

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

NEW YORK STATE ELECTRIC & GAS CORPORATION))))	FE DOCKET NO. 92-47-NG
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ORDER GRANTING LONG-TERM AUTHORIZATION
TO IMPORT NATURAL GAS FROM CANADA

DOE/FE ORDER NO. 743

DECEMBER 3, 1992

I. BACKGROUND

On April 8, 1992, as revised on May 1, May 13, August 24, and September 18, 1992, New York State Electric & Gas Corporation (NYSEG) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA), requesting authorization to import up to 9,000 Mcf of natural gas per day from Canada. The term of the requested authorization would begin on the date of the first import delivery and end on October 31 of the twelfth year of NYSEG's gas purchase contract with ProGas Limited (ProGas), dated April 21, 1992. NYSEG, a New York corporation with its headquarters in Dryden, New York, is a gas distribution and electric utility serving various franchise areas in the State of New York.

NYSEG will use the gas to be imported to supply residential, commercial, and industrial customers in a new franchise area near Plattsburgh, New York. The price paid by NYSEG to ProGas includes a demand charge and a commodity charge which is adjusted monthly based on fluctuations in the prices of No. 6 and No. 2 fuel oil at the Montreal Terminal, as published in the Oil Buyers

Guide of Princeton New Jersey. In addition, the commodity charge

is reduced by ten percent for volumes purchased in any month which exceed 80 percent of the sum of the monthly demand quantities. After the third year of deliveries the agreement allows for yearly renegotiation of the commodity charge, adjustment mechanism, and take obligation provisions.

The gas will enter the United States at the point on the international border near Champlain, New York, where the pipeline facilities of TransCanada PipeLines Limited (TransCanada) will interconnect with the new transmission system to be constructed by North Country Gas Pipeline Corporation (North Country). North Country will then transport the gas to NYSEG's service territory. Alternate delivery points will be at the international border near Niagara Falls and Waddington, New York, where Tennessee Gas Pipeline Company and Iroquois Gas Transmission System have existing interconnections with TransCanada.

II. FINDING

The application filed by NYSEG has been evaluated to determine if the proposed import arrangement meets the public interest requirements of section 3 of the NGA, as amended by section 201 of The Energy Policy Act of 1992 (Pub. L. 102-486). Under section 3(c), an import of natural gas from a nation 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 NYSEG to import natural gas from Canada, a nation with which a free trade agreement is in effect, meets the section 3(c) criterion and is therefore consistent with the public interest.

ORDER

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

A. New York State Electric & Gas Corporation (NYSEG) is authorized to import near Champlain, Niagara Falls, and Waddington, New York up to 9,000 Mcf of Canadian natural gas per day, in accordance with the provisions of its gas purchase contract with ProGas Limited dated April 21, 1992, filed in this docket. The term of the authorization shall be from the date of the first import delivery through October 31 of the twelfth contract year.

B. Within two weeks after deliveries begin, NYSEG 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 of natural gas authorized in Ordering Paragraph A above occurred.

C. With respect to the natural gas imports authorized by this Order, NYSEG 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 have occurred, NYSEG must report total monthly volumes of the imports in Mcf and the average purchase price per MMBtu at the international border. The reports shall identify separately the demand, commodity, and

transportation charges on a per unit (MMBtu) basis. In addition, NYSEG shall provide a breakdown of the volumes and price data delivered at each import point.

D. The first quarterly report required by Paragraph C of this Order is due not later than 30 days after the end of the quarter in which deliveries begin.

Issued in Washington, D.C., on December 3, 1992.

Charles F. Vacek
Deputy Assistant Secretary
for Fuels Programs
Office of Fossil Energy