

122 FERC ¶ 61,116  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;  
Sudeen G. Kelly, Marc Spitzer,  
Philip D. Moeller, and Jon Wellinghoff.

Cheniere Creole Trail Pipeline, L.P.

Docket No. CP05-357-007

ORDER AMENDING CERTIFICATE

(Issued February 8, 2008)

1. On December 20, 2007, Cheniere Creole Trail Pipeline, L.P. (Creole Trail Pipeline) filed an application seeking authorization under section 7(c) of the Natural Gas Act (NGA) to revise the initial section 7 transportation rates for services on its Zone 1 facilities to reflect revised capital costs.<sup>1</sup> For the reasons stated below, we will grant the requested authorization to revise the initial transportation rates on Creole Trail Pipeline's Zone 1 facilities.

**I. Background and Proposal**

2. On June 15, 2006, the Commission granted Creole Trail LNG, L.P. authority, under section 3 of the NGA, to site, construct, and operate a liquefied natural gas (LNG) facility in Cameron Parish, Louisiana (June 15 Order).<sup>2</sup> The June 15 Order also granted Creole Trail Pipeline a certificate under NGA section 7 to construct and operate pipeline facilities extending northeastward from the LNG terminal to a terminus in Acadia Parish, Louisiana. Creole Trail Pipeline's certificate was subsequently amended several times to reflect modifications to its pipeline facilities, most recently in an order issued on October 19, 2007 (October 19 Order).<sup>3</sup>

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<sup>1</sup> Concurrently, in Docket No. RP08-137-000, Creole Trail Pipeline filed its FERC Gas Tariff, Original Volume No. 1, proposed to be effective February 15, 2008. The tariff includes the revised initial rates for which authorization is sought herein. In a separate order, issued concurrently with this order, the Commission accepts Creole Trail Pipeline's tariff, with minor modifications.

<sup>2</sup> *Creole Trail LNG, L.P. and Cheniere Creole Trail Pipeline, L.P.*, 115 FERC ¶ 61,331 (2006).

<sup>3</sup> *Cheniere Creole Trail Pipeline, L.P. and Cheniere Sabine Pass Pipeline, L.P.*, 121 FERC ¶ 61,071 (2007).

3. The October 19 Order granted authorization for Cheniere Sabine Pass Pipeline, L.P. (Sabine Pass Pipeline) to merge into Creole Trail Pipeline, with the result that Creole Trail Pipeline will operate an integrated 150.9-mile, 42-inch diameter pipeline system with a capacity of 2.0 Bcfd, including the 16-mile long, 42-inch diameter pipeline acquired from Sabine Pass Pipeline (Sabine Pass Segment). The October 19 Order also authorized revision of Creole Trail Pipeline's approved initial section 7 rates so that its Zone 1 transportation rates reflect the acquisition of Sabine Pass Pipeline's facilities.

4. Creole Trail Pipeline's cost of service is allocated between its Zone 1 and Zone 2. Zone 1 of Creole Trail Pipeline's system consists of 92.1 miles of 42-inch diameter pipeline including the 16-mile long Sabine Pass Segment. The Sabine Pass Segment originates at the affiliated Sabine Pass LNG, L.P. LNG terminal located in Cameron Parish, Louisiana, and extends eastwardly to a point near Johnsons Bayou, Louisiana, in Cameron Parish. From there, the Zone 1 facilities continue 18.1 miles eastward to a point near the approved Creole Trail LNG terminal in Cameron Parish. From the Creole Trail LNG terminal, the Zone 1 facilities extend northward 25.3 miles across Lake Calcasieu in Cameron Parish to an interconnection with unaffiliated Sabine Pipeline Company, and continue northeastward approximately 32.7 miles to an interconnection with Texas Eastern Transmission Corporation in Beauregard Parish, Louisiana.

5. Creole Trail Pipeline states that it anticipates placing the Sabine Pass Segment into service on February 15, 2008, in conjunction with commissioning activities at the Sabine Pass LNG terminal. The remainder of its facilities are to be placed in service at a later date. Stating that most of the project costs have already been incurred and that only a few months remain prior to placing all of the Zone 1 facilities in service, Creole Trail Pipeline requests authorization to revise its Zone 1 transportation rates to reflect available actual capital costs expended to date, along with updated estimates of the remaining capital costs to be expended.<sup>4</sup> The revised rates represent an approximately one percent increase. Creole Trail Pipeline proposes no change to its transportation rates for the Zone 2 facilities, which are anticipated to be placed into service in 2009.<sup>5</sup>

## **II. Notice and Intervention**

6. Notice of Creole Trail Pipeline's application was published in the *Federal Register* on January 8, 2008.<sup>6</sup> No motions to intervene or protests were filed.

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<sup>4</sup> Creole Trail Pipeline requests no modification of its previously authorized facilities or authorization to construct any new facilities.

<sup>5</sup> *Cheniere Creole Trail Pipeline, L.P.*, 118 FERC ¶ 61,125 at P 5 (2007).

<sup>6</sup> 73 Fed. Reg. 1,332.

### **III. Discussion**

7. Creole Trail Pipeline proposes revisions to the Zone 1 initial NGA section 7 transportation rates set forth in the Commission's October 19 Order. These revisions reflect increases in capital costs estimated to be expended through completion of the Zone 1 facilities. Overall, Creole Trail Pipeline has increased its estimated capital costs by a total of \$7,308,061, from \$571,584,264 to \$578,892,325. This results in an increase in depreciation and amortization expense of \$182,702, an increase in federal and state income taxes of \$102,379, and an increase in return of \$646,149, resulting in an overall increase in the first three-year average cost of service of \$931,229, to \$94,813,432. Creole Trail Pipeline believes the revised capital cost estimate to be the most accurate, considering that most of the project costs have already been incurred and only a short time remains prior to placing the facilities in service.

8. The increase in the cost of service results in an increase of \$0.0012 per Dth in the maximum Rate Schedule FTS daily reservation rate from \$0.1225 per Dth to \$0.1237 per Dth. Creole Trail Pipeline has not identified any variable costs, and, accordingly, proposes an FTS usage rate of \$0.0000 per Dth. Creole Trail Pipeline proposes a \$0.1237 per Dth usage rate for Rate Schedule ITS interruptible transportation, calculated as a 100 percent load factor derivative of the Rate Schedule FTS rates.

9. The revised capital costs, cost of service, and the revised rates have been reviewed, and we find that they are generally reasonable. Therefore, we find that it is in the public convenience and necessity to grant Creole Trail Pipeline's request for authority to revise its Zone 1 initial transportation rates to reflect the updated estimate of cost of service.

10. The Commission on its own motion, received and made a part of the record all evidence, including the application(s), as supplemental and exhibits thereto, submitted in this proceeding and upon consideration of the record,

#### The Commission orders:

Creole Trail Pipeline's certificate of public convenience and necessity, issued on June 15, 2006, in Docket No. CP05-357-000, as subsequently amended, is further amended to authorize revised initial Zone 1 transportation rates to reflect an updated estimate of the cost of service, as more fully described in this order and in the application.

By the Commission.

( S E A L )

Kimberly D. Bose,  
Secretary.