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Gulfstream Seeks Federal Approval for Pipeline Expansion

On December 22, Gulfstream Natural Gas System, L.L.C., filed an application with the Federal Energy Regulatory Commission (FERC) seeking approval to expand its pipeline system to provide natural gas service to Progress Energy's Bartow Power Plant in Pinellas County, Fla.



Gulfstream representatives reviewed maps with members of the public during one of the three public workshops.

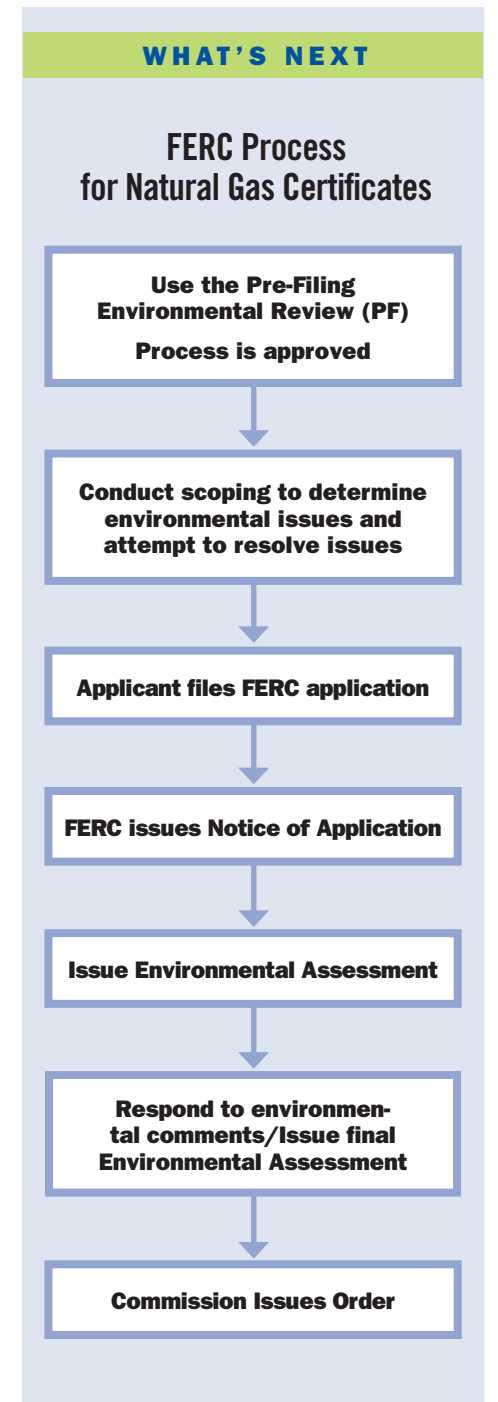
Last year, Progress Energy announced its intent to modify its Bartow Power Plant, converting it to more efficient natural gas technology. The changes are designed to more than double the facility's electric output and reduce air emissions.

The pipeline project, known as Gulfstream's Phase IV Expansion, will increase Gulfstream's pipeline capacity by 155 million cubic feet per day. It will involve the construction of approximately 17.8 miles of 20-inch pipeline in Tampa Bay connecting the existing Gulfstream pipeline to the Bartow Power Plant. The project will also require the installation of compression in Mobile County, Ala., and a new 30,000-hp compressor facility in Manatee County, Fla.

The FERC is charged by Congress with determining whether or not proposed interstate pipeline projects are in the public interest. If approved, all of the related pipeline facilities would be in service by January 2009.

Once a certificate application has been filed, the FERC will prepare an Environmental Assessment using information included the application, supplemental information that may be provided by Gulfstream upon request, and information assembled by its own staff. The evaluation will describe the proposed project and alternatives and will identify existing environmental conditions and the potential impacts from the project. The evaluation will also indicate what mitigation measures, construction procedures, and routing could be included in the project to eliminate or reduce impacts. Once the evaluation is completed, stakeholders

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Gulfstream: Fueling Florida's Future

Placed into service in May 2002, Gulfstream Natural Gas System is a 691-mile natural gas transmission pipeline, delivering about one-quarter of the natural gas consumed in the State of Florida.

As the Sunshine State's first new natural gas pipeline in more than 40 years, Gulfstream can transport approximately 1.1 billion cubic feet of natural gas each day from vast natural gas reserves to a wide array of customers, including electric utilities, local distribution companies and municipal users.

Natural gas flows 24 hours a day, 365 days a year through this vast underground transportation system – a system that is efficient, environmentally safe and reliable. All this to ensure that Florida's energy future remains bright.

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To notify Sunshine State One Call, call 800-432-4770.

PROJECT SCHEDULE	
December 2006	File FERC Application
February 2007	FERC Issues Environmental Assessment
Fall 2007	Secure Local, State Permits
Summer 2007	Receive FERC Certificate
December 2007	Construction Starts
September 2008	Pipeline In-Service
January 2009	Compressor Station In-Service

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will have the opportunity to review and provide comments.

If FERC is satisfied that the project is in the public interest, the FERC will issue an Order granting a Certificate of Public Convenience and Necessity. This is the document FERC issues that signifies the approval has been granted to build and operate the pipeline. Comments received on the evaluation are typically addressed by FERC in this document. The certificate will detail the conditions of the approval, including the final route that FERC has authorized, and construction and mitigation measures that Gulfstream must follow.

“Filing this application represents the culmination of more than a year of intense environmental analysis, engineering design and careful planning,” said Scott Long, project

manager. “We sincerely appreciate the feedback we have received from all interested parties whose assistance has helped bring us where we are today.”

Gulfstream hosted a series of public workshops in June 2006 in Manatee, Hillsborough and Pinellas counties, Fla. The meetings were designed to collect feedback from members of the community so that issues with potential facility locations could be identified and addressed. Approximately 60 people attended the three workshops.

A copy of the company's application will be available on FERC's website at www.ferc.gov (select the “Documents and Filing” tab, then “e-library” and then “General Search”).

Questions & Answers

What is driving Florida's dramatic increase in natural gas demand? The increase in natural gas demand is largely due to the state's dramatic population increase. The US census bureau estimates Florida's population growing 2% annually. In fact, Florida's population is anticipated to grow from 18 million in 2006 to 20 million by 2014. During this time, Florida is expected to surpass New York's population to become the third most populous state.

As the state's population increases, so does its consumption of energy. According to the Florida Reliability Coordinating Council's latest Regional Load and Resource Report (issued July 2006) the state's population growth is in-turn driving electric generation growth by almost 3% annually through 2015. Much of this new electric generation is expected to be produced by combined cycle units using natural gas as the primary fuel.

How was the offshore pipeline route selected? The process of siting natural gas pipeline facilities is comprised of many variables. Federal regulations require that the pipeline company conduct numerous studies and analyze a number of alternatives before filing an application.

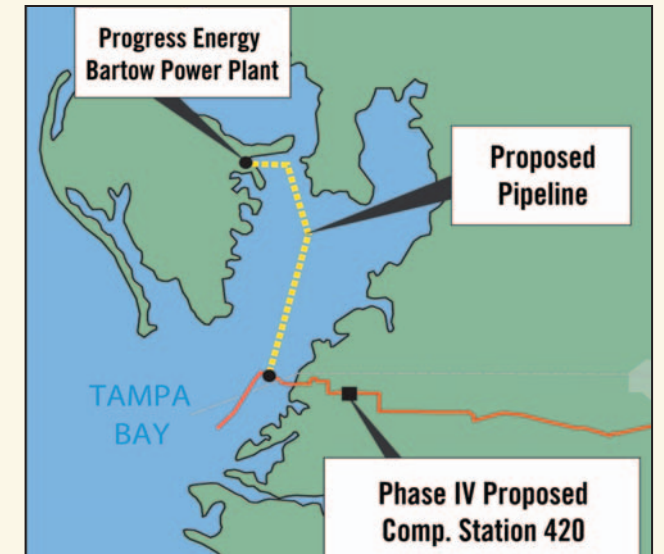
In early 2006, Gulfstream researchers surveyed a 1,000 foot-wide corridor in Tampa Bay to examine the seafloor for hard-bottoms, submerged aquatic vegetation, archeological points of interest and potential construction hazards. The data generated from these surveys has helped Gulfstream identify environmentally sensitive areas to be avoided for planning the proposed pipeline route.

How would the offshore portion of the pipeline be constructed? If approved, offshore construction would consist of two primary construction methods:

- **Horizontal directional drilling** – This technology will enable Gulfstream to avoid sensitive environmental areas and also cross existing waterways (or channels), while burying the pipe at depths greater than could be achieved with traditional trenching. Gulfstream is planning at least five of these drills.
- **Pipe-lay barge** – A shallow water pipe-lay barge will be used during the eight-month offshore pipeline construction process.

Where will the new compressor facility be located?

Gulfstream's objective is to site the facility on a location that minimizes residential and environmental impacts. The company has identified a location in an industrial area of northwestern Manatee County – an 80-acre tract located north of Buckeye Road, east of the Piney Point Phosphate Plant.



Will the new compressor facility be safe? The proposed facility will be operated in accordance with all applicable safety standards established by the U.S. Department of Transportation's Pipeline and Hazardous Materials Safety Administration. Some of those safety features include:

- Continuously monitored 24 hours a day / 365 days a year from Gas Control Center.
- Automation system allows compressors to be started, controlled and stopped remotely at any time.
- Automation system protects the facility & surrounding area if equipment is not operating correctly.
- Remotely operated station shut-off valves.
- Extensive emergency systems include sophisticated sensors to detect leaks or fire.

How can I obtain more information about this project?

All documents and correspondence submitted to or issued by the FERC regarding the Phase IV Expansion Project filing can be accessed by referencing the Docket Number on the FERC website located at <http://elibrary.ferc.gov/idmws/search/fercensearch.asp>.

How do I submit comments to FERC? When providing comments to the FERC, you should reference the Docket Number. Comments may be filed via the Internet on the FERC's website at <http://www.ferc.gov>. You may provide written comments to the FERC by sending them to:

Magalie R. Salas, Secretary
Federal Energy Regulatory Commission
888 First St., N.E., Room 1A
Washington, DC 20426