

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

HERMISTON GENERATING COMPANY, L.P.) FE DOCKET NO. 94-49-NG
PACIFICORP)
_____)

SUPPLEMENTAL ORDER AMENDING THE LONG-TERM AUTHORIZATION
OF HERMISTON GENERATING COMPANY, L.P.
TO IMPORT NATURAL GAS FROM CANADA

DOE/FE ORDER NO. 964-A

I. Description of Request _____

On May 7, 1996, Hermiston Generating Company, L.P. (Hermiston) and PacifiCorp jointly filed an application with the Office of Fossil Energy (FE) of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA)¹ and DOE Delegation Order Nos. 0204-111 and 0204-127, to amend Hermiston's long-term authorization to import natural gas from Canada. In DOE/FE Order No. 964 (Order 964),² issued August 1, 1994, Hermiston was authorized to import up to 44,700 Mcf per day (approximately 45,000 MMBtu) over a period of fifteen years for fuel use at a new 474-megawatt combined-cycle cogeneration facility to be constructed near Hermiston, Oregon. The term of the

1 15 U.S.C. 717b.

2 1 FE 70,999.

authorization begins on the date of commercial operation of the cogeneration facility which is scheduled for July 1, 1996. The gas will be purchased from CanStates Gas Marketing (30,000 MMBtu per day) and Home Oil Company Limited (15,000 MMBtu per day). Electricity produced by the cogeneration facility will be sold to PacifiCorp, an Oregon corporation.

Hermiston and PacifiCorp wish to amend Order 964 to add PacifiCorp as an importer. Pursuant to the terms of an Option Agreement between Hermiston and PacifiCorp dated October 7, 1993, PacifiCorp has exercised its option to purchase an undivided fifty percent interest in the Hermiston cogeneration facility and its related assets, including the supply contracts under which Hermiston will purchase the gas it intends to import under its existing authorization. Hermiston would assign to PacifiCorp an undivided fifty percent interest in each of the gas supply contracts. Financial closing on the Option Agreement is scheduled for July 1, 1996.

All other information contained in Hermiston's original application and relied upon by DOE in the original authorization has not changed. Hermiston and PacifiCorp propose that an affiliate of Hermiston would file, on their behalf, the periodic reports required by DOE in Order 964.

II. Finding _____

Under section 3 of the Natural Gas Act, 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 related applications must be granted without modification or delay. Approving the application to amend Hermiston's current authorization covering imports of natural gas produced in Canada, 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. DOE/FE Order No. 964 (Order 964), issued to Hermiston Generating Company, L.P. (Hermiston) on August 1, 1994, is amended to include PacifiCorp as co-importer of the previously authorized volumes.

B. The effective date of this amendment shall be the date on which Hermiston and PacifiCorp provide written notification to the Office of Fuels Programs (OFP), Fossil Energy, Room 3F-056, FE-50, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585, that the financial closing with respect to their Option Agreement dated October 7, 1993, has occurred.

C. Within two weeks after deliveries begin, OFP shall be provided with written notification of the date that the first import of natural gas occurred.

D. An affiliate of Hermiston shall file all quarterly reports required by Ordering Paragraph C of Order 964 on behalf of both importers. The volumes imported and the price information for a particular month shall be listed separately for for each supplier.

E. All other provisions of Order 964 remain unchanged.

Issued in Washington, D.C., on June 20, 1996.

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