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FEDERAL ENERGY
REGULATORY COMMISSION

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Clareece T. Bishop
Deputy Secretary

September 4, 2008

Ms. Kimberly D. Bose
Federal Energy Regulatory Commission
888 First Street, N.E., Room 1A
Washington, D.C. 20426

Dear Ms. Bose:

The Maryland Department of Business and Economic Development (DBED) wishes to comment on the draft EIS reference Docket Numbers CP07-62-000, CP07-63-000, CP07-65-000 and CP07-65-000. The Department has major concerns about the negative aspects of locating a Liquid Natural Gas (LNG) plant in a vital economic development area such as Sparrows Point.

The site of the proposed LNG plant lies at the heart of the area where nationally significant events of the War of 1812 took place, and is within a mile of the site where Francis Scott Key bore witness to the British bombardment of Fort McHenry and penned the poem that is our national anthem. The site lies within the historically significant view corridor between Fort McHenry National Monument and Historic Shrine and the Patapsco River to the bay. This is no ordinary cultural landscape, but the setting for Maryland's most significant national heritage story. The words of the Star-Spangled Banner, "O say can you see....," demand that great care be taken not to diminish that landscape, waterscape, view corridor, or opportunities for public enjoyment of the many extant resources associated with that story. With the bicentennial of the War of 1812 fast upon us, the State of Maryland, the Maryland War of 1812 Bicentennial Commission and its partners are anticipating investing tens of millions of dollars in stewardship, educational and cultural tourism enhancements.

The placement of an LNG Facility at Sparrows Point also precludes the re-development of the Sparrows Point Shipyard into a fully operational shipbuilding entity that would contribute considerably to the economy of Sparrows Point and the State of Maryland.

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As such we are strongly concerned about:

Impacts of the project to the resources of the Star-Spangled Banner National Historic Trail (SSBNHT)

The SSBNHT existed only as a legislative proposal in 2006 when consultation with the Maryland State Historic Preservation Office took place. It became a reality on May 8, 2008 when signed into law as one of 26 National Trails. The National Park Service (NPS) will soon embark on preparation of a comprehensive management plan (CMP) for the SSBNHT over the next 18 months to define its boundaries and management and investment priorities. Planning of the LNG plant should be suspended until the completion of the CMP and take into account its recommendations.

Impacts of the project to the Star-Spangled Banner Byway (SSBB)

The SSBB was created by the Maryland Department of Transportation in Spring 2007, just one of 19 Maryland byways. The Maryland Office of Tourism will soon embark on preparation of a corridor management plan (CoMP) for the SSBB over the next 18 months to define its boundaries and management and investment priorities. Planning of the LNG plant should be suspended until the completion of the CoMP and take into account its recommendations.

Impacts of the project to the Star-Spangled Banner Chesapeake Bay Gateway (SSBCBG)

The SSBCBG was designated by the NPS in May 2008, one of about 160 Bay Gateways. The Maryland Office of Tourism will soon embark on preparation of a stewardship, access and interpretation plan for the SSBCBG over the next 18 months to define management and investment priorities. Planning of the LNG plant should be suspended until the completion of the plan and take into account its recommendations.

Impacts to Fort McHenry National Monument and Historic Shrine

The draft EIS failed to take into account the potential for an expanded National Register eligible boundary for the Fort McHenry NMHS (a designated National Historic Landmark) and the potential for effects of the project. It is critical to perform this assessment, at least including the view corridor between the Fort, the Patapsco and the bay. The new city-, state- and federally-funded \$14 million Visitor Center for the Fort, scheduled to open June 2010, is oriented specifically to focus the view of newly arriving visitors down the river to what would be the 17-story tanks of the LNG plant as their introductory experience at the Fort.

Impacts to submerged National Register-eligible archeological resources

The area proposed for dredging and disturbance is replete with War of 1812-associated submerged archeological resources which have not been adequately identified nor assessed for potential effects.

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Major disruption of interpretive, educational and recreational activities

NPS already provides educational cruises from the Fort out to the Key Bridge to interpret the stories associated with the movements of British and Americans during the Battles of Baltimore and North Point, and the writing of the anthem. That service is proposed for significant expansion beginning 2008. The Commission expects that by 2012 and beyond that there will be a robust program of guided and self-guided touring options by water. This will involve the transporting of tens of thousands of students and tourists annually by boat around the Sparrows Point peninsula in close proximity to the proposed LNG site. Bear Creek and Old Road Bay in particular were sites for significant action. The proposed dredging and construction - particularly if undertaken during the core bicentennial years (2012-2015) -- will cause major economic, educational and environmental hardship. The visitor experience to the area will be dramatically compromised.

Impacts the effort to re-ignite the shipbuilding industry at the Sparrows Point Shipyard

Currently there is a major shipbuilding entity that must remain confidential that has seriously professed interest in developing the Shipyard into an active state-of-the-art operating fully functional shipyard. There is a distinct possibility that such an operation will utilize the existing graving dock and surrounding area to build and service both commercial and military ships ranging from three hundred feet to one thousand feet in length. The addition of a fully functional modern shipyard is also in the best interests of National Security as America's shipbuilding capability must be made competitive in today's market to ensure that our ships are built on-time, on-budget and with world class technology.

The shipyard would support from 1,000 to 3,000 high paying skilled jobs and would draw ancillary industries for support. Estimated average salaries in excess of \$60,000 would create an annual wage impact of from \$60 million to \$180 million. The estimated capital expense of the operation would be in excess of \$200 million. This proposed facility would have a greater economic impact on Maryland than the proposed LNG facility.

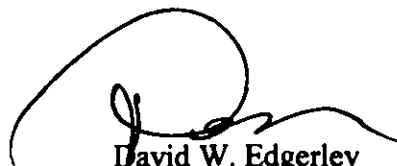
The location of the AES LNG facility is too close to the graving dock to allow for the competitive use of the graving dock and adjacent land to be co-located with the LNG plant in its current proposed configuration. In order to be commercially competitive, the construction and assembly of ship sections must be in a linear mode with direct line transfer to efficiently allow for minimum movement of the sections into the dock for assembly into a vessel.

The use of the shipyard for an LNG facility does not provide the same economic development possibilities as does the full use of the shipyard and, in fact, causes negative impact due to lost opportunity costs to the economy of the State, while requiring the additional safety measures and the risk mitigation, whether perceived or real from terrorism or industrial disaster with the plant in such close proximity to a highly populated City such as Baltimore.

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In summary, The Department of Business and Economic Development has a number of concerns about the location of a LNG plant in the Sparrows Point area. These concerns cover the historical nature of the area, probable impacts to proposed projects, and socioeconomic preclusion of developing and active ship building facility at the shipyard.

Sincerely,

A handwritten signature in black ink, consisting of a large, sweeping loop at the top, followed by several smaller, connected strokes that form the letters of the name.

David W. Edgerley
Secretary

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**bcc: Hannah Byron, Assistant Secretary, Office of Tourism Development, Maryland
Department of Business and Economic Development
John R. Griffin, Secretary, Maryland Department of Natural Resources
Kassie Lewis, Director, Maryland Department of Business and Economic Development
Robert McGlotten, Assistant Secretary, Maryland Department of Business and Economic
Development
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