

UNITED STATES OF AMERICA  
DEPARTMENT OF ENERGY  
ECONOMIC REGULATORY ADMINISTRATION

PACIFIC INDONESIA LNG COMPANY	)	Docket No. 77-001-LNG
	)	
WESTERN LNG TERMINAL	)	(CP74-160, CP74-207,
ASSOCIATES	)	CP75-83-3)

ORDER MODIFYING ORDER ON REHEARING

On November 2, 1979, Pac Indonesia LNG Company (Pac Indonesia) filed a Petition for Clarification of DOE/ERA Opinion No. 8.<sup>1/</sup> Pac Indonesia seeks (1) clarification of the meaning of two of the paragraphs of the order on rehearing in Opinion No. 8 and (2) the issuance of certain modifications to the final order in order to reflect more accurately DOE/ERA's findings and conclusions as expressed in DOE/ERA Opinions Nos. 2,<sup>2/</sup> 6,<sup>3/</sup> and 8. Pac Indonesia states that it served its Petition on all the parties to this proceeding; however, no comments in response have been received.

The first modification requested by Pac Indonesia concerns Paragraph E in Opinion No. 1<sup>4/</sup> which was adopted without change in Opinion No. 8. Paragraph E states that:

"(E) Applicants will not change the initial rate or tariffs except pursuant to the procedures prescribed in Sections 4, 5 and 9 of the Natural Gas Act and 18 C.F.R. 154.63, with the exception of the changes in rates caused by the minimum bill provision discussed in ordering paragraph (D) above."

1/ "Opinion on Rehearing and Final Order," issued September 26, 1979, ERA ¶¶ \_\_\_\_\_, Federal Energy Guidelines.

2/ Issued September 29, 1978, ERA ¶¶71, 102, Federal Energy Guidelines.

3/ Issued April 24, 1979, ERA ¶¶71, 106, Federal Energy Guidelines.

4/ Issued December 30, 1977, ERA ¶¶71, 101, Federal Energy Guidelines.

As Pac Indonesia correctly points out, Paragraph E would appear to preclude automatic recovery of certain adjustments to the initial fixed volumetric rate which, in addition to the minimum bill provision mentioned in Paragraph E, were approved in Paragraph D of the final order on rehearing. We, therefore, are modifying Paragraph E to reflect more accurately the decision enunciated in Opinion No. 8 that changes in the initial rate for the LNG from any of the adjustments approved in Paragraph D may be automatically flowed through to the Applicant's customers.

The second requested modification concerns Paragraph X of the order on rehearing which states, in part, that:

"Pac Indonesia's recovery of any increases in the rates allowed in Paragraph D from its customers, will be suspended for one day."

Pac Indonesia argues that this paragraph can be construed to mean that all increases in the rates charged for the LNG, including those increases caused by the automatic adjustments approved in Paragraph D, would be suspended for one day; whereas, Opinions No. 6 and 8 clearly state that the one day suspension provision applies to rate increases caused by increased costs other than the automatic allowable adjustments.

We do not interpret the language in Paragraph X to subject recovery of the allowable adjustments to the one day suspension requirement. However, in order to eliminate the possibility of any ambiguity, we are modifying Paragraph X to clarify that the one day suspension provision applies

only to those rate increases which recover project costs other than those caused by the allowable adjustments and which are subject to subsequent Section 4-type proceedings to determine to what extent, if any, and how they may be passed through to Pac Indonesia's customers.

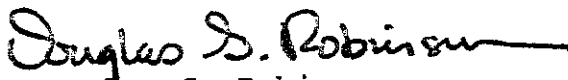
ORDER

For the reasons stated above, Paragraphs E and X in the Order on Rehearing in DOE/ERA Opinion No. 8 are modified to read as follows:

"(E) Applicants will not change the initial rates or tariffs except pursuant to the procedures prescribed in Sections 4,5 and 9 of the Natural Gas Act and 18 C.F.R. 154.63, with the exception of the changes in rates caused by the adjustments allowed in Paragraph (D)."

"(X) Pac Indonesia's recovery of any increases in excess of the rates, including adjustments, allowed in Paragraph (D) from its customers will be suspended for one day. The amount of any such rate increases already collected which are later disallowed by DOE/ERA, as well as an amount reflecting the time value of the disallowed funds, will be refunded by Pac Indonesia to its customers."

Issued in Washington, D.C., December 11, 1979

  
Douglas G. Robinson  
Acting Administrator  
Economic Regulatory Administration