

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

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NIAGARA MOHAWK POWER CORPORATION ) FE DOCKET NO. 89-33-NG  
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FINAL ORDER GRANTING LONG-TERM AUTHORIZATION  
TO IMPORT NATURAL GAS FROM CANADA

DOE/FE ORDER NO. 351-A

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DECEMBER 21, 1992

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I. BACKGROUND

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In DOE/FE Opinion and Order No. 351, issued November 15, 1989, Niagara Mohawk Power Corporation (Niagara Mohawk) was conditionally authorized to import from TransCanada PipeLines Limited (TransCanada) up to 51,000 Mcf per day of Canadian natural gas on a firm basis and up to an additional 105,000 Mcf per day on an interruptible basis during the period November 1, 1990, through October 31, 2005.<sup>1/</sup> Niagara Mohawk proposed constructing a 27.4-mile extension of its distribution system (Trans-York Extension) between Watertown, New York, and the international border near Gananoque, Ontario, where the gas would enter the United States for use as system supply. The import authorization was conditioned upon the issuance of a final order after DOE review of environmental documentation being prepared by the Federal Energy Regulatory Commission to analyze the construction of the Trans-York Extension. CNG Transmission Corporation (CNG) intervened in the proceeding.

Niagara Mohawk is an electric and gas corporation with its principal place of business in Syracuse, New York. On September 25, 1992, Niagara Mohawk filed an amendment to its pending application stating that on March 18, 1991, Canada's National Energy Board denied authorization for TransCanada to construct a pipeline extension to Gananoque. As a consequence, plans for the Trans-York Extension were suspended, and on August 12, 1991, Niagara Mohawk and TransCanada terminated their

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1/ 1 FE 70,260.

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import agreement. Subsequently, Niagara Mohawk entered into a gas purchase contract with Western Gas Marketing Limited (WGML), an affiliate of TransCanada, dated October 31, 1991.

Under the new arrangement, Niagara Mohawk would import up to 51,000 Mcf of gas per day from WGML over a 14-year term extending through October 31, 2006. Niagara Mohawk withdrew its request for authorization to import an additional 105,000 Mcf per day on an interruptible basis. TransCanada would transport this gas to an existing interconnection with Iroquois Gas Transmission System (Iroquois) near Waddington, New York. From there, the gas would be delivered by Iroquois to an interconnection with CNG near Canajoharie, New York, and by CNG from Canajoharie to Niagara Mohawk. Alternatively, TransCanada may deliver the gas to the interconnection of its system with the facilities of Tennessee Gas Pipeline Company near Niagara Falls, New York. The price Niagara Mohawk would pay WGML consists of a monthly demand charge (equal to demand charges for transportation in Canada, plus a fixed administration charge of \$1.53 per Mcf) and a commodity charge.

## II. FINDING

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The application filed by Niagara Mohawk has been evaluated to determine if the proposed import arrangement meets the public interest requirements of section 3 of the NGA,<sup>2/</sup> as amended by section 201 of the Energy Policy Act of 1992 (Pub. L. 102-486). Under section 3(c), the importation of natural gas from a nation

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2/ 15 U.S.C. Sec. 717b.

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with which there is in effect a free trade agreement requiring national treatment for trade in natural gas is deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought by Niagara Mohawk to import natural gas from Canada, a nation with which a free trade agreement is in effect, meets the section 3(c) criterion and, therefore, is consistent with the public interest.

ORDER

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For reasons set forth above, under section 3 of the Natural Gas Act, it is ordered that:

A. Niagara Mohawk Power Corporation (Niagara Mohawk) is authorized to import at Waddington or Niagara Falls, New York, up to a total of 51,000 Mcf of Canadian natural gas per day, pursuant to the provisions of its gas purchase contract with Western Gas Marketing Limited dated October 31, 1991, which was filed in this proceeding. The term of the authorization shall commence on the date of DOE approval hereof and continue through October 31, 2006.

B. Within two weeks after deliveries begin, Niagara Mohawk shall notify the Office of Fuels Programs, Fossil Energy, Room 3F-056, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585, in writing of the date that the first import delivery of natural gas authorized in Ordering Paragraph A above occurred.

C. With respect to the natural gas imports authorized by this Order, Niagara Mohawk shall file with the Office of Fuels

Programs, within 30 days following each calendar quarter, quarterly reports indicating whether imports of natural gas have been made. If no imports have been made, a report of "no activity" for that calendar quarter must be filed. If imports occur, Niagara Mohawk shall report the total monthly volumes in Mcf and the average purchase price per MMBtu delivered at the international border. The reports shall itemize separately the demand, administration, and commodity charges on a per unit (MMBtu) basis.

D. The first quarterly report required by Ordering Paragraph C of this Order is due not later than January 30, 1993, and should cover the date of this Order until the end of the current quarter December 31, 1992.

Issued in Washington, D.C., on December 21, 1992.

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James G. Randolph  
Assistant Secretary for Fossil Energy