase the rate if their costs are materially and adversely increased by 25% or more. [redacted] did file their Section 4 rate case on 9/1/04 and their current and proposed rates are as follows:

	Current	Proposed	Delta
Demand	[redacted]	[redacted]	[redacted]
Commodity			
Total			

CONFIDENTIAL

2) [redacted] took out PEF's FERC out provision.
3) [redacted] allowed for FPSC approval for the BG gas deal only.
4) [redacted] did not reduce the fuel to 1%.
5) [redacted]

The NEW timeline proposed by [redacted] is as follows:

September 30, 2004 - Precedent Agreement between PEF and [redacted]
December 15, 2004 - Service Agreement between FGT and PEF for firm transportation
January 31, 2005 - Board of Directors approval for [redacted] and PEF*
February 1, 2005 - Approval by FPSC on the BG supply deal only
May 1, 2005 - Approval by FPSC on the Hines 4 self build

* The proposed timeline in the PA indicates January 1, 2005 however the text reflects January 31.

Pam

Caldwell, Rob

From: Trimble, John
Sent: Wednesday, September 01, 2004 6:14 PM
To: Caldwell, Rob
Subject: FW: Southern Natural Gas Company (SONAT) Section 4 Rate Case - Docket No. RP04-523 - Filed on Tuesday, August 31, 2004

FYI, SONAT's rate case filing.

-----Original Message-----
From: Trimble, John
Sent: Wednesday, September 01, 2004 6:12 PM
To: Murphy, Pam (CP&L); 'jim.jeffries@nelsonmullins.com'
Cc: *Adams, Melanie; Rhodes, Rick*
Subject: Southern Natural Gas Company (SONAT) Section 4 Rate Case - Docket No. RP04-523 - Filed on Tuesday, August 31, 2004

I believe that I captured most of this correctly. Please excuse the formatting (not wysiwig).

At 11:32 AM EST, on Tuesday August 31, 2004, Southern Natural Gas Company (SONAT) filed its required Section 4 Rate Case with the FERC in Docket No. RP04-523.
The filing was made to be effective October 1, 2004. Standard procedure is for FERC to suspend the rates as filed for a period of 180 days.

In it's filing, SONAT filed for the following rate increase with no change to its fuel retention percentages:

Southern Natural Gas Company Rate Schedule FT (Zone 3-3)

Rates are daily rates inclusive of $.001 Storage Cost Surcharge and $.0019 ACA Surcharge

	Current	Filed	Delta
Demand Rate	**$0.3547**	**$0.3916**	**$0.0369**
Commodity	**$0.0141**	**$0.0109**	**($0.0032)**
Total	**$0.3688**	**$0.4025**	**$0.0337**

South Georgia Incremental Lateral

	Current	Filed	Delta
Demand Rate	**$0.1562**	**$0.1765**	**$0.0203**
Commodity	**$0.0110**	**$0.0160**	**$0.0050**
Total	**$0.1672**	**$0.1925**	**$0.0253**

	Proposed	Current	Delta
Total Cost of Service	**$ 439,556,447**	**$ 321,796,969**	**$ 117,759**
Rate Base	**$1,438,820,723**	**$1,044,940,395**	**$393,880,328**
Throughput (Dth)	**602,127,192**	**646,484,394**	**(44,357,202)**
Annual Billing Determinants	**35,510,231**	**28,345,719**	**7,164,512**

The proposed rates incorporate an overall cost of capital of 10.99 percent (%) based on SONAT's test period *capitalization.*

Capital Component	Weight	Cost	Amount	Weighted Cost
Long-Term Debt	**47.44%**	**8.20%**	**$1,200,000,000**	**3.89%**
Preferred Stock	-------	------	----------	---------

Common Equity		
Overall Cost of Capital	**10.99%**	**Current 10.24%**

Depreciation	Current		Proposed	Delta
Onshore Trans Facilities	**1.47%**	**2.22%**	**0.75%**	
Underground Storage	**0.80%**	**1.24%**	**0.44%**	
Offshore Trans Facilities	**1.10%**	**0.74%**	**(0.36%)**	

Southern proposed to change the classification of its WRENS - SAVANNAH Line Facilities from non-mileage based to mileage based because of the activation of Southern LNG's LNG Terminal at Elba Island.

John Trimble
Long Term Gas Representative
Progress Energy
410 S. Wilmington St (PO Box 1551), PEB 10A
Raleigh, NC 27601 (27602-1551)
Ph: (919) 546-3323

Caldwell, Rob

From: Murphy, Pam (CP&L)
Sent: Tuesday, June 15, 2004 6:36 PM
To: Caldwell, Rob
Subject: FW: [redacted] One-Pager

Rob:

Attached is the one-pager you requested on the [redacted] project (now known as [redacted].
Pam

-----Original Message-----
From: Rhodes, Rick
Sent: Tuesday, June 15, 2004 4:09 PM
To: Murphy, Pam (CP&L)
Cc: Adams, Melanie
Subject: [redacted] One-Pager

CONFIDENTIAL



FPL.ppt (662 KB)

Pam,

Per your request, attached is the summary for [redacted]. I hope this addresses what you are looking for.

-Rick

FPL Group Resources

[redacted] Project

- Originally an [redacted] Project, [redacted] is a proposed [redacted] to Florida.
- [redacted] could supply Florida through the proposed [redacted]
- [redacted] announced in February 2003, its plans to exit the LNG business and sell the [redacted] project.
- [redacted] announced January 2004 it signed an option agreement with El Paso to assume 100% ownership in the [redacted] terminal and 50% ownership [redacted]
- April 2004, [redacted] announced execution of binding precedent agreements with an affiliate of FPL Group Resources for full capacity rights [redacted] on the proposed [redacted]
- FPL Group Resources forms "Sailfish Natural Gas, Ltd." to market supplies out of the [redacted] to Florida.
- [redacted] estimates commercial operation to begin in 2008.

Progress Energy

CONFIDENTIAL

Caldwell, Rob

From: Boulmay, Ramon
Sent: Monday, August 23, 2004 5:47 PM
To: Caldwell, Rob; Murphy, Pam (CP&L); Rhodes, Rick; Trimble, John
Subject: Condensed Executive Summary

Given the data revisions to the detailed BAP, have updated the Condensed Executive Summary. See the attached.



Cypress Summ_082304.doc

Ramon

PEF Long-Term Gas Supply and Transportation Requirements

Recommendation

[redacted]

The Need for New Gas Supply

[redacted]

Proposal Summary

[redacted]

($ In Millions)	[redacted]
[redacted]	
[redacted]	
[redacted]	

[redacted]

Strategic Fit

[redacted]

CONFIDENTIAL

[1] Per July 2004 GFF Growth Case.
[2] Conclusion of the *Baseload Generation Team*.

Alternatives Considered

[redacted]

Analysis Criteria

[redacted]

Conclusions

[redacted]

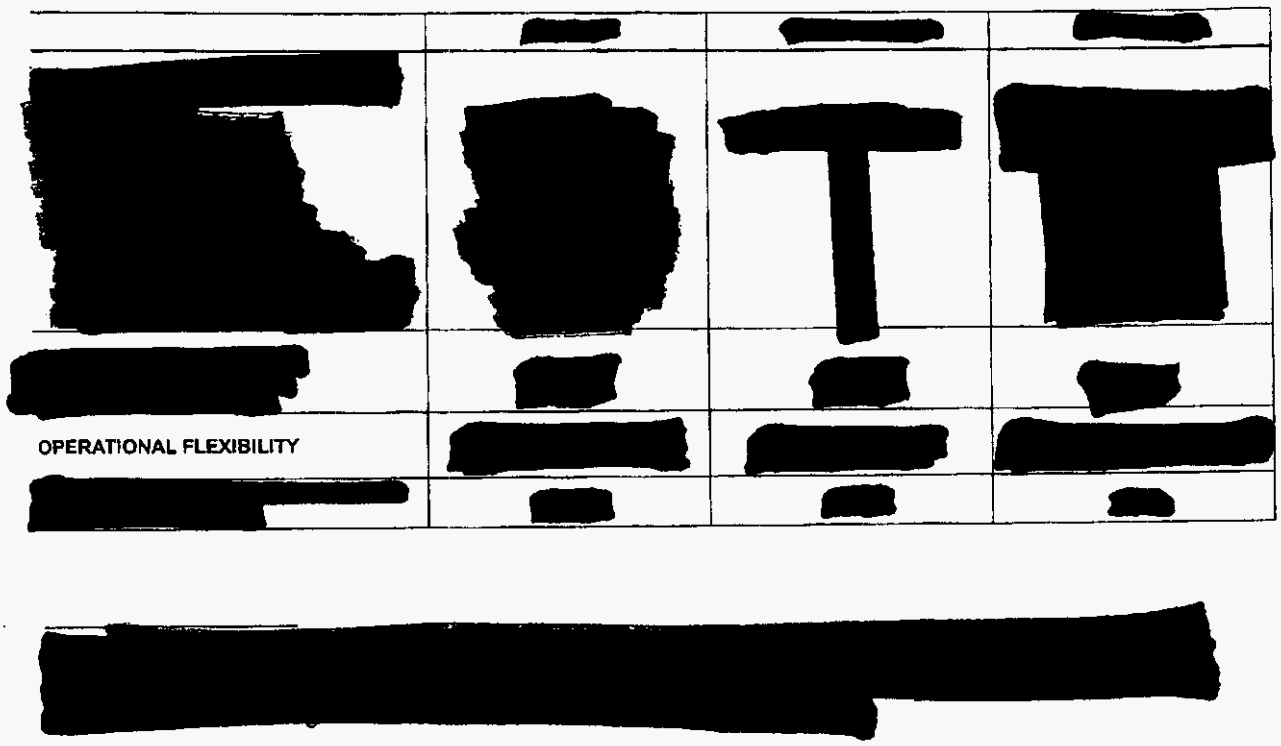
Risks

[redacted]

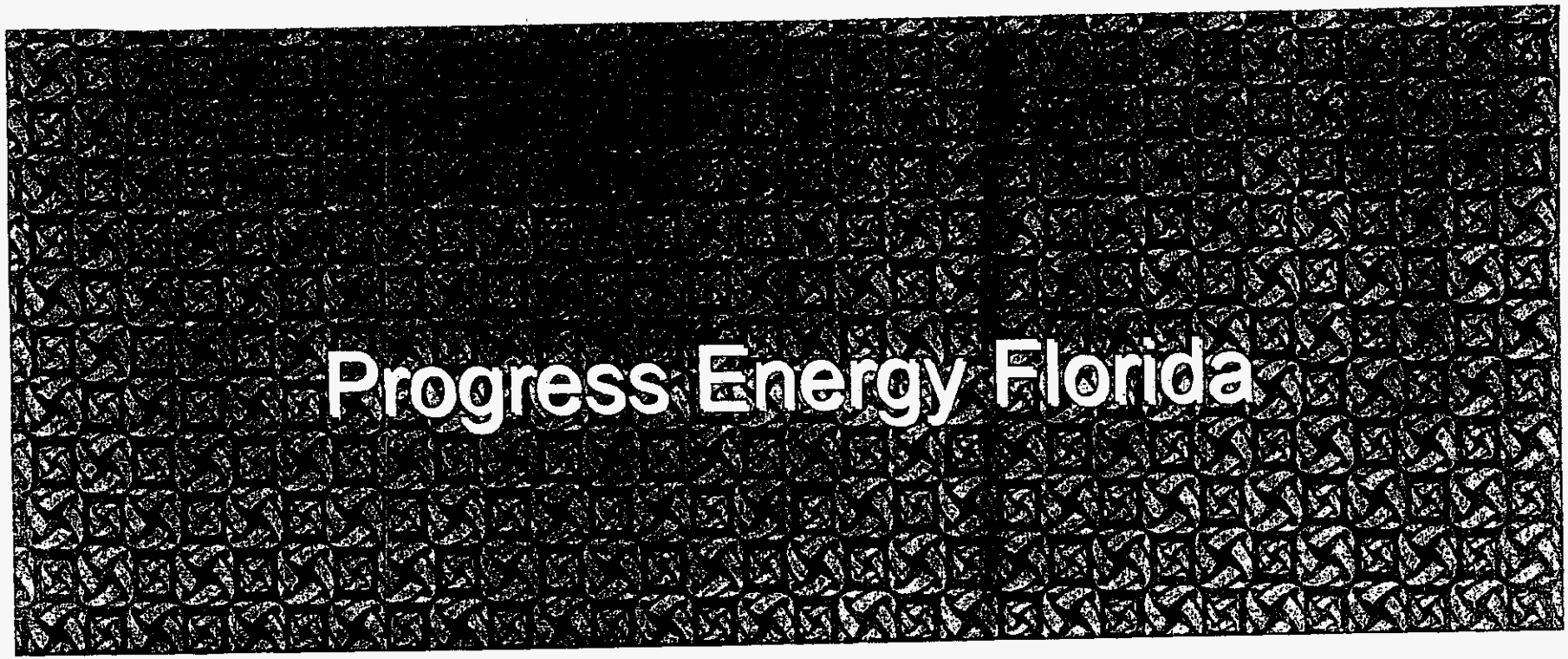
CONFIDENTIAL

APPENDIX

Analysis Summary



CONFIDENTIAL



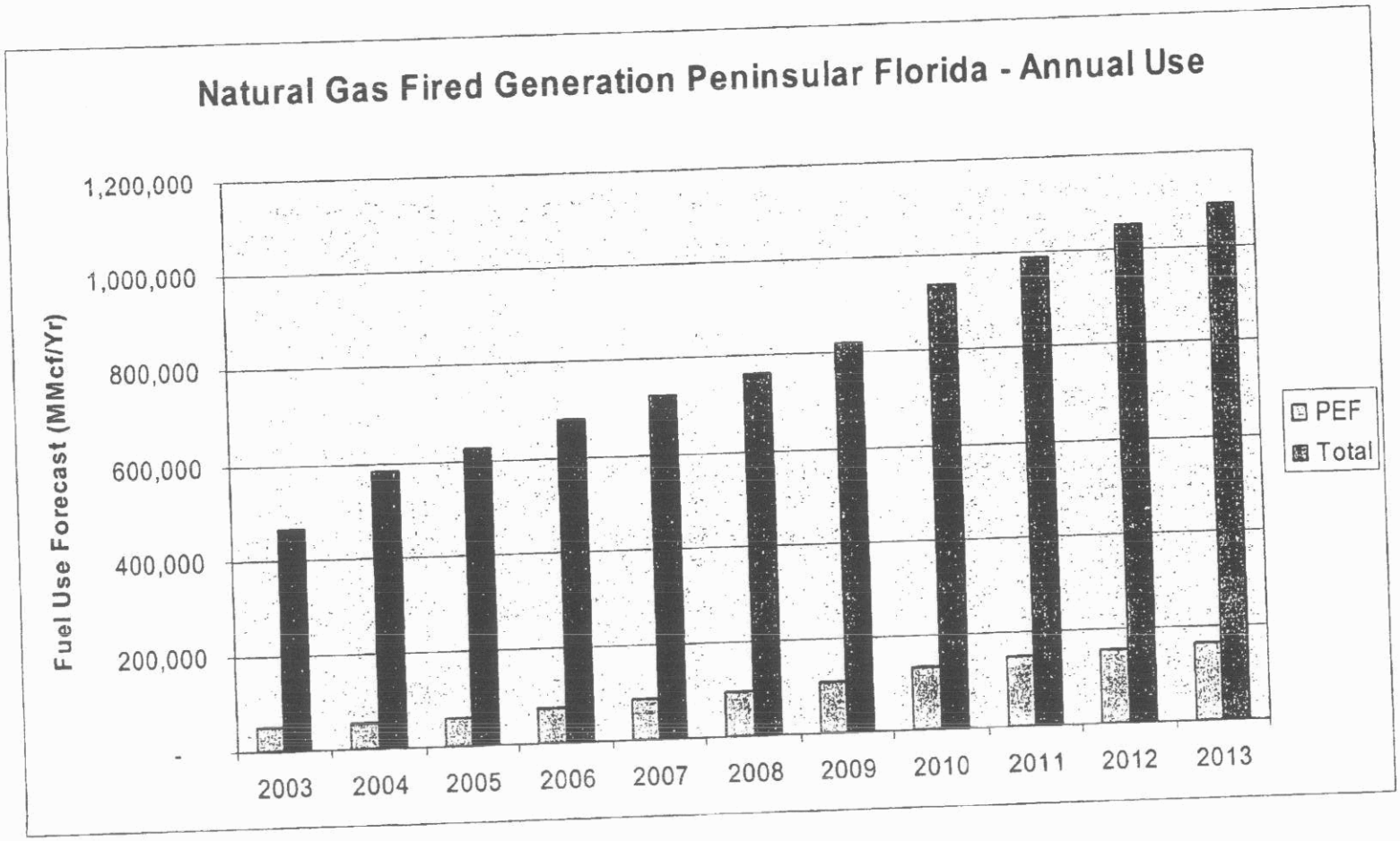
Gas Supply Requirements
June 2004

Progress Energy

Contains RCO proprietary information subject to Code of Conduct rules

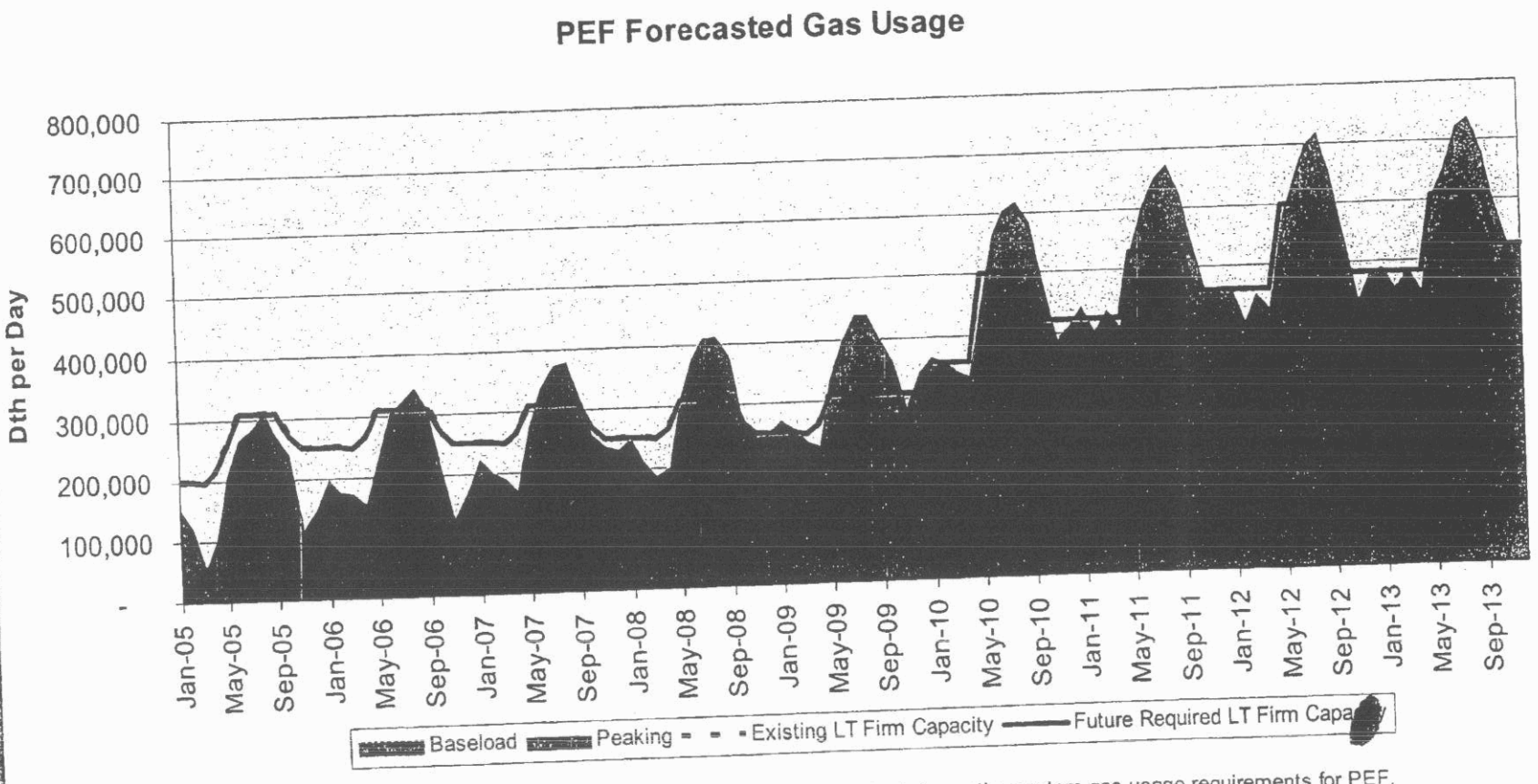
PEF 001490
Docket No. 041414-EI

Florida Market Demand



Progress Energy

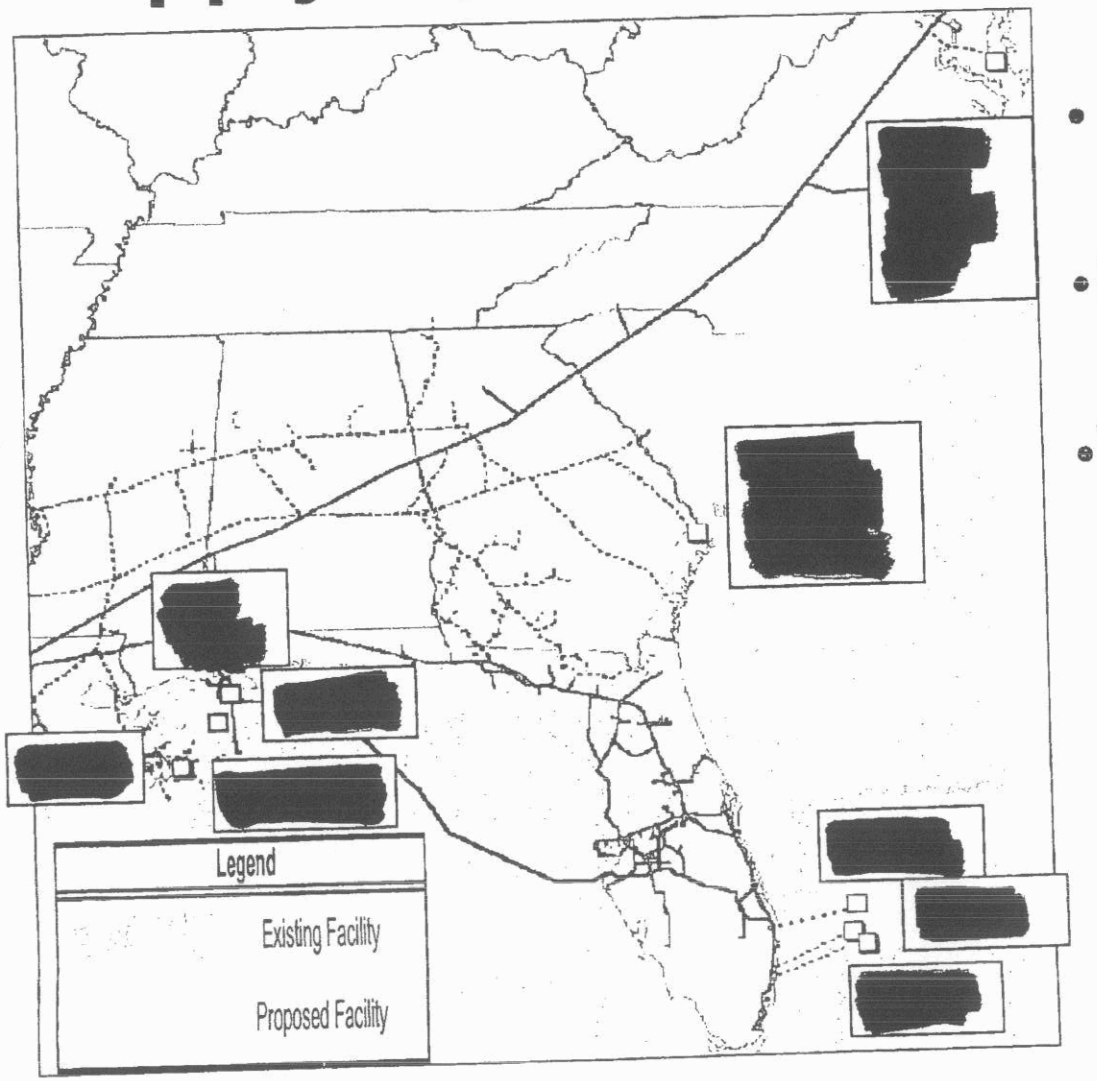
PEF FT Requirements



Note: Forecast is based on the April 2004 GFF and includes entire system gas usage requirements for PEF.

Progress Energy

Supply Options



- [redacted]
- [redacted]
- [redacted]
- [redacted]

CONFIDENTIAL

Progress Energy

Supply Options (cont'd)

FT: [redacted]

Supply: [redacted]

Price – HH + Basis

LNG or Gulf of Mexico supply

Commitment: [redacted]

CONFIDENTIAL

Progress Energy

REDACTED

PEF 001495
Docket No. 041414-EI

REDACTED

PEF 001496
Docket No. 041414-EI

REDACTED

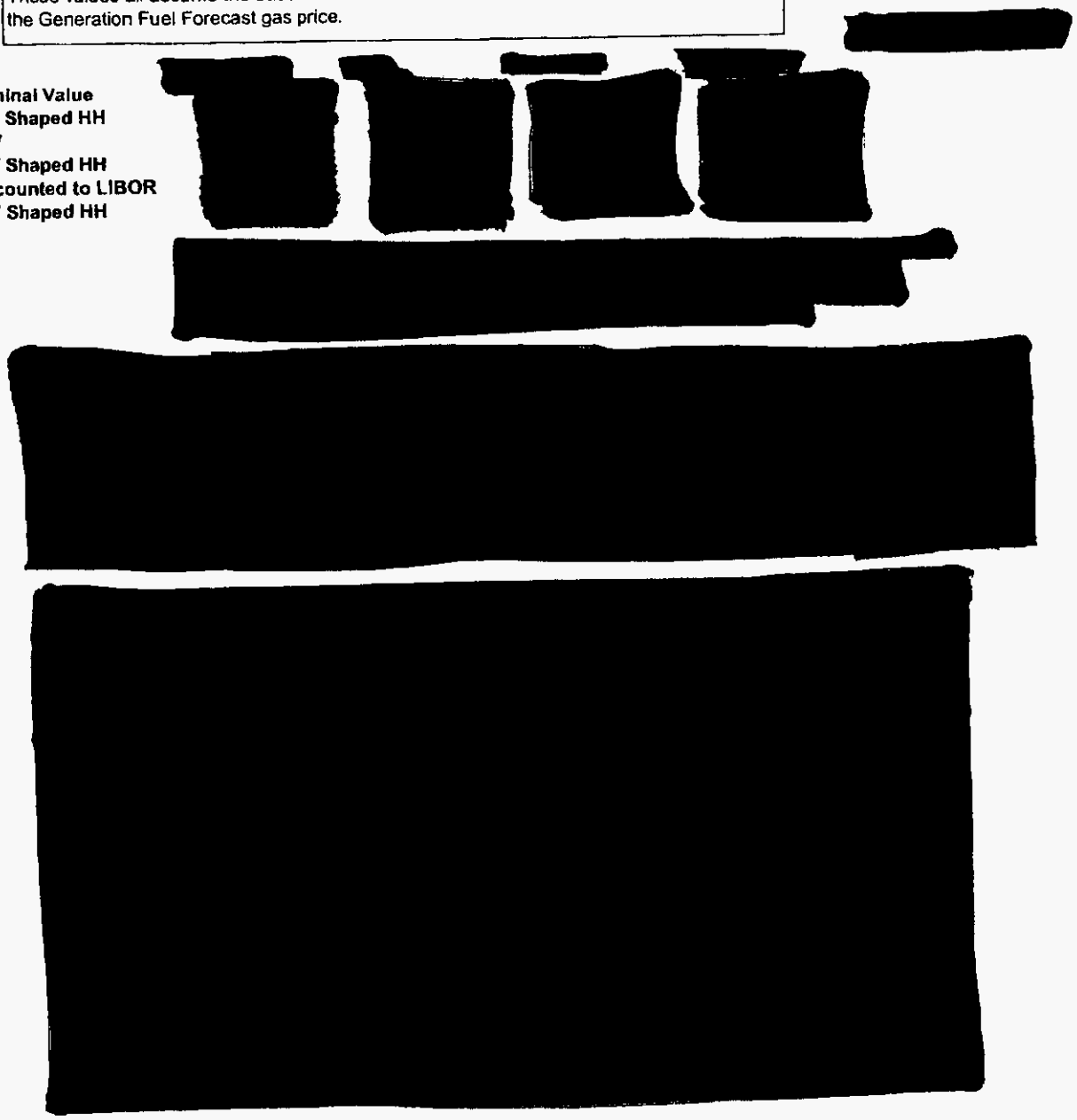
PEF 001497
Docket No. 041414-EI

Alternative Analysis

Economic Analysis

These values all assume the base case for both contractual terms and the base case of the Generation Fuel Forecast gas price.

Nominal Value
w/ Shaped HH
NPV
w/ Shaped HH
Discounted to LIBOR
w/ Shaped HH



CONFIDENTIAL

Proprietary and Confidential

REDACTED

PEF 001499
Docket No. 041414-EI

REDACTED

Proprietary and Confidential

REDACTED

PEF 001501
Docket No. 041414-EI

Proprietary and Confidential

REDACTED

PEF 001502
Docket No. 041414-EI

REDACTED

Proprietary and Confidential

REDACTED

PEF 001504
Docket No. 041414-EI

Proprietary and Confidential

REDACTED

PEF 001505
Docket No. 041414-EI

REDACTED

REDACTED

PEF 001507
Docket No. 041414-EI

REDACTED

PEF 001508
Docket No. 041414-EI

REDACTED

PEF 001509
Docket No. 041414-EI

REDACTED

PEF 001510
Docket No. 041414-EI

REDACTED

PEF 001511
Docket No. 041414-EI

REDACTED

PEF 001512
Docket No. 041414-EI

Rhodes, Rick

From: Rhodes, Rick
Sent: Wednesday, June 30, 2004 8:40 AM
To: Boulmay, Ramon; Murphy, Pam (CP&L); Adams, Melanie
Subject: FW: Gas Comparison

All,

Just a quick thought to keep in your back pocket...

[redacted]

I'm not suggesting we make changes to the document below, but [redacted]

Rick Rhodes
Term Gas Lead
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

CONFIDENTIAL

-----Original Message-----
From: Boulmay, Ramon
Sent: Tuesday, June 29, 2004 3:15 PM
To: Murphy, Pam (CP&L); Adams, Melanie; Rhodes, Rick
Subject: Gas Comparison

Updated per our meeting with Rob

Gas
arsion_062904.doc

Ramon

REDACTED

PEF 001514
Docket No. 041414-EI

REDACTED

PEF 001515
Docket No. 041414-EI

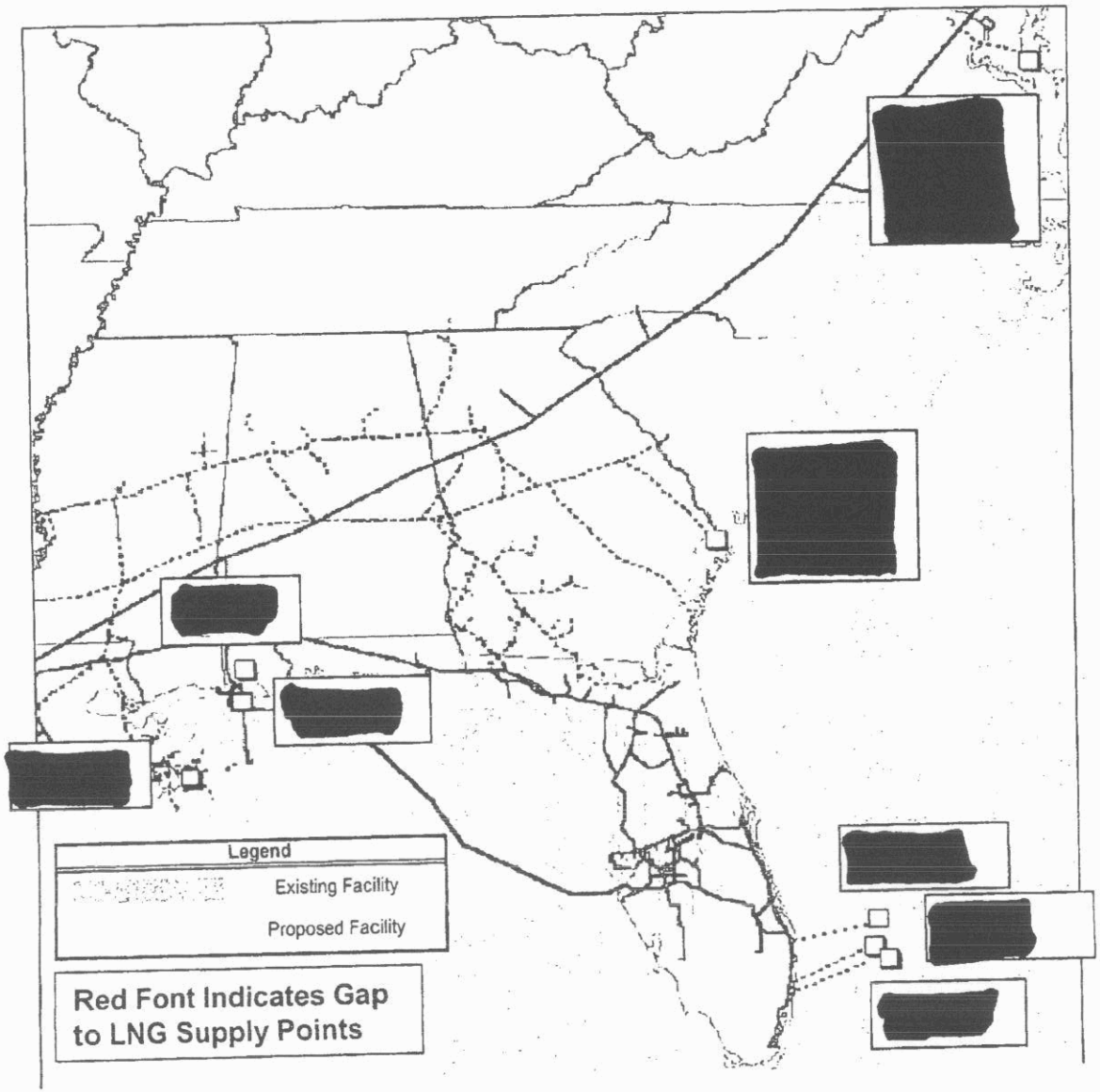
REDACTED

PEF 001516
Docket No. 041414-EI

REDACTED

PEF 001517
Docket No. 041414-EI

Natural Gas Supply – LNG Options



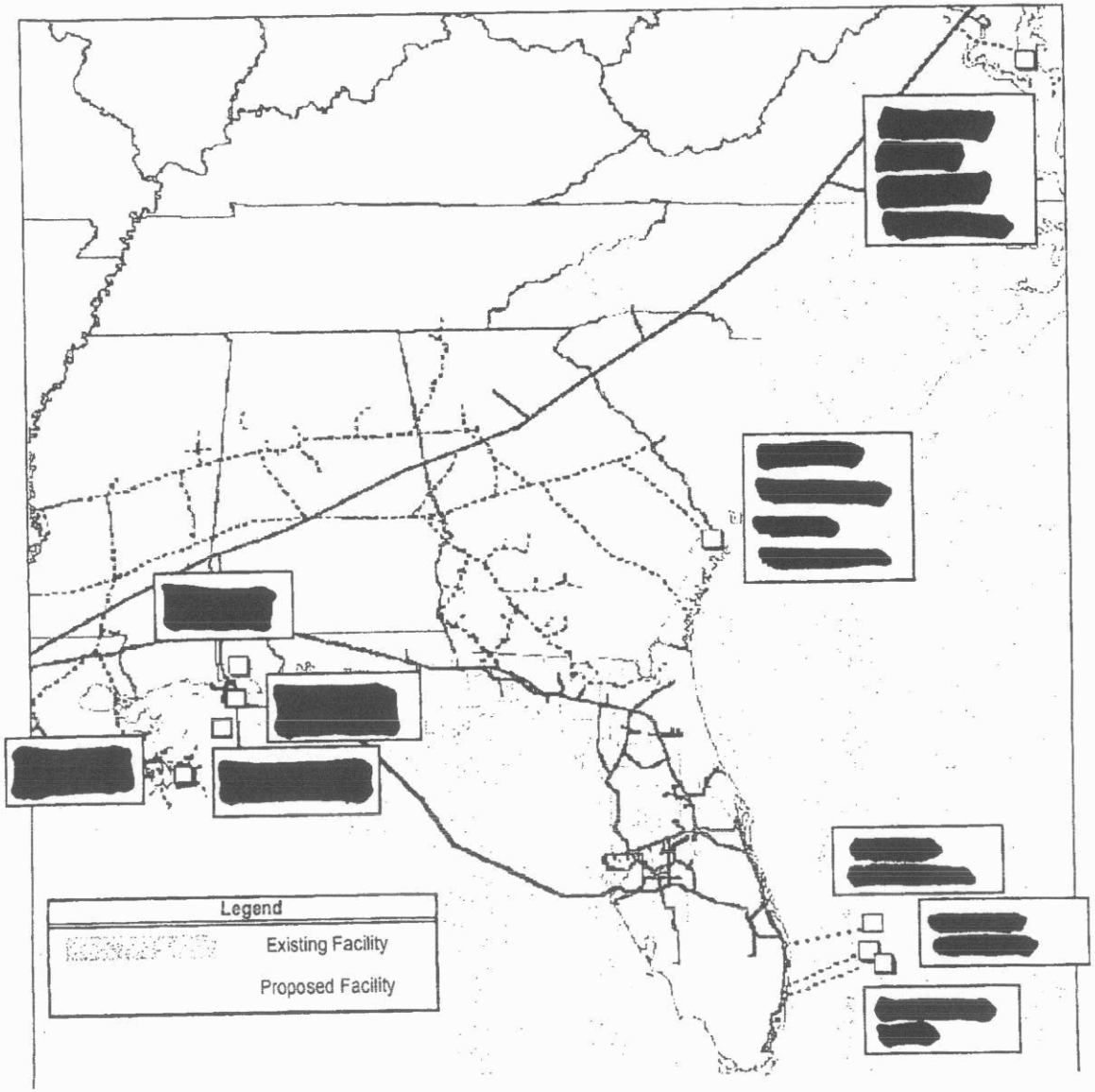
- Today, LNG imports are [redacted]
- By 2010, LNG imports could rise to [redacted]
- Pricing tied to NYMEX.
- Long-term commitments.
- Foreign/import risk.

CONFIDENTIAL

Progress Energy

PEF 001518

Natural Gas Supply – LNG Options



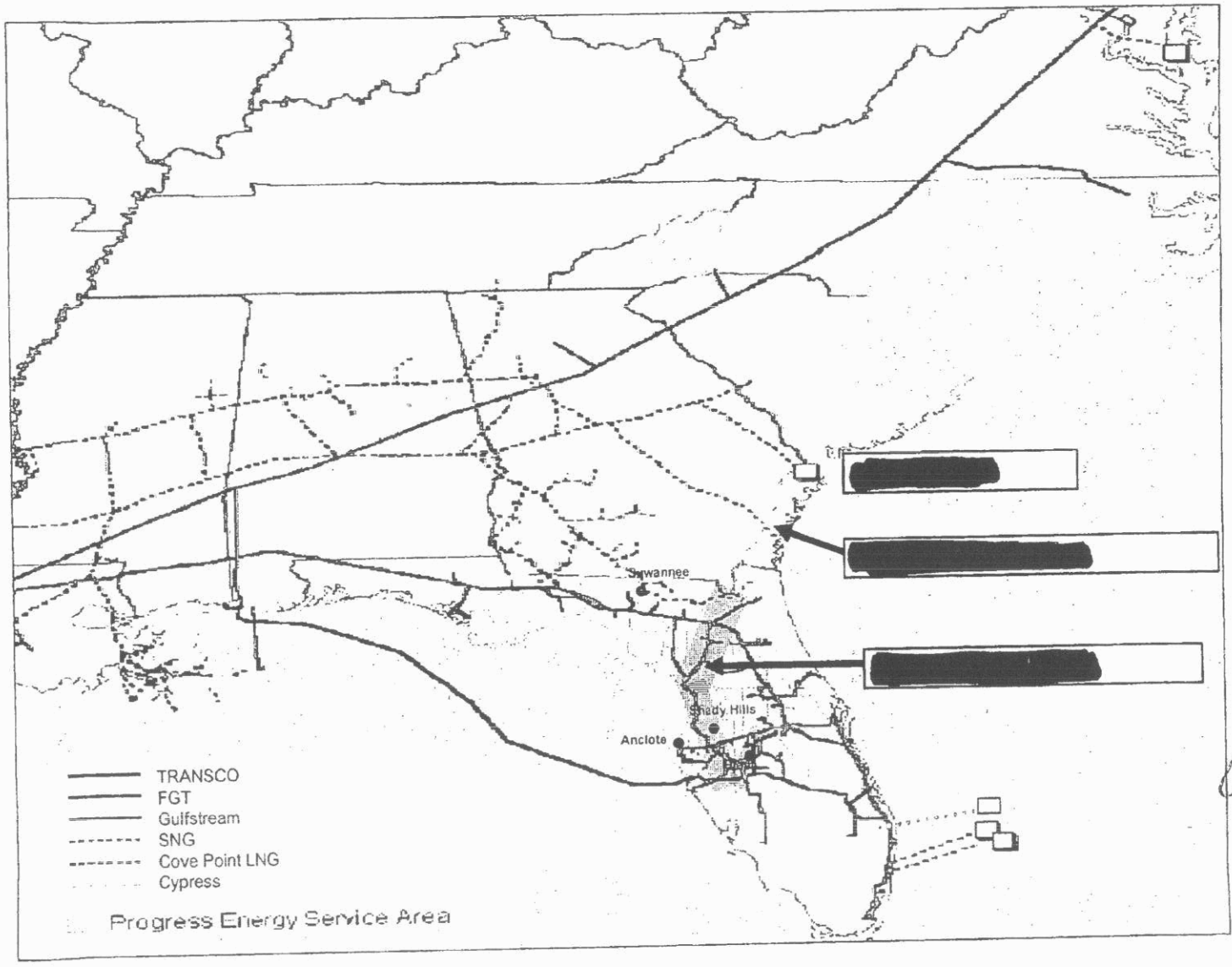
CONFIDENTIAL

Progress Energy

PEF 001519
Docket No. 041414-EI

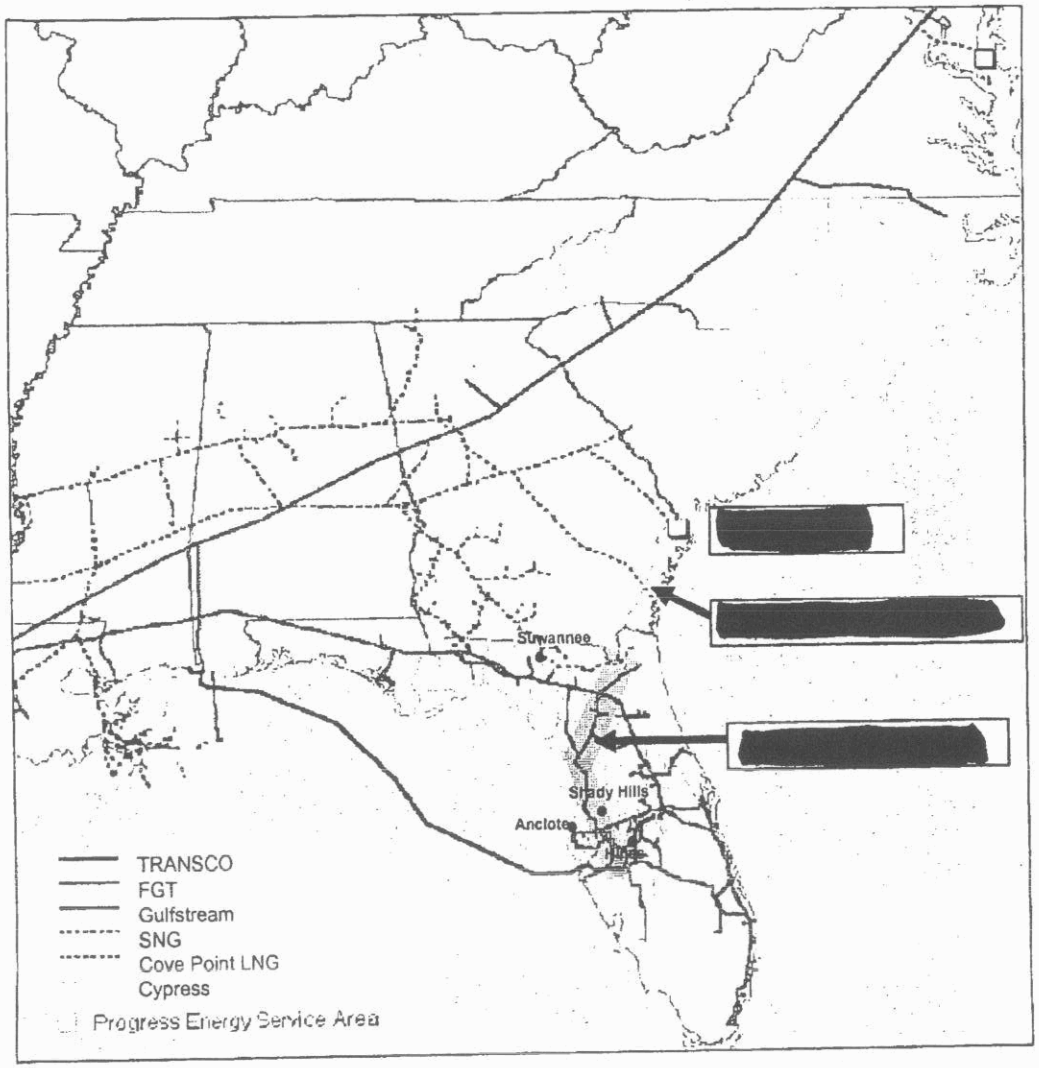
PRM - 4

BG/Cypress/FGT



CONFIDENTIAL

BG/Cypress/FGT



CONFIDENTIAL

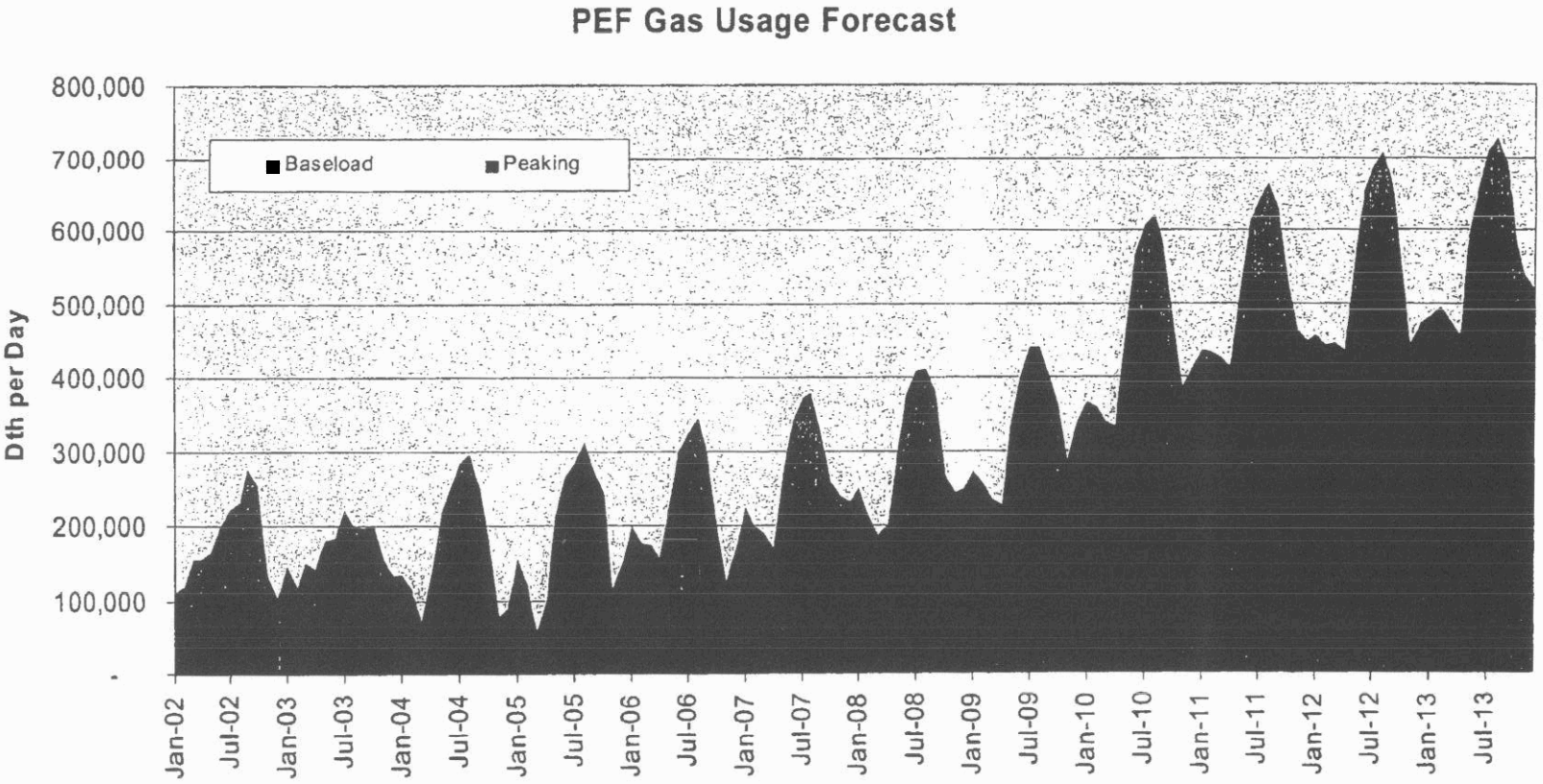
Progress Energy

PEF 001521
Docket No. 041414-EI

REDACTED

PEF 001522
Docket No. 041414-EI

Gas Requirements



Note: Forecast based on April 2004 PEF GFF.

CONFIDENTIAL

Progress Energy

PEF 001523
Docket No. 041414-EI

REDACTED

PEF 001524
Docket No. 041414-EI

REDACTED

PEF 001525
Docket No. 041414-EI

REDACTED

PEF 001526
Docket No. 041414-EI

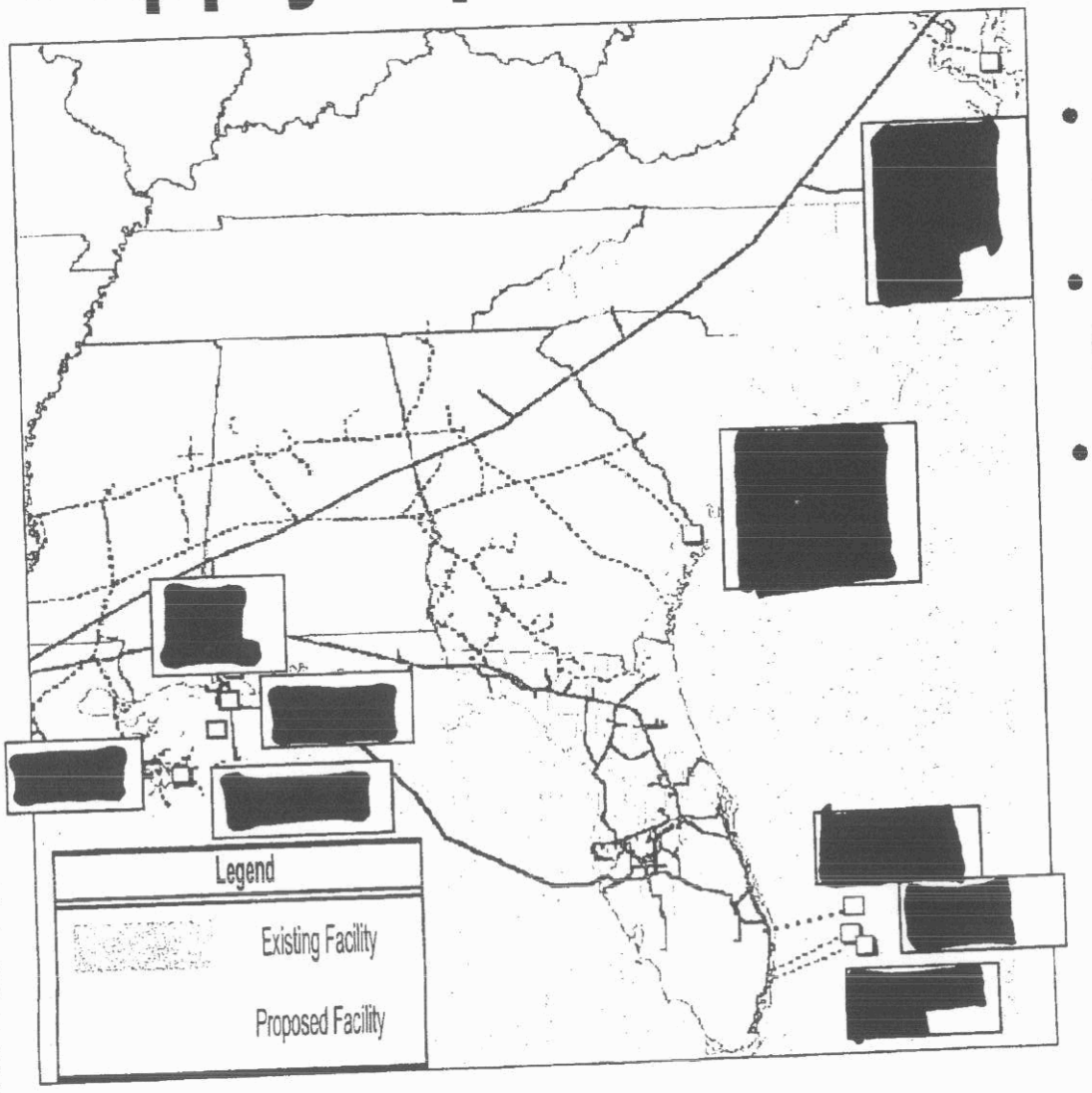
Regulated Commercial Operations

PEF Hines 4 & System Gas Supply Options
June 2004

Progress Energy

Contains RCO proprietary information subject to Code of Conduct rules

Supply Options



- [redacted]

CONFIDENTIAL

Progress Energy

REDACTED

PEF 001529
Docket No. 041414-EI

REDACTED

PEF 001530
Docket No. 041414-EI

REDACTED

PEF 001531
Docket No. 041414-EI

REDACTED

PEF 001532
Docket No. 041414-EI

REDACTED

PEF 001533
Docket No. 041414-EI

REDACTED

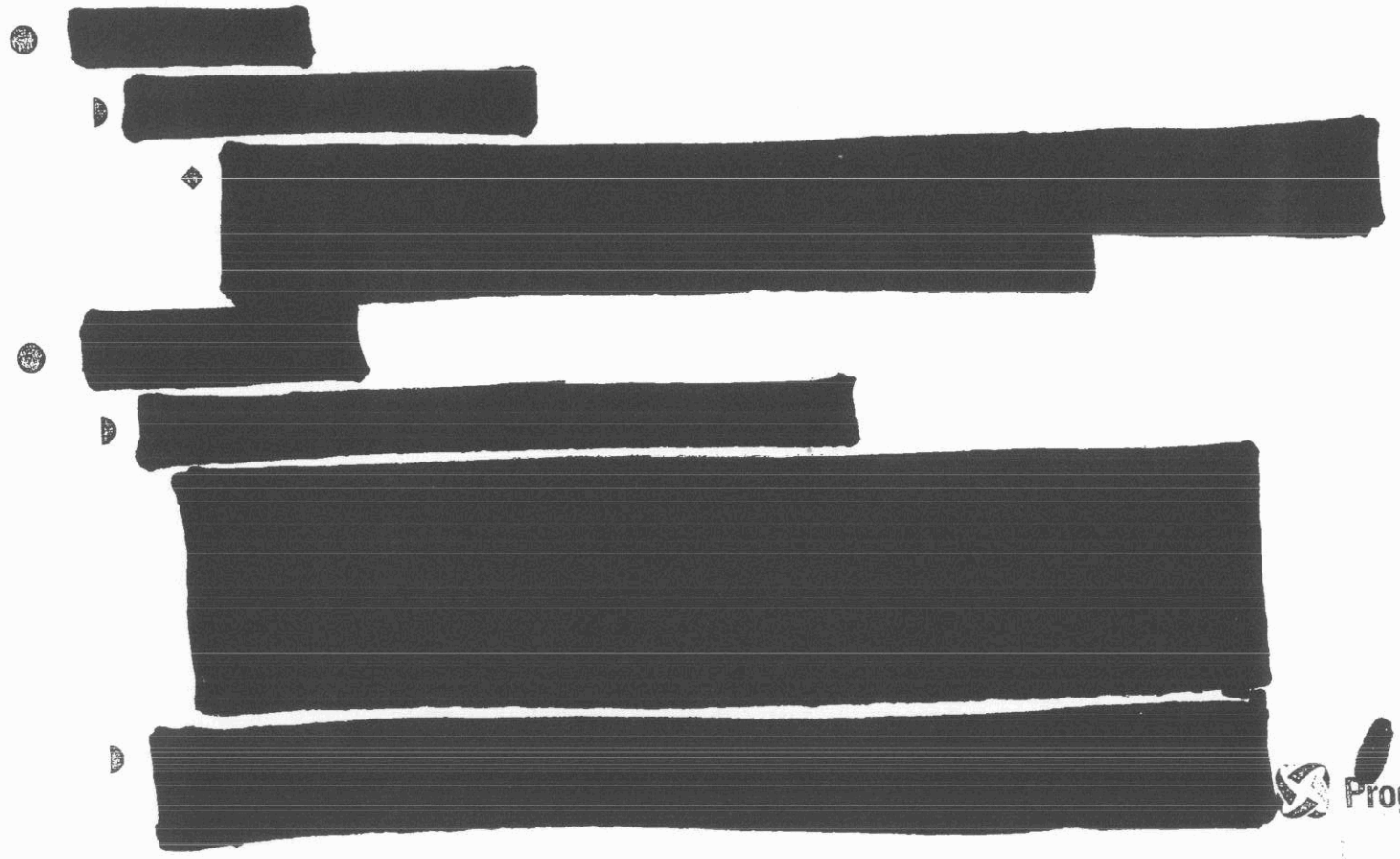
PEF 001534
Docket No. 041414-EI

REDACTED

PEF 001535
Docket No. 041414-EI

Supply Risks

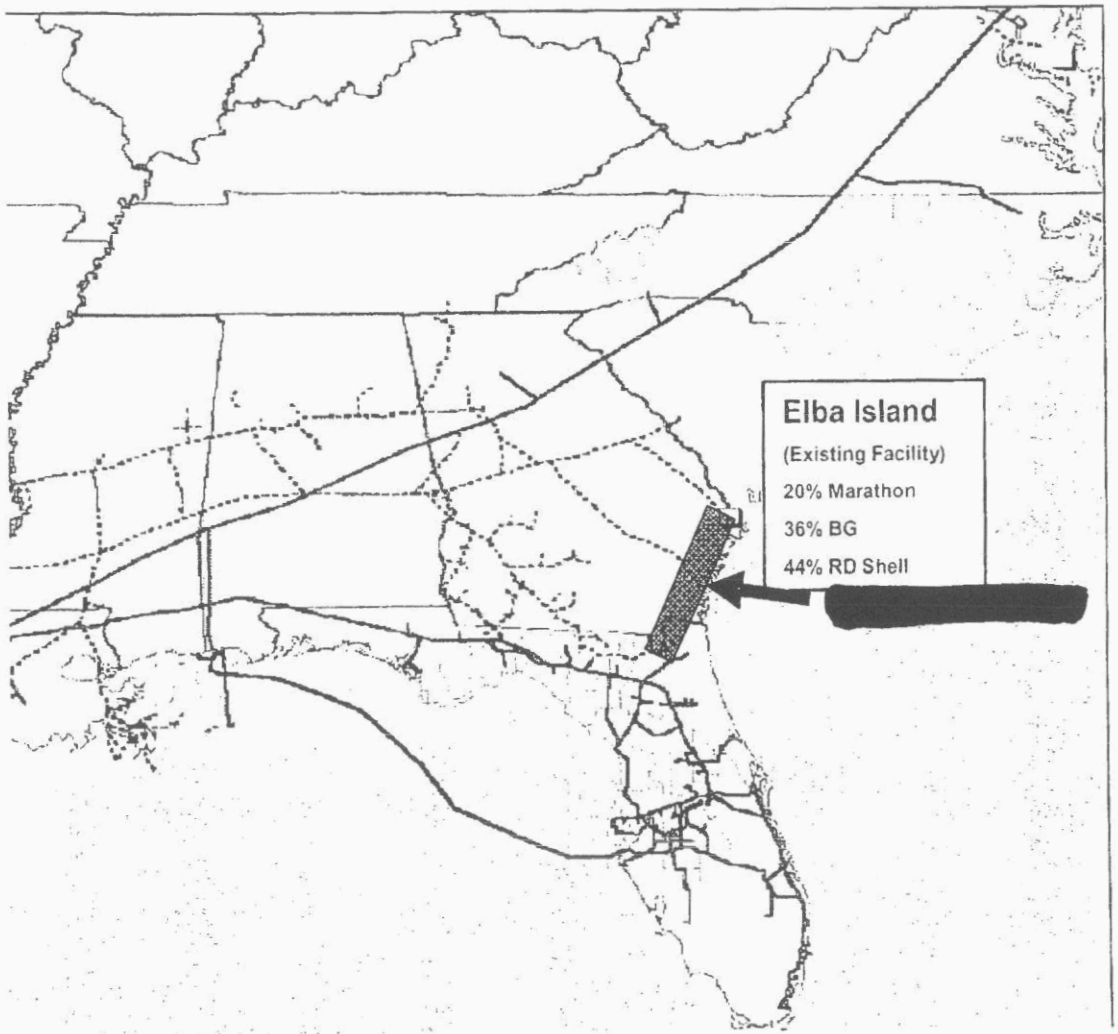
[redacted]



Progress Energy

CONFIDENTIAL

[redacted] Pipeline Project



- 200 mile [redacted] pipeline project by [redacted]
- Deliver gas from [redacted] to markets in Georgia and Florida
- Key FPC benefits:
  - [redacted]

CONFIDENTIAL

Progress Energy

PEF 001537
Docket No. 041414-EI

Project Timeline

- April — PE/BG Gas Supply Agreement
  PE/FGT Precedent Agreement
  SNG/FGT Precedent Agreement
  SNG/BG Precedent Agreement
- May — SNG/FGT Open Season
- June — Finalize Project Scope
- July — Board Approvals SNG, FGT, PE, BG
- August — File FERC Application

Progress Energy

Project Details

[redacted]

- [redacted]
- [redacted] (IFERC HH or NYMEX Settle)
  - w/o Hines 4
  - w/ Hines 4
- Term
- Volume w/o Hines 4
  - [redacted]
- Volume w/ Hines 4
  - [redacted]

CONFIDENTIAL

Progress Energy

Supply Risks

- BG Risks
  - Host Country Risk
    - Political – need to define
    - Liquefaction
- PEF Risks
  - Standard Force Majeure
    - Acts of God (earthquakes, hurricanes, lightning, etc)
    - Weather related (low temps - well freeze offs)
    - Interruption or curtailment of FT or storage
    - Other acts (strikes, riots, wars, etc)
    - Government actions (court orders, regulation, policies)
  - Marine related (loading, transportation, unloading, storage, revaporization, etc)

CONFIDENTIAL

Progress Energy

REDACTED

PEF 001541
Docket No. 041414-EI

REDACTED

PEF 001542
Docket No. 041414-EI

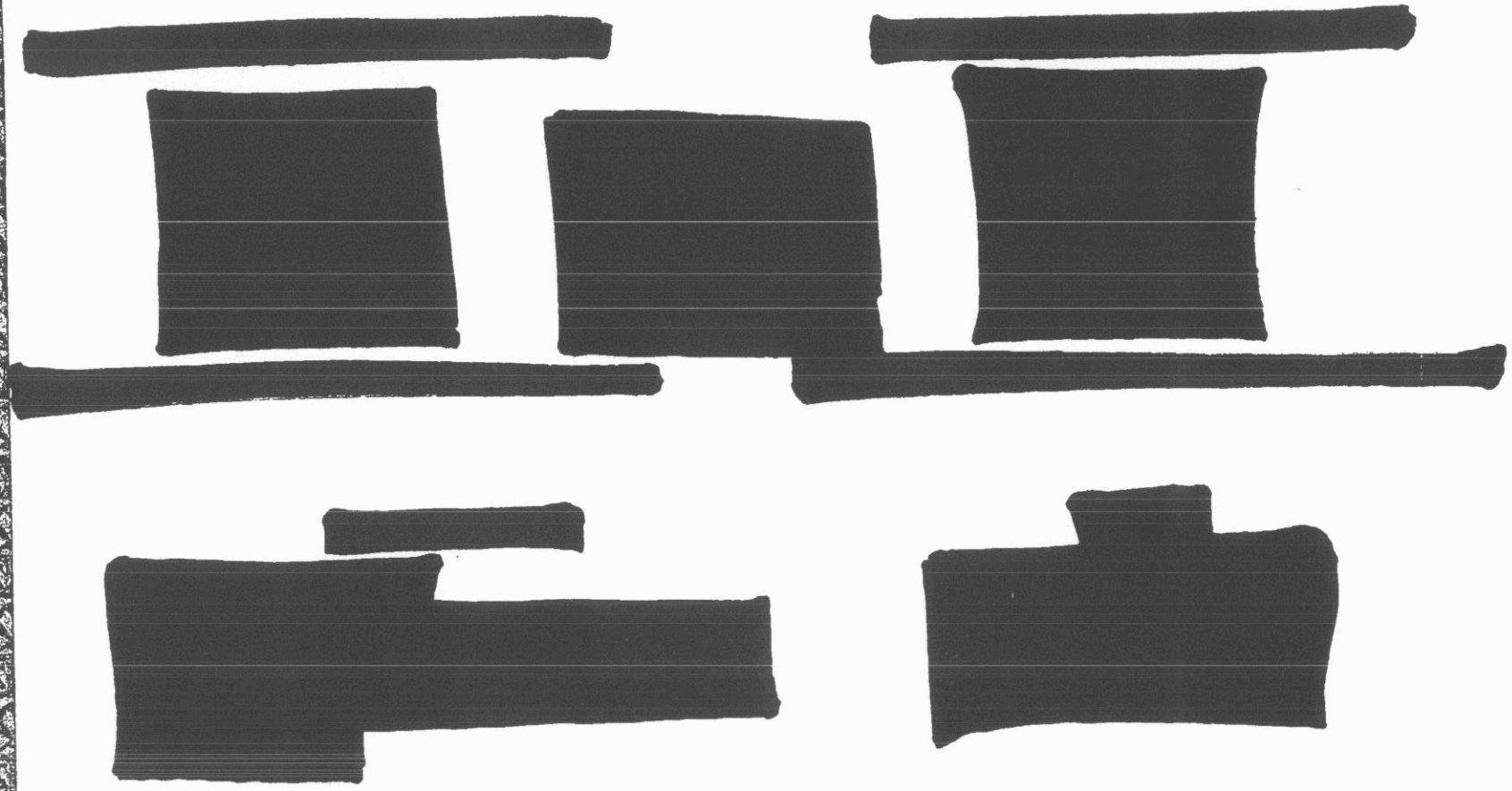
LNG Update

Progress Energy

PEF 001543
Docket No. 041414-EI

Opportunities & Risks

LNG Update



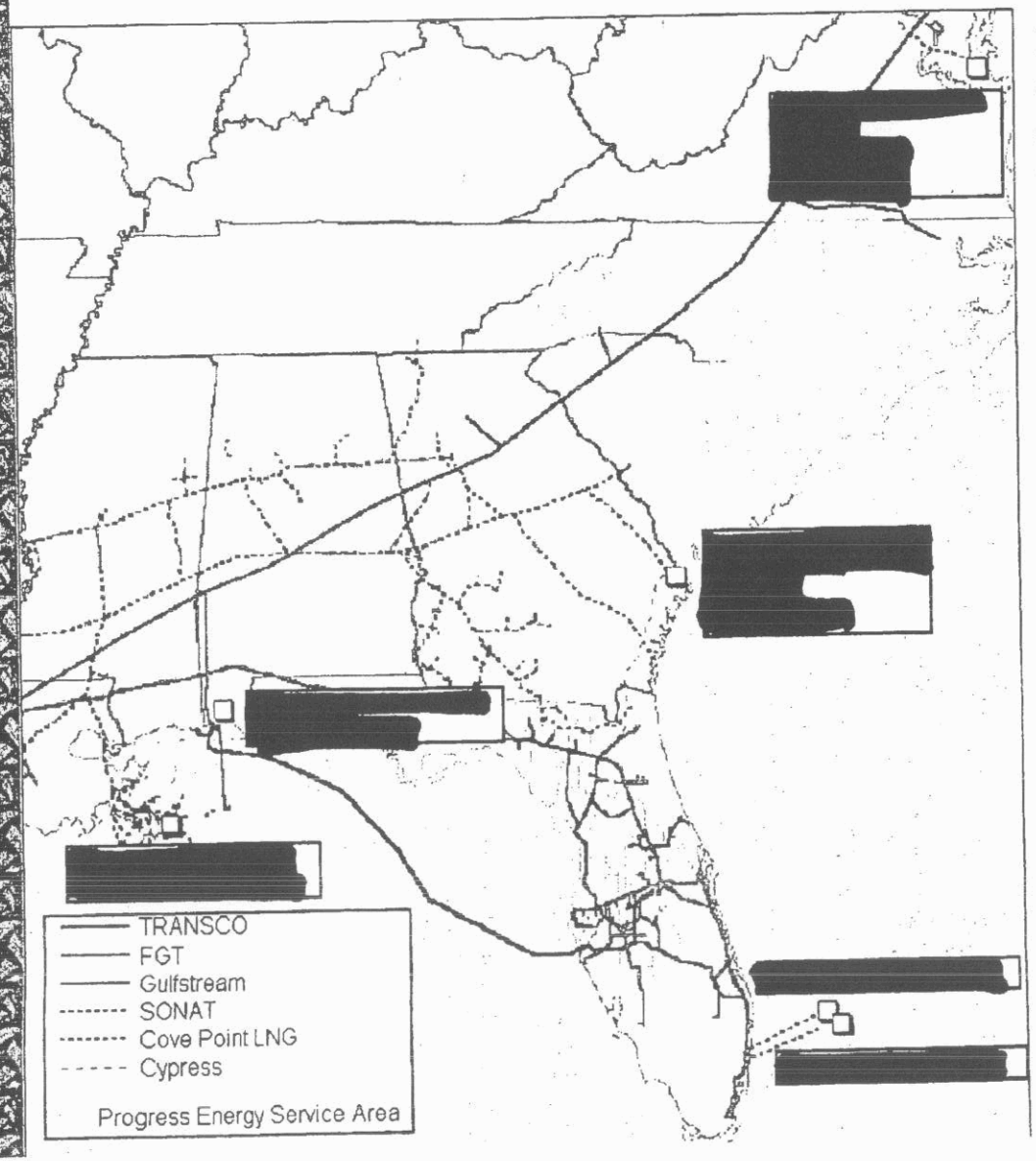
CONFIDENTIAL

Progress Energy

PEF 001544
Docket No. 041414-EI

PGN Options

LNG Update



Facilities

[redacted]

Volume

[redacted]

Term

[redacted]

Timing

[redacted]

CONFIDE[redacted]

Progress Energy

Suppliers

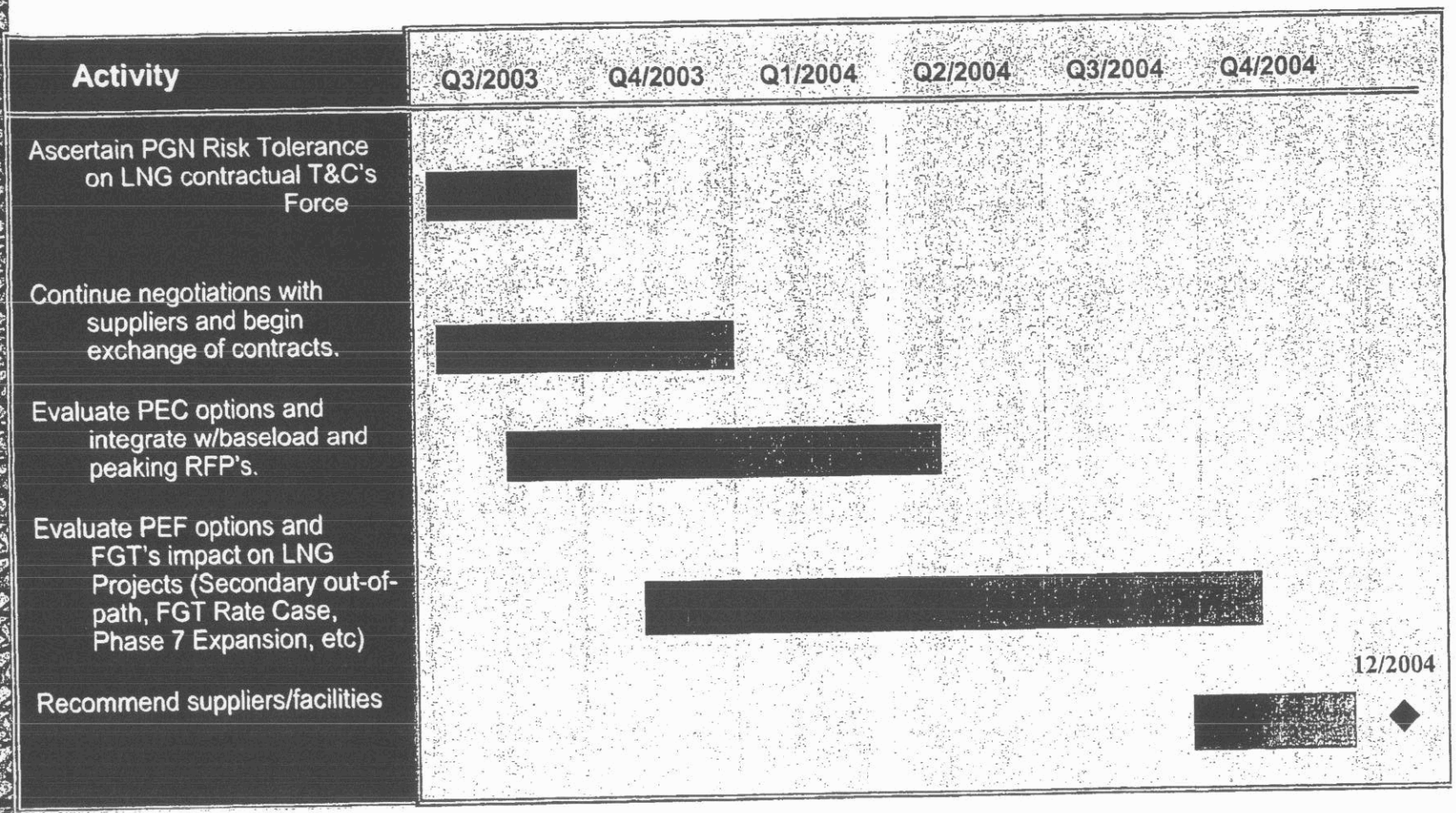
[redacted]

[redacted]

CONFIDENTIAL

Progress Energy

Next Steps



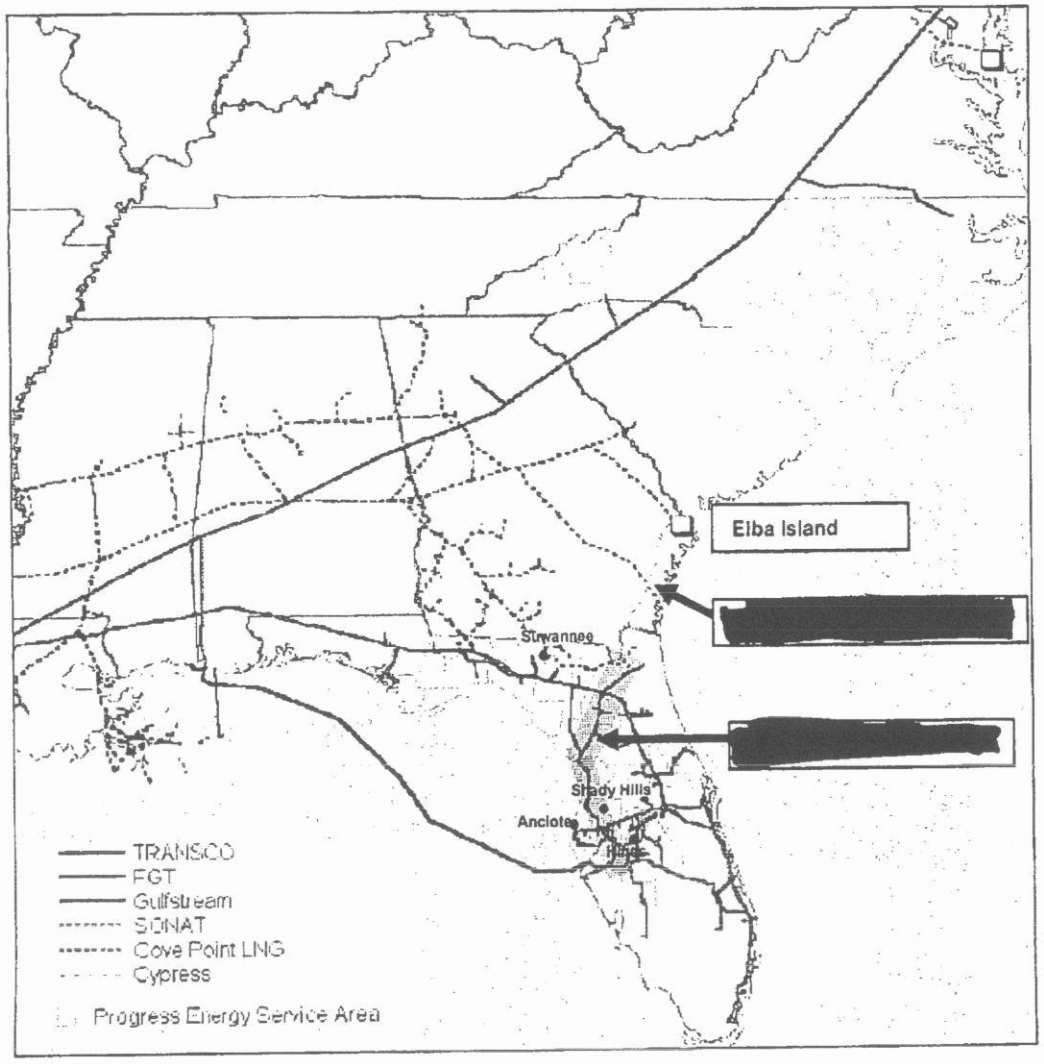
Progress Energy

LNG Update - General

- LNG imports expected to reach 10 Bcf/d by 2011
- New import facilities are addressing NIMBY concerns and capital constraints
- Of the 50 Greenfield LNG facilities proposed, only 7 needed to fill supply/demand gap
- Securing upstream supply is the main obstacle
- Gas quality specifications pending negotiation

Progress Energy

Cypress Update



- Elba Island already existing facility
- Hearing with FPSC on 4/29/05
- Seek approval of gas supply & transportation contracts for Hines 4

CONFIDENTIAL

Progress Energy

PEF 001549
Docket No. 041414-EI

LNG Considerations

LNG Costs and Returns: Selected Atlantic Routes

From (US$)	To	Supply	Lique-Faction	Shipping	Re-Gas	Total	Return@ US$3.5/mcf (%)
Algeria	EL	0.50	1.05	0.54	0.50	2.58	25
Nigeria	EV	0.30	1.04	0.64	0.50	2.48	26
Norway	LC	1.00	1.04	0.69	0.44	3.17	15
Venezuela	CP	0.75	1.04	0.28	0.42	2.48	29
Trinidad	EV	0.50	1.04	0.31	0.50	2.35	31
Qatar	LC	0.50	1.02	1.25	0.44	3.21	14
Average		**0.59**	**1.04**	**0.62**	**0.47**	**2.71**	**23**

Terminals: EL=Elba Island: EV=Everett: LC=Lake Charles: CP=Cove Point.

Source: Morgan Stanley

Risks

- [redacted]
- [redacted]
- [redacted]
- [redacted]

Pricing

- US Prices of $3.50/mcf should allow 20% returns
- Pricing similar to other gas traded in the US (e.g. Indexed, Fixed, etc)
- [redacted]

CONFIDENTIAL

Progress Energy

Executive Summary of
Key Contract Terms

Southern Natural (Cypress) / FGT Firm Pipeline Transportation
&
BG Gas (LNG) Sale and Purchase Contract

REDACTED

PEF 001552
Docket No. 041414-EI

[redacted]

CONFIDENTIAL

Rhodes, Rick

From: Rhodes, Rick
Sent: Thursday, October 28, 2004 10:55 AM
To: Murphy, Pam (CP&L); Adams, Melanie
Subject: Update from [redacted]

CONFIDENTIAL

I spoke with Gene Ungar and he provided me an update on the [redacted]

- [redacted] set up the website below for interested parties - it has the RFP, Q&A, schedule and other info.
- Proposals are due December 3, 2004
- Tentatively planning on executing agreements and making a decision by June 1, 2005, however this could move sooner or later depending on # of responses and how the evaluation goes.
- They have received 3 partial proposals [redacted] - they are available on the website below, but are vary high level.

http://www.fpl.com/about/plant/contents/2004lngrfp.shtml#partial

Also, I have scheduled a meeting with David Fairly and Greg Mason next week to get an update on there project - I will get with y'all prior to going and get input on contract discussion issues.

Rick Rhodes
Term Gas Lead
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

[redacted] Project

- Originally an [redacted] Project, [redacted] is a proposed [redacted] from the [redacted] to Florida.
- [redacted] could supply Florida through the proposed [redacted] at [redacted]
- [redacted] announced in February 2003, its plans to exit the LNG business and sell the [redacted] project.
- [redacted] announced January 2004 it signed an option agreement with El Paso to assume 100% ownership in the [redacted] and 50% ownership [redacted]
- April 2004, [redacted] announced execution of binding precedent agreements with an affiliate of [redacted] for full capacity rights [redacted] on the proposed [redacted]
- [redacted] forms [redacted] to market supplies out of the LNG Bahamas terminal to Florida.
- [redacted] estimates commercial operation to begin in 2008.

CONFIDENTIAL

Progress Energy

Proprietary and Confidential

REDACTED

PEF 001556
Docket No. 041414-EI

Proprietary and Confidential

REDACTED

PEF 001557
Docket No. 041414-EI

Proprietary and Confidential

REDACTED

PEF 001558
Docket No. 041414-EI

Proprietary and Confidential

REDACTED

PEF 001559
Docket No. 041414-EI

Proprietary and Confidential

REDACTED

PEF 001560
Docket No. 041414-EI

POD#29

Rhodes, Rick

From: [redacted]
Sent: Friday, June 25, 2004 2:07 PM
To: Rhodes, Rick; Trimble, John
Subject: FW: [redacted]



285191_web.url
(396 B)

Rick/John:
We enjoyed the visit yesterday. Here's is a link to information in the Federal Register about upcoming public meetings in Alabama and Mississippi regarding our project. Any public support that you may be able to provide to us going forward will be appreciated. Thanks.

http://dmses.dot.gov/docimages/pdf89/285191_web.pdf

[redacted]

CONFIDENTIAL

PEF 001561
Docket No. 041414-EI

The DEIS will assess the impacts of the alternatives—including approving, approving with conditions, or not approving (No Action Alternative) the license application to construct and operate Gulf Landing—on the natural and human environment.

As required by the National Environmental Policy Act, the Coast Guard also will analyze the No Action Alternative as a baseline for comparing the impacts of the proposed project. For the purposes of this project, the No Action Alternative is defined as not approving the Gulf Landing LLC Deepwater Port License Application.

Dated: June 21, 2004.

Howard L. Hime,

Acting Director of Standards, Marine Safety, Security, and Environmental Protection, U.S. Coast Guard.

Raymond R. Barberesi,

Director, Office of Ports and Domestic Shipping, U.S. Maritime Administration.

[FR Doc. 04-14456 Filed 6-22-04; 1:22 pm]

BILLING CODE 4910-15-P

DEPARTMENT OF HOMELAND SECURITY

Coast Guard

DEPARTMENT OF TRANSPORTATION

Maritime Administration

[USCG-2004-17659]

Compass Port LLC Liquefied Natural Gas Deepwater Port License Application; Preparation of Environmental Impact Statement

AGENCY: Coast Guard, DHS; and Maritime Administration, DOT.

ACTION: Notice of intent; notice of public meeting; and request for public comments.

SUMMARY: The U.S. Coast Guard and the Maritime Administration announce that the Coast Guard intends to prepare an environmental impact statement as part of the environmental review of the license application for the proposed Compass Port deepwater port, to be located approximately 11 miles south of Dauphin Island, Alabama. Publication of this notice begins a public scoping process that will help determine the scope of issues to be addressed in the environmental impact statement and identify the significant environmental issues related to this license application. Finally, this notice solicits public involvement in the scoping process, and announces public meetings and a public comment period to facilitate that involvement.

DATES: The public meetings will be held July 12, 13, and 14, 2004, from 3 p.m. to 7 p.m. in Dauphin Island, Alabama, Mobile, Alabama, and Pascagoula, Mississippi, respectively. Each meeting will consist of an informational open house from 3 p.m. to 4:30 p.m. and a public scoping meeting from 5 p.m. to 7 p.m. Comments and related material must reach the docket on or before July 26, 2004.

ADDRESSES:

The Dauphin Island meetings will be held at:
Dauphin Island Chamber of Commerce, 402 La Vente Street, Dauphin Island, Alabama 36528, 251-861-5524.

The Mobile meetings will be held at:
Mobile Government Plaza, 205 Government Street, Mobile, Alabama 36644, 251-574-5058.

The Pascagoula meetings will be held at:
Jackson County Fairgrounds Fair Hall, 2902 Shortcut Road, Pascagoula, Mississippi 39567, 228-762-6043.

All meeting spaces will be wheelchair-accessible.

You need not attend the meetings in order to comment. You may also submit comments identified by docket number USCG-2004-17659 to the Docket Management Facility at the U.S. Department of Transportation. To avoid duplication, please use only one of the following methods:

(1) Electronically through the Web site for the Docket Management System, at *http://dms.dot.gov.*

(2) By mail to the Docket Management Facility, U.S. Department of Transportation, Room PL-401, 400 Seventh Street SW., Washington, DC 20590-0001.

(3) By fax to the Docket Management Facility at 202-493-2251.

(4) By delivery to Room PL-401 on the Plaza level of the Nassif Building, 400 Seventh Street SW., Washington, DC, from 9 a.m. to 5 p.m., Monday through Friday, except Federal holidays. The telephone number is 202-366-9329.

(5) By the Federal eRulemaking Portal at *http://www.regulations.gov/.*

The Docket Management Facility maintains the public docket for this notice. Comments and material received from the public will become part of this docket and will be available for inspection or copying in Room PL-401 on the Plaza level of the Nassif Building, 400 Seventh Street SW., Washington, DC, from 9 a.m. to 5 p.m. Monday through Friday, except Federal holidays. This docket may also be found on the Internet at *http://dms.dot.gov.*

FOR FURTHER INFORMATION CONTACT: If you have questions on the application, this notice, or the meetings, or if you want to be notified when the draft and final environmental impact statements become available, call Mr. Kenneth Smith at 202-267-0578, or email at *KNSmith@comdt.uscg.mil.* If you have questions on viewing or submitting material to the docket, call Ms. Andrea M. Jenkins, Program Manager, Docket Operations, telephone 202-366-0271.

SUPPLEMENTARY INFORMATION:

Scoping Meetings and Request for Comments

We seek public review of and comment on this license application, particularly with respect to the environmental review discussed in this notice. Public input on environmental concerns related to the application, suggested sources of relevant data, and suggested methods for environmental analysis are especially welcome.

The Coast Guard will hold informational open houses and scoping meetings for interested members of the public, as described under **DATES** and **ADDRESSES.** Meeting facilities are wheelchair accessible. If you need other special assistance in order to participate in these sessions (for example, sign language interpretation), please contact the person named in **FOR FURTHER INFORMATION CONTACT,** and we will try to make reasonable accommodation for your needs. We ask that you make such requests at least three (3) business days before the scheduled meeting. Include a contact person's name and telephone number, your specific need, and (for persons with hearing impairments) a TDD number.

If you submit comments or related material to the docket (see **DATES** and **ADDRESSES**), please make your comment as specific as possible and give us the reasons for each comment. If you mail or hand-deliver printed documents, please submit them unbound and in a format suitable for copying and electronic filing, no larger than 8½ by 11 inches. If you submit comments or material by mail and want confirmation that it has reached the facility, please enclose a stamped, self-addressed postcard or envelope. We will consider all comments and material received during the comment period. All comments received will be posted, without change, to *http://dms.dot.gov/* and will include any personal information you have provided.

Anyone can search the electronic form of all comments received into any of our dockets by the name of the individual submitting the comment (or signing the comment, if submitted on

behalf of an association, business, labor union, etc.). You may review the Department of Transportation's Privacy Act Statement in the **Federal Register** published on April 11, 2000 (65 FR 19477), or you may visit *http://dms.dot.gov/*.

Environmental Review

Deepwater ports for the transportation, storage, or further handling of oil or natural gas must be licensed in accordance with the Deepwater Port Act of 1974, as amended, 33 U.S.C. 1501 *et seq.* ("the Act"). The Coast Guard and the Maritime Administration (MARAD) jointly process applications for deepwater port licenses. A notice of application for a proposed Compass Port liquefied natural gas deepwater port, to be located in the Gulf of Mexico approximately 11 miles south of Dauphin Island, Alabama, was published in the **Federal Register** on May 20, 2004 (69 FR 29142). That notice contains a fuller description of the proposed deepwater port. In addition to information previously published in the **Federal Register**, the applicant has identified five locations as possible fabrication sites for the concrete Gravity Based Structures (GBS's) which would be used to contain the LNG storage tanks. The proposed locations are:

Big Bend Site, Freeport, TX;
Zachary Construction Site, Harbor Island, TX;
Gulf Marine Fabrications, Ingleside, TX;
Kiewit Construction Site, Ingleside, TX;
Port of Altamira, Mexico.

The complete application, including environmental documentation provided by the applicant, is available in the public docket (see "Viewing Comments and Dockets," above).

The Act establishes a licensing process for proposed deepwater ports, and that process includes review of the proposed port's natural and human environmental impacts. Consistent with the DWPA, this environmental review must comply with the National Environmental Policy Act of 1969 (NEPA), 42 U.S.C. 4332, and with the following authorities: Coast Guard regulations in 33 CFR part 148, Council on Environmental Quality regulations in 40 CFR parts 1500–1508, DOT Order 5610.1C (Procedures for Considering Environmental Impacts), and Coast Guard Commandant's Instruction (COMDTINST) M16475.1D. Environmental review includes public involvement, and consultation with States deemed adjacent to the proposed port (in this case, Alabama and Mississippi). The Coast Guard is the lead agency for determining the required scope of environmental review, and in this case the Coast Guard has determined that an environmental impact statement (EIS) must be prepared. Therefore, we are publishing the notice of intent described in 40 CFR 1508.22, to announce our intention to prepare and consider an EIS, and to describe our proposed action and possible alternatives, describe the scoping process required by 40 CFR 1501.7, and provide contact information. Contact information is provided above, under **FOR FURTHER INFORMATION CONTACT.**

The proposed action requiring environmental review is the Federal licensing of the Compass Port deepwater port application. The alternatives to licensing approval are licensing with conditions (including conditions designed to mitigate environmental impact), and denying the application, which for purposes of environmental review is the "no-action" alternative.

Public scoping is an early and open process for determining the scope of issues to be addressed in an EIS and for identifying the significant issues related to a proposed action. The scoping process begins with publication of this notice, extends through the public comment period (see *DATES*), and ends when the Coast Guard completes the following actions:

- Invites the participation of Federal, State, and local agencies, any affected Indian tribe, the applicant, and other interested persons;
- Determines the actions, alternatives, and impacts described in 40 CFR 1508.25;
- Identifies and eliminates from detailed study those issues that are not significant or that have been covered elsewhere;
- Allocates responsibility for preparing EIS components;
- Indicates any related environmental assessments or environmental impact statements that are not part of the EIS;
- Identifies other relevant environmental review and consultation requirements;
- Indicates the relationship between timing of the environmental review and other aspects of the application process; and
- At its discretion, exercises options provided in 40 CFR 1501.7(b).

Once the scoping process is complete, the Coast Guard will prepare a draft EIS, and we will publish a **Federal Register** notice announcing its public availability. If you want to be mailed or emailed the draft EIS notice of availability, please contact the person named in **FOR FURTHER INFORMATION CONTACT.** We will provide the public with an opportunity to review and comment on the draft EIS. After the Coast Guard considers those comments, we will prepare the final EIS and similarly announce its availability and solicit public review and comment.

Dated: June 21, 2004.

Howard L. Hime,

Acting Director of Standards, Marine Safety, Security, and Environmental Protection, U.S. Coast Guard.

Raymond R. Barberesi,

Director, Office of Ports and Domestic Shipping, U.S. Maritime Administration.

[FR Doc. 04–14455 Filed 6–22–04; 1:21 pm]

BILLING CODE 4910–15–P

DEPARTMENT OF HOMELAND SECURITY

Federal Emergency Management Agency

[FEMA–1520–DR]

Indiana; Amendment No. 2 to Notice of a Major Disaster Declaration

AGENCY: Federal Emergency Management Agency, Emergency Preparedness and Response Directorate, Department of Homeland Security.

ACTION: Notice.

SUMMARY: This notice amends the notice of a major disaster declaration for the State of Indiana (FEMA–1520–DR), dated June 3, 2004, and related determinations.

DATES: *Effective Date:* June 17, 2004.

FOR FURTHER INFORMATION CONTACT: Magda Ruiz, Recovery Division, Federal Emergency Management Agency, Washington, DC 20472, (202) 646–2705.

SUPPLEMENTARY INFORMATION: The notice of a major disaster declaration for the State of Indiana is hereby amended to include the Public Assistance program for the following areas among those areas determined to have been adversely affected by the catastrophe declared a major disaster by the President in his declaration of June 3, 2004:

Benton, Clark, Crawford, Floyd, Harrison, Martin, Miami, Orange, Perry, Spencer, Tippecanoe, Warren, Warrick, and Washington Counties for Public Assistance (already designated for Individual Assistance.)

Greene and Owen Counties for Public Assistance.

(The following Catalog of Federal Domestic Assistance Numbers (CFDA) are to be used for reporting and drawing funds: 97.030, Community Disaster Loans; 97.031, Cora Brown Fund Program; 97.032, Crisis Counseling; 97.033, Disaster Legal Services Program; 97.034, Disaster Unemployment

Rhodes, Rick

From: [redacted]
Sent: Wednesday, June 23, 2004 3:17 PM
To: Rhodes, Rick
Cc: [redacted]
Subject: RFP for Long Term Gas Supply

CONFIDENTIAL

ProgressEnergyFL6-24-04.doc (3...

Rick,

[redacted] is on the road so he asked me to send this out.
In addition, I work with [redacted] on deals around are LNG Projects.

ConocoPhillips would like to pursue discussions on a [redacted] deal as we have outlined in the attached response.

I am sending this today so you will have it before [redacted] comes in tomorrow.

We look forward to pursuing this opportunity.

Thanks
[redacted]

<<ProgressEnergyFL6-24-04.doc>>

PEF 001564
Docket No. 041414-EI

REDACTED

PEF 001565
Docket No. 041414-EI

REDACTED

PEF 001566
Docket No. 041414-EI

Rhodes, Rick

From: [redacted]
Sent: Tuesday, June 22, 2004 3:18 PM
To: Rhodes, Rick; Trimble, John
Cc: [redacted]
Subject: RE: [redacted] Supply RFP

CONFIDENTIAL

Gentlemen,

Thank you for your consideration of the [redacted]™ as a possible supplier for your natural gas needs. I believe the criteria listed in your RFP fits the project perfectly. However, a response is very complicated due to the status of the project. As you may be aware, the project is in the 356 day permitting period as outlined in the Deepwater Port Act of 1974. As a result the ultimate in-service date is not perfectly defined, and it is impossible to make a firm commitment on sales from the project at this point.

However, we are very interested in supplying Progress Energy and would like to discuss alternatives and solutions.

The desired receipt points, flexibility, scale, pricing terms and tenure outlined in the RFP are an excellent fit for the project. To refresh your memories, the [redacted] (offshore at Main Pass 299) will have a normal day of [redacted] bcf of natural gas deliveries into Florida Gas (Mobile), Transco (Mobile), Gulfstream (Mobile), Gulf South (Mobile), Texas Eastern (MP 164), Southern Natural (MP 298), Tennessee (SP 55) and/or Columbia Gulf (SP 55). The project will have [redacted] bcf of working gas capacity in high-deliverability salt caverns (at MP 299). This deliverability provides an incremental [redacted] (net peak of [redacted] into the 8 interstates. As a result the project can provide natural gas in precisely the locations that you desire, easily accommodating the requested volumes, and provide flexibility in takes by utilizing the largest salt cavern natural gas storage facility in North America. Once the project is completed, it will provide reliable (remote operations under any weather conditions) natural gas supplies for many, many years.

I would like to discuss the opportunity with you in more detail. If your schedules permit, I am available to call you tomorrow June 23rd. Please let me know a convenient time for the call, and I look forward to further discussions.

Regards, [redacted]

From: Rhodes, Rick [mailto:Rick.Rhodes@pgnmail.com]
Sent: Monday, June 14, 2004 4:57 PM
Cc: Rhodes, Rick; Trimble, John
Subject: [redacted] RFP
Importance: High

Florida Power Corporation d/b/a Progress Energy Florida, Inc. (FPC) seeks proposals from you to supply natural gas for the requirements listed in the attached RFP. A successful deal will require the execution of a NAESB with the attached Special Provisions, unless your firm already has an approved GISB or NAESB with FPC.

You are encouraged to submit your bid via e-mail. FAX response is acceptable, but e-mail is preferable.

We look forward to your response. Feel free to contact me at the number below with any questions. Thanks in advance for your timely response by this June 24, 2004 deadline.

[redacted]

Rick Rhodes
Term Gas Lead
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

Rhodes, Rick

From: Trimble, John
Sent: Thursday, September 04, 2003 7:35 AM
To: Rhodes, Rick
Subject: FW: [redacted] LNG RFP Responses


PEF lng rfp 9-03.doc (64 KB)


PEC lng rfp 9-03.doc (64 KB)

Rick:

[redacted] Response to LNG RFP.

[redacted]

CONFIDENTIAL

Progress Energy
Ph: (919) 546-3323

-----Original Message-----
From: [redacted]
Sent: Wednesday, September 03, 2003 4:51 PM
To: Trimble, John
Subject: [redacted] LNG RFP Responses

John -
Attached are 2 LNG RFP responses from [redacted]
Contact me should you have any questions.
Regards,
[redacted]

[redacted]

<<PEF lng rfp 9-03.doc>> <<PEC lng rfp 9-03.doc>>

****
This e-mail contains privileged attorney-client communications and/or confidential information, and is only for the use by the intended recipient. Receipt by an unintended recipient does not constitute a waiver of any applicable privilege.

Reading, disclosure, discussion, dissemination, distribution or copying of this information by anyone other than the intended recipient or his or her employees or agents is strictly prohibited. If you have received this communication in error, please immediately notify us and delete the original material from your computer.

[redacted] is not the same company as [redacted] or [redacted] the utilities owned by [redacted] parent company. [redacted] is not regulated by the California Public Utilities Commission and you do not have to buy [redacted] products and services to continue to receive quality regulated service from the utilities.
****

PEF 001568
Docket No. 041414-EI

REDACTED

PEF 001569
Docket No. 041414-EI

Volume: [redacted]

Primary Receipt Point: [redacted]

Service: [redacted]

Pricing: [redacted]

Nominations: [redacted]

Requirements: [redacted]

Gas Quality: [redacted]

[redacted]

[redacted]

[redacted]

[redacted]

REDACTED

PEF 001571
Docket No. 041414-EI

Volume: [redacted]

Primary Receipt Point: [redacted]

Service: [redacted]

Pricing: [redacted]

Nominations: [redacted]

Requirements: [redacted]

Gas Quality: [redacted]

[redacted]

[redacted]

[redacted]

Rhodes, Rick

From: Rhodes, Rick
Sent: Friday, August 22, 2003 5:28 PM
To: [redacted]
Cc: Trimble, John
Subject: Non-Binding RFP

Importance: High
Sensitivity: Confidential

CONFIDENTIAL

Progress Energy seeks non-binding proposals from your company to supply natural gas for the requirements listed in the attached RFP. Progress Energy is currently evaluating how LNG could play an integral role in its supply portfolio and your response will serve as a key input to this evaluation. A successful deal will require the execution of a NAESB with the attached Special Provisions, unless your firm already has an approved GISB or NAESB.

You are encouraged to submit your bid via e-mail. FAX response is acceptable, but e-mail is preferable.

We look forward to your response. Feel free to contact me with any questions. Thanks in advance for your timely response by this September 3, 2003 deadline.



Rick Rhodes
Term Gas & Logistics
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

PEF 001573
Docket No. 041414-EI

Progress Energy

Regulated Commercial Operations Department
P. O. Box 1551 - CPB 10A
Raleigh, North Carolina 27602

[redacted]

August 22, 2003

CONFIDENTIAL

Dear Sir or Madam:

Subject: Non-Binding Request for Proposal for Gas Supply

Florida Power Corporation d/b/a Progress Energy Florida, Inc. (hereinafter referred to as [redacted]

Term [redacted]

Volume [redacted]

Primary Receipt Point [redacted]

Service [redacted]

Desired Pricing [redacted]

Other Pricing [redacted]

Nominations: [redacted]

Requirements [redacted]

Gas Quality [redacted]

Proposals are DUE by: **Wednesday, September 3, 2003, 4:00 p.m. EST**

Proposals Proposals are preferred to be submitted via e-mail to the address below. Proposals may be submitted by FAX. Proposals received AFTER the DUE date may be considered at Buyer's discretion. All Proposals MUST reference [redacted] Questions related to deal points should be directed to the author at the number listed during business hours (EST).

Please send proposals to:

CONFIDENTIAL

Progress Energy Inc.
Attn: Rick Rhodes
Term Gas and Logistics Unit
P. O. Box 1551 - PEB 10A
Raleigh, North Carolina 27602
Telephone: 919-546-7613

Send e-mail responses to: **rick.rhodes@pgnmail.com**

Send FAX responses to: **919-546-2922**

Sincerely,

Rick Rhodes

Term Gas Lead
919-546-7613

Rhodes, Rick

From: Rhodes, Rick
Sent: Friday, August 22, 2003 5:25 PM
To: [redacted]
Cc: Trimble, John
Subject: Non-Binding RFP

CONFIDENTIAL

Importance: High
Sensitivity: Confidential

Progress Energy seeks non-binding proposals from your company to supply natural gas for the requirements listed in the attached RFP. Progress Energy is currently evaluating how LNG could play an integral role in its supply portfolio and your response will serve as a key input to this evaluation. A successful deal will require the execution of a NAESB with the attached Special Provisions, unless your firm already has an approved GISB or NAESB.

You are encouraged to submit your bid via e-mail. FAX response is acceptable, but e-mail is preferable.

We look forward to your response. Feel free to contact me with any questions. Thanks in advance for your timely response by this September 3, 2003 deadline.



[redacted]

Rick Rhodes
Term Gas & Logistics
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

Rhodes, Rick

From: Rhodes, Rick
Sent: Friday, August 22, 2003 5:23 PM
To: [redacted]
Cc: Trimble, John
Subject: Non-Binding RFP

Importance: High
Sensitivity: Confidential

CONFIDENTIAL

Progress Energy seeks non-binding proposals from your company to supply natural gas for the requirements listed in the attached RFP. Progress Energy is currently evaluating how LNG could play an integral role in its supply portfolio and your response will serve as a key input to this evaluation. A successful deal will require the execution of a NAESB with the attached Special Provisions, unless your firm already has an approved GISB or NAESB.

You are encouraged to submit your bid via e-mail. FAX response is acceptable, but e-mail is preferable.

We look forward to your response. Feel free to contact me with any questions. Thanks in advance for your timely response by this September 3, 2003 deadline.



Rick Rhodes
Term Gas & Logistics
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

Rhodes, Rick

From: Rhodes, Rick
Sent: Friday, August 22, 2003 5:23 PM
To: [redacted]
Cc: Trimble, John
Subject: Non-Binding RFP

CONFIDENTIAL

Importance: High
Sensitivity: Confidential

Progress Energy seeks non-binding proposals from your company to supply natural gas for the requirements listed in the attached RFP. Progress Energy is currently evaluating how LNG could play an integral role in its supply portfolio and your response will serve as a key input to this evaluation. A successful deal will require the execution of a NAESB with the attached Special Provisions, unless your firm already has an approved GISB or NAESB.

You are encouraged to submit your bid via e-mail. FAX response is acceptable, but e-mail is preferable.

We look forward to your response. Feel free to contact me with any questions. Thanks in advance for your timely response by this September 3, 2003 deadline.



Rick Rhodes
Term Gas & Logistics
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

Rhodes, Rick

From: Rhodes, Rick
Sent: Friday, August 22, 2003 5:21 PM
To: [redacted]
Cc: Trimble, John
Subject: Non-Binding RFP

CONFIDENTIAL

Importance: High
Sensitivity: Confidential

Progress Energy seeks non-binding proposals from your company to supply natural gas for the requirements listed in the attached RFP. Progress Energy is currently evaluating how LNG could play an integral role in its supply portfolio and your response will serve as a key input to this evaluation. A successful deal will require the execution of a NAESB with the attached Special Provisions, unless your firm already has an approved GISB or NAESB.

You are encouraged to submit your bid via e-mail. FAX response is acceptable, but e-mail is preferable.

We look forward to your response. Feel free to contact me with any questions. Thanks in advance for your timely response by this September 3, 2003 deadline.



Rick Rhodes
Term Gas & Logistics
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

Rhodes, Rick

From: Rhodes, Rick
Sent: Friday, August 22, 2003 5:18 PM
To: [redacted]
Cc: Trimble, John
Subject: Non-Binding RFP

CONFIDENTIAL

Importance: High
Sensitivity: Confidential

Progress Energy seeks non-binding proposals from your company to supply natural gas for the requirements listed in the attached RFP. Progress Energy is currently evaluating how LNG could play an integral role in its supply portfolio and your response will serve as a key input to this evaluation. A successful deal will require the execution of a NAESB with the attached Special Provisions, unless your firm already has an approved GISB or NAESB.

You are encouraged to submit your bid via e-mail. FAX response is acceptable, but e-mail is preferable.

We look forward to your response. Feel free to contact me with any questions. Thanks in advance for your timely response by this September 3, 2003 deadline.



Rick Rhodes
Term Gas & Logistics
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

Rhodes, Rick

From: Trimble, John
Sent: Tuesday, September 14, 2004 5:22 PM
To: Rhodes, Rick
Subject: FW: Request For Proposal (RFP) - [redacted] FT Service Commencing May 1, 2008

-----Original Message-----
From: Trimble, John
Sent: Tuesday, June 15, 2004 3:23 PM
To: [redacted]
Cc: Murphy, Pam (CP&L); Adams, Melanie; Rhodes, Rick
Subject: Request For Proposal (RFP) - [redacted] FT Service Commencing May 1, 2008

CONFIDENTIAL

[redacted]

Florida Power Corp. dba Progress Energy Florida, Inc. respectfully requests a proposal for [redacted]

with the following requirements and specifications:

[redacted]

PEF 001581
Docket No. 041414-EI

[redacted] [redacted] [redacted] CONFIDENTIAL

Proposal(s) are Due by: **Tuesday, June 22, 2004, 4:00 p.m. EST**

In addition, we request that the proposed rate to be offered as a negotiated rate be as competitive as possible due to competing alternative supply offerings.

Also, Progress Energy Florida, Inc., would be receptive to additional [redacted] proposals in addition to the above requested RFP response but such alternative [redacted] proposals must be competitive.

Please respond to my e-mail address: john.trimble@pgnmail.com and include the additional cc: e-mail addresses Indicated on this electronic request.

John Trimble
Long Term Gas Representative
Progress Energy
410 S. Wilmington St (PO Box 1551), PEB 10A
Raleigh, NC 27601 (27602-1551)
Ph: (919) 546-3323

POD#30

POD#31

POD#32

Domestic Supply RFP

Florida Power
A Progress Energy Company

Regulated Commercial Operations Department
P. O. Box 1551 - CPB 10A
Raleigh, North Carolina 27602

[redacted]

CONFIDENTIAL

Dear Sir or Madam:

Subject: Request for Proposal for [redacted] Gas Supply

Florida Power Corporation d/b/a Progress Energy Florida, Inc. (hereinafter referred to as Buyer) is requesting proposals for [redacted]

Term [redacted]

Volume [redacted]

Primary Receipt Point [redacted]

Service [redacted]

Mandatory Pricing [redacted]

Optional Pricing [redacted]

[redacted]

Nominations:

Requirements

Gas Quality

General Terms

Proposals are DUE by: **Thursday, June 24, 2004, 4:00 p.m. EST**

Proposals Proposals are preferred to be submitted via e-mail to the address below. Proposals may be submitted by FAX. Proposals received AFTER the DUE date may be considered at Buyer's discretion. All Proposals MUST reference [redacted] Questions related to deal points should be directed to the author at the number listed during business hours (EST).
Please send proposals to:

Progress Energy Inc.
Attn: Rick Rhodes
Oil/Term Gas Unit
P. O. Box 1551 - PEB 10A
Raleigh, North Carolina 27602
Telephone: 919-546-7613

CONFIDENTIAL

Send e-mail responses to: **rick.rhodes@pgnmail.com**

Send FAX responses to: **919-546-2922**

Sincerely,

Rick Rhodes

Term Gas Lead
919-546-7613

Attachment: Special Provisions for Sale And Purchase Of Natural Gas

Rhodes, Rick

From: Rhodes, Rick
Sent: Monday, June 14, 2004 5:58 PM
Cc: Rhodes, Rick; Trimble, John
Subject: Long-Term Supply RFP

CONFIDENTIAL

Importance: High

Expires: Friday, June 25, 2004 4:00 PM

Bcc: [redacted]

Florida Power Corporation d/b/a Progress Energy Florida, Inc. (FPC) seeks proposals from you to supply natural gas for the requirements listed in the attached RFP. A successful deal will require the execution of a NAESB with the attached Special Provisions, unless your firm already has an approved GISB or NAESB with FPC.

You are encouraged to submit your bid via e-mail. FAX response is acceptable, but e-mail is preferable.

We look forward to your response. Feel free to contact me at the number below with any questions. Thanks in advance for your timely response by this June 24, 2004 deadline.



Gulfstream
FP2004.doc (414 KB



NAESB-FPC-Special
Provisions-1...

Rick Rhodes
Term Gas Lead
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

REDACTED

PEF 001586
Docket No. 041414-EI

REDACTED

PEF 001587
Docket No. 041414-EI

REDACTED

PEF 001588
Docket No. 041414-EI

REDACTED

PEF 001589
Docket No. 041414-EI

REDACTED

PEF 001590
Docket No. 041414-EI

REDACTED

PEF 001591
Docket No. 041414-EI

REDACTED

PEF 001592
Docket No. 041414-EI

REDACTED

PEF 001593
Docket No. 041414-EI

REDACTED

PEF 001594
Docket No. 041414-EI

REDACTED

PEF 001595
Docket No. 041414-EI

Binding Elba LNG RFP

Progress Energy

Regulated Commercial Operations Department
P. O. Box 1551 - PEB 10A
Raleigh, North Carolina 27602

[redacted]

CONFIDENTIAL

Dear Sir or Madam:

Subject: Request for Proposal for [redacted] Gas Supply

Florida Power Corporation d/b/a Progress Energy Florida, Inc. (hereinafter referred to as Buyer) is requesting proposals for [redacted]

Term [redacted]

Volume [redacted]

Primary Receipt Point [redacted]

Service [redacted]

Mandatory Pricing [redacted]

Optional Pricing [redacted]

Force Majeure [redacted]

Nominations:

Requirements

Gas Quality

[redacted]

Proposals are DUE by: **Monday, April 26, 2004, 4:00 p.m. EST**

Proposals Proposals are preferred to be submitted via e-mail to the address below. Proposals may be submitted by FAX. Proposals received AFTER the DUE date may be considered at Buyer's discretion. All Proposals MUST reference [redacted] Questions related to deal points should be directed to the author at the number listed during business hours (EST).

Please send proposals to:

CONFIDENTIAL

Progress Energy Inc.
Attn: Rick Rhodes
P. O. Box 1551 - PEB 10A
Raleigh, North Carolina 27602
Telephone: 919-546-7613

Send e-mail responses to: **rick.rhodes@pgnmail.com**

Send FAX responses to: **919-546-2922**

Sincerely,

Rick Rhodes

Term Gas Lead
919-546-7613

Rhodes, Rick

From: Rhodes, Rick
Sent: Monday, April 05, 2004 1:51 PM
To: [redacted]
Subject:

CONFIDENTIAL

Importance: High
Sensitivity: Confidential

Expires: Monday, April 26, 2004 4:00 PM

[redacted]

Florida Power Corporation d/b/a Progress Energy Florida, Inc. (FPC) seeks proposals from you to supply natural gas for the requirements listed in the attached RFP. A successful deal will require the execution of a NAESB with the attached Special Provisions, unless your firm already has an approved GISB or NAESB with FPC.

You are encouraged to submit your bid via e-mail. FAX response is acceptable, but e-mail is preferable.

We look forward to your response. Feel free to contact me at the number below with any questions. Thanks in advance for your timely response by this April 26, 2004 deadline.

***** IMMEDIATELY UPON RECEIPT, PLEASE RESPOND TO THE E-MAIL TO CONFIRM RECEIPT *****

[redacted]

Rick Rhodes
Term Gas Lead
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

Rhodes, Rick

From: Rhodes, Rick
Sent: Monday, April 05, 2004 1:49 PM
To: [redacted]
Subject:

Importance: High
Sensitivity: Confidential

CONFIDENTIAL

Expires: Monday, April 26, 2004 4:00 PM

[redacted]

Florida Power Corporation d/b/a Progress Energy Florida, Inc. (FPC) seeks proposals from you to supply natural gas for the requirements listed in the attached RFP. A successful deal will require the execution of a NAESB with the attached Special Provisions, unless your firm already has an approved GISB or NAESB with FPC.

You are encouraged to submit your bid via e-mail. FAX response is acceptable, but e-mail is preferable.

We look forward to your response. Feel free to contact me at the number below with any questions. Thanks in advance for your timely response by this April 26, 2004 deadline.

***** IMMEDIATELY UPON RECEIPT, PLEASE RESPOND TO THE E-MAIL TO CONFIRM RECEIPT *****



[redacted]

Rick Rhodes
Term Gas Lead
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

Rhodes, Rick

From: Rhodes, Rick
Sent: Monday, April 05, 2004 1:48 PM
To: [redacted]
Subject: [redacted] CONFIDENTIAL

Importance: High
Sensitivity: Confidential

Expires: Monday, April 26, 2004 4:00 PM

[redacted]

Florida Power Corporation d/b/a Progress Energy Florida, Inc. (FPC) seeks proposals from you to supply natural gas for the requirements listed in the attached RFP. A successful deal will require the execution of a NAESB with the attached Special Provisions, unless your firm already has an approved GISB or NAESB with FPC.

You are encouraged to submit your bid via e-mail. FAX response is acceptable, but e-mail is preferable.

We look forward to your response. Feel free to contact me at the number below with any questions. Thanks in advance for your timely response by this April 26, 2004 deadline.

***** IMMEDIATELY UPON RECEIPT, PLEASE RESPOND TO THE E-MAIL TO CONFIRM RECEIPT *****


[redacted]

Rick Rhodes
Term Gas Lead
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

PEF 001600
Docket No. 041414-EI

REDACTED

PEF 001601
Docket No. 041414-EI

[redacted] – April 26, 2004 *Confidential and Privileged*

Indicative Terms for Proposed Definitive Agreement

CONFIDENTIAL

Seller: [redacted]

Buyer: [redacted]

Definitive Agreement: [redacted]

Supply Date: [redacted]

Contract Term: [redacted]

Re-gas Plant: [redacted]

Delivery Point: [redacted]

Title and Risk: [redacted]

Contract Quantity: [redacted]

CONFIDENTIAL

Natural Gas Price:

[redacted]

Specifications:

[redacted]

Force Majeure:

[redacted]

[redacted]

Duties and Taxes:

Conditions Precedent:

[redacted]

Governing Law: [redacted]

Dispute Resolution: [redacted]

Credit Support: [redacted]

Effect: [redacted]

REDACTED

PEF 001606
Docket No. 041414-EI

CONFIDENTIAL

[redacted]

Delivery Point

[redacted]

Alternative Delivery Points: [redacted]

Service

[redacted]

Price

[redacted]

CONFIDENTIAL

[redacted]

Alternative Pricing: [redacted]

Nominations

[redacted]

Taxes

[redacted]

Credit

[redacted]

Conditions Precedent

[redacted]

REDACTED

PEF 001609
Docket No. 041414-EI

REDACTED

PEF 001610
Docket No. 041414-EI

REDACTED

PEF 001611
Docket No. 041414-EI

CONFIDENTIAL

[redacted]

Nominations: [redacted]

Requirements [redacted]

Gas Quality [redacted]

Acceptance Date [redacted]

Conditions Precedent [redacted]

[redacted]

[redacted]

[redacted]

Binding Bahamas LNG RFP

Progress Energy

Regulated Commercial Operations Department
P. O. Box 1551 - PEB 10A
Raleigh, North Carolina 27602

[redacted]

CONFIDENTIAL

Dear Sir or Madam:

Subject: Request for Proposal for [redacted] Bundled

Florida Power Corporation d/b/a Progress Energy Florida, Inc. (hereinafter referred to as Buyer) is requesting proposals for [redacted]

Term [redacted]

Volume [redacted]

Primary Receipt Point [redacted]

Service [redacted]

Mandatory Pricing [redacted]

Optional Pricing [redacted]

Force Majeure [redacted]

CONFIDENTIAL

Nominations:

Requirements

Gas Quality

[redacted]

Proposals are DUE by: **Monday, April 26, 2004, 4:00 p.m. EST**

Proposals Proposals are preferred to be submitted via e-mail to the address below. Proposals may be submitted by FAX. Proposals received AFTER the DUE date may be considered at Buyer's discretion. All Proposals MUST reference [redacted] Questions related to deal points should be directed to the author at the number listed during business hours (EST).

Please send proposals to:

Progress Energy Inc.
Attn: Rick Rhodes
P. O. Box 1551 - PEB 10A
Raleigh, North Carolina 27602
Telephone: 919-546-7613

Send e-mail responses to: **rick.rhodes@pgnmail.com**

Send FAX responses to: **919-546-2922**

Sincerely,

Rick Rhodes

Term Gas Lead
919-546-7613

Rhodes, Rick

From: Rhodes, Rick
Sent: Monday, April 05, 2004 1:57 PM
To: [redacted]
Subject: [redacted]

CONFIDENTIAL

Importance: High
Sensitivity: Confidential

Expires: Monday, April 26, 2004 4:00 PM

[redacted]

Florida Power Corporation d/b/a Progress Energy Florida, Inc. (FPC) seeks proposals from you to supply natural gas for the requirements listed in the attached RFP. A successful deal will require the execution of a NAESB with the attached Special Provisions, unless your firm already has an approved GISB or NAESB with FPC.

You are encouraged to submit your bid via e-mail. FAX response is acceptable, but e-mail is preferable.

We look forward to your response. Feel free to contact me at the number below with any questions. Thanks in advance for your timely response by this April 26, 2004 deadline.

***** IMMEDIATELY UPON RECEIPT, PLEASE RESPOND TO THE E-MAIL TO CONFIRM RECEIPT *****



[redacted]

Rick Rhodes
Term Gas Lead
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

Rhodes, Rick

From: Rhodes, Rick
Sent: Monday, April 05, 2004 1:56 PM
To: [redacted]
Subject:

Importance: High
Sensitivity: Confidential

CONFIDENTIAL

Expires: Monday, April 26, 2004 4:00 PM

[redacted]

Florida Power Corporation d/b/a Progress Energy Florida, Inc. (FPC) seeks proposals from you to supply natural gas for the requirements listed in the attached RFP. A successful deal will require the execution of a NAESB with the attached Special Provisions, unless your firm already has an approved GISB or NAESB with FPC.

You are encouraged to submit your bid via e-mail. FAX response is acceptable, but e-mail is preferable.

We look forward to your response. Feel free to contact me at the number below with any questions. Thanks in advance for your timely response by this April 26, 2004 deadline.

***** IMMEDIATELY UPON RECEIPT, PLEASE RESPOND TO THE E-MAIL TO CONFIRM RECEIPT *****



Rick Rhodes
Term Gas Lead
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

Rhodes, Rick

From: Rhodes, Rick
Sent: Monday, April 05, 2004 1:54 PM
To:
Cc:
Subject: [redacted] CONFIDENTIAL

Importance: High
Sensitivity: Confidential

Expires: Monday, April 26, 2004 4:00 PM

[redacted]

Florida Power Corporation d/b/a Progress Energy Florida, Inc. (FPC) seeks proposals from you to supply natural gas for the requirements listed in the attached RFP. A successful deal will require the execution of a NAESB with the attached Special Provisions, unless your firm already has an approved GISB or NAESB with FPC.

You are encouraged to submit your bid via e-mail. FAX response is acceptable, but e-mail is preferable.

We look forward to your response. Feel free to contact me at the number below with any questions. Thanks in advance for your timely response by this April 26, 2004 deadline.

***** IMMEDIATELY UPON RECEIPT, PLEASE RESPOND TO THE E-MAIL TO CONFIRM RECEIPT *****



[redacted]

Rick Rhodes
Term Gas Lead
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

REDACTED

PEF 001618
Docket No. 041414-EI

REDACTED

PEF 001619
Docket No. 041414-EI

REDACTED

PEF 001620
Docket No. 041414-EI

REDACTED

PEF 001621
Docket No. 041414-EI

REDACTED

PEF 001622
Docket No. 041414-EI

REDACTED

PEF 001623
Docket No. 041414-EI

REDACTED

PEF 001624
Docket No. 041414-EI

REDACTED

PEF 001625
Docket No. 041414-EI

[redacted]

CONFIDENTIAL

CONFIDENTIAL

Request for Proposal for Long-Term Gas Supply

[redacted]

Florida Power Corp d/b/a Progress Energy Florida, Inc ("Progress Energy")

Term [redacted]

Volume [redacted]

Primary Receipt Point [redacted]

Service [redacted]

Pricing [redacted]

Options [redacted]

CONFIDENTIAL

[redacted]

[redacted]

Force Majeure [redacted]

Nominations [redacted]

Requirements [redacted]

Gas Quality [redacted]

[redacted]

REDACTED

PEF 001628
Docket No. 041414-EI

REDACTED

PEF 001629
Docket No. 041414-EI

REDACTED

PEF 001630
Docket No. 041414-EI

REDACTED

PEF 001631
Docket No. 041414-EI

REDACTED

PEF 001632
Docket No. 041414-EI

REDACTED

PEF 001633
Docket No. 041414-EI

REDACTED

PEF 001634
Docket No. 041414-EI

REDACTED

PEF 001635
Docket No. 041414-EI

REDACTED

PEF 001636
Docket No. 041414-EI

Non-Binding Bahamas LNG RFP

Progress Energy

Regulated Commercial Operations Department
P. O. Box 1551 - CPB 10A
Raleigh, North Carolina 27602

[redacted]

[redacted]

CONFIDENTIAL

Dear Sir or Madam:

Subject: Non-Binding Request for Proposal for Gas Supply

Florida Power Corporation d/b/a Progress Energy Florida, Inc. (hereinafter referred to as Buyer) is requesting proposals for [redacted]

Term [redacted]

Volume [redacted]

Primary Receipt Point [redacted]

Service [redacted]

Desired Pricing [redacted]

Other Pricing [redacted]

Nominations: [redacted]

Requirements [redacted]

Gas Quality [redacted]

Proposals are DUE by: **Wednesday, September 3, 2003, 4:00 p.m. EST**

Proposals Proposals are preferred to be submitted via e-mail to the address below. Proposals may be submitted by FAX. Proposals received AFTER the DUE date may be considered at Buyer's discretion. All Proposals MUST reference [redacted] Questions related to deal points should be directed to the author at the number listed during business hours (EST).

Please send proposals to:

CONFIDENTIAL

Progress Energy Inc.
Attn: Rick Rhodes
Term Gas and Logistics Unit
P. O. Box 1551 - PEB 10A
Raleigh, North Carolina 27602
Telephone: 919-546-7613

Send e-mail responses to: **rick.rhodes@pgnmail.com**

Send FAX responses to: **919-546-2922**

Sincerely,

Rick Rhodes

Term Gas Lead
919-546-7613

Rhodes, Rick

From: Rhodes, Rick
Sent: Friday, August 22, 2003 5:16 PM
To: [redacted]
Cc:
Subject: Non-Binding RFP

Importance: High
Sensitivity: Confidential

Progress Energy seeks non-binding proposals from your company to supply natural gas for the requirements listed in the attached RFP. Progress Energy is currently evaluating how LNG could play an integral role in its supply portfolio and your response will serve as a key input to this evaluation. A successful deal will require the execution of a NAESB with the attached Special Provisions, unless your firm already has an approved GISB or NAESB.

You are encouraged to submit your bid via e-mail. FAX response is acceptable, but e-mail is preferable.

We look forward to your response. Feel free to contact me with any questions. Thanks in advance for your timely response by this September 3, 2003 deadline.



CONFIDENTIAL

Rick Rhodes
Term Gas & Logistics
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

Rhodes, Rick

From: Rhodes, Rick
Sent: Friday, August 22, 2003 5:13 PM
To: [redacted]
Cc: Trimble, John
Subject: Non-Binding RFP

Importance: *High*
Sensitivity: Confidential

Progress Energy seeks non-binding proposals from your company to supply natural gas for the requirements listed in the attached RFP. Progress Energy is currently evaluating how LNG could play an integral role in its supply portfolio and your response will serve as a key input to this evaluation. A successful deal will require the execution of a NAESB with the attached Special Provisions, unless your firm already has an approved GISB or NAESB.

You are encouraged to submit your bid via e-mail. FAX response is acceptable, but e-mail is preferable.

We look forward to your response. Feel free to contact me with any questions. Thanks in advance for your timely response by this September 3, 2003 deadline.



CONFIDENTIAL

Rick Rhodes
Term Gas & Logistics
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

Non-Binding Elba LNG RFP

Progress Energy

Regulated Commercial Operations Department
P. O. Box 1551 - CPB 10A
Raleigh, North Carolina 27602

[redacted]

CONFIDENTIAL

Dear Sir or Madam:

Subject: Non-Binding Request for Proposal for Gas Supply

Florida Power Corporation d/b/a Progress Energy Florida, Inc. (hereinafter referred to as Buyer) is requesting proposals for [redacted]

Term [redacted]

Volume [redacted]

Primary Receipt Point [redacted]

Service [redacted]

Desired Pricing [redacted]

Other Pricing [redacted]

Nominations: [redacted]

Requirements [redacted]

Gas Quality [redacted]

Proposals are DUE by: **Wednesday, September 3, 2003, 4:00 p.m. EST**

Proposals Proposals are preferred to be submitted via e-mail to the address below. Proposals may be submitted by FAX. Proposals received AFTER the DUE date may be considered at Buyer's discretion. All Proposals MUST reference [redacted] Questions related to deal points should be directed to the author at the number listed during business hours (EST).

Please send proposals to:

CONFIDENTIAL

Progress Energy Inc.
Attn: Rick Rhodes
Term Gas and Logistics Unit
P. O. Box 1551 - PEB 10A
Raleigh, North Carolina 27602
Telephone: 919-546-7613

Send e-mail responses to: **rick.rhodes@pgnmail.com**

Send FAX responses to: **919-546-2922**

Sincerely,

Rick Rhodes

Term Gas Lead
919-546-7613

Rhodes, Rick

From: Rhodes, Rick
Sent: Friday, August 22, 2003 5:10 PM
To: [redacted]
Cc: Thimble, John
Subject: Non-Binding RFP

Importance: High
Sensitivity: Confidential

Progress Energy seeks non-binding proposals from your company to supply natural gas for the requirements listed in the attached RFP. Progress Energy is currently evaluating how LNG could play an integral role in its supply portfolio and your response will serve as a key input to this evaluation. A successful deal will require the execution of a NAESB with the attached Special Provisions, unless your firm already has an approved GISB or NAESB.

You are encouraged to submit your bid via e-mail. FAX response is acceptable, but e-mail is preferable.

We look forward to your response. Feel free to contact me with any questions. Thanks in advance for your timely response by this September 3, 2003 deadline.



[redacted] CONFIDENTIAL

Rick Rhodes
Term Gas & Logistics
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

Rhodes, Rick

From: Rhodes, Rick
Sent: Friday, August 22, 2003 5:08 PM
To: [redacted]
Cc: Trimble, John
Subject: Non-Binding RFP

Importance: High
Sensitivity: Confidential

Progress Energy seeks non-binding proposals from your company to supply natural gas for the requirements listed in the attached RFP. Progress Energy is currently evaluating how LNG could play an integral role in its supply portfolio and your response will serve as a key input to this evaluation. A successful deal will require the execution of a NAESB with the attached Special Provisions, unless your firm already has an approved GISB or NAESB.

You are encouraged to submit your bid via e-mail. FAX response is acceptable, but e-mail is preferable.

We look forward to your response. Feel free to contact me with any questions. Thanks in advance for your timely response by this September 3, 2003 deadline.



CONFIDENTIAL

Rick Rhodes
Term Gas & Logistics
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

Rhodes, Rick

From: Rhodes, Rick
Sent: Friday, August 22, 2003 5:02 PM
To: [redacted]
Cc: Trimble, John
Subject: Non-Binding RFP

Importance: High
Sensitivity: Confidential

Progress Energy seeks non-binding proposals from your company to supply natural gas for the requirements listed in the attached RFP. Progress Energy is currently evaluating how LNG could play an integral role in its supply portfolio and your response will serve as a key input to this evaluation. A successful deal will require the execution of a NAESB with the attached Special Provisions, unless your firm already has an approved GISB or NAESB.

You are encouraged to submit your bid via e-mail. FAX response is acceptable, but e-mail is preferable.

We look forward to your response. Feel free to contact me with any questions. Thanks in advance for your timely response by this September 3, 2003 deadline.



[redacted] CONFIDENTIAL

Rick Rhodes
Term Gas & Logistics
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

Non-Binding Gulf Coast LNG RFP

Progress Energy

Regulated Commercial Operations Department
P. O. Box 1551 - CPB 10A
Raleigh, North Carolina 27602

[redacted]

[redacted]

CONFIDENTIAL

Dear Sir or Madam:

Subject: Non-Binding Request for Proposal for Gas Supply

Florida Power Corporation d/b/a Progress Energy Florida, Inc. (hereinafter referred to as Buyer) is requesting proposals for [redacted]

Term [redacted]

Volume [redacted]

Primary Receipt Point [redacted]

Service [redacted]

Desired Pricing [redacted]

Other Pricing [redacted]

Nominations: [redacted]

Requirements [redacted]

Gas Quality [redacted]

Proposals are DUE by: **Wednesday, September 3, 2003, 4:00 p.m. EST**

Proposals Proposals are preferred to be submitted via e-mail to the address below. Proposals may be submitted by FAX. Proposals received AFTER the DUE date may be considered at Buyer's discretion. All Proposals MUST reference [redacted] Questions related to deal points should be directed to the author at the number listed during business hours (EST).

Please send proposals to:

CONFIDENTIAL

Progress Energy Inc.
Attn: Rick Rhodes
Term Gas and Logistics Unit
P. O. Box 1551 - PEB 10A
Raleigh, North Carolina 27602
Telephone: 919-546-7613

Send e-mail responses to: **rick.rhodes@pgnmail.com**

Send FAX responses to: **919-546-2922**

Sincerely,

Rick Rhodes

Term Gas Lead
919-546-7613

Rhodes, Rick

From: Rhodes, Rick
Sent: Friday, August 22, 2003 5:28 PM
To: [redacted]
Cc: Trimble, John
Subject: Non-Binding RFP

Importance: High
Sensitivity: Confidential

CONFIDENTIAL

Progress Energy seeks non-binding proposals from your company to supply natural gas for the requirements listed in the attached RFP. Progress Energy is currently evaluating how LNG could play an integral role in its supply portfolio and your response will serve as a key input to this evaluation. A successful deal will require the execution of a NAESB with the attached Special Provisions, unless your firm already has an approved GISB or NAESB.

You are encouraged to submit your bid via e-mail. FAX response is acceptable, but e-mail is preferable.

We look forward to your response. Feel free to contact me with any questions. Thanks in advance for your timely response by this September 3, 2003 deadline.

[redacted]

Rick Rhodes
Term Gas & Logistics
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

Rhodes, Rick

From: Rhodes, Rick
Sent: Friday, August 22, 2003 5:25 PM
To: [redacted]
Cc: Trimble, John
Subject: Non-Binding RFP

Importance: High
Sensitivity: Confidential

Progress Energy seeks non-binding proposals from your company to supply natural gas for the requirements listed in the attached RFP. Progress Energy is currently evaluating how LNG could play an integral role in its supply portfolio and your response will serve as a key input to this evaluation. A successful deal will require the execution of a NAESB with the attached Special Provisions, unless your firm already has an approved GISB or NAESB.

You are encouraged to submit your bid via e-mail. FAX response is acceptable, but e-mail is preferable.

We look forward to your response. Feel free to contact me with any questions. Thanks in advance for your timely response by this September 3, 2003 deadline.



CONFIDENTIAL

Rick Rhodes
Term Gas & Logistics
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

Rhodes, Rick

From: Rhodes, Rick
Sent: Friday, August 22, 2003 5:23 PM
To: [redacted]
Cc: Trimble, John
Subject: Non-Binding RFP

Importance: High
Sensitivity: Confidential

Progress Energy seeks non-binding proposals from your company to supply natural gas for the requirements listed in the attached RFP. Progress Energy is currently evaluating how LNG could play an integral role in its supply portfolio and your response will serve as a key input to this evaluation. A successful deal will require the execution of a NAESB with the attached Special Provisions, unless your firm already has an approved GISB or NAESB.

You are encouraged to submit your bid via e-mail. FAX response is acceptable, but e-mail is preferable.

We look forward to your response. Feel free to contact me with any questions. Thanks in advance for your timely response by this September 3, 2003 deadline.



[redacted] CONFIDENTIAL

Rick Rhodes
Term Gas & Logistics
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

Rhodes, Rick

From: Rhodes, Rick
Sent: Friday, August 22, 2003 5:23 PM
To: [redacted]
Cc: Trimble, John
Subject: Non-Binding RFP

Importance: High
Sensitivity: Confidential

Progress Energy seeks non-binding proposals from your company to supply natural gas for the requirements listed in the attached RFP. Progress Energy is currently evaluating how LNG could play an integral role in its supply portfolio and your response will serve as a key input to this evaluation. A successful deal will require the execution of a NAESB with the attached Special Provisions, unless your firm already has an approved GISB or NAESB.

You are encouraged to submit your bid via e-mail. FAX response is acceptable, but e-mail is preferable.

We look forward to your response. Feel free to contact me with any questions. Thanks in advance for your timely response by this September 3, 2003 deadline.



CONFIDENTIAL

Rick Rhodes
Term Gas & Logistics
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

Rhodes, Rick

From: Rhodes, Rick
Sent: Friday, August 22, 2003 5:21 PM
To: [redacted]
Cc: Trimble, John
Subject: Non-Binding RFP

Importance: High
Sensitivity: Confidential

Progress Energy seeks non-binding proposals from your company to supply natural gas for the requirements listed in the attached RFP. Progress Energy is currently evaluating how LNG could play an integral role in its supply portfolio and your response will serve as a key input to this evaluation. A successful deal will require the execution of a NAESB with the attached Special Provisions, unless your firm already has an approved GISB or NAESB.

You are encouraged to submit your bid via e-mail. FAX response is acceptable, but e-mail is preferable.

We look forward to your response. Feel free to contact me with any questions. Thanks in advance for your timely response by this September 3, 2003 deadline.



CONFIDENTIAL

Rick Rhodes
Term Gas & Logistics
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

Rhodes, Rick

From: Rhodes, Rick
Sent: Friday, August 22, 2003 5:18 PM
To: [redacted]
Cc: Trimble, John
Subject: Non-Binding RFP

Importance: High
Sensitivity: *Confidential*

Progress Energy seeks non-binding proposals from your company to supply natural gas for the requirements listed in the attached RFP. Progress Energy is currently evaluating how LNG could play an integral role in its supply portfolio and your response will serve as a key input to this evaluation. A successful deal will require the execution of a NAESB with the attached Special Provisions, unless your firm already has an approved GISB or NAESB.

You are encouraged to submit your bid via e-mail. FAX response is acceptable, but e-mail is preferable.

We look forward to your response. Feel free to contact me with any questions. Thanks in advance for your timely response by this September 3, 2003 deadline.



[redacted] CONFIDENTIAL

Rick Rhodes
Term Gas & Logistics
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

REDACTED

PEF 001654
Docket No. 041414-EI

REDACTED

PEF 001655
Docket No. 041414-EI

REDACTED

PEF 001656
Docket No. 041414-EI

REDACTED

PEF 001657
Docket No. 041414-EI

REDACTED

PEF 001658
Docket No. 041414-EI

REDACTED

PEF 001659
Docket No. 041414-EI

REDACTED

PEF 001660
Docket No. 041414-EI

REDACTED

PEF 001661
Docket No. 041414-EI

REDACTED

PEF 001662
Docket No. 041414-EI

REDACTED

PEF 001663
Docket No. 041414-EI

REDACTED

PEF 001664
Docket No. 041414-EI

REDACTED

PEF 001665
Docket No. 041414-EI

REDACTED

PEF 001666
Docket No. 041414-EI

REDACTED

PEF 001667
Docket No. 041414-EI

REDACTED

PEF 001668
Docket No. 041414-EI

REDACTED

PEF 001669
Docket No. 041414-EI

REDACTED

PEF 001670
Docket No. 041414-EI

REDACTED

PEF 001672
Docket No. 041414-EI

REDACTED

PEF 001673
Docket No. 041414-EI

POD#35-36

CONFIDENTIAL

[redacted]

Summary

[redacted]

Scope of Review

[redacted]

General Assumptions

[redacted]

Prepared by: Albert Hopping, Enterprise Risk Management – Risk Analytics 10/11/04

CONFIDENTIAL

[redacted]

Gas Supply Alternatives

This section details the specific assumptions of each alternative.

Prepared by: Albert Hopping, Enterprise Risk Management – Risk Analytics 10/11/04

REDACTED

PEF 001676
Docket No. 041414-EI

REDACTED

PEF 001677
Docket No. 041414-EI

REDACTED

PEF 001678
Docket No. 041414-EI

CONFIDENTIAL

[redacted]

Financial Summary of Alternatives

[redacted]

Supporting data and detailed results are provided in the appendix.

Prepared by: Albert Hopping, Enterprise Risk Management – Risk Analytics 10/11/04

REDACTED

PEF 001680
Docket No. 041414-EI

REDACTED

PEF 001681
Docket No. 041414-EI

REDACTED

PEF 001682
Docket No. 041414-EI

REDACTED

PEF 001683
Docket No. 041414-EI

REDACTED

PEF 001684
Docket No. 041414-EI

REDACTED

PEF 001685
Docket No. 041414-EI

REDACTED

PEF 001686
Docket No. 041414-EI

REDACTED

PEF 001687
Docket No. 041414-EI

REDACTED

PEF 001688
Docket No. 041414-EI

REDACTED

PEF 001689
Docket No. 041414-EI

REDACTED

PEF 001690
Docket No. 041414-EI

REDACTED

PEF 001691
Docket No. 041414-EI

POD#37

CERA Advisory Services | Global Energy

The Next Prize: A Foreign Affairs Article by Daniel Yergin and Michael Stoppard

November 12, 2003 • A CERA Multimedia Conference Call

Daniel Yergin, *CERA Chairman*

Michael Stoppard, *CERA Director, Global LNG*

Robert Ineson, *CERA Director*

Philippe A. Frangules, *CERA Director*

CONFIDENTIAL

© 2003, Cambridge Energy Research Associates, Inc., 55 Cambridge Parkway, Cambridge, Massachusetts 02142

No portion of this presentation may be reproduced in any form without prior written consent.

PEF 001692
Docket No. 041414-EI

Topics

- The economic and geopolitical factors leading to the emergence of a global gas business
- The critical issues facing the development of the world's "second global energy business"
- The biggest risks in the development of the global gas business
- Will the United States become the world's largest importer of LNG within the next ten years?

CERA

Source: Cambridge Energy Research Associates.

PEF 001693
Docket No. 041414-EI

Global Gas and LNG—Four Key Drivers

- Reductions in LNG costs
- The drive to monetize stranded gas reserves
- The "fuel of choice" for power generation
- The natural gas supply gap in North America

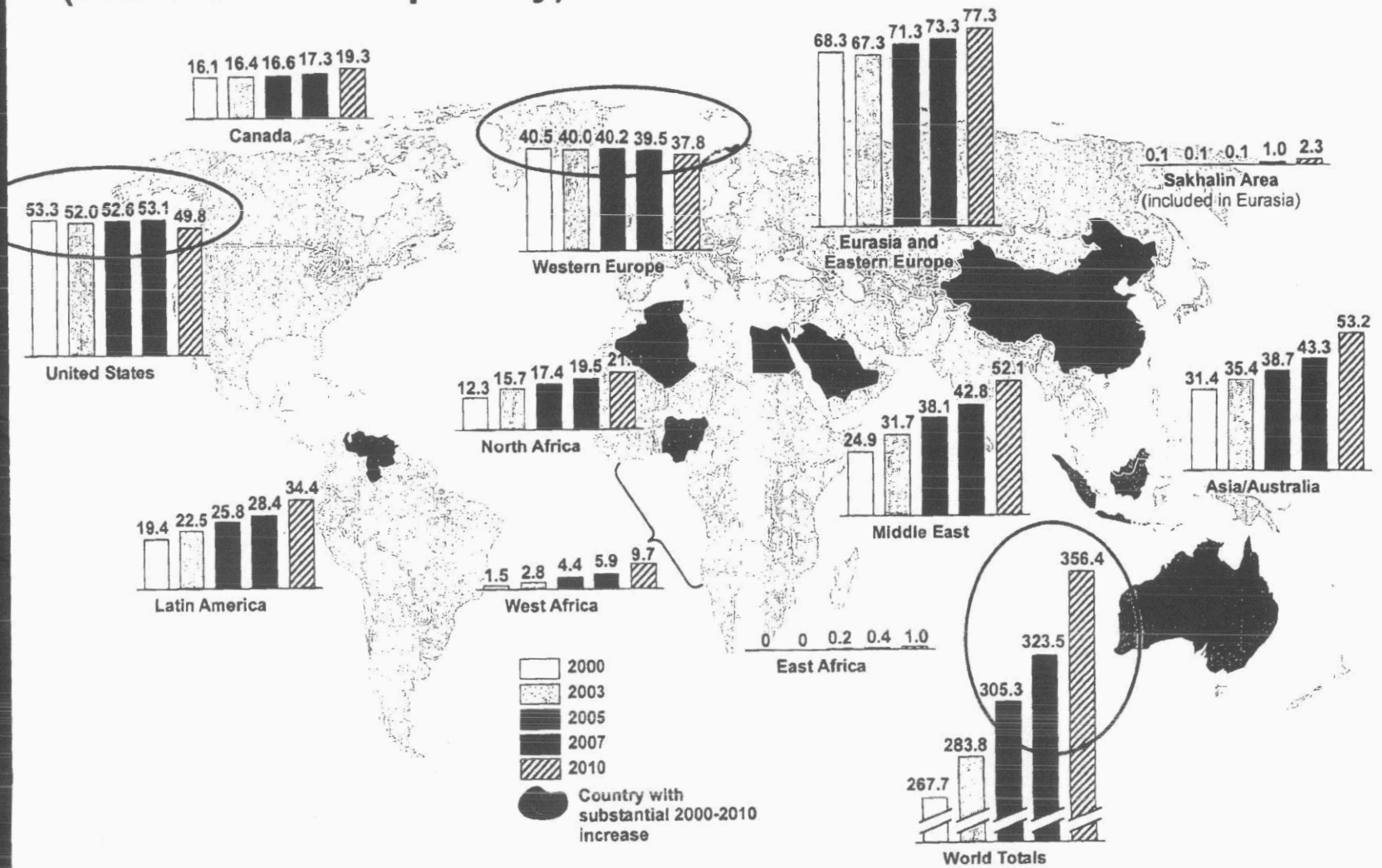
CERA

Source: Cambridge Energy Research Associates.

PEF 001694
Docket No. 041414-EI

The Separation of Supply from Demand--World Dry Gas Productive Capacity

(billion cubic feet per day)



Source: Cambridge Energy Research Associates.
10105-5

GE_LNG_confcall_111203

PEF 001695
Docket No. 041414-EI

LNG Expansion —Is it for Real?

Liquefaction Capacity Summary (mtpa)

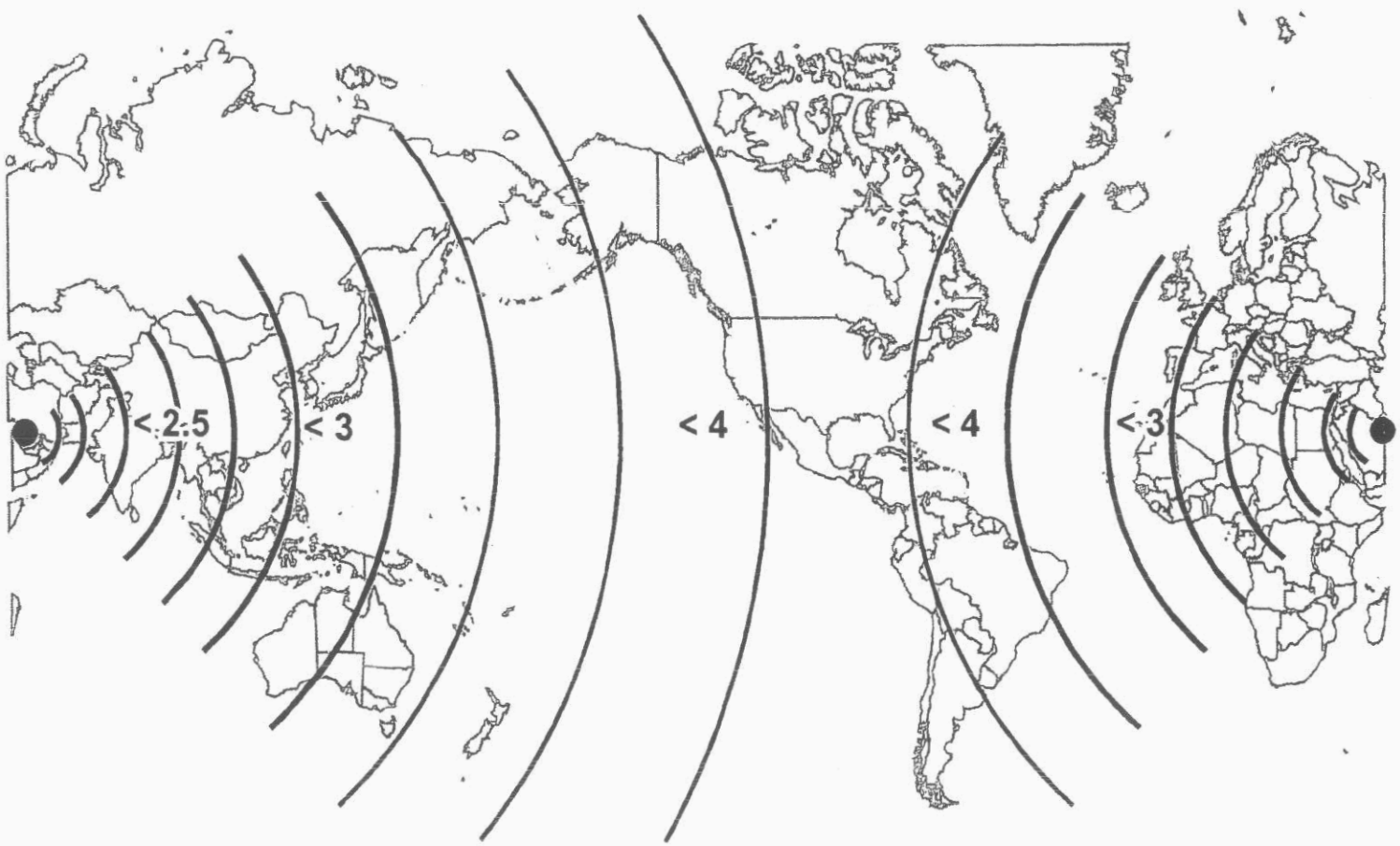
Region	Operating	Firm Commitment	Under Consideration	Total
Pacific Basin	64.3	20.8	46.7	131.8
Middle East	27.3	14.5	89.5	131.3
Atlantic Basin	44.3	29.6	63.1	137. 0
Total	135.9	64.9	199.3	400.1

1 mtpa ≈135 MMcf per day

CERA

Last Updated 07/10/2003
Source: Cambridge Energy Research Associates.

Middle East LNG—Setting a New Global Cost Benchmark ($ per MMBtu)

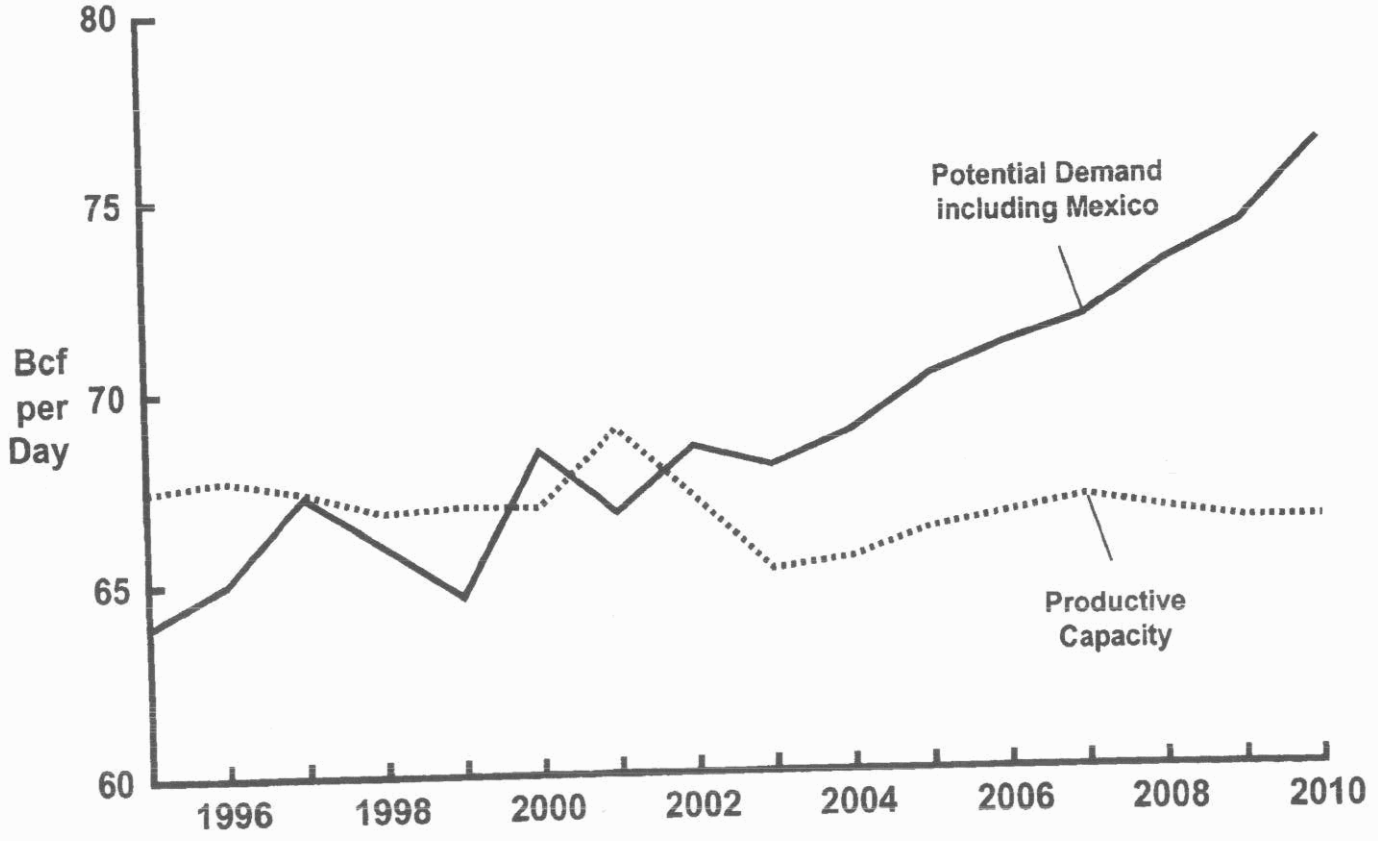


CERA

Source: Cambridge Energy Research Associates.
31001-10

PEF 001697
Docket No. 041414-EI

US and Canadian Gas Productive Capacity and Potential Demand



Source: Cambridge Energy Research Associates.
31002-4_1022

GE_LNG_confcall_111203

LNG Facilities in North America—Existing and Potential (Fall 2003)



Source: Cambridge Energy Research Associates.

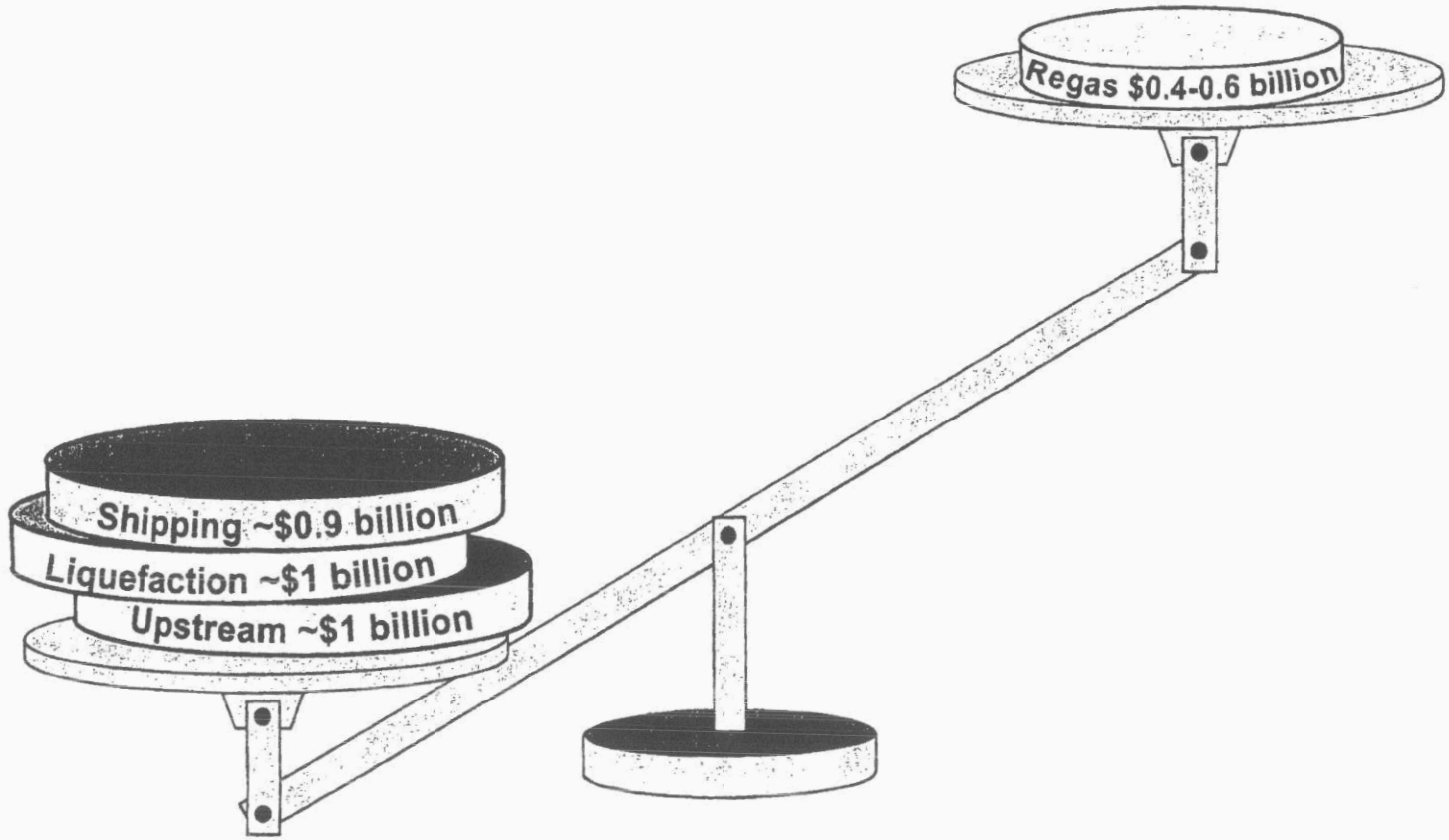
10406-4
101603

GE_LNG_confcall_111203

PEF 001699
Docket No. 041414-EI

Asymmetric Capital Costs— Upstream is the Key Investment Signpost

Capital Cost Imbalance in the LNG Chain— Indicative Costs for a Typical 5mt LNG Project



Source: Cambridge Energy Research Associates.
30809-1/092903

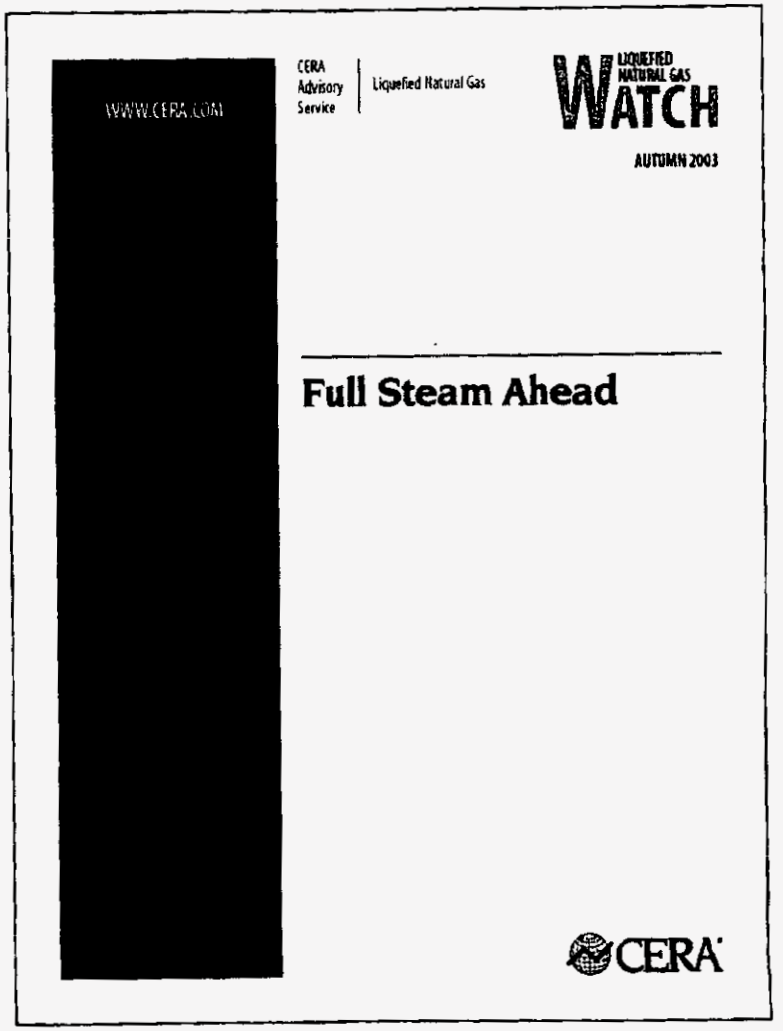
Three Words of Caution...

- Capital—Will LNG attract sufficient capital and human resource time?
- Timing—Will the projects start up in time?
- Financing—Limited-recourse financing of LNG into US is untested

Source: Cambridge Energy Research Associates.

Liquefied Natural Gas (LNG) Retainer Advisory Service

- Spans the full vertical LNG chain from production through to end-user markets
- Combines CERA's extensive regional gas and power expertise with our global supply and LNG business knowledge
- Provides clients with unique and powerful tools to manage their LNG and gas monetization strategies



GE_LNG_confcall_111203

Research Agenda

Focuses on global supply, demand, prices, liquefaction and regas projects, shipping, technology, energy policy, regulation and company strategy that alter the future competitive landscape for the industry

1. **The Market**
   - — 24 month price outlook and regional arbitrage—updated quarterly
   - — 12 month outlook for LNG supply and demand—updated quarterly
   - — LNG shipping capacity additions and orders
   - — Detailed comments on contract awards, commissions of facilities, and investment decisions
   - — Long term (through 2010 with forecasts for 2015 & 2020) for supply, demand, imports, exports and required shipping under two scenarios—updated annually
2. **The Industry**
   - — Role of consolidation, cost trends
   - — Technological drivers
3. **Strategic Implications**
   - — Business models

CERA

Q&A Instructions

Internet questions

- Type your question in the "Questions for Presenter" box located on the far left side of your screen and click "Submit."
- You will receive a message that your question has been dismissed. This simply means that your question has been moved into CERA's message queue and will be answered shortly by our speakers.

Telephone questions

- Please press *1 to ask a question over the phone.

CERA

Playback Information

An audio recording of this call will be available later today. To access it, please call

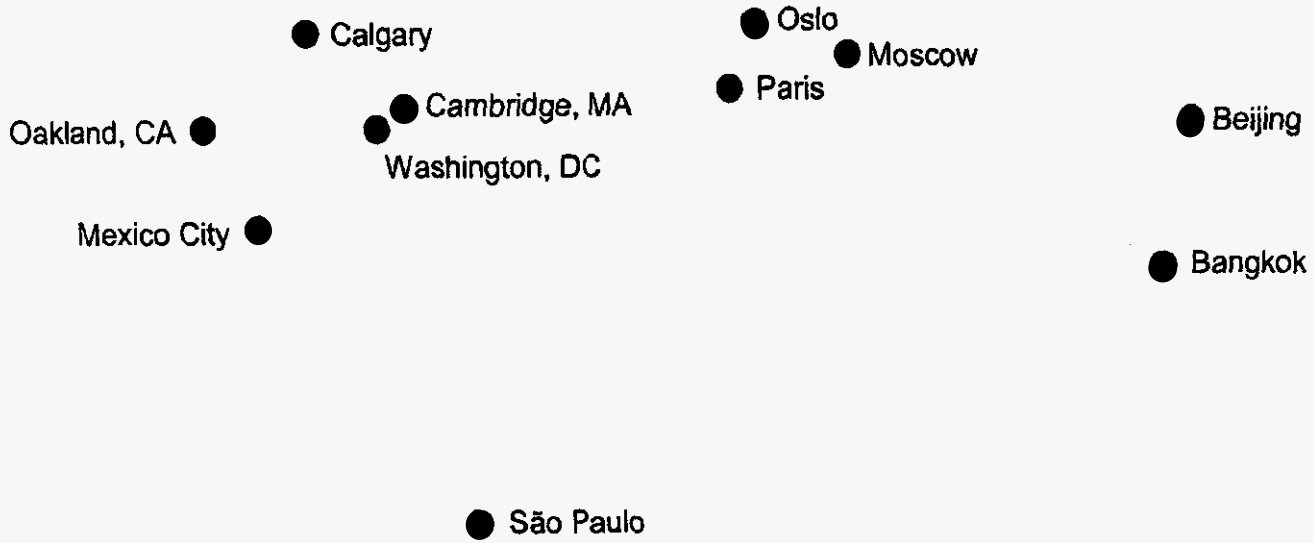
- **+1 888 286 8010** (within the United States or Canada)
- **+1 617 801 6888** (outside the United States and Canada)
- Access code: **38068634**

CERA.com members will be able to replay the entire multi-media recording beginning Friday, November 14, 2003.



If you have any questions about this presentation or CERA in general, please feel free to contact

Philippe A. Frangules
800 TRY CERA
+1 617 866 5152
pfrangules@cera.com



55 Cambridge Parkway
Cambridge, Massachusetts 02142, USA
www.cera.com

CERA

FOREIGN AFFAIRS

NOVEMBER/DECEMBER 2003



The Next Prize

Daniel Yergin and Michael Stoppard

Volume 82 • Number 6

The contents of *Foreign Affairs* are copyrighted.©2003 *Council on Foreign* Relations, Inc. All rights reserved.

PEF 001707
Docket No. 041414-EI

The Next Prize

Daniel Yergin and Michael Stoppard

A GLOBAL GAS MARKET

A NEW GLOBAL energy business—natural gas—is emerging. It will have a far-reaching impact on the world economy, bringing new opportunities and risks, new interdependencies and geopolitical alignments. As natural gas becomes a traded global commodity, it will be critical to meeting a host of urgent needs. The United States needs it to keep the lights on and stave off a coming energy shortage, Europe to rejuvenate its industry, developing countries to boost growth, and all of them to meet their aspirations to have a cleaner environment.

The change will be accomplished both with long-distance pipelines and with natural gas that ironically is no longer in gaseous form, having been liquefied through cooling. This "liquefied natural gas" (LNG) will be carried in tankers that can change direction on the high seas to respond to sudden shifts in demand or prices. Thanks to this emerging global commodity market, lights, air conditioning, and factories in the United States will run on electricity that is sometimes generated with natural gas from Indonesia, the Algerian desert, the seas of Trinidad or Nigeria, the island of Sakhalin in the easternmost part of Russia, the frigid northern waters of Norway, or the foothills of the Andes.

Yet, one of the more haunting aspects of this new global gas business is its reminder of the transformational years of the late 1960s and early 1970s, when the United States became integrated with the world oil market. In a few short years, the United States went from being a minor

---

DANIEL YERGIN is Chair of Cambridge Energy Research Associates (CERA) and the author of *The Prize: The Epic Quest for Oil, Money, and Power.* MICHAEL STOPPARD is Director of Global LNG at CERA and co-author of *The New Wave: Global LNG in the Twenty-first Century.*

PEF 001708
Docket No. 041414-EI



petroleum importer to a major one. The surge in demand from the world markets, pulled by the engine of the American economy, helped set the scene for the oil crises of the 1970s and created dependencies with which the world still wrestles.

For more than half a century, the United States has been broadly self-sufficient in natural gas, save for imports from Canada. In the next five years, it is likely to become a large gas importer; within ten years, it will overtake Japan as the world's largest. As it inevitably becomes part of this new global gas market, will the United States inadvertently trigger new security issues—or will new interdependencies help reduce future risks?

Many businesses have become truly global in their operations and perspectives over the last decade. Natural gas has been an exception until now. Although it is huge—a business worth over half a trillion dollars a year—it has been a local, national, or continental business, limited by the reach of pipelines and the absence of a global marketplace. But this picture is changing because LNG will allow the world's plentiful but long underdeveloped and "stranded" gas reserves to be efficiently carried to consumers.

PEF 001709
Docket No. 041414-EI

The need for a global LNG market is growing urgent. In the United States, gas prices have doubled since the second half of the 1990s, placing a new burden on the economy and portending a shortage. Federal Reserve Chairman Alan Greenspan warned recently that dwindling domestic supplies were "a very serious problem" and a major threat to the U.S. economy and spoke out forcefully on the need to develop LNG supplies.

Much is now expected of LNG. But developing its full potential could cost as much as $200 billion worldwide, and energy companies will have to choose between investments in LNG and other investments. Will the complex network of technology and investment be established in time, given uncertainties about markets, regulation, and government policies? Will geopolitical risks constrain—or disrupt—development? Can natural gas live up to the need, and the high expectations, that the world now has for it?

GROWING MARKETS

NATURAL GAS, like oil, is a hydrocarbon, and it is found either with oil or by itself. There is a joke from the early days of the oil business: a geologist reporting back on drilling a wildcat exploratory well says, "The bad news is that we didn't find oil. The good news is that we didn't find gas." The punch line reflects the traditionally much more limited market for natural gas, its lower value compared to oil, and the general nuisance value of something that could not be pumped into the tank of a car. Over the last few decades, however, gas' advantages have become increasingly clear.

Gas is the cleanest burning of the fossil fuels; it produces little pollution and emits less carbon dioxide—the key greenhouse gas—than either oil or coal. It also is abundant. Proven reserves total what, in oil terms, would amount to over one trillion barrels. Russia—with 30 percent of known reserves—is the "Saudi Arabia of natural gas." Another 25 percent lies under Iran and Qatar, jointly pooled in the giant North Field/South Pars field, which straddles the waters between the two countries. Next, in terms of reserves, come Saudi Arabia and the United Arab Emirates. The United States falls sixth—but with only 3.3 percent of global reserves. Other countries with even smaller reserves, such as Indonesia and

PEF 001710
Docket No. 041414-EI

Malaysia, still rank among the largest LNG exporters. Large reserves that can serve as the foundation for LNG developments are also found in many other countries. Indeed, because of growing interest in natural gas, much larger gas reserves are expected to be discovered around the world. Nigeria, for instance, is normally thought of as a major oil country; but to those who know its prospects, its real promise is as a potentially huge natural gas province that also happens to have oil.

The modern U.S. gas industry was born during some of the darkest days of World War II, when energy shortages threatened the Allied war effort. "I wish you would get some of your people to look into the possibility of using natural gas," President Franklin Roosevelt wrote to Interior Secretary Harold Ickes in 1942. "I am told that there are a number of fields in the West and the Southwest where practically no oil has been discovered but where an enormous amount of natural gas is lying idle in the ground because it is too far to pipe to large communities."

After World War II, the gas did get hooked up and piped by newly constituted gas companies from the Southwest of the United States to the Northeast. Today, gas provides almost a quarter of the total energy for the U.S. economy. Although Europe's gas market only started up on a large scale in 1959, with a major discovery in the Netherlands, gas currently provides over 20 percent of the region's energy, and that share continues to rise.

Europe's leading source for this gas has been the Soviet Union (and now Russia). In the 1980s, the proposed expansion of Soviet gas deliveries to Europe caused a geopolitical imbroglio—the most divisive dispute between the United States and Europe of the decade. Proponents of new pipelines from the Soviet Union thought that the gas they would bring would reduce Europe's dependence on the Organization of the Petroleum Exporting Countries (OPEC) and enhance its economy. Opponents, primarily in the United States, argued that they would increase Europe's dependence on the Soviet Union and give the Kremlin both political leverage and additional hard currency to feed its military-industrial complex. Although moderated by intense diplomacy in the mid-1980s, the conflict ended only with the collapse of the Soviet Union. But the development of what is now a 6,000-mile-long pipeline network from Siberia to the shores of the Atlantic was also one of the major harbingers of the internationalization of the gas business. Another was the emergence of LNG.

PEF 001711
Docket No. 041414-EI

LIQUID POWER

NATURAL GAS—in its gaseous form—can be carried efficiently only in pipelines. But when oceans get in the way, pipelines do not work. Fortunately, when natural gas is refrigerated down to temperatures of minus 260 degrees Fahrenheit, it contracts into a liquid, which can be put in a tanker and transported thousands of miles across the sea. On delivery, this liquefied gas is restored to its original state in a regasification terminal. Traditionally, the whole process has been relatively costly. But it is very effective—methane is 600 times less voluminous as a liquid than as a gas—and it allows large amounts of energy to be packed into a single cargo: one shipment holds the equivalent of five percent of the gas consumed in the United States on an average day.

The first commercial LNG business got started in the mid-1960s and ran between Algeria and both the United Kingdom and France. But that budding trade was soon supplanted by cheaper pipeline supplies from the Netherlands and the British North Sea—and then from Russia and Norway. It was not until the late 1990s that new projects in Nigeria and Trinidad, and later Qatar, brought more LNG to Europe.

LNG's real growth, however, came from Asia. Japan wanted to reduce air pollution by shifting from coal and oil to natural gas to generate electricity, but pipelines were not an option. So, in 1969, Japan began to import LNG from Alaska (which it still does today). Then, after the 1973 oil crisis, the Japanese government promoted LNG for energy security reasons: to reduce dependence on oil from the Middle East. Since then Japan has diversified its sources, importing LNG from various states, such as Abu Dhabi, Australia, Brunei, Indonesia, Malaysia, and Qatar. South Korea became the second major importer in Asia at the end of the 1980s, and Taiwan joined the Asian importers' club in the 1990s. Faced with an ever-rising demand for electricity, the huge economies of China and India are set to join the ranks of LNG importers in the next few years.

In the 1970s, it looked as though the United States was going to climb onto the bandwagon when it started importing LNG from Algeria. But then the growing availability of North American gas cut the boomlet short and created the extended surplus of domestic supply that became known as "the gas bubble." LNG moved out of the ships and into the courts, as disputed contracts gave way to financial distress

PEF 001712
Docket No. 041414-EI

and litigation. Regasification terminals were closed down, and for several years no LNG at all was imported into the United States.

LNG projects in Asia and Europe developed according to a very particular set of unwritten rules—what might be called "the LNG paradigm." The paradigm aims to ensure that a logistic, financial, and commercial chain links suppliers to consumers through contracts that govern every step of the process, from extraction and liquefaction to shipping, delivery, and regasification. Specific reserves are earmarked and developed for specific liquefaction facilities, the output of which is delivered by specified tankers to specific markets. All the elements of the projects—which last for 20 or more years—are laboriously worked out and settled before any serious dollars are spent. Gas prices are set according to formulas that link LNG prices to oil prices, keeping them competitive and insulating them from subsequent decisions by buyers and sellers.

The LNG paradigm developed for two reasons: the huge capital costs of LNG projects and the inevitable interdependence of gas buyers and gas sellers. Simply put, there is no point in developing reserves if the market is not there—and vice versa. Supply and demand, according to the paradigm, need to be developed in tandem. The costs of LNG projects—which run from three billion to as much as ten billion dollars for a single project—mean that investors want to lock in future sales and revenue streams, protecting themselves from unanticipated or unpredictable shifts in the market.

This paradigm is very much at odds with the way the gas business has been organized in the United States since its deregulation in the 1980s. The U.S. market is anything but long term: it runs on spot and futures markets and short-term contracts. The mismatch between the LNG paradigm and the way the business works in the United States had led many observers to conclude that the United States is unlikely ever to import significant quantities of LNG. At least that was the view until very recently.

GUIDING LIGHT

IF THERE is a single thing responsible for the emergence of natural gas as a global commodity, it is the rising demand for electricity. Today, natural gas is the "fuel of choice" for meeting escalating electricity needs, whether in the developed or the developing world. In the

PEF 001713
Docket No. 041414-EI

United States, demand grows at a rate that is about two-thirds of the growth rate of the overall economy. In the developing world, growth rates are much higher. China's electricity consumption today is more than three times what it was in 1990; lately, it has been growing at an extraordinary 17 percent a year.

The "combined cycle gas turbine" (CCGT), a new technology for generating electricity that was borrowed from jet engines, has given gas a major advantage against its competitors—coal, nuclear power, hydropower, and oil. CCGT plants are easier to finance, quicker to build, and more efficient in their consumption of energy than existing coal plants. Environmental considerations also have reinforced the position of gas as the new fuel of choice. Of all the fossil fuels, it is the best suited to the post-Kyoto world: electricity generated from it emits only 40 percent of the carbon dioxide produced by electricity generated from coal. And because these gas-fired power plants are smaller and much cleaner, they can be located within or near cities, which obviates the need for long-distance power lines.

Policymakers around the world have been deregulating the power business to move from "natural monopolies" to a marketplace of multiple parties that trade and compete with one another. New, independent power-generating companies have been encouraged to enter the business. The gas-fired turbines—small, cheap, quick, and clean—have proved well suited for the era of deregulating energy markets.

Technology has also affected the supply side of the market. The costs of LNG terminals and tankers once appeared to be irreducibly high, but they have in fact been reduced. Recent improvements in engineering and construction brought those costs down by as much as 30 percent. And reductions continue.

But there was one missing ingredient to the formation of a global marketplace—the United States.

THE AMERICAN ENGINE

IN THE LAST two years, the United States has emerged as a key—indeed *the* key—future growth market for LNG. It alone accounts for a fourth of the natural gas consumed in the world each day. As American imports from Canada increased over the 1990s, what had

PEF 001714
Docket No. 041414-EI

been national self-sufficiency slowly evolved into continental self-sufficiency—and interdependence. And now, in addition, Mexico imports gas from the United States.

The United States enthusiastically embraced the new gas-fired technology to generate power. Altogether its use of natural gas in electric power production has increased almost 40 percent since 1990—with much more growth to come. Over 200,000 megawatts of new power-plant capacity has been recently constructed or will soon start production. This is a huge amount of power capacity, equivalent to more than a quarter of the country's entire installed capacity in the year 2000—and larger than the entire electric power industries of the United Kingdom and France combined. Well over 90 percent of the new capacity is fueled with natural gas.

But rising demand for gas has collided with what is now emerging as a natural gas shortage in the United States. Traditional sources of supply can no longer keep up with electricity-driven rising consumption. Very disappointing results from the drilling boom of 2000–2001 were the first indicator of this disparity. Since 2001, supply has declined by four percent. New wells will be drilled in the years ahead, and new supplies added. (Owing to the depletion of existing wells, in ten years more than half of domestic supply will have to come from wells that have not yet been drilled.) There may be a modest rebound in supply over the next couple of years, which, together with a weak economy and mild weather, may temporarily mask the reality of the shortage. But, as the U.S. National Petroleum Council observes in its new study, the reality remains that the geological base in the United States is mature—that is, it has been thoroughly explored. Supply shortages, and the resulting jump in the cost of producing electricity from natural gas, were one of the reasons for the California power crisis of 2000–2001.

In response to the tightening of supply and demand in the United States, domestic gas prices have doubled, weighing the economy down. And today's supply gap is small in comparison to what it could be a few years from now, when the real North American gas production decline begins. Higher prices will hurt homeowners and such industries as fertilizer, chemical, and plastics that depend on gas. Companies in those sectors are already cutting back on production and closing plants. But the full effect of higher gas prices has not yet been felt. When it is, factories

PEF 001715
Docket No. 041414-EI

will be exported, and jobs—measured in hundreds of thousands or even millions—will be lost. In a very painful way, that will lower consumption in the industrial sector. Some of this is already happening.

Conserving energy will play an important role in mitigating the tight supply problem, but there will be limits as to what it can do, especially with the demand for electric power inexorably increasing—thus increasing demand for natural gas—and outpacing improvements in energy efficiency. Major new discoveries or breakthroughs in drilling technology could increase domestic supplies. And there are major prospective areas in the United States—the eastern Gulf of Mexico, the Rockies, and off the eastern and western coasts of the United States. But they are currently off-limits for environmental reasons, and any efforts to improve access to them would inevitably lead to a political storm. A new gas pipeline will eventually bring large amounts of new supply from Alaska's North Slope (not to be confused with Alaska's controversial Arctic National Wildlife Refuge), but that project will probably take a decade or more to realize and, even then, would only make up part of the shortfall.

Rising demand for gas has collided with a natural gas shortfall in the United States.

Thus, LNG is needed to fill a big part of the supply shortfall. In 2002, LNG accounted for just one percent of the United States' natural gas supply. By 2020, it could exceed 20 percent. But if LNG is to meet its potential, the United States needs to invest reasonably swiftly in regasification terminals—the portals that link the global gas network to our domestic markets. Environmental controversies over licensing and siting issues, which could disrupt investment, need to be managed sensibly, and regulations coherently applied. As Greenspan commented to Congress, "We cannot, on the one hand, encourage the use of environmentally desirable natural gas in this country while being conflicted on larger imports of LNG."

The market appears to be responding: more than 30 regasification projects have already been proposed. Some plants will be on land. Others may be offshore floating terminals. And to satisfy the states that most desperately need them but are among the most environmentally conscious, terminals may be built in neighboring countries—in Mexico to feed California, in the Bahamas to supply Florida, and

PEF 001716
Docket No. 041414-EI

in Canada to meet New England's needs. At least a third of the proposed projects need to be built over the next decade to counter the United States' shortfall. All of them will need to wind their way through a complicated maze of permit and approval processes.

An even more critical question is whether gas fields and liquefaction plants will be developed to supply the regasification terminals. Much still needs to be done to turn the vision of having LNG from around the world supply the United States into the reality of steel and concrete. The single largest hurdle is the sheer scale of the capital required: developing reserves to serve a single terminal in the United States costs billions of dollars. And for companies providing the capital, LNG projects are only one of several possible investment opportunities. It is not enough for LNG projects to be attractive; they must be more attractive than other prospects. Realistic and timely negotiations between companies and countries is one essential step toward overcoming the financing hurdles.

LOOKING INTO THE FUTURE

WHAT COULD capsize LNG's development? At a time when oil and gas prices are high, optimism about the prospects for a new LNG market is only to be expected. But the industry will not develop along a straightforward course; it will have to weather disruptions and make midcourse adjustments. Low gas prices, even if they are only temporary, could discourage investors and stifle growth. It takes more than growing demand, plentiful reserves, and competitive costs to make a global market. Private companies need to commit the necessary capital and human resources. State-controlled companies have to resolve the conflicts between the commercial attractiveness of LNG and other political and social imperatives. Banks and other lenders need to be confident about the projects' financial soundness. All participants need the ability to weather the ups and downs of a commodities market.

High energy prices could also disrupt the business, by renewing the traditional battle over economic rent between governments and foreign companies. Encouraged by market demand, financial pressures, and nationalist sentiments, governments could be tempted to try to renegotiate deals to extract more value for their resources. Ultimately, large gas projects will only move ahead when the deals' terms are equitable, fair,

PEF 001717
Docket No. 041414-EI

and stable for all parties. New fiscal regimes are likely to evolve to reflect the perceived risk and anticipated profitability of gas developments and to bridge the gap between the volatile U.S. gas market and the traditionally stable long-term LNG paradigm.

Governments in consuming countries will also need to resist a series of temptations. If the market is allowed to work, the textbooks say, rising gas prices should create more supply, bringing the market and prices back into balance. In reality, however, such prices could also prompt governments to adopt policies that, although politically popular, may be economically counterproductive. There is already talk in the United States of imposing price controls and restricting gas consumption with "fuel use acts." Serious consideration of such measures will increase the risk and uncertainty for new projects and thus delay much-needed investment. Implementation of such restrictions might stop development altogether.

The globalization of the gas market also raises geopolitical questions. Some analysts anticipate that the new interests and interdependencies brought by the LNG trade will bolster relations between producing and consuming countries. Others, however, worry that it will only lead to dependence on imports for yet another key commodity, which will create vulnerability to deliberate machinations, political upheavals, or economic problems.

These concerns cannot be dismissed. In 2001, an Islamic secessionist insurgency on the island of Sumatra temporarily shut down LNG facilities that supply Japan, although LNG from elsewhere in Indonesia made up for the shortfall. In the last year, oil production was disrupted in Venezuela by a virtual civil war between President Hugo Chávez and his opponents and in Nigeria by ethnic tensions and regional conflicts—with much impact on the world oil market. One can well envision scenarios in which the future large LNG exports could be subject to some kind of interruption, even if only short-lived. But the best response to such security concerns is to develop the global LNG business and ensure that ample supplies come from many countries. Encouraging LNG projects in various countries is a safeguard against undue dependence on too few nations.

What about an "OGEC"—a gas version of OPEC? Might a few countries come to dominate the supply of LNG and adopt policies harking back to

PEF 001718
Docket No. 041414-EI

the confrontational OPEC of the 1970s? An association of some kind among LNG exporters is likely. Many of them are also oil exporters, and the desire to compare fiscal terms will be irresistible. But there will be limits to how far they can go. For one thing, there will likely be too many too diverse countries to form a single bloc. Australia, Yemen, and Angola will each see the world very differently. Moreover, exporting countries will compete not only among themselves but also with local production in consuming countries and with pipeline supplies, which will reduce their leverage. Ultimately, exporting countries themselves also need to maintain good relations with their customers, to protect their market share and promote additional investment. Therefore, they will likely be cautious about taking actions that could disrupt the critical flow of revenues back into their national treasuries.

These geopolitical issues should serve as a reminder that the gas trade will also have political implications, although not necessarily any that would spark confrontations. Gas is not just another commodity. Because it is traded internationally, it is also an opportunity for states to establish lasting relationships, as nations in Asia and Europe have done over the past three decades. Energy-short Japan has long seen the need to forge strong political bonds with its gas suppliers. The Sakhalin LNG project, a $10 billion investment to supply Russian gas to Japan, for example, is the single largest private foreign investment in Russia—a monumental undertaking that has depended critically on government-to-government commitment to bolster private-sector investment.

The natural gas business is on the brink of profound change. It is set to become global and to adopt a more flexible market model. Gas may indeed become the fuel that helps keep the world's lights on. But this development is not predetermined; the United States needs to embrace the LNG market to complete the transformation. That engagement is also necessary to meet U.S. energy and economic needs. Company strategies and government policies need to move forward together to make this happen. A variety of risks will come from increased interdependence, but, in a growing, diversified global market, they can be managed. And they are dwarfed by the much greater risk that the United States and Europe could face a persistent shortfall in natural gas. There is a growing urgency to make investments in LNG in the near term in order to avoid more serious disruptions in gas markets and economies later in the decade.

PEF 001719
Docket No. 041414-EI

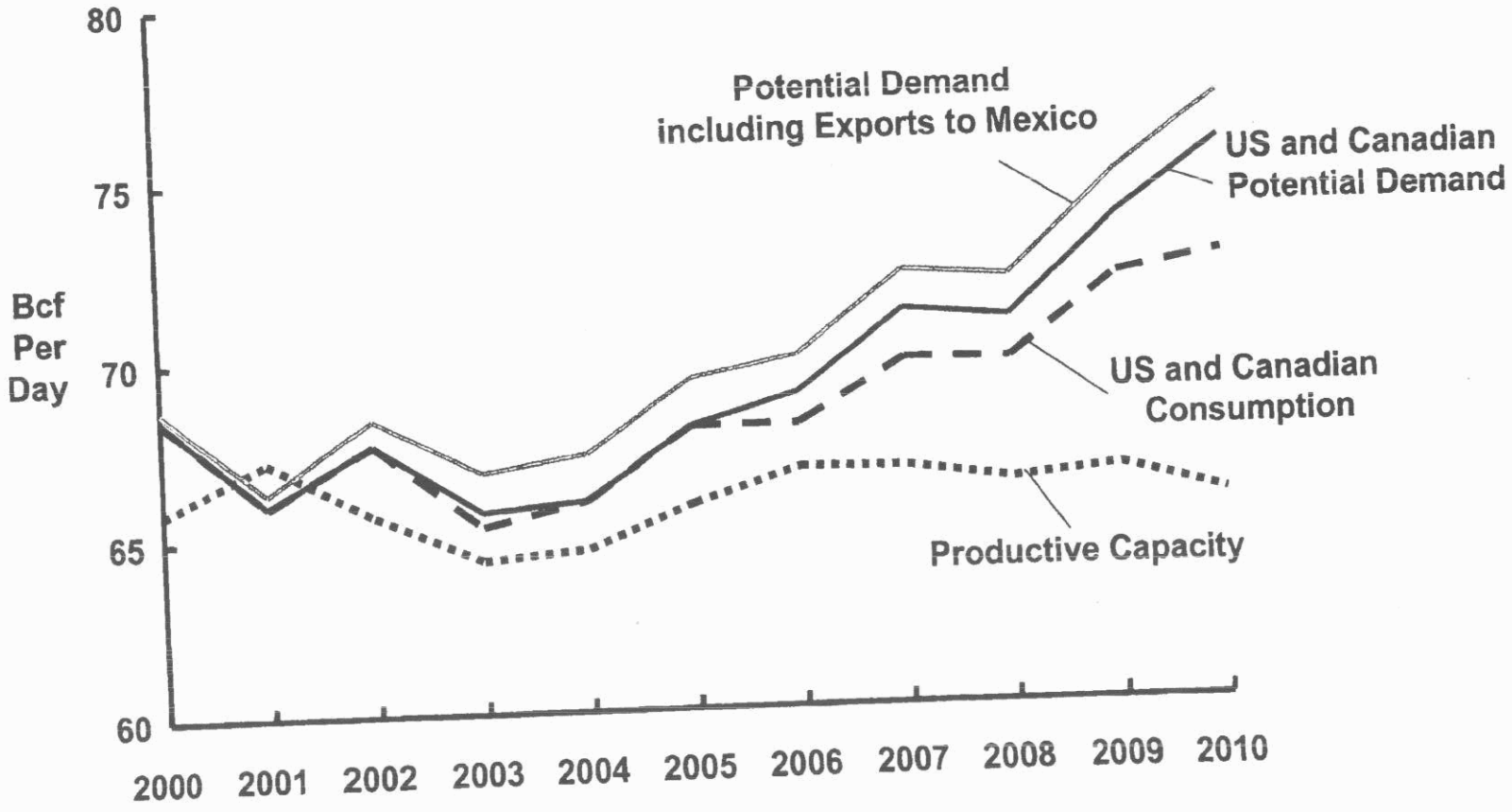
LNG Facilities in North America—Existing and Potential (Fall 2003)



Source: Cambridge Energy Research Associates.
10406-4
101603

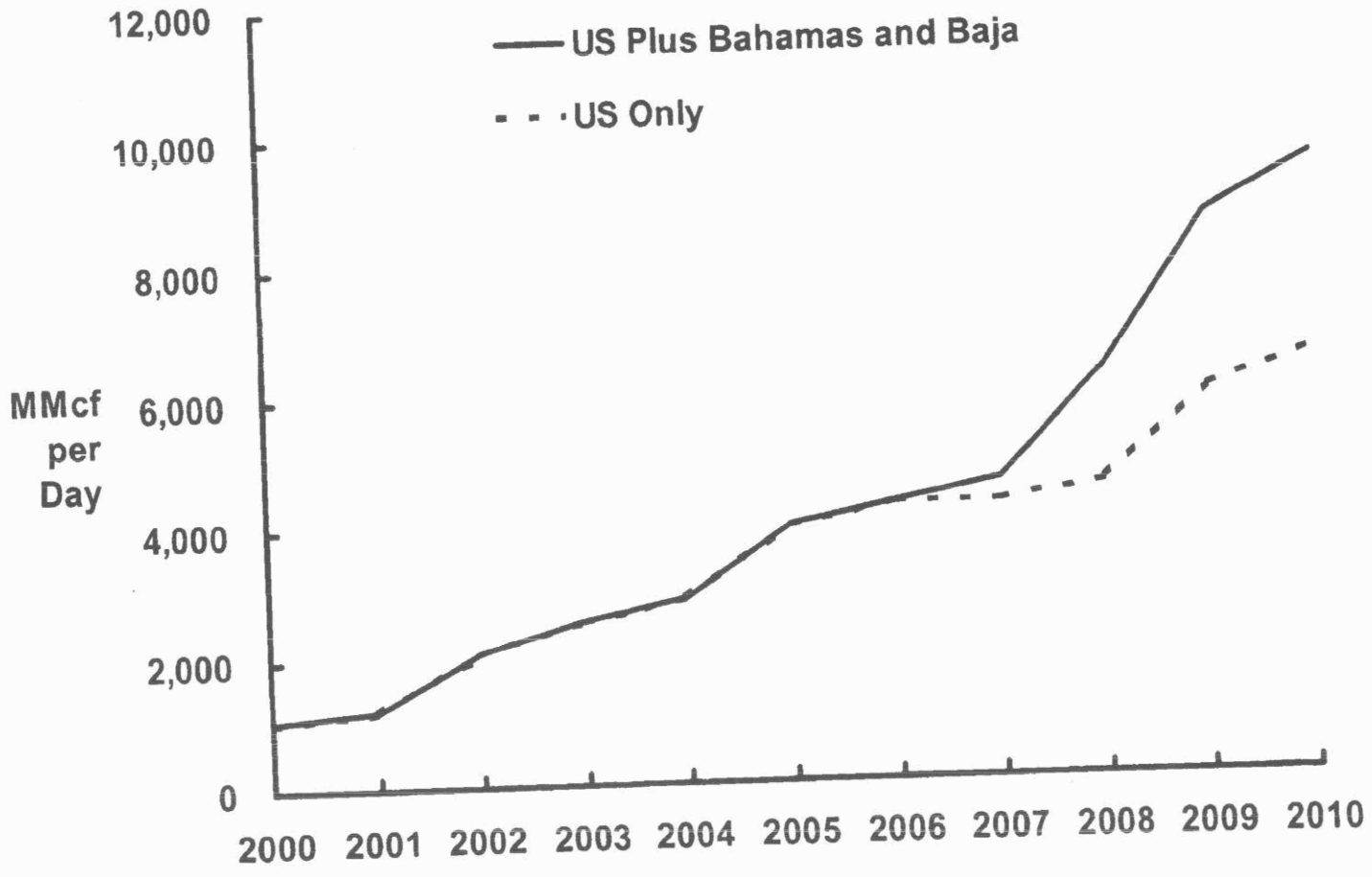
NAG_RT_Houston_110403

North American Wellhead Capacity and Demand



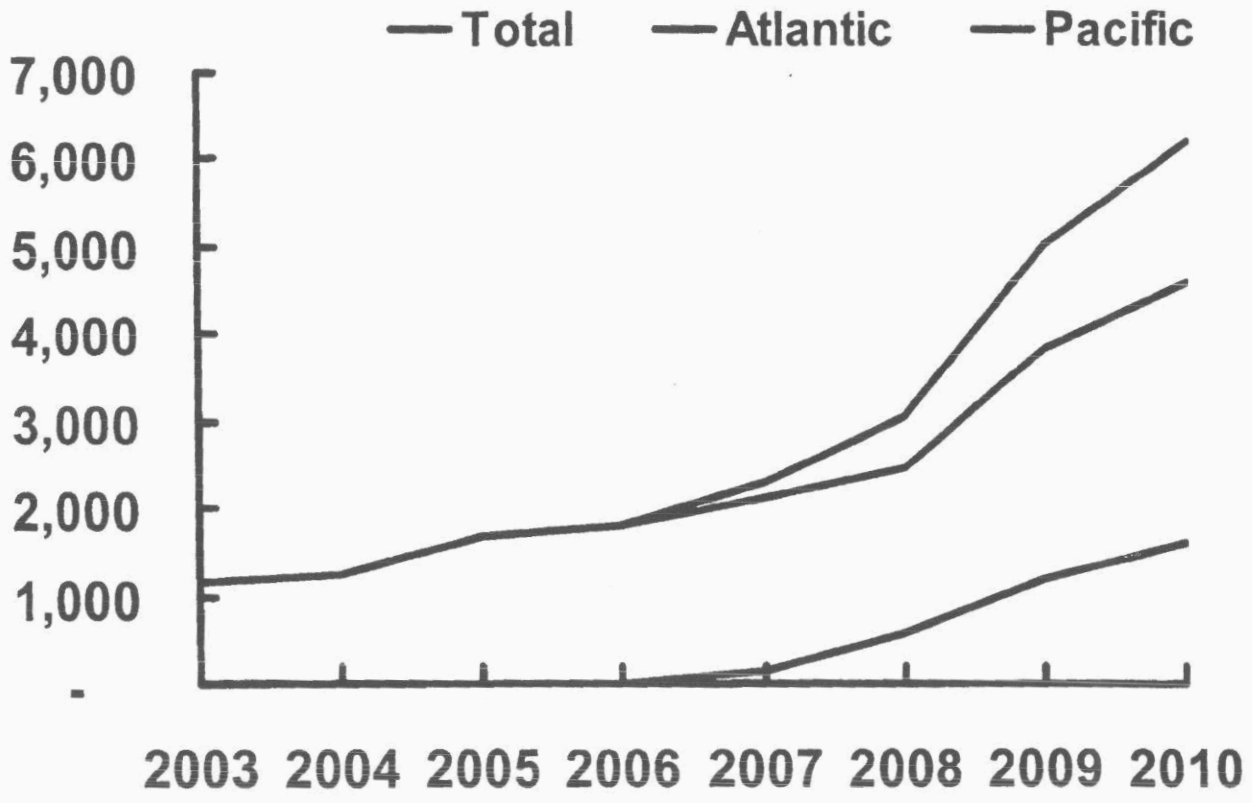
Source: Cambridge Energy Research Associates. April 2003

Average Sustainable LNG Import Capacity



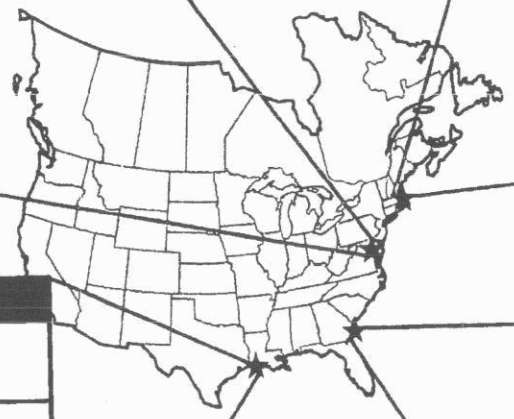
Source: Cambridge Energy Research Associates.
April 2003

LNG Flow in MMcf/d, Including Baja and Bahamas



Source: Cambridge Energy Research Associates.

LNG—Import Facilities



Cove Point, MD (Reopening 2003)

Operator:	**Cove Point LNG**
Vaporization Capacity	750 MMcf per day (maximum sendout is 1 Bcf per day)
Storage Capacity	5 Bcf
Number of Tanks	4
Tanker Berths	2
Draft	11 meters
Pipeline Connections	Columbia Gas, Transcontinental

Everett, MA (Operating)

Operator:	**Distrigas LNG**
Vaporization Capacity	915 MMcf per day (maximum sendout is 1,150 MMcf per day.)
Trucking Capacity	100 MMcf per day
Storage Capacity	4.35 Bcf
Number of Tanks	2
Tanker Berths	1
Draft	11 meters
Pipeline Connections	Algonquin, Tennessee

Lake Charles, LA (Operating)

Operator:	**Trunkline LNG**
Vaporization Capacity	630 MMcf perday (maximum sendout is 1 Bcf per day)
Storage Capacity	6.3 Bcf
Number of Tanks	3
Tanker Berths	1
Draft	12 meters
Pipeline Connections	Trunkline, Gulf Coast Pipes

Elba Island, GA (Operating)

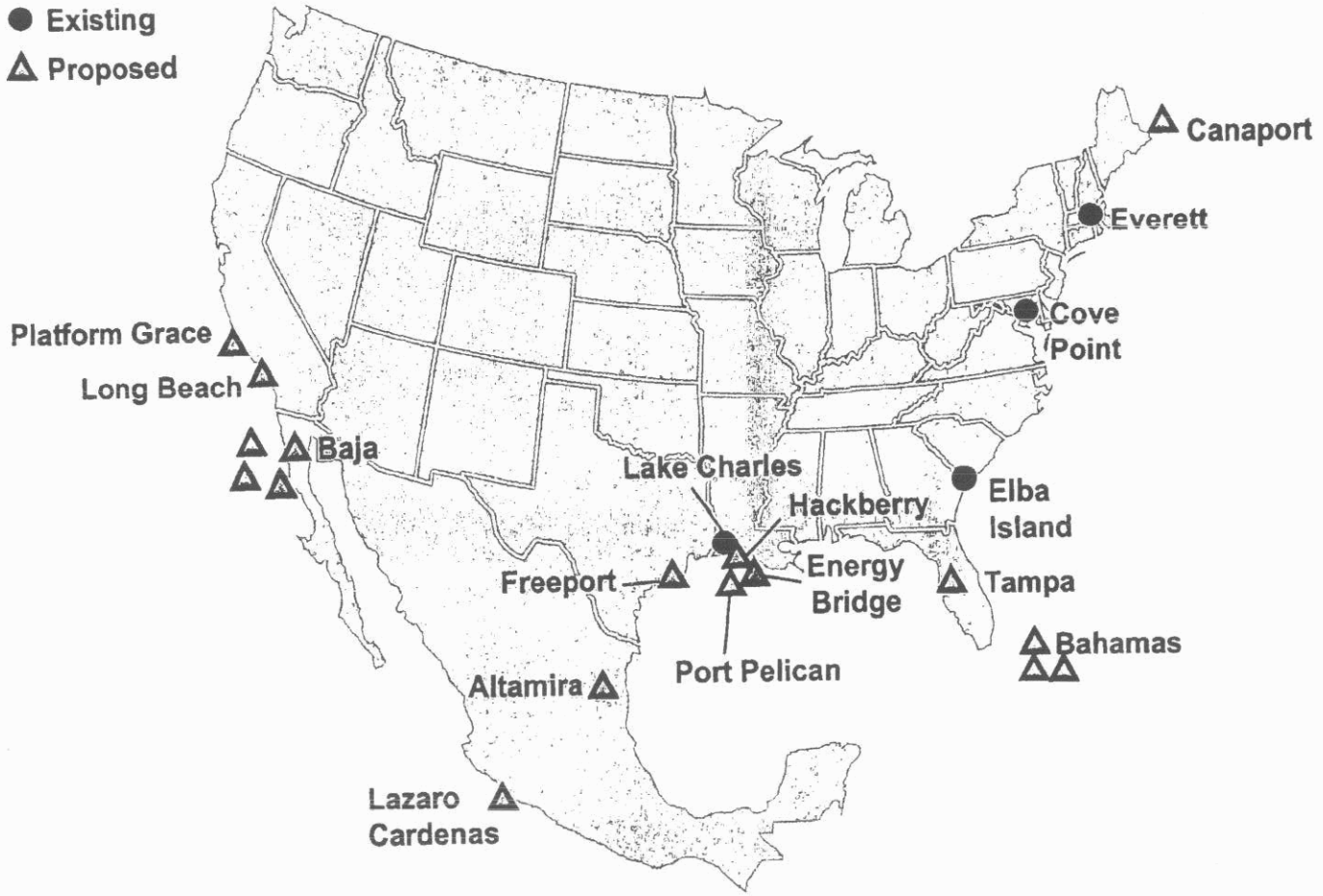
Operator:	**Southern LNG**
Vaporization Capacity	446 MMcf per day (maximum sendout is 675 MMcf per day)
Storage Capacity	4 Bcf
Number of Tanks	3
Tanker Berths	1
Draft	12 meters
Pipeline Connections	Southern Natural Gas

CERA

Source: Cambridge Energy Research Associates, EIA.
90531-22
030303

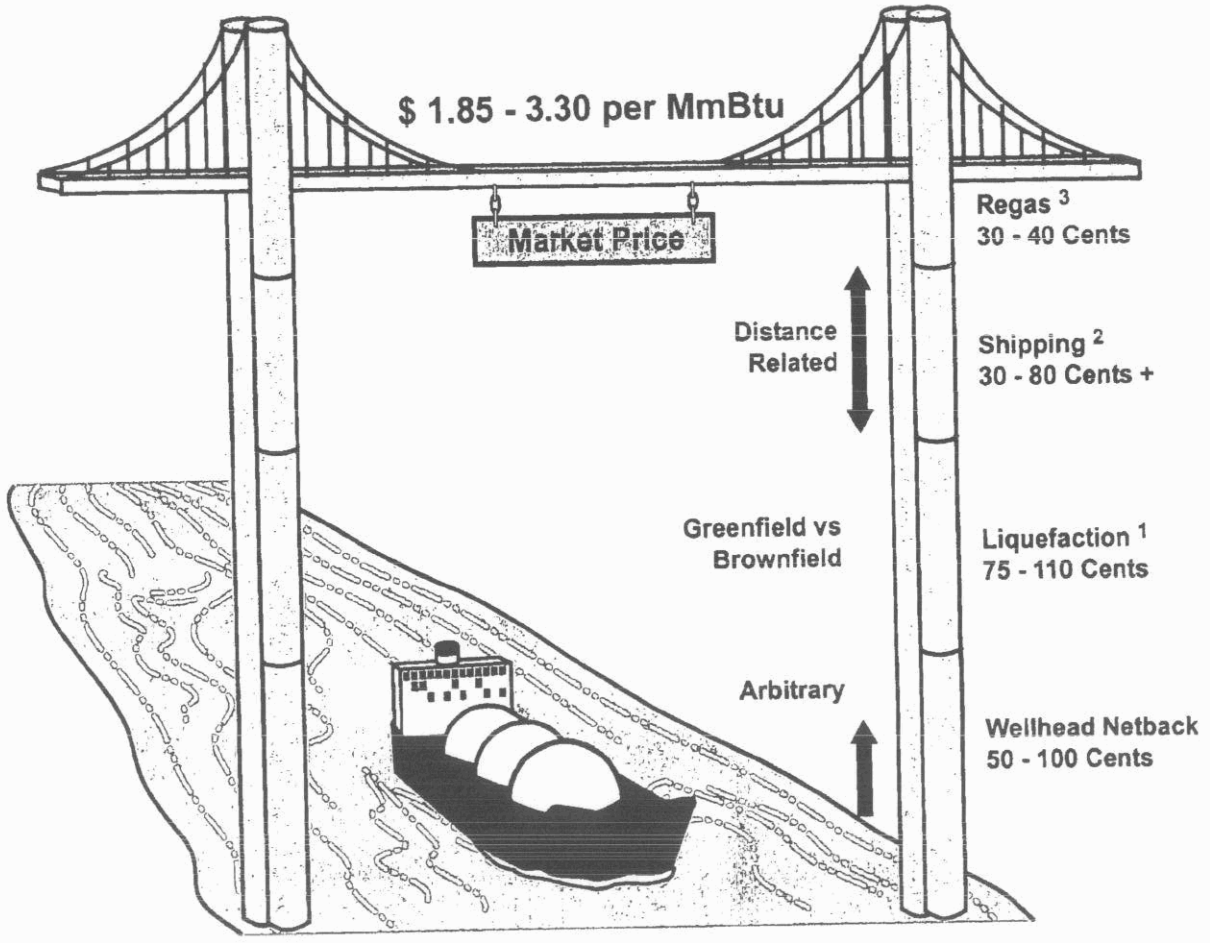
PEF 001724
Docket No. 041414-EI

Liquefied Natural Gas (LNG) Facilities in North America—Existing and Potential



Source: Cambridge Energy Research Associates.
10406-4
052803

LNG—Indicative Costs for the Atlantic Basin



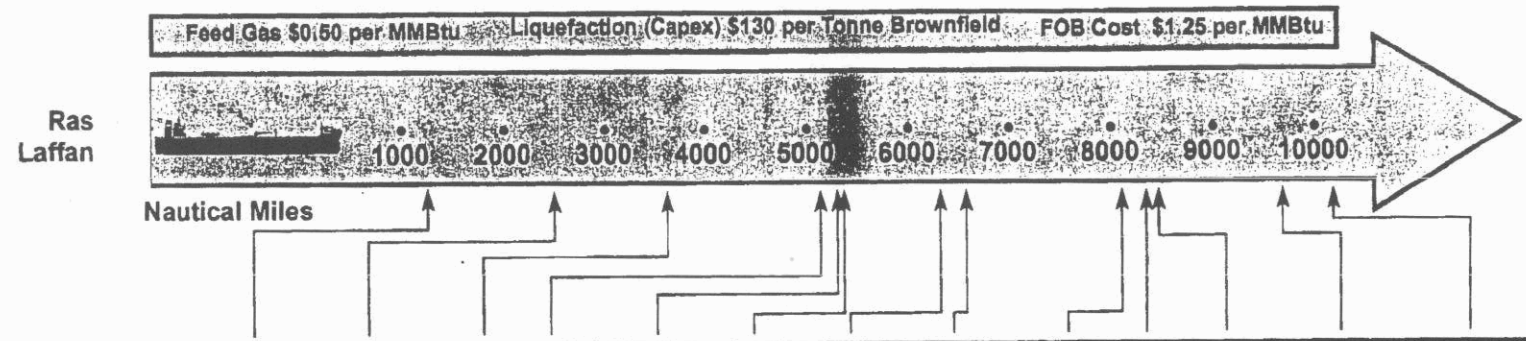
1. IRR 12 percent 2. IRR 10 percent 3. IRR 15 percent

Source: Cambridge Energy Research Associates.

10501-35/040103

PEF 001726
Docket No. 041414-EI

Global Reach--Middle East LNG Transportation and Delivery Costs



	Dahej India	Kakinada India	Izmir Turkey	Guandong China	Sines Portugal	Yung-An Taiwan	Zeebrugge Belgium	Sodegaura Japan	Everett MA	Recife Brazil	Cove Point MD	Lake Charles LA	Rosarito Mexico
			(suez)		(suez)		(suez)		(suez)		(suez)	(suez)	
Distance (Miles)	1313	2568	3761	5159	5317	5351	6363	6637	8089	8305	8490	9731	11489
Round Trip (Days)	8	14	22	25	29	26	33	32	41	39	43	48	54
Shipping Costs $ per MMBtu	0.26	0.40	0.77	0.72	0.96	0.74	1.10	0.91	1.31	1.11	1.36	1.52	1.53
Ex-Ship Costs $ per MMBtu	1.51	1.65	2.02	1.97	2.21	1.99	2.35	2.16	2.56	2.36	2.61	2.77	2.78

- **Middle East gas is theoretically economic at <$3.50 per MMBtu anywhere!**

Source: Cambridge Energy Research Associates.
10301-31

REDACTED

PEF 001728
Docket No. 041414-EI

REDACTED

PEF 001729
Docket No. 041414-EI

REDACTED

PEF 001730
Docket No. 041414-EI

REDACTED

PEF 001731
Docket No. 041414-EI

REDACTED

PEF 001732
Docket No. 041414-EI

REDACTED

PEF 001733
Docket No. 041414-EI

REDACTED

PEF 001734
Docket No. 041414-EI

REDACTED

PEF 001735
Docket No. 041414-EI

REDACTED

PEF 001736
Docket No. 041414-EI

REDACTED

PEF 001737
Docket No. 041414-EI

REDACTED

PEF 001738
Docket No. 041414-EI

REDACTED

PEF 001739
Docket No. 041414-EI

REDACTED

PEF 001740
Docket No. 041414-EI

REDACTED

PEF 001741
Docket No. 041414-EI

REDACTED

PEF 001742
Docket No. 041414-EI

REDACTED

PEF 001743
Docket No. 041414-EI

REDACTED

PEF 001744
Docket No. 041414-EI

REDACTED

PEF 001745
Docket No. 041414-EI

REDACTED

PEF 001746
Docket No. 041414-EI

REDACTED

PEF 001747
Docket No. 041414-EI

REDACTED

PEF 001748
Docket No. 041414-EI

REDACTED

PEF 001749
Docket No. 041414-EI

REDACTED

PEF 001750
Docket No. 041414-EI

REDACTED

PEF 001751
Docket No. 041414-EI

REDACTED

PEF 001752
Docket No. 041414-EI

REDACTED

PEF 001753
Docket No. 041414-EI

REDACTED

PEF 001754
Docket No. 041414-EI

REDACTED

PEF 001755
Docket No. 041414-EI

REDACTED

PEF 001756
Docket No. 041414-EI

REDACTED

PEF 001757
Docket No. 041414-EI

REDACTED

PEF 001758
Docket No. 041414-EI

REDACTED

PEF 001759
Docket No. 041414-EI

REDACTED

PEF 001760
Docket No. 041414-EI

REDACTED

PEF 001761
Docket No. 041414-EI

REDACTED

PEF 001762
Docket No. 041414-EI

REDACTED

PEF 001763
Docket No. 041414-EI

REDACTED

PEF 001764
Docket No. 041414-EI

REDACTED

PEF 001765
Docket No. 041414-EI

REDACTED

PEF 001766
Docket No. 041414-EI

REDACTED

PEF 001767
Docket No. 041414-EI

REDACTED

PEF 001768
Docket No. 041414-EI

REDACTED

PEF 001769
Docket No. 041414-EI

REDACTED

PEF 001770
Docket No. 041414-EI

REDACTED

PEF 001771
Docket No. 041414-EI

REDACTED

PEF 001772
Docket No. 041414-EI

REDACTED

PEF 001773
Docket No. 041414-EI

REDACTED

PEF 001774
Docket No. 041414-EI

REDACTED

PEF 001775
Docket No. 041414-EI

REDACTED

PEF 001776
Docket No. 041414-EI

REDACTED

PEF 001777
Docket No. 041414-EI

REDACTED

PEF 001778
Docket No. 041414-EI

REDACTED

PEF 001779
Docket No. 041414-EI

REDACTED

PEF 001780
Docket No. 041414-EI

REDACTED

PEF 001781
Docket No. 041414-EI

REDACTED

PEF 001782
Docket No. 041414-EI

REDACTED

PEF 001783
Docket No. 041414-EI

REDACTED

PEF 001784
Docket No. 041414-EI

REDACTED

PEF 001785
Docket No. 041414-EI

REDACTED

PEF 001786
Docket No. 041414-EI

REDACTED

PEF 001787
Docket No. 041414-EI

REDACTED

PEF 001788
Docket No. 041414-EI

REDACTED

PEF 001789
Docket No. 041414-EI

REDACTED

PEF 001790
Docket No. 041414-EI

REDACTED

PEF 001791
Docket No. 041414-EI

REDACTED

PEF 001792
Docket No. 041414-EI

REDACTED

PEF 001793
Docket No. 041414-EI

REDACTED

PEF 001794
Docket No. 041414-EI

REDACTED

PEF 001795
Docket No. 041414-EI

REDACTED

PEF 001796
Docket No. 041414-EI

REDACTED

PEF 001797
Docket No. 041414-EI

REDACTED

PEF 001798
Docket No. 041414-EI

REDACTED

PEF 001799
Docket No. 041414-EI

REDACTED

PEF 001800
Docket No. 041414-EI

REDACTED

PEF 001801
Docket No. 041414-EI

REDACTED

PEF 001802
Docket No. 041414-EI

REDACTED

PEF 001803
Docket No. 041414-EI

REDACTED

PEF 001804
Docket No. 041414-EI

REDACTED

PEF 001805
Docket No. 041414-EI

REDACTED

PEF 001806
Docket No. 041414-EI

REDACTED

PEF 001807
Docket No. 041414-EI

REDACTED

PEF 001808
Docket No. 041414-EI

REDACTED

PEF 001809
Docket No. 041414-EI

REDACTED

PEF 001810
Docket No. 041414-EI

REDACTED

PEF 001811
Docket No. 041414-EI

REDACTED

PEF 001812
Docket No. 041414-EI

POD#41

REDACTED

PEF 001813
Docket No. 041414-EI

POD#42

REDACTED

PEF 001814
Docket No. 041414-EI

CONFIDENTIAL

[redacted]

Summary

[redacted]

Scope of Review

[redacted]

General Assumptions

[redacted]

PEF 001815
Docket No. 041414-EI

Prepared by: Albert Hopping, Enterprise Risk Management – Risk Analytics 10/11/04

CONFIDENTIAL

[redacted]

Gas Supply Alternatives

[redacted]

Prepared by: Albert Hopping, Enterprise Risk Management – Risk Analytics 10/11/04

REDACTED

PEF 001817
Docket No. 041414-EI

REDACTED

PEF 001818
Docket No. 041414-EI

REDACTED

PEF 001819
Docket No. 041414-EI

CONFIDENTIAL

[redacted]

Financial Summary of Alternatives

[redacted]

Supporting data and detailed results are provided in the appendix.

Prepared by: Albert Hopping, Enterprise Risk Management – Risk Analytics 10/11/04

REDACTED

PEF 001821
Docket No. 041414-EI

REDACTED

PEF 001822
Docket No. 041414-EI

REDACTED

PEF 001823
Docket No. 041414-EI

REDACTED

PEF 001824
Docket No. 041414-EI

REDACTED

PEF 001825
Docket No. 041414-EI

REDACTED

PEF 001826
Docket No. 041414-EI

REDACTED

PEF 001827
Docket No. 041414-EI

REDACTED

PEF 001828
Docket No. 041414-EI

REDACTED

PEF 001829
Docket No. 041414-EI

REDACTED

PEF 001830
Docket No. 041414-EI

REDACTED

PEF 001831
Docket No. 041414-EI

REDACTED

PEF 001832
Docket No. 041414-EI