UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

KAMINE/BESICORP BEAVER FALLS L.P.	)	FE DOCKET NO. 92-109-NG

ORDER GRANTING LONG-TERM AUTHORIZATION
TO IMPORT NATURAL GAS FROM CANADA

DOE/FE ORDER NO. 746

DECEMBER 3, 1992

I. DESCRIPTION OF REQUEST

On August 21, 1992, as supplemented October 27, 1992, Kamine/Besicorp Beaver Falls L.P. (Kamine/Besicorp) filed an application, with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA),1/ requesting authorization to import up to 16,100 Mcf of natural gas per day from Canada beginning on the date DOE issues a final decision on the application through November 1, 2008. Kamine/Besicorp is a Delaware limited partnership whose general partners are Beta Beaver Falls Inc. (Beta) and Kamine Beaver Falls Cogen Co., Inc. (Kamine). Kamine, a New Jersey corporation, is an affiliate of Kamine Development Corp. (KDC) with its principal place of business in Union, New Jersey. Beta is a subsidiary of Besicorp Group Inc. (Besicorp), a New York corporation with its principal place of business in Kingston, New York. KDC and Besicorp or their affiliates currently operate three cogeneration facilities in the states of New York and New Jersey.

The imported gas will be used to fuel a new 79.9 megawatt cogeneration facility Kamine/Besicorp is building in Croghan, New York.2/ Kamine/Besicorp will sell electrical output from the cogeneration plant to Niagara Mohawk Power Company and steam output to Specialty Paperboard, Inc. The gas would enter the

1/ 15 U.S.C. 717b.

2/ The cogeneration plant would be operated as a "qualifying facility" under section 201 of the Public Utility Regulatory

Policies Act of 1978.

United States at the international border near Waddington, New York, and would be transported by Iroquois Gas Transmission System, L.P. (Iroquois) to an interconnection with the pipeline facilities of St. Lawrence Gas Company, Inc. (St. Lawrence). St. Lawrence will transport the gas over approximately 4 miles of new pipeline connecting the cogeneration plant to the Iroquois system.

Kamine/Besicorp will acquire the natural gas supplies from North Canadian Marketing, Inc. (NCM) under a gas purchase agreement dated July 30, 1991. The initial term of the contract with NCM to deliver up to 16,000 Mcf of gas per day begins with commercial operation of the cogeneration plant, expected to be in late 1994, through November 1, 2008. Kamine/Besicorp's request to import a daily volume of 16,100 Mcf includes a small allowance for transportation losses on Iroquois and St. Lawrence and, if required, the additional 100 Mcf would be purchased on the Canadian spot market. There are predetermined prices Kamine/Besicorp will pay NCM for the gas beginning at $1.86 (U.S.) per MMBtu for the first contract year, escalating each year to $5.54 (U.S.) per MMBtu in the final contract year. The contract provides for a gas inventory charge if Kamine/Besicorp takes less than 80 percent of its maximum daily quantity averaged over a year, less force majeure volumes. The gas inventory charge to be applied to any deficiency is set initially at $0.40 (U.S.) per Mcf and would be increased on the first day of every calendar year beginning in 1994 based on the annual percentage increase in the Producer Price Index for the Northeast United States as published by the U.S. Department of Labor. Kamine/Besicorp executed a transportation contract with TransCanada PipeLines Limited and will be billed directly for the cost to deliver the gas from western Canada to the import point at Waddington.

II. FINDING

The application filed by Kamine/Besicorp 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), the importation 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 Kamine/Besicorp 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 the reasons set forth above, under section 3 of the Natural Gas Act, it is ordered that:

A. Kamine/Besicorp Beaver Falls L.P. (Kamine/Besicorp) is authorized to import from Canada near Waddington, New York, up to 16,100 Mcf of natural gas per day beginning on the date of this order through November 1, 2008, for use at its Croghan, New York, cogeneration facility. Kamine/Besicorp shall import the gas under its contract with North Canadian Marketing Inc. dated July 30, 1991, filed in this docket and any separate spot market supply contracts as may be required to make up for unaccounted gas losses.

B. Within two weeks after deliveries begin, Kamine/Besicorp 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, Kamine/Besicorp 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, Kamine/Besicorp must report monthly total volumes in Mcf and the average purchase price per MMBtu delivered to the U.S./Canada border. The reports shall itemize separately the commodity and transportation charges and any gas inventory charges paid on a per unit basis (MMBtu). Regarding any spot market purchases for unaccounted gas losses, the reports shall include the name of the seller(s); the monthly total volumes in Mcf; and the average purchase price per MMBtu delivered to the U.S./Canada border.

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 period from the date of this order until the end of the current calendar quarter December 31, 1992.

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

James G. Randolph
Assistant Secretary for Fossil Energy