

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Pat Wood, III, Chairman;
Nora Mead Brownell, Joseph T. Kelliher,
and Suedeem G. Kelly.

Cameron LNG, LLC
Cameron Interstate Pipeline, LLC

Docket No. CP05-119-000

Cameron Interstate Pipeline, LLC

Docket Nos. CP05-120-000
CP05-121-000

ORDER APPROVING ABANDONMENT AND ISSUING CERTIFICATES

(Issued June 27, 2005)

1. On April 11, 2005, Cameron LNG, LLC (Cameron LNG) and Cameron Interstate Pipeline, LLC (Cameron Interstate Pipeline) (together, applicants) jointly filed in Docket No. CP05-119-000 an application for permission for Cameron LNG to abandon and Cameron Interstate Pipeline to acquire, by intra-corporate transfer, the certificate authority issued to Cameron LNG in Docket Nos. CP02-374, CP02-376, and CP02-377-000,¹ in connection with the Cameron LNG Project (Project). Additionally, Cameron Interstate Pipeline seeks in Docket No. CP05-120-000 a blanket certificate pursuant to Subpart F of Part 157 of the Commission's regulations, and in Docket No. CP05-121-000 a blanket certificate pursuant to Subpart G of Part 284 of the Commission's regulations. The approval of the proposal is in the public interest because the applicants seek realignment of the facilities of the Project so that they can be developed by the applicants according to their respective business functions. This order grants the requested authorizations, as discussed below, as required or permitted by the public convenience and necessity and in the public interest.

¹*Cameron LNG, LLC*, 104 FERC ¶ 61,269 (2003).

Background and Proposals

2. On May 30, 2002, Hackberry LNG Terminal, L.L.C. (Hackberry LNG) filed in Docket No. CP02-378-000 an application requesting, among other things, authorization to construct an LNG terminal, LNG unloading slip with two berths, three LNG storage tanks, nine intake pumps, ten second stage pumps, twelve submerged combustion vaporizers, a boil-off gas compressor and condensing system, an LNG circulation system, a natural gas liquids recovery unit and utilities, buildings and other service facilities. Hackberry also requested market-based rate authority for its LNG terminalling services.
3. Additionally, in Docket No. CP02-374-000, Hackberry LNG proposed to construct and operate a 35.4-mile long, 36-inch diameter pipeline from the tailgate of the LNG terminal to Transcontinental Gas Pipe Line Corporation's compressor station in Beauregard Parish, Louisiana. The pipeline route crosses existing pipelines owned by Sabine Pipe Line Company, L.L.C., Florida Gas Transmission Company, Tennessee Gas Pipeline Company, and Texas Eastern Transmission, LP.
4. Hackberry further requested in Docket No CP02-376-000 a blanket certificate under Subpart G of Part 284 of the Commission's regulations to provide firm and interruptible transportation services on its pipeline system. Such firm and interruptible transportation services would be provided under cost-based rates pursuant to a straight fixed-variable rate design methodology. Hackberry also requested authority in Docket No CP02-377-000 for a blanket certificate under Subpart F of Part 157 of the Commission's regulations allowing it to undertake certain routing, construction, maintenance, and operational activities related to the pipeline portion of its system. On December 18, 2002, the Commission issued a preliminary determination on non-environmental issues (December 18 Order),² finding that subject to the conditions imposed therein, Hackberry LNG's proposal was in the public interest
5. While the application in Docket No. CP02-374-000, *et al.*, was pending before the Commission, Sempra Energy acquired all of the membership interests of Hackberry LNG and changed the name of the company to Cameron LNG.³ By acquiring the interests of

² *Hackberry LNG Terminal, L.L.C.*, 101 FERC ¶ 61,294 (2002).

³ On May 12, 2003, Cameron LNG filed a letter with the Commission Secretary explaining the change in ownership, and the name change was made in order to reflect the name of the parish in which the LNG terminal is located.

Hackberry, Cameron LNG succeeded as project sponsor of both the pipeline and LNG terminal development projects, and Cameron LNG became the applicant in that proceeding.

6. In an order issued on September 11, 2003 (September 11 Order),⁴ the Commission, pursuant to section 3 of the Natural Gas Act (NGA), authorized Cameron LNG to site, construct, and operate the LNG terminal under, and further, pursuant to section 7(c) of the NGA, authorized Cameron LNG to construct own and operate the 35.4-mile long, 36-inch diameter, takeaway pipeline.⁵ The September 11 Order also issued a blanket transportation certificate under Subpart G of Part 284 and a blanket transportation certificate under Subpart F of Part 157 to Cameron LNG.

7. Cameron LNG is a wholly-owned subsidiary of Sempra LNG. Sempra LNG, a wholly-owned subsidiary of Sempra Global,⁶ was formed for the purpose of developing, owning and operating LNG terminal facilities. Cameron LNG is currently developing the Project.

8. Cameron Interstate Pipeline is a limited liability company and wholly-owned subsidiary of Sempra Pipelines and Storage Corporation (Sempra Pipelines and Storage). Sempra Pipelines and Storage, also a wholly-owned subsidiary of Sempra Global, was formed for the purpose of developing, owning and operating interstate pipeline and storage facilities.

9. The applicants state that due to inherent differences in the LNG importation and pipeline transportation businesses, the applicants propose to more naturally align the development of the Project facilities according to their respective business functions. To accomplish this, the applicants propose an intra-corporate transfer of the pipeline development aspect of the Project from Cameron LNG to Cameron Interstate Pipeline. As a result, the LNG terminal facilities will continue to be developed, owned, and operated by Cameron LNG, the Sempra business unit that is developing LNG projects.

⁴ *Cameron LNG, LLC*, 104 FERC ¶ 61,269 (2003).

⁵ *See Hackberry LNG Terminal, L.L.C.*, 101 FERC ¶ 61,294 (2002) at Ps 4-6 for a complete description of the Project facilities.

⁶ Sempra Global is a wholly-owned subsidiary of Sempra Energy.

The pipeline facilities will be developed, owned, and operated by Cameron Interstate Pipeline, the Sempra pipeline and storage business unit that owns and operates pipeline and storage assets.

10. Cameron LNG requests abandonment authorization pursuant to section 7(b) of the NGA to abandon by transfer the pipeline certificate authorizations granted in Docket Nos. CP02-374-000, CP02-376-000 and CP02-377-000. Concurrently therewith, Cameron Interstate Pipeline requests certificate authority pursuant to section 7(c) of the NGA authorizing the construction, ownership, and operation of the pipeline facilities as previously described and certificated. Cameron Interstate Pipeline recognizes that it will become a “natural gas company” subject to the jurisdiction of the Commission and that the certificate issued to it will be subject to the same rates, terms and conditions as were contained in the certificate authorization sought to be abandoned herein. Moreover, Cameron Interstate Pipeline states that it will adopt the implementation plan in compliance with the conditions imposed in the Commission’s orders issuing the subject certificate authorizations to Cameron LNG.

11. Additionally, Cameron Interstate Pipeline states that it may have occasion to engage in certain routine construction and operational activities on a self-implementing basis pursuant to Subpart F of Part 157 of the Commission’s regulations. Therefore, in accordance with the provisions of 18 C.F.R. §§ 157.204, *et. seq.*, Cameron Interstate Pipeline requests in Docket No. CP05-120-000 that it be issued a blanket certificate authorizing it to engage in any of the activities specified in 18 C.F.R. §§ 157.208 through 157.218 (as amended by Order No. 603, and as those provisions may be amended from time to time).

12. Cameron Interstate Pipeline also proposes to provide transportation services on an open access basis. Therefore, Cameron Interstate Pipeline requests in Docket No. CP05-121-000 that it be issued a blanket certificate under Subpart G of Part 284 of the Commission’s regulations. As required by 18 C.F.R. § 284.221(b)(1)(ii), Cameron Interstate Pipeline states that it will comply with all conditions of 18 C.F.R. § 284.221(c), namely, the general provisions and conditions contained in Subpart A of Part 284.

13. The applicants state that no party or stakeholder will be adversely affected by the requested authorizations, by which Cameron Interstate Pipeline will, in essence, succeed to the NGA section 7(c) certificate authorizations originally granted to Cameron LNG.

Cameron LNG states that it will continue to develop, own, and operate the LNG terminal facilities as authorized by the Commission in Docket No. CP02-378-000 under section 3 of the NGA.⁷

14. The applicants state that there will be no adverse impacts to the environment, or any affected stakeholders that were not identified during the original certificate proceeding in Docket No. CP02-374-000, *et al.*, because the requested authorizations for Cameron Interstate Pipeline will not result in any changes to the siting, operation, or maintenance of either terminal facilities or the interstate pipeline.

15. The applicants state that Cameron Interstate Pipeline is preparing to announce an open season for the purpose of awarding and contracting pipeline capacity. They maintain that because there are no existing shippers on the pipeline, no pipeline customers can claim harm by the relief requested, and no harm to prospective shippers will arise from the requested authorizations, which will permit Cameron Interstate Pipeline to succeed to Cameron LNG's NGA section 7(c) authorizations in connection with the Project.

16. Cameron Interstate Pipeline states that it will provide notice of the change in ownership of the pipeline portion of the project to all "directly affected" or "abutting" landowners by first-class mail or hand-delivery within 3 business days of the Commission's issuance of public notice of its application. Finally, Cameron Interstate Pipeline asserts that while it is a new entrant in the natural gas transportation industry and has no existing jurisdictional or non-jurisdictional operations in the natural gas transportation industry, it will conduct its business as a transmission provider and will comply with the Commission's Order No. 2004⁸ Standards of Conduct.

⁷ Cameron LNG states that it is actively engaged in the process of contracting terminal capacity, and in fact, as publicly announced that it has reached certain "heads of agreements" with Eni.S.p.A. and Tractebel LNG North America, LLC which are progressing towards definitive terminal services agreements.

⁸ *Standards of Conduct for Transmission Providers*, Order No. 2004, 68 *Fed. Reg.* 69,134 (Dec. 11, 2003), III FERC Stats. & Regs. [Regs. Preambles] ¶ 31,155 (2003) (Order No. 2004), *order on reh'g*, Order No. 2004-A, 69 *Fed. Reg.* 23,562 (Apr. 29, 2004), III FERC Stats. & Regs., [Regs. Preambles] ¶ 31,161 (2004) (Order No. 2004-A), *order on rehearing and clarification*, Order No. 2004-B, *further order on rehearing and clarification*, Order No. 2004-C [codified at 18 C.F.R. Part 358].

Public Notice and Interventions

17. Public notice of the applications filed in Docket Nos. CP05-119-000, CP05-120-000, and CP05-121-000 were published in the *Federal Register* on April 28, 2005, 70 Fed. Reg. 22,011, with comments and interventions due on or before May 11, 2005. No comments, interventions, or protests were filed.

Discussion

18. Cameron LNG is proposing to abandon by intra-corporate transfer the pipeline certificate authorizations granted in Docket Nos. CP02-374-000, CP02-376-000 and CP02-377-000. These authorizations are for the construction and operation of facilities that will be used in interstate commerce and thus the proposal is subject to sections 7(b) and 7(c) of the NGA.

19. Cameron LNG and Cameron Interstate Pipeline propose, respectively, to abandon and acquire the certificate authorization originally granted to Cameron LNG for a 35.4-mile long pipeline to transport natural gas from an LNG terminal. The proposal will place those pipeline facilities within the Sempra Energy affiliate that is dedicated to that particular business activity. Such realignment of the Project facilities by business function will promote the development of this Project, and should lead to more efficient operation of each aspect of the Project.

20. The Commission has previously found the Project to be in the public interest.⁹ In doing so, the Commission evaluated the proposed pipeline under the criteria of the Certificate Policy Statement.¹⁰ Because no changes to the siting, operation, or maintenance of either terminal facilities or the interstate pipeline will result from our granting the authorizations requested herein, there will be no adverse impacts to the environment, or any affected stakeholders identified during the certification process.¹¹ Furthermore, there are no existing shippers on the pipeline system and no harm to

⁹ See *Hackberry LNG Terminal, L.L.C.*, 101 FERC ¶ 61,294 (2002) at P 3, 42; *Cameron LNG, LLC*, 104 FERC ¶ 61,269 (2003) at P 32.

¹⁰ Certification of New Interstate Natural Gas Pipeline Facilities (Certificate Policy Statement), 88 FERC ¶ 61,227 (1999), order clarifying statement of policy, 90 FERC ¶ 61,128, order further clarifying statement of policy, 92 FERC ¶ 61,094 (2000).

¹¹ The authorizations sought in Docket Nos. CP05-120-000 and CP05-121-000 qualify as categorical exclusions under section 380.4(a)(21) and (22) respectively.

prospective shippers will arise from the requested authorizations. Accordingly, our previous public interest findings are not affected by granting the authorizations requested by the applicants.

21. Since Cameron Interstate Pipeline might engage in certain routine construction and operational activities authorized on a self-implementing basis under Subpart F of Part 157 of the Commission's regulations, we will grant its request for a blanket certificate under Subpart F of Part 157.

22. Cameron Interstate Pipeline proposes to provide transportation services on an open access basis. As required by 18 C.F.R. § 284.221(b)(1)(ii), Cameron Interstate Pipeline states that it will comply with all conditions specified in 18 C.F.R. § 284.221(c). Accordingly, we will issue to Cameron Interstate Pipeline a blanket certificate under Subpart G of Part 284 of the Commission's regulations.

23. By the granting of the authorizations requested herein, Cameron Interstate Pipeline is, in essence, succeeding to the NGA section 7(c) certificate authorizations previously granted to Cameron LNG. Accordingly, the certificates issued herein are subject to the same rates, terms and conditions as contained in the certificates issued to Cameron LNG as pertain to the subject pipeline facilities.

24. The Commission previously ordered Cameron LNG to file actual tariff sheets 60 days prior to placing the pipeline facilities in service and bring its tariff in compliance with the revisions specified in the body of the order and any future orders issued in the proceeding.¹² Since we are approving Cameron Interstate Pipeline's succession to the certificate authority originally granted to Cameron LNG in connection with these pipeline facilities, we direct Cameron Interstate Pipeline to file its actual tariff sheets 60 days prior to the date of placing the facilities into service. In addition to reflecting the intra-corporate transfer of the Project's pipeline facilities, Cameron Interstate Pipeline's actual tariff must contain revisions from the *pro forma* tariff previously filed by Cameron LNG to be compliant with current Commission policy on tariff issues, including the use of

¹² *Hackberry LNG Terminal, L.L.C.*, 101 FERC ¶ 61,294 (2002) ("the order required Hackberry to eliminate tariff provisions relating to open access LNG service from the rate schedules and general terms and conditions, and to be in compliance with Order No. 637 and the Order No. 587 series").

price indices in tariffs,¹³ and creditworthiness standards.¹⁴ Also, Cameron Pipeline must file a redline-strikeout version of the actual tariff to identify changes made from Cameron LNG's previously filed *pro forma* tariff to comply with this order.

25. At a hearing held on June 27, 2005, the Commission on its own motion received and made a part of the record in this proceeding all evidence, including the applications and exhibits thereto, submitted in support of the authorizations sought herein, and upon consideration of the record.

The Commission orders:

(A) Permission for and approval of Cameron LNG's abandonment of facilities under section 7(b) of the NGA, as described in the body of this order and in the application in Docket No. CP05-119-000, are granted.

(B) In Docket No. CP05-119-000, a certificate of public convenience and necessity is issued to Cameron Interstate Pipeline under section 7(c) of the NGA to construct and, operate the pipeline facilities described in the body of this order and in the application.

(C) In Docket No. CP05-120-000, a blanket construction certificate is issued to Cameron Interstate Pipeline under Subpart F of Part 157 of the Commission's regulations.

(D) In Docket No. CP05-121-000, a blanket construction certificate is issued to Cameron Interstate Pipeline under Subpart G of Part 284 of the Commission's regulations.

(E) 60 days prior to the date of placing the facilities into service, Cameron Interstate Pipeline shall file its actual tariff sheets, as directed in the body of this order.

¹³ See, *Discovery Gas Transmission LLC*, 110 FERC ¶ 61,401 (2005).

¹⁴ *E.g.*, *Gulf South Pipeline Co. LP (Gulf South)*, 107 FERC ¶ 61,273 (2004), *Natural Gas Pipeline Co. of America (Natural)*, 106 FERC ¶ 61,175 (2004), *Gulf South*, 103 FERC ¶ 61,129 (2003), *reh'g denied*, 107 FERC ¶ 61,273 (2004), *Natural*, 102 FERC ¶ 61,355 (2003), *Tennessee Gas Pipeline Co.*, 102 FERC ¶ 61,275 (2003).

(F) The certificate issued to Cameron Interstate Pipeline in Ordering Paragraph A is conditioned upon Cameron Interstate Pipeline's compliance with all applicable Commission regulations, and in particular with Part 157, Part 284, and Paragraphs (a), (c), (e), and (f) of section 157.20.

(G) Cameron Interstate Pipeline shall comply with all of the conditions contained in the December 18 and September 11 Orders that pertain to the pipeline facilities described in the body of this order and in the application, and such conditions are incorporated into and made a part of this order.

(H) Cameron LNG shall notify the Commission within 10 days of the date of abandoning the facilities described herein.

By the Commission.

(S E A L)

Linda Mitry,
Deputy Secretary.