

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

_____)
THE WASHINGTON WATER POWER COMPANY) DOCKET NO. 93-57-NG
_____)

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

DOE/FE ORDER NO. 822

JULY 16, 1993

I. DESCRIPTION OF REQUEST

On June 4, 1993, as supplemented on July 13, 1993, The Washington Water Power Company (WWP) filed an application with the Office of Fossil Energy of the Department of Energy (DOE) for authorization to import up to 61,400 Mcf per day of natural gas from Canada. WWP, a corporation organized under the laws of the State of Washington, with its principal place of business in Spokane, Washington, is a combination electric and natural gas distribution utility which provides service to customers in eastern Washington and northern Idaho. The term of the authorization would be for a period of ten years beginning on the date of the first import delivery, which is expected to occur November 1, 1993, when transportation is available on the pipeline facilities of Pacific Gas Transmission (PGT) and Pacific Gas & Electric Company (PG&E). The proposed volumes will be imported at the border of the United States and Canada near Kingsgate, British Columbia, for delivery to WWP by PGT and PG&E.

The gas will be imported by WWP under separate gas purchase contracts with PanCanadian Petroleum Limited (up to 19,000 Mcf per day), AEC Oil and Gas Company (up to 25,600 Mcf per day), and Amerada Hess Canada Ltd. (up to 16,800 Mcf per day). The terms of the three contracts are for periods of seven to ten years, with provisions to extend the agreements. The volumes for each contract will escalate from a specified base level in the first contract year to a maximum volume level in the final contract year. Thus, WWP will start importing up to a combined total of

36,000 Mcf per day, increasing to 61,400 Mcf per day by the seventh year of deliveries.

The provisions of the three contracts are similar. Each contract provides that the purchase price of the gas will consist of a negotiated commodity rate and a demand charge covering costs of transportation assessed by NOVA Corporation of Alberta to the Alberta/British Columbia border. WWP will bear the cost of transportation by Alberta Natural Gas Corporation from Coleman, Alberta, to Kingsgate, British Columbia. The commodity rate will be determined annually and is intended to ensure that the total delivered price will remain competitive. Each contract includes a minimum annual take requirement ranging from 50% to 85% of the maximum daily quantities specified. WWP must pay a deficiency charge if it does not take the prescribed minimum quantities. The deficient volumes may be made up during the following contract year.

II. FINDING

The application filed by WWP 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 (P.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 WWP 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

Pursuant to section 3 of the Natural Gas Act, it is ordered that:

A. The Washington Water Power Company (WWP) is authorized to import, at Kingsgate, British Columbia (B.C.), up to 61,400 Mcf per day of Canadian natural gas over a period of ten years beginning on the date of first delivery, consistent with the terms of the three gas purchase contracts between WWP and PanCanadian Petroleum Limited, AEC Oil and Gas Company, and Amerada Hess Canada Ltd., on file in this docket.

B. Within two weeks after deliveries begin, WWP shall notify the Office of Fuels Programs (OFP), Fossil Energy, Room 3F-056, FE-50, 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, WWP shall file with OFP, 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, WWP must report total monthly volumes in Mcf and the average purchase price of gas per MMBtu delivered

to Kingsgate, B.C., under each of WWP's three gas purchase contracts. The monthly price information shall itemize separately the commodity and transportation charges, including any deficiency charge that WWP pays.

D. The first quarterly report required by Ordering Paragraph C of this Order is due not later than October 30, 1993, and should cover the period from the date of this order until the end of the current calendar quarter, September 30, 1993.

Issued in Washington, D.C., on July 16, 1993.

Anthony J. Como
Acting Deputy Assistant Secretary
for Fuels Programs
Office of Fossil Energy