

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

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

Yukon Pacific Company, L.P.

Docket No. CP88-105-000

ORDER GRANTING EXTENSION

(Issued May 6, 2004)

1. On March 9, 2004, Yukon Pacific Company L.P. (Yukon Pacific) filed a motion to further extend, through, May 22, 2007, the time within which Yukon Pacific must commence construction of the liquefied natural gas (LNG) export facilities authorized in this docket.¹ This order grants the motion.
2. On May 22, 1995, the Commission issued an order granting Yukon Pacific authorization pursuant to section 3 of the Natural Gas Act (NGA) for the siting, construction, and operation of an LNG plant and related facilities at Anderson Bay, Port Valdez, Alaska for the exportation of LNG to Japan, the Republic of Korea, and Taiwan. The LNG plant would receive natural gas for liquefaction from the Trans-Alaska Gas System (TAGS), a proposed 796.5 mile nonjurisdictional intrastate pipeline extending from the North Slope of Alaska at Prudhoe Bay to the LNG plant.² Among other things, ordering paragraph (A) of the May 22, 1995 Order required that construction of the Anderson Bay facilities must commence within three years of the date of that order. However, paragraph 12 of the Environmental Conditions added that Yukon Pacific shall file a motion to extend the deadline.
3. Yukon Pacific has twice previously sought three-year extensions. Extensions of time until May 22, 2001 and May 22, 2004 were granted by the Director, Office of Pipeline Regulation by letter order dated April 17, 1998 and April 13, 2001, respectively.

¹No parties have filed any comments or opposition to the motion.

²Yukon Pacific Company L.P., 71 FERC ¶ 61,197 (1995).

4. In the instant motion, Yukon Pacific maintains that good cause continues to exist for the Commission to extend the construction commencement deadline for an additional three (3) years. First, Yukon Pacific asserts that an extension is essential to the commercial success of the TAGS project. Second, Yukon Pacific points out that the May 22, 1995 Order's various measures for ongoing review will ensure that the Commission's environmental concerns are met. Third, Yukon Pacific states that it and its parent CSX Corp. have continued to make a good faith effort to satisfy the requirements of the Commission's order and are committed to maintaining the TAGS project's permits in good standing until market conditions ripen. Lastly, Yukon Pacific says a failure to extend the construction deadline would effectively prohibit Yukon Pacific from pursuing the TAGS project. It says this would result in over \$100 million in stranded investment, deprive the United States of the many economic and other benefits acknowledged by the Department of Energy when it approved the exports associated with the project, greatly undermine the credibility of the United States as a reliable trading partner with its allies, chill the future development of similar private enterprises, and undermine ongoing State of Alaska efforts to facilitate the project's development.

5. Accordingly, for good cause shown, the extension will be granted.

The Commission orders:

The Commission grants the motion for an extension of time to commence construction of the LNG export facilities authorized in this docket by May 22, 2007.

By the Commission.

(S E A L)

Linda Mitry,
Acting Secretary.