

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

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

KeySpan LNG, L.P.	Docket Nos.	CP04-223-001 CP04-293-001
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Algonquin Gas Transmission, LLC		CP04-358-001
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ORDER DISMISSING AND DENYING REQUESTS FOR REHEARING

(Issued January 20, 2006)

1. On August 4, 2005, KeySpan LNG, L.P. (KeySpan) and BG LNG Services, LLC (BGLS) filed a timely, joint request for rehearing of the order issued in *KeySpan LNG, L.P.*, 112 FERC ¶ 61,028 (July 5, 2005). In addition, on August 4, Algonquin Gas Transmission, LLC (Algonquin) filed a timely request for rehearing of the July 5 Order. On August 31, 2005, the Conservation Law Foundation (CLF) filed a “request for leave to participate in any rehearing” of the July 5 Order.

2. The July 5 Order denied a proposal by KeySpan to site, construct, and operate a liquefied natural gas (LNG) import terminal under section 3 of the Natural Gas Act in Providence, Rhode Island and a related proposal by Algonquin to construct and operate a pipeline under section 7 of the Natural Gas Act to connect the import terminal to its mainline facilities. For the reasons discussed below, we will deny KeySpan’s and BGLS’ joint request for rehearing and Algonquin’s request for rehearing and dismiss the CLF’s request for rehearing.

**I. Background**

3. The history of KeySpan’s LNG storage facility in Providence is described in detail in the July 5 Order. For the purposes of this order, we need only recount that in the early 1970’s, Eascogas LNG, Inc. (Eascogas) proposed to import LNG from Algeria and deliver it to facilities to be constructed in New York and Rhode Island. The project, however, became uneconomic and the facilities were never authorized or constructed. Algonquin LNG Inc. (Algonquin LNG), a predecessor of KeySpan, constructed the LNG

storage facility in Providence, Rhode Island that is the subject of this proceeding, in order to provide storage capacity to New England Gas Company (New England Gas), a local distribution company.<sup>1</sup> The facility commenced service in May 1974. The Commission's authorization was not required for the original construction and operation of the storage facility because the facility was only used to provide intrastate service. Because the facility had more storage capacity than needed for the intrastate service, starting in 1974, we issued Algonquin LNG a series of limited-term certificates authorizing it to provide jurisdictional LNG storage service to New England Gas and other customers.<sup>2</sup> Currently, KeySpan provides up to 150,000 Dth per day of firm and interruptible storage services to Consolidated Edison Company of New York, Inc. (Consolidated Edison), KeySpan Energy Delivery New England (KEDNE), and New England Gas.

4. In this proceeding, KeySpan proposes to site, construct, and operate a new LNG import terminal by converting the existing LNG storage facility in Providence into an import terminal. At the same time, Algonquin proposes to construct and operate a pipeline to connect the proposed import terminal to its mainline facilities. KeySpan does not propose to make any modifications to its existing LNG storage tank, impoundment, or facility site, which currently do not meet Department of Transportation (DOT) safety standards for new LNG import facilities. KeySpan contends that its existing facilities do not need to meet the current DOT safety standards because the facilities are "grandfathered" under the Natural Gas Pipeline Safety Act (NGPSA), *i.e.*, the existing facilities were constructed before the current standards were promulgated.

5. The July 5 Order found that KeySpan's proposed facilities would provide a new source of reliable LNG imports in New England and would be in close proximity to Algonquin's existing interstate pipeline system, as well as numerous local distribution companies and electric generation facilities. The order also found that KeySpan would bear the economic risk in constructing and operating the LNG terminal, that the capacity of the terminal would be fully subscribed, and that the project would result in a "limited adverse environmental impact" because the "project would make use of an existing LNG facility within a designated port area, which would minimize environmental impacts and maintain consistency with existing land uses."

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<sup>1</sup> The LNG storage facility was the only facility constructed as part of the Eascogas project.

<sup>2</sup> In 2003, Algonquin LNG changed its name to KeySpan.

6. Nevertheless, the July 5 Order did not authorize KeySpan's proposals, citing the final environmental impact statement (EIS) which found that the existing facilities do not comply with the DOT's current safety standards. Specifically, the final EIS determined that the impoundment site for the LNG storage tank was designed to 100 percent of the tank contents rather than 110 percent, that thermal radiation and flammable vapor exclusion zones would extend offsite onto adjacent properties, and that a detailed evaluation by a seismic consultant would be required to determine if the existing tank would comply with the 2001 edition of the National Fire Protection Association (NFPA) standards, which increased the stringency and complexity of the seismic requirements. Thus, the July 5 Order concluded that it is not in the public interest to authorize the construction of an import terminal, where the components do not meet the current federal safety standards required of all other new LNG import facilities in the United States.

## **II. Procedural Issues**

7. The Cities of Providence and East Providence filed a joint answer to KeySpan's and BGLS' request for rehearing. Patrick Lynch, the Attorney General of Rhode Island, also filed an answer to the rehearing request. KeySpan and BGLS filed an answer to Providence's and East Providence's joint answer and they filed a motion to strike the answer of Attorney General Patrick Lynch. Although the Commission's procedural rules prohibit answers to rehearing requests, we may, for good cause shown, waive this provision. We find good cause to do so in this instance because they provide information that has assisted us in our decision-making.<sup>3</sup>

8. The CLF, an intervenor in this proceeding, filed a pleading that it called a "request for leave to participate in any rehearing" of the July 5 Order. In its pleading, the CLF states that it supports a denial of KeySpan's proposals, but that, if the Commission grants rehearing of the issues raised by KeySpan and BGLS, the Commission should address other issues that support denial of the applications. Specifically, the CLF contends that the Commission erred in not preparing a programmatic EIS; that the alternatives analysis in the final EIS was not sufficiently rigorous; and that the final EIS did not examine detrimental impacts on Narragansett Bay, the safety threats to surrounding communities, and the impediments created by the project to local bridges and Narragansett Bay.

9. Although styled as a "request to participate in any rehearing" of the July 5 Order, we find that the CLF's pleading is nothing more than a request for rehearing. The CLF's pleading was filed on August 31, 2005, or 57 days after the July 5 Order was issued. Section 19(a) of the Natural Gas Act provides that "[a]ny person . . . aggrieved by an

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<sup>3</sup> See 18 C.F.R. § 213(a)(2) (2005).

order issued by the Commission in a proceeding under this act to which such person . . . is a party may apply for rehearing within thirty days after the issuance of such order.” The CLF’s request for rehearing was not filed within 30 days as prescribed by the Natural Gas Act. Since the CLF’s pleading was filed after the statutorily mandated time for filing rehearing requests had passed, we will dismiss the CLF’s request for rehearing.

### **III. Discussion**

#### **A. The NGPSA and the DOT’s Regulations**

##### **1. KeySpan’s and BGLS’ Request for Rehearing**

10. KeySpan and BGLS<sup>4</sup> contend that all of the facilities to be constructed will meet the new federal safety construction standards in 49 C.F.R. Part 193, NFPA 59A 2001, and the United States Coast Guard regulations in 33 C.F.R. 127. In addition, they contend that the existing LNG storage facilities meet all of the current federal safety standards applicable by law and regulation. To support their position that the existing LNG storage facilities do not need to meet the new construction standards, KeySpan and BGLS cite section 60103(c) of the NGPSA which provides that the design, location, installation, construction, or initial testing standards prescribed after March 1, 1978, do “not apply to an existing LNG facility” if the standard is not in effect at the time, regardless of whether the standard is promulgated under the NGPSA or “under another law.” They conclude that section 60103(c) does not apply to its existing storage tank and impoundment facility. Also, KeySpan and BGLS assert that the phrase “under another law” in section 60103(c) precludes the Commission, or any other agency, from applying design, location, installation, or construction standards retroactively to existing LNG facilities whether the standards are enacted under the NGPSA or under any other law, like the Natural Gas Act.

11. KeySpan and BGLS concede that section 3 gives the Commission authority to determine whether a project will be consistent with the public interest. They contend, however, that section 3 does not permit the Commission to ignore the explicit language of the NGPSA, which precludes the retroactive application of new construction standards, especially when the Natural Gas Act is silent on the issue.

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<sup>4</sup> BGLS, an intervenor in this proceeding and a leading marketer and importer of LNG into the United States, subscribed to the full capacity of KeySpan’s proposed LNG terminal.

12. KeySpan and BGLS contend that the Commission's inability to apply new construction standards retroactively is confirmed by the regulations adopted by the DOT, which are consistent with the NGPSA. KeySpan and BGLS point out that the regulations do not apply to "LNG facilities in existence or under construction when the regulations go into effect."<sup>5</sup>

13. KeySpan and BGLS also maintain that under the DOT's regulations, an existing LNG facility must comply with the new construction standards only if it is "replaced, relocated, or significantly altered after March 1, 2000;" that an "LNG facility" is defined as a "pipeline facility that is used for liquefying natural gas . . . or transferring, storing or vaporizing [LNG];" and that an "LNG plant" is defined as an LNG facility or system of LNG facilities functioning as a unit." KeySpan and BGLS conclude that even if an LNG plant were significantly altered, the new construction standards would not apply to any facility in the plant unless that facility was replaced, relocated, or significantly altered. Since KeySpan does not plan to replace, relocate, or significantly alter the existing storage tank and impoundment system, KeySpan and BGLS contend that the new construction standards do not apply.

14. KeySpan and BGLS contend that the Commission erred by applying the new construction standards to the entire plant consisting of existing and new facilities, which contradicts the DOT's requirement that each facility be evaluated separately. They contend that a distinction between import and other facilities is meaningless since Congress and the DOT have not drawn a distinction based on use.

15. Finally, KeySpan and BGLS cite section 60112(a) of NGPSA which gives the Secretary of the DOT the authority to determine if a facility or component of a facility is or would be constructed or operated in a manner which is hazardous to life, property, or the environment. KeySpan and BGLS assert that since the Secretary of DOT has the power to determine when public safety requires the application of more stringent safety standards to existing facilities, the Secretary of DOT is the only authority that can require an existing facility to comply with the new construction standards. They also contend that this approach is consistent with the 1985 memorandum of understanding between the DOT and the Commission, which requires the Commission to refer to DOT for its review any proposed corrective action addressing LNG safety matters that differ from or are more stringent than DOT's safety regulations and standards.

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<sup>5</sup> 49 C.F.R. § 193.2005(a) (2005).

16. For these reasons, KeySpan and BGLS assert that the Commission's application of the new construction standards to KeySpan's existing facilities is contrary to the NGPSA and applicable DOT regulations.

## 2. Commission's Response

17. In its request for rehearing, KeySpan and BGLS essentially repeat the assertions that KeySpan set forth in pleadings submitted before the July 5 Order was issued. After examining their position for a second time, we are not convinced that we should modify the July 5 Order.

18. KeySpan and BGLS again rely on the safety standards promulgated in the NGPSA and the corresponding regulations adopted by the DOT to support their position that the current safety standards do not apply to KeySpan's existing LNG storage tank. We recognize that DOT has adopted and enforces federal standards for the siting, design, installation, construction, initial inspection, initial testing, operation, and maintenance of onshore LNG facilities. As part of its regulatory scheme, we also recognize that the DOT decided that facilities constructed before March 31, 2000 were not subject to its new construction standards.

19. However, with respect to a request for Commission authorization to construct a new LNG import project, as is presented here, our consideration of the proposals is conducted pursuant to our regulations and the criteria of the Natural Gas Act, not the NGPSA or the DOT's regulations. Specifically, under section 3 of the Natural Gas Act, we are charged with authorizing the siting, construction, and operation of LNG import facilities. Our authority over facilities constructed and operated under section 3 includes the authority to apply terms and conditions as necessary and appropriate to ensure that the proposed construction and siting is in the public interest.<sup>6</sup> In examining LNG proposals, our most important duty is ensuring that the project that is authorized is safe and secure.

20. This is the first case where we have been presented with a proposal to construct a new LNG import facility which would incorporate an existing LNG storage facility. In this case, the impoundment site and thermal radiation and flammable vapor exclusion zones for the existing LNG storage facility do not meet current federal safety standards. Also, an evaluation of the storage tank is needed to determine if the tank meets current seismic requirements. As we stated in the July 5 Order, we do not believe that it is in the public interest under section 3 to authorize the construction of a new import terminal,

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<sup>6</sup> *Distrigas Corporation v. FPC*, 495 F.2d 1057, 1063-64 (D.C. Cir. ), *cert. denied*, 419 U.S. 834 (1974); *Dynegy LNG Production Terminal, L.P.*, 97 FERC ¶ 61,231 (2001).

where the components do not meet the current federal safety standards required of all other new LNG import facilities. We believe our holding is correct because it is based on the need to maintain the impressive safety record of the LNG industry and the reasonable and responsible steps that we take to ensure safety in determining whether an LNG import terminal is in the public interest. Thus, we did not err in denying KeySpan's application under section 3.

## **B. Commission Precedent**

### **1. KeySpan's and BGLS' Request for Rehearing**

21. In its comments to the final EIS, KeySpan cited four cases where it alleges that we did not impose the new construction standards on existing LNG facilities – *Algonquin LNG, Inc.*,<sup>7</sup> *Cove Point LNG Limited Partnership*,<sup>8</sup> *Southern LNG, Inc.*,<sup>9</sup> and *Trunkline Gas Company, LLC*.<sup>10</sup> Specifically, in *Algonquin LNG*, KeySpan asserted that the Commission found that the “proposed changes would not constitute a ‘significant modification’ to the tank” and that the current Part 193 requirements for construction did not apply. Similarly, in *Cove Point*, *Southern*, and *Trunkline*, KeySpan quoted the environmental assessments in each proceeding, which stated that since the construction requirements in Part 193 were not in effect when the original facilities were constructed, the requirements were not applicable to the existing storage tanks.

22. The July 5 Order found that the cases cited by KeySpan were not controlling in this case because the existing facilities in *Cove Point*, *Southern*, and *Trunkline* had previously been authorized by the Commission to operate as LNG import facilities and that, in the *Algonquin LNG* case, there was no proposal to commence operating an LNG import terminal. In contrast, in this proceeding, KeySpan was proposing to construct a new import terminal.

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<sup>7</sup> 79 FERC ¶ 61,139 (1997), *order on reh'g*, 83 FERC ¶ 61,133 (1998).  
Algonquin LNG did not accept the certificate “due to changes in market conditions.”

<sup>8</sup> 97 FERC ¶ 61,043, *order on reh'g and clarification*, 97 FERC ¶ 61,276 (2001),  
*order on reh'g and clarification*, 98 FERC ¶ 61,270 (2002).

<sup>9</sup> 103 FERC ¶ 61,029 (2003).

<sup>10</sup> 108 FERC ¶ 61,251 (2004), *order amending certificate*, 110 FERC ¶ 61,131 (2005).

23. On rehearing, KeySpan and BGLS assert that KeySpan's existing facilities were originally designed, authorized, and constructed to function as an import terminal and that LNG was delivered by a marine vessel on at least one occasion. In addition, KeySpan and BGLS contend that there was no indication in the four cited cases (or in another case cited on rehearing for the first time – *Columbia Gas Transmission Corporation*<sup>11</sup>) that the decision to exempt LNG facility expansions from the new construction standards was predicated on their status as previously-authorized LNG import terminals. Rather, KeySpan and BGLS assert that the Commission relied on the fact that the siting requirements in Part 193 were not in effect when the original facilities were constructed. Thus, KeySpan and BGLS contend that the Commission departed from established precedent without explanation in treating KeySpan's proposals differently from the proposals in the cases cited.

## 2. Commission's Response

24. The Cove Point facility operated as a base-load LNG import terminal, unloading 90 ocean-going LNG vessels between 1978 and 1980, until major changes in the natural gas market led to the suspension of LNG imports. In 1995, Cove Point re-commissioned the onshore storage and process facilities and installed a liquefaction facility for LNG peaking and storage services. In 2003, Cove Point re-commissioned the offshore facilities and resumed the importation of LNG. Similarly, Southern operated as a base load LNG import terminal from 1978 to 1980, unloading 55 ocean-going LNG vessels until market changes led to the suspension of LNG imports. Southern re-commissioned its import terminal and commenced unloading LNG vessels again in 2001. Trunkline unloaded 47 LNG vessels between 1982 and 1984 when imports were suspended. We authorized Trunkline to resume LNG imports in 1989. The *Algonquin LNG* case involved the same facilities as here. In that case, we authorized Algonquin LNG to construct a liquefaction plant. In *Columbia*, the additional case cited on rehearing by KeySpan and BGLS, we authorized the construction of a vaporizer unit at an existing LNG truck terminal.

25. Contrary to KeySpan's and BGLS' assertion that KeySpan's existing facilities were originally designed, authorized, and constructed to function as an import terminal, the existing facility is not an import terminal. KeySpan was initially reviewed and authorized to operate as an LNG storage facility and not as an import terminal. LNG is currently delivered to the storage facility by truck. One barge made a LNG delivery to the storage facility, but in this case KeySpan proposes to abandon the line used to unload

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<sup>11</sup> 71 FERC ¶ 61,347 at 62,370 (1995).



the barge in order to serve LNG tankers. Further, in *Algonquin Natural Gas Company*,<sup>12</sup> in discussing the facilities at issue here, we stated that while a portion of the storage tank was constructed for the Eascogas storage project, the “additional facilities necessary . . . to use the site for LNG importation were never constructed.”<sup>13</sup> In addition, to operate as an import terminal, we stated that another storage tank as well as dock facilities to handle larger LNG ships would need to be constructed, that the current unloading line was inadequate for a base-load LNG import project, and that high-pressure send-out facilities and transmission lines needed to be constructed to import LNG.<sup>14</sup>

26. The facilities in *Cove Point*, *Southern*, and *Trunkline* were originally authorized and operated for many years as LNG import terminals. In contrast, KeySpan is proposing to construct and operate an import terminal that would incorporate an existing LNG storage facility where the impoundment site and thermal radiation and flammable vapor exclusion zones do not meet the current federal safety standards required of all other new LNG import facilities. In addition, an evaluation of the storage tank is needed to determine if the tank meets current seismic requirements. With these variations in mind, we believe that there are significant differences between the cases cited by KeySpan and BGLS and the situation presented here.<sup>15</sup> For this reason, we find that the July 5 Order did not depart from established precedent or treat KeySpan in a discriminatory manner. Thus, we do not believe that the cases cited by KeySpan and BGLS are relevant to the facts presented here nor do they preclude the Commission from denying KeySpan’s application.

### **C. Conditional Authorization**

#### **1. KeySpan’s and BGLS’ Assertions**

27. In the alternative, KeySpan and BGLS contend that the Commission erred by not issuing a conditional authorization under section 3, subject to the satisfaction of the Commission’s safety concerns. They cite *Weavers Cove Energy, L.L.C.*,<sup>16</sup> where the

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<sup>12</sup> Opinion No. 233, 31 FERC ¶ 61,221 (1985).

<sup>13</sup> *Id.* at 61,439.

<sup>14</sup> Opinion No. 233, 31 FERC at p. 61,439.

<sup>15</sup> The *Algonquin LNG* and *Columbia* cases are also not relevant because the applicants did not present proposals to construct and operate LNG import terminals.

<sup>16</sup> 112 FERC ¶ 61,070 (2005).

Commission authorized Weaver's Cove's proposals despite the safety concerns raised in that proceeding. For example, as to impoundment concerns, KeySpan and BGLS contend that the Commission should have authorized the proposals, but conditioned the authorization on KeySpan's meeting the current containment standards, rather than denying authorization. Similarly, as to thermal and radiation exclusion zones, they assert that the Commission should have imposed the same condition as it imposed on Weaver's Cove, namely that KeySpan should demonstrate legal control over the exclusion zone that extended off-property or secure a waiver from the DOT. Likewise, as to seismic concerns, they maintain that the authorization should have been conditioned on KeySpan's obtaining a detailed seismic study to determine the extent to which the proposals satisfied NFPA 59A 2001. KeySpan and BGLS acknowledge that it is not feasible to replace or retrofit the existing tank without taking it out of service for up to three years, but that, with a conditional authorization, KeySpan could have sought waivers from the DOT or authority from the Commission to implement measures to meet the new construction standards.

## 2. Commission's Response

28. KeySpan has consistently asserted that it would be impossible from a practical and economic standpoint to make the changes necessary to meet the Commission's safety standards even if they did apply.<sup>17</sup> KeySpan stated that, in order to meet the current seismic criteria for storage tanks, it would have to take the tank completely out of service for at least three heating seasons. KeySpan contended that it was legally and contractually impossible to shut down the tank considering its certificated obligations to its three existing customers. In addition, KeySpan asserted that a shut down would cause a serious energy crisis in the region, since the existing facility provides 150,000 dt of natural gas service to the New England market. KeySpan stated that:

[t]his supply cannot be replicated easily or quickly in the New England market area without extensive infrastructure development. There is no source of indigenous supply available in the market area; the existing pipeline transportation system is capacity constrained, particularly on the Algonquin . . . "G" lateral; and significant in-market infrastructure construction would be required to provide for firm winter deliveries from traditional production areas. . . . [I]t is important to note that due to siting,

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<sup>17</sup> See generally KeySpan's Comments on the Draft Environmental Impact Statement (DEIS) (January 24, 2005); Supplemental Comments on the DEIS (March 24, 2005); and Comments on the Final Environmental Impact Statement (FEIS) (June 2, 2005).

permitting, regulatory approvals and other development considerations . . . none of these options would be able to replace the service provided by the existing [KeySpan] facility in the near term, and certainly not in a timeframe which would make them available during a retrofitting of the [KeySpan] facility, and . . . none of them are relevant in the absence of the consent of [KeySpan's] customers to a suspension of [KeySpan's] existing service.<sup>18</sup>

29. Moreover, KeySpan predicted that upgrading or replacing the tank would cost between \$95 and \$105 million.<sup>19</sup> According to KeySpan, these sums far exceeded the estimated costs of the entire project, which it put at \$75 million,<sup>20</sup> and rendered meeting the safety standards uneconomical as well as impractical.

30. Further, KeySpan asserted that bringing the facility up to current thermal radiation exclusion standards would also require taking the LNG tank out of service or, in the alternative, acquiring legal control of surrounding properties. KeySpan deemed the option of acquiring surrounding properties unworkable, since it lacked the power of eminent domain to take the needed land. Even if the numerous landowners and businesses on these properties would accept compensation and a fair market value could be determined, KeySpan asserted that the acquisitions would triple or even quadruple the cost of the project, making this alternative impossible as well.

31. Based on the record compiled to date, the Commission cannot authorize this project by conditioning it as we did in the *Weaver's Cove* case. *Weaver's Cove* is proposing to construct an entirely new facility. In considering its application, we were able to analyze all aspects of its proposal and, having done so, imposed a number of safety-related conditions which must be satisfied prior to construction.<sup>21</sup> KeySpan, on the other hand, did not propose any safety-related modifications to its existing facilities. However, as discussed in the July 5 Order and above, we find that it is not in the public

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<sup>18</sup> KeySpan's comments on the DEIS at p. 16 (January 24, 2005). These claims were also echoed by KeySpan's customers New England Gas, Consolidated Edison, and KEDNE. *See* Comments on FEIS submitted by New England Gas (June 2, 2005); Consolidated Edison (June 3, 2005); and KEDNE (June 6, 2005).

<sup>19</sup> KeySpan's Supplemental Comments on the DEIS at pp. 4-5 (March 24, 2005).

<sup>20</sup> KeySpan's Application, Volume I at p. 4.

<sup>21</sup> 112 FERC ¶ 61,070 at P 81.

interest to authorize construction of the import terminal facilities without the existing facilities being upgraded. A proposal to upgrade KeySpan's existing LNG facilities in conjunction with construction of the facilities proposed here would constitute a significantly different project than that analyzed by the Commission. Therefore, KeySpan has not provided the information regarding the necessary upgrades nor have we had the opportunity to analyze any of the details involved in upgrading the current facilities.

32. Also, the facilities already in existence provide a certificated service to New England Gas, Consolidated Edison, and KEDNE. As discussed above, KeySpan states that it would need to take the facilities out of service for up to three years and interrupt service to its customers to comply with the new construction standards. Thus, in order to take the facilities out of service, KeySpan would have to propose for Commission analysis and authorization some alternative service arrangements for its customers for the time period the existing facilities are out of service, and the Commission would have to find that the arrangements are in the public interest.

33. For these reasons, in order for the Commission to consider the appropriateness of issuing a conditional authorization in this proceeding to KeySpan, such as we did in *Weaver's Cove*, the record would require far more detailed information and analysis on the upgrades to the existing facilities and the impact of disrupting existing service (or consideration of alternative service). We conclude that it was reasonable to reject KeySpan's application for being inconsistent with the public interest, but we do so without prejudice to KeySpan's filing an amended application addressing the issues discussed above.<sup>22</sup>

#### **D. Algonquin's Request for Rehearing**

34. Algonquin contends that the Commission erred in rejecting its proposal to construct and operate a pipeline connecting KeySpan's LNG terminal to Algonquin's interstate system. On rehearing, Algonquin requests that the Commission authorize its proposal to the extent that the Commission grants the authorizations requested by KeySpan and BGLS on rehearing.

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<sup>22</sup> Depending on the nature and timing of such a proposal, KeySpan could presumably use the relevant portions of the current record in that proceeding.

35. This order finds that the July 5 Order did not err in denying KeySpan's proposals. Due to the interrelationship of KeySpan's proposals to Algonquin's proposals, the July 5 Order did not err in also denying Algonquin's application. Thus, we will deny Algonquin's request for rehearing.

The Commission orders:

(A) KeySpan's and BGLS' joint request for rehearing and Algonquin's request for rehearing are denied as indicated in the body of the order.

(B) The CLF's request for rehearing is dismissed.

By the Commission.

( S E A L )

Magalie R. Salas,  
Secretary.