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Ms. Lauren H. O'Donnell
Director of Gas-Environment and Engineering, PJ 11
Federal Energy Regulatory Commission (FERC)
888 First Street, NE
Washington, DC 20426

Dear Ms. O'Donnell,

This Letter of recommendation (LOR) is issued pursuant to 33 CFR 127.009 in response to the Letter of Intent (LOI) submitted by Calais LNG Project Company LLC (Calais LNG) on May 30, 2008 proposing to transport liquefied natural gas (LNG) by ship to the Calais LNG marine facility proposed for operation in Calais, Maine. It conveys the Coast Guard's recommendation on the suitability of Head Harbor Passage, Western Passage, Passamaquoddy Bay, and the St. Croix River (hereafter collectively termed the Passamaquoddy Bay Waterway) for LNG marine traffic as it relates to safety and security. Also taken into consideration was the approach to the Bay of Fundy from the Atlantic Ocean and Grand Manan Channel from the Gulf of Maine. In addition to meeting the requirements of 33 CFR 127.009, this letter also fulfills the Coast Guard's commitment for providing information to your agency under the Interagency Agreement signed in February 2004.

After reviewing the information in the applicant's LOI and Waterway Suitability Assessment (WSA) and completing an evaluation of the waterway in consultation with a variety of local port stakeholders, I recommend that the Passamaquoddy Bay Waterway be considered suitable for LNG marine traffic. My recommendation is based on review of the factors listed in 33 CFR 127.007 and 33 CFR 127.009. The reasons supporting my recommendation are outlined below.

On September 20, 2010, I completed a review of the WSA for Calais LNG, submitted by ABS Consulting Inc. on August 27, 2009. This review was conducted following the guidance provided in U.S. Coast Guard Navigation and Vessel Inspection Circular (NVIC) 05-08, Change 1 of March 18, 2009. The review focused on the navigation safety and maritime security aspects of LNG vessel transits along the affected waterway. My analysis included an assessment of the risks posed by these transits and possible risk mitigation measures that could be imposed by FERC's Commission Order, if one is issued. During the review, I consulted a variety of stakeholders including members from the Passamaquoddy Bay/Down East Sub-Committee of the Area Maritime Security Committee and Maine and New Hampshire Port Safety Forum (ad hoc LNG Work Group), and response and law enforcement agencies.

Based upon a comprehensive review of the applicant's WSA and after consultation with local and port stakeholders I recommend that the Passamaquoddy Bay Waterway be considered suitable for accommodating the type and frequency of LNG marine traffic associated with this project.

The enclosed LOR Analysis contains a detailed summary of the WSA review process that has guided this recommendation. In the absence of full implementation of the recommended strategies and risk mitigation measures identified in the WSA and LOR Analysis, the Passamaquoddy Bay Waterway would be considered unsuitable for the proposed LNG marine traffic.

This recommendation is provided to assist you in your determination of whether the proposed facility should be commissioned. The risk mitigation measures identified in the applicant's WSA and the information in the attached analysis may be incorporated into your Commission Order, if you deem them warranted. As with all issues related to waterway safety and security falling under my authority and responsibility as Captain of the Port and Federal Maritime Security Coordinator, I will continue to assess each and every transit on a case by case basis to identify what, if any, safety and security measures are necessary to safeguard the public's health and welfare, critical marine infrastructure and key resources, port area, marine environment, and the involved vessel(s).

If you have any questions, my point of contact is Mr. Alan Moore. He may be reached at the address listed above, or phone (207) 767-0338, or e-mail: Alan.H.Moore2@uscg.mil.

Sincerely,



J. B. McPHERSON
Captain, U.S. Coast Guard
Captain of the Port
Sector Northern New England

Encl: Letter of Recommendation (LOR) Analysis

Copy: Commander, Coast Guard District One (p)
Commander, Atlantic Area (p)
Commandant (CG-5), (CG-522), (CG-544), (CG-741)
Calais LNG Project Company LLC
Maine State Planning Office
Maine State Department of Environmental Protection