



The City of Long Beach

BEVERLY O'NEILL, MAYOR

June 19, 2003

The Honorable Dianne Feinstein
United States Senate
331 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Feinstein:

As you are aware, I am a strong advocate for improving air quality and energy reliability in the City of Long Beach and the entire Southern California region. Federal Reserve Chairman Alan Greenspan testified before the House Energy and Commerce Committee and said that the nation's shrinking supplies of natural gas mean the nation must build more liquefied natural gas (LNG) terminals as such terminals would create a safety valve that will help stabilize long-term oil and natural gas prices.

With the California energy crisis still fresh in our memories, the need for a reliable supply of natural gas is critical for the economy of California. An important step in California achieving energy security as well as cleaner air is the introduction of liquefied natural gas, also known as LNG, into the California energy mix. In California, this new fuel supply would have a positive impact not only upon natural gas prices but also electric generation prices, oil prices, and air quality as diesel trucks are replaced by trucks fueled by the cleaner-burning LNG.

Currently, there is no LNG terminal on the West Coast. In fact, the majority of LNG now used as an alternative vehicle fuel must now be trucked in from out of state. Sound Energy Solutions (SES), a subsidiary of the Mitsubishi Corporation, is seeking to construct and operate a 27-acre LNG receiving and gasification terminal at the Port of Long Beach. If built, this terminal could bring in 10 percent of California's natural gas needs, providing a stable supply of natural gas. On May 8, 2003, the Long Beach Board of Harbor Commissioners approved an agreement granting SES the exclusive right to pursue development of the LNG facility. SES is now applying for permits from multiple federal, state and local government agencies and commencing a comprehensive environmental review process.

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We have met with SES officials, and like the officials of the Port of Long Beach, believe the LNG facility can be operated safely and provide many benefits for Long Beach, the region and the entire state. Therefore, we support construction of the LNG terminal in the Port of Long Beach, subject to a rigorous environmental review and permitting process, and we respectfully request that you facilitate a federal approval process that would allow terminal operations to begin in 2007 as scheduled. Taking these steps would send a strong signal to the Long Beach community and to Southern California that the federal government is committed to energy security, reducing diesel emissions and improving the quality of life for residents.

Thank you for your consideration.

Sincerely,



Beverly O'Neill
MAYOR