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By Docket Room at 9:00 am, Sep 13, 2012

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September 12, 2012

By Email
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Ms. Larine A. Moore
Docket Room Manager
FE-34
U.S. Department of Energy
PO Box 44375
Washington, D.C. 20026-4375

Re: Answer of Jordan Cove Energy Project, L.P. to Protests of Application for Long-Term Authorization to Export Liquefied Natural Gas to Non-Free Trade Agreement Nations, FE Docket No. 12-32-LNG

Dear Ms. Moore:

Please accept for filing the following response of Citizens Against LNG to the recent "Answer" filed by the Jordan Cove Energy Project (JCEP) dated August 29, 2012. We received this document by postal mail only a few days ago and even though the document has yet to appear in the U.S. Department of Energy Office of Fossil Energy e-library web portal for FE Docket No. 12–32–LNG, we feel a response is warranted in this case.

The Jordan Cove "Answer" included yet another ECONorthwest report that was dated May 14, 2012, and titled, "*The Impact of the Jordan Cove Energy Project on Coos County Housing and Schools.*" As previously explained in our August 6, 2012, protest comments, the U.S. Department of Energy Office of Fossil Energy should take a closer look into the ECONorthwest reports being submitted by the Jordan Cove Energy Project. The following supporting evidence is being provided to you in addition to our previously submitted documentation to help give you a better understanding as to why a thorough independent economic analysis is in order by the U.S. Department of Energy.

In October 2006 the South Coast Development Council (SCDC) in Coos Bay, Oregon, who fully supported the proposed Jordan Cove liquefied natural gas (LNG) import project, engaged the Portland-based ECONorthwest to forecast the net economic benefits of the proposed Jordan Cove LNG project. The report, "*Forecast of the Net Economic Benefits of a Proposed LNG*

Terminal in Coos County, Oregon," [1] was used as a justification for the Jordan Cove LNG import facility and was relied on by the Federal Energy Regulatory Commission (FERC) in the preparation of the Environmental Impact Statement (EIS) that led to the FERC Order approving the project in 2009. The ECONorthwest report was flawed for several reasons in that it did not include negative economic impacts that would have occurred as a result of the proposed Jordan Cove LNG import facility, nor did the report confirm the specifics as to the high number of jobs they were predicting would result due to Jordan Cove's operations. We now know the 2006 predictions and projections by ECONorthwest were incorrect. On Feb. 29, 2012, Jordan Cove notified FERC that due to current market conditions they no longer intended to implement their Dec. 17, 2009, FERC Order authorizing them to construct and operate a LNG import terminal. FERC vacated the Order for the Jordan Cove import project on April 16, 2012. Obviously the Jordan Cove Energy Project would not have produced the economic benefits and jobs that the 2006 ECONorthwest report had predicted would occur from the importation of LNG.

The U.S. Department of Energy should consider taking a thorough investigative review of the ECONorthwest reports similar to what the United States Department of Agricultural (USDA) Rural Development did in 2008. In December of 2008, the USDA Rural Development questioned the reliability and accuracy of an ECONorthwest report that was being used to justify a $6 million dollar proposed expansion of the Salmon Harbor resort in Winchester Bay, Oregon. The USDA did their own investigation and found the ECONorthwest projections used to justify the proposed expansion were not feasible, nor were the ECONorthwest conclusions warranted. As a result of the investigation, the USDA pulled their funding for that proposed project. (See Exhibit A) Likewise, the U.S. Department of Energy Office of Fossil Energy should not rely solely on the economic projections being provided by the Jordan Cove Energy Project. Before our property rights, businesses, people and the environment are potentially put at risk there should be an in-depth, complete and accurate economic analysis that includes the impacts on the public both now and in the future from exporting LNG. As we stated earlier in our August 6, 2012, protest comments on page 7:

> "Jordan Cove has already demonstrated its inability to predict demand for natural gas imports and exports. Jordan Cove based the proposed Jordan Cove LNG import terminal in Coos Bay on predictions that an import facility would be needed to meet growing U.S. demand for natural gas imports from overseas. These predictions turned out to be wrong.
>
> "Jordan Cove's assumption about sustained Asian demand for LNG imports is likely to be wrong as well; the same factors that created an oversupply of domestic natural gas would likely also create an oversupply of natural gas in Asia, curtailing demand for LNG imports from the U.S. and rendering a West Coast-based LNG export facility economically unviable…."

An example of the kind of economic analysis that should be done by the U.S. Department of Energy can be found in the 2006 Passamaquoddy Whole Bay Study (Part 1) that was completed

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[1] "*Forecast of the Net Economic Benefits of a Proposed LNG Terminal in Coos County, Oregon*" An Economic Impact Analysis Prepared for the South Coast Development Council – October 16, 2006 ; ECONorthwest

by Yellow Wood Associates, Inc.[2] Citizens of three nations, the United States, Canada and the Passamaquoddy Tribe, commissioned the Whole Bay Study to determine what the potential costs and benefits of one or more LNG terminals in Passamaquoddy Bay would mean from the perspective of Bay communities. The focus of the Part 1 Whole Bay Study was on direct employment impacts on local residents and businesses, economic impacts on the real estate market, and fiscal impacts related to community infrastructure, transportation, housing, public safety and property values.

Unlike the ECONorthwest reports being presented to the U.S. Department of Energy Office of Fossil Energy by the Jordan Cove Energy Project, the Passamaquoddy Whole Bay Study looked at both economic benefit and loss. Part 1 of the Whole Bay Study concluded that there was no net gain that was realized overall by these LNG facilities and that the economic stimulus provided to a region by one or more LNG import terminals would be limited. The study also concluded the following:

> "…LNG is not a local resource. The beneficiaries of LNG development, including both investors and consumers, will be overwhelmingly from away. LNG is not a renewable resource. LNG is not an inexpensive form of energy. Even if LNG were made available through pipeline extensions and connections to local communities, it would not shield these communities from price hikes dictated by multinational corporations and the global economy. Nor would it increase the capacity of local communities to meet their own energy needs affordably today and in the future…
>
> "...**Economic Diversification**
> A diversified economic base in which the elements are compatible and synergistic is widely viewed as contributing to the health, resiliency, and vitality of rural communities. Diversity means that no single employer dominates the market, no single landowner dominates the tax rolls, and no single buyer determines the fate of the community.
>
> " Several of the LNG terminals proposed for Passamaquoddy Bay communities are offering millions of dollars in "support" to host communities in an attempt to make their development proposals more palatable. Although millions of dollars sounds like (and is) a lot of money in the context of a small rural community, in the context of LNG, it is very little. Each proposed terminal on Passamaquoddy Bay has the capacity to handle more than $1 billion worth of natural gas each year at present prices. Local communities need to be aware of the trade-offs made in accepting such "support." Once a single corporate entity comprises the majority of the tax base, communities rapidly lose the capacity and ability to make independent decisions regarding local services and investments..."[3]"

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[2] "*Report on Potential Economic and Fiscal Impacts of LNG Terminals on the Whole Passamaquoddy Bay*". Prepared by Yellow Wood Associates, Inc – June 20th 2006
http://www.savepassamaquoddybay.org/documents/community_impact_studies/whole_bay_study/whole_bay_study/WholeBayStudy-Part_1.pdf
"*Study: Impacts of LNG costly, benefit limited*", Edward French; THE QUODDY TIDES Newspaper; Vol. 38, No. 14; June 23, 2006; http://quoddytides.com/lng6-23-06.html

[3] "*Report on Potential Economic and Fiscal Impacts of LNG Terminals on the Whole Passamaquoddy Bay*". Prepared by Yellow Wood Associates, Inc – June 20th 2006 – Page 121

The Yellow Wood Associates determined that a more thorough study would be required to determine the extent to which any economic gains that do result from LNG may be offset by damage to existing sections and that may create new obstacles of future economic diversification and sustainability.

Citizens in rural poor areas such as Coos Bay, Oregon, do not have the resources that the multinational corporations and the gas and oil industry have to conduct such a thorough independent analysis. We citizens depend on agencies such and the United States Department of Agricultural (USDA) Rural Development and the U.S. Department of Energy to do such an analysis for us and to make sure their decisions are in the public interest.

It would “not” be in the public interest of our fishing, timber, clamming, crabbing, oyster growing, farming, tourism, recreation and industries that use natural gas for the U.S. Department of Energy to make a decision on Jordan Cove exporting LNG to non-free trade agreement nations based solely on economic projections and reports provided by the Jordan Cove Energy Project. The decision as to whether Jordan Cove should be allowed to export LNG to nations that do not have a free trade agreements with the United States should be based on a rigorous independent economic and environmental impact analysis that includes “all” potential impacts (both negative and positive) of exporting natural gas from both natural gas produced domestically in the United States and natural gas produced in Canada. The analysis should encompass all proposed and potential LNG export proposals in North America.

Sincerely,

/s/ Jody McCaffree

Jody McCaffree

cc:
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By postal mail to all persons listed in the Service list for FE Docket No. 12-32-LNG

The World – Coos Bay
http://theworldlink.com/news/local/feds-say-no-to-resort-funding/article_9b6904dc-b754-5a19-a23c-409471752788.html

Feds say no to resort funding

Monday, December 28, 2009 By Alex Powers, Reedsport Staff Writer

REEDSPORT — Federal officials have pulled funding for the Salmon Harbor Marina's proposed Phase III expansion to its resort.

In a letter dated Dec. 14 to the Port of Umpqua, Clem Singer, Roseburg area director for USDA Rural Development, told commissioners "there remains some serious doubt" if the expansion could pay for itself.

The nearly $6 million expansion calls for 46 new campsites, a bathroom and an about $1.8 million, 9,576-square-foot community building in Winchester Bay. According to an economic impact study prepared in 2008 by Portland-based ECONorthwest, that center could draw guests to the park during winter, a time of year that historically sees low usage from RVs. The study said in its first year, the expanded RV resort is expected to make $426,855 and more each year after that.

"It's not feasible. That building is not going to pay for itself. It's just not," Singer said.

Singer said USDA was not satisfied with ECO Northwest's projections.

"The conclusions that they drew weren't warranted, in our opinion," he said.

He said USDA also examined the occupancy earlier this year at Lakeside's Osprey Point RV Resort, Woahink Lake RV Resort and Sea Perch RV Resort in Yachats.

"All three of those, we were told, have high wintertime occupancy," Singer said.

USDA found they have few guests during winter.

Harbor Master Jeff Vander Kley said Salmon Harbor cannot become a special district and tax for revenue. It may look to Douglas County for assistance.

"This effort to expand the RV resort was to reduce the need for the county … contributions to the operations," Vander Kley said. "It's a big conundrum."

County Commissioner Susan Morgan asked the marina earlier this month to re-evaluate ECONorthwest's analysis.

Marina project manager Linda Noel said the marina probably will plug updated cashflow information from the resort into the original report, while Vander Kley said the agency may consider downsizing or phasing the project.

CERTIFICATE OF SERVICE

I hereby certify that in accordance with 10 C.F.R. § 509.107 (c), I have this 12th day of September 2012 caused a copy of the foregoing to be served by mail to the following individuals listed in the Service list for FE Docket 12-32 LNG:

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Sincerely,

/s/ Jody McCaffree

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