

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

BOUNDARY GAS, INC.) FE DOCKET NOS. 81-04-NG
) 88-64-NG
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ORDER AMENDING AUTHORIZATION
FOR THE PURPOSE OF ADDING IMPORT POINTS

DOE/FE ORDER NO. 1155

Boundary Gas Inc. (Boundary) is a close corporation under the laws of the State of Delaware and is wholly owned by fifteen stockholders. In DOE/ERA Opinion and Order Nos. 45, 45-A, 45-B, and 45-C, and DOE/FE Opinion and Order No. 358,^{1/} the

Department of Energy (DOE) granted Boundary authorization to import up to 92,500 Mcf per day of Canadian natural gas for a period ending on January 15, 2003. Boundary purchases the gas from TransCanada PipeLines Limited (TransCanada) and immediately sells it to its stockholders, who purchase all of the gas sold by Boundary (Repurchasers).^{2/} DOE Order Nos. 45, et seq.,

1/ DOE/ERA Opinion and Order Nos. 45, 45-A, 45-B, and 45-C were issued on August 9, 1982, October 7, 1982, February 8, 1984, and October 10, 1989, respectively, in ERA Docket No. 81-04-NG. See

1 ERA 70,539, 70,550, 70,560, and 1 FE 70,244. DOE/FE Opinion and Order No. 358 was issued on December 8, 1989 in ERA Docket 88-64-NG. See 1 FE 70,273.

2/ The Repurchasers include: The Brooklyn Union Gas Company;

Bay State Gas Company; Northern Utilities, Inc.; Connecticut
Natural Gas Corporation; New Jersey Natural Gas Company; Yankee
Gas Services Company; Boston Gas Company; National Fuel Gas
Distribution Corporation; Long Island Lighting Company;

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authorize Boundary to import its volumes at the point of interconnection between the pipeline systems of TransCanada and Tennessee Gas Pipeline Company (Tennessee) near Niagara Falls, New York. Tennessee transports all of the gas in the United States for all of the Repurchasers except National Fuel Gas Distribution Corporation (National Fuel), which transports its own volumes within the United States.

On March 14, 1996, Boundary filed an application with the Office of Fossil Energy of DOE, under section 3 of the Natural Gas Act (NGA) 3/ and DOE Delegation Order Nos. 0204-111 and 0204-127, for authority to add other import points for its gas. National Fuel has determined that it can better serve its customers if it has the operational flexibility of receiving all or part of its Boundary volumes at the point of interconnection between TransCanada and Empire State Pipeline near Chippewa, Ontario/Grand Island, New York, beginning April 1, 1996. No new pipeline construction would be required. Accordingly, Boundary has entered into a letter agreement with TransCanada and is amending its gas sales agreement with the Repurchasers to permit National Fuel to use Grand Island, New York, as a point of importation, subject to (i) any necessary regulatory approvals, and (ii) the terms and conditions of the letter agreement dated

2/(...continued)

Consolidated Edison Company of New York, Inc; Essex County Gas Company; EnergyNorth Natural Gas, Inc.; Valley Gas Company; Berkshire Gas Company; and Fitchburg Gas and Electric Light Co.

3/ 15 U.S. C. 717b.

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March 6, 1996, and the March 8, 1996, amendment to Boundary's sales agreement. These include an adjustment in the price to be paid by National Fuel to Boundary and by Boundary to TransCanada to compensate TransCanada for the additional costs of transporting gas to Grand Island, New York. The price adjustment is de minimis in nature and does not affect the price to be paid by any other Boundary Repurchaser. No other changes are being made to the purchase and sales contracts at this time.

Although no other Repurchaser has currently requested Boundary to use a point of importation other than Niagara Falls, New York, it is very possible that another Repurchaser will determine that it can maximize the benefits of its Boundary contract by receiving all or part of its Boundary volumes at another point on the border of the United States and Canada. Therefore, Boundary requests that DOE amend its import authorization to permit it to receive its volumes from TransCanada at any point on the international border.

With the exception of National Fuel, the Repurchasers do not at this time have the contractual authority to import gas at alternate points of importation. They would, therefore, only use such alternate points if they were to reach agreement with Boundary, and Boundary were to reach agreement with TransCanada, permitting the use of alternate points of importation. In accordance with the requirements 10 C.F.R. 590.407 of DOE's regulations concerning the importation and exportation of natural gas, Boundary states that it would notify the Office of Fossil

Energy of any future contract amendments affecting the point of importation.

Under section 3 of the NGA, as amended by section 201 of the Energy Policy Act of 1992 (Pub. L. 102-486), 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. Therefore, approving additional import points for gas imported from Canada, a nation with which a free trade agreement is in effect, is consistent with the public interest.

ORDER

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

A. The authority granted to Boundary Gas, Inc. (Boundary) to import Canadian natural gas from TransCanada PipeLines Limited (TransCanada) under DOE/ERA Opinion and Order Nos. 45, 45-A, 45-B, and 45-C, and DOE/FE Opinion and Order No. 358, is amended to authorize Boundary to import its supply at any point on the border of the United States and Canada.

B. With respect to the natural gas imports authorized by DOE Order Nos. 45, et seq. Boundary shall file with the Office of Fuels Programs, Fossil Energy, Room 3F-056, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C., within 30 days following each calendar quarter, quarterly reports showing by

month the total volume (in Mcf) imported at each receipt point

and the average purchase price per MMBtu paid to TransCanada at the international border. The price information for a particular month shall, if applicable, itemize separately the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price.

Issued in Washington, D.C., on March 29, 1996.

Anthony J. Como
Director
Office of Coal & Electricity
Office of Fuels Programs
Office of Fossil Energy