



# PORT OF LAKE CHARLES

**Comments Submitted  
by the  
Lake Charles Harbor and Terminal District  
to the  
United States Department of Energy  
In RE: QER Investigation of Infrastructure Constraints  
Bismarck, ND August 8, 2014**

The Port of Lake Charles is one of the nation's premier strategic energy ports.

Located on the U.S. Gulf along a 68 mile federal channel on the Calcasieu River, the port extends 32 miles into the Gulf and 36 river miles inland from the Louisiana coast. The channel is located roughly half way between the ports of New Orleans and Houston. The channel's present configuration was completed in 1941. Since that time it has been widened and deepened to its present congressionally authorized dimensions of 400 feet wide by 40 feet deep on the inland reach and 800 feet wide and 42 feet deep in the Gulf of Mexico.

*In 2012 (the latest year available), the Port of Lake Charles was the 13th largest port in the U.S. by tonnage. About 80% of the Port's tonnage is energy related (U.S. Army Corps of Engineers-generated statistics provided to the Senate EPW committee during WRRDA 15 discussions).*

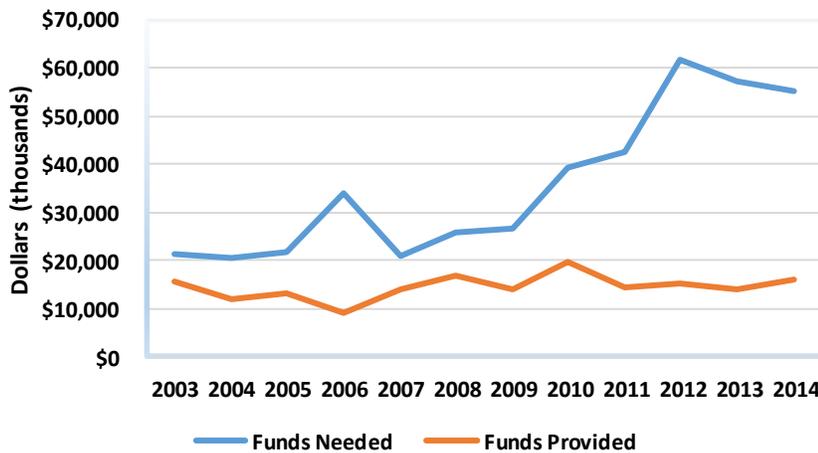
The Port of Lake Charles currently serves some 20+ facilities engaged in international trade at which deep-draft ocean going vessels call. In the past two years, some \$67 BILLION in new development has been announced in the area served by the Port. Major energy developments and others chose southwest Louisiana

**\$67 Billion in  
Energy & Other  
Development  
Announced for  
the Port of Lake  
Charles**

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Trunkline LNG Export facility  
Magnolia LNG Export facility  
Cameron LNG Export facility  
ENN LNG Export facility  
Big Lake Fuels G2L facility  
Lake Charles Clean Energy  
G2L facility  
SASOL expansion and new  
G2L facility  
Axiall expansion  
IFG Export Grain Terminal  
Bulk Terminal No. 1 expansion adding three new berths

## Calcasieu Ship Channel Maintenance Funding



### Shortfall in Needed Maintenance Funding

because of the Port's access to international markets, its access to domestic markets through the Gulf Intercoastal Waterway and the area's extensive pipeline infrastructure. These developments expect the Port's federal channel to be reliably maintained at its authorized width and depth. Otherwise their operating costs increase dramatically. For example, if the channel shoals sufficiently it could lead to one-way traffic delays costing vessels \$50,000 to \$70,000 per day and may cause energy terminals to substantially reduce operations. A narrow channel will also fill in quickly to less than project draft. A one foot loss of draft cost current energy terminals on the channel more than \$14 million per year. If companies building and/or expanding their channel-dependent operations perceive they cannot rely on a properly maintained channel and will likely experience unexpected and dramatic increases in their operating costs, it is not too late for most of them to build their facilities elsewhere, devastating local economic development.

Historically, the President has not budgeted and Congress has not appropriated sufficient funds for the Corps of Engineers to reliably maintain the channel at federally authorized dimensions.

While the Port of Lake Charles has received both emergency supplemental and Corps discretionary funds, the money provided is not dependable in timing

or amount. Nor is the total sufficient to provide full funding for the channel at congressionally authorized dimensions, falling short by 30% over the twelve-year period shown in the chart above.

## The Port of Lake Charles is a Strategic Energy Port

- The channel carries 7.5% of the nation's daily oil consumption.
- Two large oil refineries are located on the channel.
- Two of the nation's largest LNG plants are currently located on the channel. Both are converting their facilities to export LNG. A third export LNG plant is under development on the channel and a fourth is evaluating a site served by the channel as a possible export facility.
- The \$70 BILLION in development mentioned elsewhere includes two gas-to-gasoline facilities that can supply the domestic market with fuel by ship or barge, as well as serve the international market.
- 80% of the port's tonnage is energy cargo
- One-third of the U.S.'s strategic petroleum reserve is located close to the channel, which can provide water distribution of the reserve as needed.

*As recently as 2005, the World Economic Forum ranked the U.S. number one in infrastructure economic competitiveness. Today, the U.S. is ranked 16th, while neighboring Canada is ranked 11th and fast-developing China has risen to 44th. This change in ranking is due mostly to the fact that the U.S. spends only 1.7 percent of its gross domestic product on transportation infrastructure while Canada spends 4 percent and China spends 9 percent. Even as the global recession has forced cutbacks in government spending, other countries continue to invest significantly more than the U.S. to expand and update their transportation networks. Dredging Today.com*



## ***DOE Must Support U.S. Waterborne Energy Infrastructure***

*The Port of Lake Charles respectfully requests the Department of Energy to advocate within the Administration and at the Office of Management and Budget to properly fund the operations and maintenance needs of the Port of Lake Charles and all the nation's strategic energy ports. Consistent annual funding should be provided to allow these federal channels to be reliably maintained at congressionally authorized depth and width. Doing so will allow the U.S. to reap the benefits of the thriving international and domestic energy economy noted herein.*

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Underfunding of the Corps O&M budget is not unique to the Port of Lake Charles. Most U.S. Atlantic and Gulf ports are not funded sufficiently to reliably maintain their congressionally authorized channel dimensions. From a national perspective, the LNG export facilities planned for the Calcasieu Ship Channel support the nation's economy by providing export facilities for the country's newfound natural gas resources. The export of LNG will reduce the nation's balance of payments, support job growth in other areas of the country, contribute to an increase in Gross Domestic Product and help reduce the national debt. However, without a reliable shipping channel, these facilities may not locate in southwest Louisiana. They were attracted to the area by the substantial energy infrastructure of pipelines, shallow water shipping routes, access to international trade routes, refineries and existing LNG import facilities. Despite the abundance of inexpensive U.S. natural gas, these facilities will not simply relocate to another U.S. port if the Administration and Congress does not adequately maintain the nation's deep-draft channels. The most likely candidate for relocation is Canada.

The announced unprecedented industrial expansion of port-dependent development in southwest Louisiana makes one fact abundantly clear. Reliably maintaining the channel at authorized dimensions is just as imperative to the country's energy infrastructure in the region as recovering from Hurricane Rita.

But the issue goes well beyond the Port of Lake Charles. The American Association of Port Authorities reports that in 2010, long before the natural gas boom in this country, 7,579 oceangoing vessels made 62,747 calls at U.S. ports, of which 35 percent were by tankers carrying oil and gas used to power U.S. cars and heat U.S. homes. Those vessels calling at most U.S. ports transited federal channel that were, and continue to be, inadequately maintained.

An independent traffic study commissioned by the Lake Charles Harbor and Terminal District has determined that by 2023 the Port of Lake Charles alone will add another 1,000 deep draft ships to the vessel count cited



**LNG Carrier at the Port of Lake Charles**

above, the majority of which will be carrying U.S. natural gas for export. But without adequate, reliable funding to maintain the nation's strategic energy channels at authorized dimensions the promise of that growth may evaporate.