

132 FERC ¶ 61,066  
FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

July 26, 2010

In Reply Refer To:  
Trunkline LNG Company LLC  
Docket No. RP09-816-000

Trunkline LNG Company LLC  
5444 Westheimer Road  
Houston, TX 77056-5306

Attention: Michael T. Langston, Sr. Vice President,  
Government and Regulatory Affairs

Reference: Cost and Revenue Study

Ladies and Gentlemen

1. On July 1, 2009, Trunkline LNG Company, LLC (Trunkline LNG) submitted a cost and revenue study in compliance with certain Commission certificate orders approving an expansion of the Trunkline LNG terminal and approving service by Trunkline LNG under Rate Schedule FTS-2.<sup>1</sup> The September 2004 Order directed Trunkline LNG to file a cost and revenue study at the end of 3 years of actual operation of the expansion facilities. According to Trunkline LNG's cost and revenue study, its overall cost of service for the expansion facilities is \$54,674,762 for the twelve months ended March 31, 2009. We accept Trunkline LNG's cost and revenue study as in compliance with the Commission's September 14, 2004 Order.

2. Public notice of Trunkline LNG's filing was issued on July 9, 2009. Interventions and protests were due as provided in section 154.210 of the Commission's regulations (18 C.F.R. § 154.210 (2010)). Pursuant to Rule 214 (18 C.F.R. §385.214(2010)), all timely filed motions to intervene and any motion to intervene out-of-time filed before the

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<sup>1</sup> *CMS Trunkline LNG Company*, 100 FERC ¶ 61,217 (2002)(August 2002 Order); *Trunkline Gas Company LLC and Trunkline LNG Company, LLC*, 108 FERC ¶61,251(2004)(September 2004 Order).

issuance date of this order are granted. Granting late intervention at this stage of the proceeding will not disrupt the proceeding or place additional burdens on existing parties. On July 14, 2009, BG LNG Services, LLC (BG LNG) filed a Motion to Intervene and Protest, and on July 28, 2009, Trunkline LNG filed a Limited Answer and Request for Technical Conference in response to the BG LNG's pleading.

3. In its protest, BG LNG states that Trunkline LNG's cost and revenue study raises material issues of fact as to whether Trunkline LNG's rates are just and reasonable. BG LNG claims that the difference between the currently effective Rate Schedule FTS-2 reservation rate of \$0.6847 and the reservation rate calculated in the cost of revenue study of \$0.5448 raises material issues of fact that warrant further investigation in an evidentiary hearing under section 5 of the Natural Gas Act (NGA). According to BG LNG, Trunkline LNG's recourse rate reflects a 23 percent over-recovery of its cost of service.

4. BG LNG further states that it is the only firm customer subscribed to all of the capacity of Trunkline LNG's Expansion Facilities under a long-term firm agreement. BG LNG states that while the FTS-2 service to BG LNG is currently subject to a negotiated rate, the term of the negotiated rate is not coextensive with the term of BG's service agreement with Trunkline LNG.

5. In its July 28, 2009 answer to BG LNG's protest, Trunkline LNG states that it provides service to BG LNG pursuant to a negotiated rate agreement under Rate Schedule FTS-2, and that the negotiated term of that agreement extends through 2015. Trunkline LNG asserts that because any potential issues raised by the cost and revenue study or by Trunkline LNG's recourse rates do not apply to BG LNG, the time and expense of a full section 5 evidentiary hearing is unwarranted. Trunkline LNG contends that if the Commission is considering a section 5 hearing it should first convene a technical conference to provide an efficient and economic forum to explore all issues relating to the filed cost and revenue study.

6. Having reviewed Trunkline LNG's cost and revenue study, BG LNG's protest and Trunkline LNG's answer, the Commission finds that BG LNG has not provided evidence that would compel us to exercise our discretion to initiate an NGA section 5 hearing to investigate Trunkline LNG's rates at this time.<sup>2</sup> Trunkline LNG has only one customer which has subscribed to all of its capacity, and as noted, that customer is subject to a fixed negotiated rate through 2015. The fixed negotiated rate would not be affected by any rate change eventually determined through hearing. Moreover, Trunkline LNG's

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<sup>2</sup> *General Motors Corp. v. FERC*, 613 F.2d 939, 944-45 (D.C. Cir. 1979).

current costs and revenues are not necessarily representative of its costs and revenues at the termination of the negotiated rate contract. Accordingly, there is no reason to expend the Commission's and parties' resources on a section 5 hearing at this time.

By direction of the Commission.

Kimberly D. Bose,  
Secretary.