

LNG issues spark controversy in state Assembly meeting

An assemblyman read aloud parts of an article published on the controversy of challenged letters of support for a proposed liquefied natural gas facility near Malibu.

**By Hans Laetz/ Special to The Malibu Times
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Fireworks erupted in Sacramento last week when a State Assembly committee was hearing a proposed bill that would require a statewide evaluation of natural gas needs and comparatively evaluate the three liquefied natural gas terminals being proposed for off the coast of Southern California.

Assemblyman Joe Simitian (D-Palo Alto) read aloud part of an article published in The Malibu Times several weeks ago about questionable letters of support for the proposed floating LNG terminal off the Malibu coast.

The bill is opposed by the California Chamber of Commerce and by Australian energy giant BHP Billiton, which gave testimony at the Assembly meeting in support of its LNG Malibu project called Cabrillo Port. They favor letting the marketplace establish the need and siting for LNG terminals, and say consumers and businesses need additional fuel options.

At the legislative hearing, Assemblyman Simitian said he used The Malibu Times article to warn his fellow assembly members that some of the massive amount of information filed about the Malibu LNG proposal "is a little raw."

"We need to bring the resources of the state into this decision-making

process," he told The Malibu Times in a telephone interview. "I believe that I quoted directly from your article, much to the consternation of the representative of BHP Billiton."

Witnesses said a BHP Billiton lobbyist said he resented Simitian's mention of the false letters issue. Simitian said he pointed out that neither he nor the newspaper had inferred that BHP Billiton was responsible for the apparent false statements.

Simitian's bill passed out of the committee by one vote, but only after Assemblywoman Fran Pavley, who represents Malibu, was added to the committee to replace another member who had voted against it.

"One thing we really need to determine is, 'do we really need a facility here if there are two of them operating in Baja,'" Pavley said in a telephone interview.

While the three companies are racing to build LNG terminals in Long Beach, Malibu and Oxnard, other firms are further ahead in connecting new LNG terminals to the California pipeline system via Mexico.

The questionable letters issue has also been reported separately by a second newspaper. The Ventura County Star's investigation, printed Sunday, also

found that numerous letters in federal files that praise the LNG depot are questionable.

Both newspapers' investigations found the official government file contains letters lavishing praise on the BHP Billiton project from people who told reporters they had never heard of it, and of apparent false names or nonexistent addresses on numerous pro-BHP Billiton letters.

The questionable letters of support-some from people who have never heard of LNG terminals-are cited by coastal activists as evidence that purported grassroots support for the LNG terminal near Malibu may be artificial.

The Ventura Star quotes critics who say the letters could be used in effort to sway Gov. Arnold Schwarzenegger, who holds the power to approve or reject the Cabrillo Port LNG terminal.

The questioned documents were filed last December, shortly after a coalition of major California business interests hired a top political strategist to Schwarzenegger to improve public opinions and campaign on behalf of LNG.

Mike Murphy and his firm, Navigators, have a \$1 million contract from the consortium that includes BHP Billiton.

The public relations campaign "will provide political air cover to elected officials of both parties who might be willing to support LNG, but fear fallout [from voters] in their districts," the consultant promised in comments first reported by The Los Angeles Times last winter.

Environmentalists accuse the lobbyist of "astroturfing," which is the use of paid political operatives to create the false impression of grassroots support for controversial matters. Doug Heller,

director of the Foundation for Taxpayer and Consumer Rights, said Murphy's status as "chief political consultant to Gov. Schwarzenegger is the real reason he was hired."

"How do you get to a governor? Hire his friends," Heller said. "The politicians will need cover from supportive comments, since it's perception that matters, and if they create a false perspective to juice the decision, then that's the goal here."

Direct link?

The Malibu Times learned this week that one supportive letter is from a Dennis Hann, who in the public file identifies himself only as an Oxnard resident. An Internet data base search shows that Dennis Hann lives at the same Oxnard house as BHP Billiton spokesperson Kathi Hann.

That letter, filed in March, 2004, praises BHP Billiton "as an Australian firm in a country that also happens to be one of our allies." The letter says the LNG depot "would provide a much more stable supply of gas than an unstable region of the Middle East."

Kathi Hann, in a telephone interview Tuesday, confirmed that Dennis Hann is a close personal relative, but would not provide further details. She said she did not know if other BHP Billiton employees or their families had filed comments in the federal docket.

"Look, BHP is not in charge of that docket," she said. "Anyone can file anything that they want to into that file. We have not solicited any letters, and we certainly don't solicit false statements."

LNG safety questioned

Fueling the claim of safety issues by those opposed to an LNG terminal near Malibu, in Washington, imported

LNG is being blamed by the D.C. area's gas utility for causing the explosion of a house and thousands of small gas leaks in suburban Maryland last year. Washington Gas said thousands of rubber natural gas couplings in houses became brittle and then leaked gas because imported LNG does not contain important trace chemicals.

According to The Washington Post, Washington Gas blames the lack of hexane and pentane in regasified LNG for a house explosion last year in District Heights, MD. Small amounts of those hydrocarbons occur in piped natural gas and keep old couplings soft, but the chemicals separate out from natural gas when it is converted to LNG for shipment.

Washington Gas says it will spend at least \$144 million to replace damaged gas couplings to its customers' homes. The utility buys LNG for about 8 percent of its gas supply, and only homes in the area getting gas from LNG tankers have suffered damage.

The utility and its LNG suppliers disagree over who should add the hydrocarbons back into LNG as it regasifies, The Post reports.

In Oxnard, BHP Billiton spokesperson Kathi Hann said the company plans to deliver "pipeline quality" gas to Southern California Edison's network. However, she said she did not know if that meant the company would supplement LNG with hexane and pentane as it is regasified off Malibu.