

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;  
Nora Mead Brownell, and Suedeen G. Kelly.

Trunkline LNG Company, LLC

Docket No. CP06-3-000

ORDER GRANTING AUTHORIZATION  
UNDER SECTION 3 OF THE NATURAL GAS ACT

(Issued March 14, 2006)

1. On October 5, 2005, Trunkline LNG Company, LLC (Trunkline LNG) filed an application requesting authorization to reacquire from Panhandle Lake Charles Generation, LLC (PLGC) a previously abandoned 50 percent interest in a gas turbine power generator and appurtenant facilities located at Trunkline LNG's liquefied natural gas (LNG) terminal near Lake Charles, Louisiana. For the reasons discussed below, we find that the reacquisition of the interest in the generator is in the public interest and we will grant the requested authorization.

**Background and Proposal**

2. As originally certificated in 1977, Trunkline LNG's Lake Charles Terminal included two General Electric LM2500 gas turbine/generators, Units 2204-JA and 2204-JB, used to generate a portion of the necessary electric power for the terminal. On March 21, 1997, the Commission authorized Trunkline LNG to abandon by sale Unit 2204-JB and to abandon by transfer an undivided 50 percent ownership interest in Unit 2204-JA to PLGC, an exempt wholesale generator.<sup>1</sup> Trunkline LNG retained an undivided 50 percent ownership interest in Unit 2204-JA to assure itself a preferential right to eight megawatts of capacity to provide a sufficient source of back-up power for its terminal and to serve its peak power needs for ship unloading.

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<sup>1</sup>See *Trunkline LNG Co.*, 78 FERC ¶ 62,205 (1997)(order approving abandonment).

3. Currently, PLGC is in the process of being dissolved. Consequently, pursuant to a September 8, 2004 Asset Interest Transfer Agreement, Trunkline LNG proposes to reacquire PLGC's undivided 50 percent ownership interest in Unit 2204-JA and appurtenant facilities at a net book value of \$802,957. Trunkline LNG will continue to use Unit 2204-JA with its 16 megawatts of total generating capability as a back-up power source for ship unloading and emergency back-up power needs.<sup>2</sup>

### **Interventions**

4. Notice of Trunkline LNG's application was published in the *Federal Register* on October 17, 2005 (70 *Fed. Reg.* 60,322). No interventions or protests to the application were filed.

### **Discussion**

5. The facilities Trunkline LNG proposes to acquire will be used to import gas subject to the Commission's jurisdiction; accordingly, the acquisition and operation of the facilities are subject to the requirements of NGA section 3.<sup>3</sup>

6. We note that Trunkline LNG requested authorization to reacquire the generator pursuant to NGA section 7(c). Although the Commission authorized the original construction of Trunkline LNG's terminal and associated facilities pursuant to

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<sup>2</sup> Since there will be no impact on state or local safety concerns, the pre-filing procedures for review of LNG terminals established in Order No. 665 are not implicated by the acquisition authorization requested herein. *See Regulations Implementing Energy Policy Act of 2005; Pre-Filing Procedures for Review of LNG Terminals and Other Natural Gas Facilities*, Order No. 665, 113 FERC ¶ 61,015 (2005).

<sup>3</sup> The regulatory functions of section 3 were transferred to the Secretary of Energy in 1977 pursuant to section 301(b) of the Department of Energy Organization Act (Pub. L. No. 95-91, 42 U.S.C. §§ 7101, *et seq.*). In reference to regulating the imports or exports of natural gas, the Secretary subsequently delegated to the Commission the authority to approve or disapprove the construction and operation of particular facilities, the site at which facilities shall be located, and with respect to natural gas that involves the construction of new domestic facilities, the place of entry or exit for exports. DOE Delegation Order No. 00-44.00, *67 Fed. Reg.* 8,946 (2002). However, applications for authority to import natural gas must be submitted to the Department of Energy. The Commission does not authorize importation of the commodity itself.

NGA section 7(c)<sup>4</sup> and the subsequent abandonment of a 50 percent interest in the power generator at issue pursuant to NGA section 7(b), the Commission's current policy is to authorize LNG facilities pursuant to its NGA section 3 jurisdiction over foreign commerce.<sup>5</sup> We will therefore grant the requested authorization under NGA section 3.

7. Since Trunkline LNG transferred a 50 percent interest in the gas turbine power generator and appurtenant facilities to PLGC, the Commission has authorized Trunkline LNG to expand its terminal capacity to 1.8 Bcf/d, more than double its original sendout capacity.<sup>6</sup> Trunkline LNG can make use of the additional 8 megawatts of generating capability it will control upon its reacquisition of PLGC's interest in the generator to provide additional back-up power for its expanded LNG terminal. The request is minor in nature, and will not alter the scope of the terminal's operation. There will be no impact from an environmental standpoint as Trunkline LNG proposes no construction of facilities. The requested authorization will not change the capacity or the deliverability of the terminal. Trunkline proposes no new or additional service as a result of the proposed acquisition which will have no significant impact on operating revenues or expenses. Since the facilities will be acquired solely for flexibility and system reliability, there will be no subsidy by existing shippers and approval of the proposal does not reduce the public benefits underlying the Commission's previous approvals for Trunkline LNG's expansions. For these reasons, we find the proposed acquisition to be in the public interest.

8. Trunkline LNG proposes to reacquire the undivided 50 percent interest in the gas turbine power generator and appurtenant facilities at the net book value of \$802,957. Trunkline LNG's proposed accounting for the reacquisition as detailed in Exhibit S to the application is in accordance with Gas Plant Instruction No. 5 and the requirements of the Commission's Uniform System of Accounts.

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<sup>4</sup> See *Trunkline LNG Co.*, Opinion No. 796, 58 FPC 726, *order on reh'g*, Opinion No. 796-A, 58 FPC 2935 (1977)(issuing certificates of public convenience and necessity under NGA section 7(c) authorizing construction of an LNG terminal, LNG plant and associated facilities and the construction of an associated pipeline and authorizing under NGA section 3 the importation of gas from Algeria).

<sup>5</sup> See, e.g., *Southern LNG Inc.*, 101 FERC ¶ 61,187 (2002).

<sup>6</sup> See *Trunkline LNG Co., LLC*, 100 FERC ¶ 61,217, *order denying reh'g and granting authorization pursuant to NGA section 3*, 101 FERC ¶ 61,300 (2002, *reh'g denied*, 102 FERC ¶ 61,306 (2003); *order amending authorization*, 105 FERC ¶ 61,137 (2003); *Trunkline Gas Co. and Trunkline LNG Co. LLC*, 108 FERC ¶ 61,251 (2004).

9. Trunkline LNG will reacquire the abandoned facilities in place and does not propose any new facilities or construction. Therefore, the acquisition qualifies as a categorical exclusion under section 380.4(a)(31) and no environmental assessment is required.

10. The Commission on its own motion received and made a part of the record in this proceeding all evidence, including the application and exhibits thereto, submitted in support of the authorization sought herein, and upon consideration of the record,

The Commission orders:

(A) Trunkline LNG is granted authorization under section 3 of the NGA to acquire a 50 percent interest in Unit 2204-JA as conditioned herein and as more fully described in Trunkline LNG's application.

(B) Trunkline LNG shall notify the Commission of the date of the acquisition within 10 days thereof.

By the Commission.

( S E A L )

Magalie R. Salas,  
Secretary.