

97-89-NG

LAW OFFICES
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October 15, 1997

Office of Natural Gas & Petroleum
Import & Export Activities
Fossil Energy
United States Department of Energy
Docket Room 3F-056, FE-34
Forrestal Building
1000 Independence Avenue, S.W.
Washington, DC 20585

Att: Mr. Wayne F. Peters,
Director

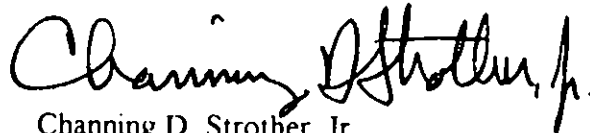
Re: Sierra Pacific Power Company
Docket Nos. FE97-~~89~~ 81 -NG, et al.

Dear Mr. Peters:

Herewith are an original and 15 copies each of two applications of Sierra Pacific Power Company for authorization to import natural gas--an application for a blanket certificate and an application for agreement specific authorization for longer term authority.

Also enclosed are two checks, each in the amount of \$50.00, made out to the "U.S. Department of Treasury", for the applicable filing fees.

Respectfully submitted,



Channing D. Strother, Jr.
Attorney for Applicant,
Sierra Pacific Power Company

Enclosures

REC'D DOE/FE
1997 OCT 15 P 3:45
UNITED STATES OF AMERICA
BEFORE THE
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL FUEL ENERGY
OFFICE OF NATURAL GAS & PETROLEUM
IMPORT & EXPORT ACTIVITIES

In the Matter of)
Sierra Pacific Power Company) Docket No. FE97-04-NG

**APPLICATION OF
SIERRA PACIFIC POWER COMPANY FOR
"LONG-TERM" AUTHORIZATION TO IMPORT NATURAL GAS**

Sierra Pacific Power Company ("Sierra" or "Applicant"), pursuant to Section 3 of the Natural Gas Act^{1/} Department of Energy ("DOE") Delegation Order No. 0204-111, and 10 C.F.R. Part 590, hereby submits this application requesting "long-term", contract specific authorization to import Canadian natural gas supplies from Amoco Canada Petroleum Company Ltd. ("Amoco Canada") through March 31, 2000, as further described herein.^{2/}

In support hereof, Sierra states as follows:

I. DESCRIPTION OF APPLICANT

The exact legal name of Sierra is "Sierra Pacific Power

^{1/} 15 U.S.C. § 717b.

^{2/} Concurrently herewith, Sierra is submitting an application for continued blanket authority to import natural gas purchased from Canadian suppliers through December 31, 1999. The agreement subject to the herein application extends three months beyond the blanket authority sought in that concurrent application.

Company". Sierra is a corporation organized and existing under the laws of the State of Nevada and is duly authorized to do business in the States of Nevada and California. Sierra's principal place of business is:

Sierra Plaza
6100 Neil Road
Reno, Nevada 89511

Sierra is a public utility presently engaged, among other things, in the distribution and sale of natural gas in intrastate commerce in Nevada, and in that regard is subject to the jurisdiction of the Nevada Public Utility Commission ("NPUC"). Sierra also sells electricity at wholesale and at retail and in those regards is subject to the jurisdiction of the Federal Energy Regulatory Commission and the jurisdictions of the NPUC and the Public Utilities Commission of California. The proposed imports are within the corporate authority of Applicant. See Affidavit of Counsel provided herewith as Exhibit A.

II. PERSONS TO BE SERVED

The names, titles, and mailing addresses of the persons to be served with communications concerning this filing are:

Mr. Bruce A. Rice
Senior Negotiator Gas Supply
Sierra Pacific Power Company
Post Office Box 10100
Reno, NV 89520
Telephone: (702) 689-3717

Channing D. Strother, Jr.
Goldberg, Fieldman & Letham, P.C.
1100 Fifteenth Street, N.W.
Washington, DC 20005
Telephone: (202) 463-8300
Facsimile: (202) 463-8309

III. SUPPORT FOR AUTHORITY REQUESTED

A. Terms and Conditions of Import--A copy of the gas sales contract for which import authority is sought, is attached as Exhibit B, hereto. Consistent with 10 C.F.R. § 202(a), Sierra states as follows:

1. **Scope of the "Project"**--The Daily Contract Quantity provided in the gas sales contract is 15,000 MMBtu per day for the period April 1, 1997 through March 31, 2000. Article III, Section 3.2. Delivery is to a point near Kingsgate, British Columbia, at the interconnection of the Alberta Natural Gas Company Ltd. and Pacific Gas Transmission Company ("PGT") facilities. Whereas Clause No. 3. There is no new construction associated with these deliveries. Deliveries to Sierra's "city gate" are over PGT facilities, from the point of delivery to PGT in Canada.

2. **Source and Security of Natural Gas**--The source of the natural gas is Amoco Canada's firm supplies. Whereas Clause No. 1. Canadian supply has historically been a secure source of supply for purchasers in the United States.^{3/}

^{3/} See Granite State Gas Transmission, Inc., DOE/ERA Opinion
(continued...)

3. Identification of Participants--Sierra is described above. Sierra is a wholly-owned subsidiary of Sierra Pacific Resources Inc. ("SPR"). Amoco Canada is a Canadian corporation. There is no corporate affiliation among the participants to the transaction.

4. Terms of the Transaction--Pricing is described in Article IV. For the period, through March 31, 1998, the price is \$1.14 (US) per MMBtu. For the period April 1, 1998 through March 31, 1999, the price is \$1.23 per MMBtu. For the period April 1, 1999 through March 31, 2000, the price is \$1.34 per MMBtu. Article III describes the delivery and take obligations of the parties. Essentially, as described there, Amoco Canada is required to deliver and Sierra is required to take the daily contract quantity each day. Specific liquidated damages apply to defaults by either party not excused by force majeure. Article XI provides for certain force majeure events with a right to the party "not claiming" force majeure to terminate the contract on 60 days notice if the event of force majeure extends beyond 60 days.

5. Need for Natural Gas by Applicant--Sierra would utilize the subject natural gas as it has Canadian natural gas imported under its blanket authority for use in its natural

^{3/}(...continued)

and Order No. 187, 1 ERA ¶70,717 (1987) ("Natural gas has been imported from Canada for many years, and there has been no instance of a major natural gas supply interruption that would call into question Canada's future reliability as a supplier of natural gas into this country.").

gas distribution activities and for use in generating electricity. The subject gas represents competitively priced supply for Sierra's intended uses.

6. Public Interest--Among other things, under Section 3 of the Natural Gas Act, the importation of natural gas from Canada, a nation with which the United States has a free trade agreement requiring national treatment for trade in natural gas, is deemed to be consistent with the public interest, and, thus, under the statute, applications such as the herein application are to be granted without modification or delay.

For these reasons, Sierra submits that approval of imports by it under the terms and conditions proposed herein is required to allow Sierra as well as gas consumers in the areas served by Sierra continued access to competitively priced Canadian supplies.

IV. REPORTING REQUIREMENTS

With respect to the imports authorized in connection with the instant application, and other transactions, Sierra will file within 30 days following each calendar quarter, reports to the Office of Natural Gas and Petroleum Import and Export Activities indicating whether imports of natural gas have been made, and if so, giving, by month, the total volume of the imports in MMBtus and the average purchase price per MMBtu at the international border. The reports shall also provide the details

of each import transaction, including the name of the purchaser, estimated or actual duration of the agreement(s), transporter(s), point of entry, and, if applicable, the per unit (MMBtu) demand/commodity charge breakdown of the price, and special contract price adjustment clause, and any take-or-pay or make-up provisions.

V. TABLE OF EXHIBITS

In support of this Application, the following are provided or incorporated by reference, as described below:^{4/}

- Exhibit A: Opinion of Counsel
- Exhibit B: "Firm Gas Sales Contract" between Amoco Canada Petroleum Company Ltd. And Sierra Pacific Power Company
- Exhibit C: Verification

VI. CONCLUSION

WHEREFORE, for the foregoing reasons, Sierra respectfully requests that authority to import natural gas from Canada purchased under the attached gas sales agreement attached

^{4/} With Sierra's previous applications for blanket authorization, certain other materials were submitted that do not appear to be required by the present regulations. However, for convenience, Sierra provides a reference to those materials. A certificate from the Secretary of State of Nevada certifying that Sierra is authorized to do business in Nevada and is incorporated in that state, and a certified copy of the Sierra articles of incorporation and by-laws were submitted with the Sierra Application in FE Docket No. 89-67-NG.

hereto be promptly approved, with such other relief and authorization as may be determined to be appropriate.

Respectfully submitted,

SIERRA PACIFIC POWER COMPANY

David Norris
Senior Attorney
Sierra Pacific Power Company
6100 Neil Road
Reno, NV 89511
Telephone: (702) 689-4011
Facsimile: (702) 689-4098



Channing D. Strother, Jr.
Goldberg, Fieldman & Letham, P.C.
1100 Fifteenth Street, N.W.
Washington, DC 20005
Telephone: (202) 463-8300
Facsimile: (202) 463-8309

Attorneys for Sierra Pacific
Power Company

October 15, 1997

Exhibit A

Opinion of Counsel



We're changing for the better.

6100 Neil Road, P.O. Box 10100 • Reno, Nevada 89520-0024 • 702.689.5900 • Fax 702.689.3815 • Web Site: www.sierrapacific.com

William E. Peterson

Senior Vice President

General Counsel and Corporate Secretary

October 10, 1997

OPINION OF COUNSEL

Re: Applications by Sierra Pacific Power Company for
Authorization to Import Natural Gas

In connection with the instant application, I have been requested to provide an opinion of counsel as required by 10 C.F.R. § 590.202(c).

As General Counsel of Sierra Pacific Power Company ("Sierra"), I hereby represent that Sierra is a Nevada corporation, duly organized, validly existing, and in good standing under the laws of the State of Nevada, and has within its corporate powers the importation of natural gas proposed in its applications filed with the Department of Energy in October 1997. Sierra has complied with all state laws and regulatory authorities in connection with its applications.

Sincerely,

WEP:jan
NATGAS PCH

Exhibit B

**“Firm Gas Sales Contract” between Amoco Canada Petroleum
Company Ltd. And Sierra Pacific Power Company**

FIRM GAS SALES CONTRACT

This firm Contract made and entered into as of the 1st day of December, 1995 by and

BETWEEN:

AMOCO CANADA PETROLEUM COMPANY LTD. (herein called "Seller")

- and -

SIERRA PACIFIC POWER COMPANY (herein called "Buyer")

WHEREAS:

1. Seller has certain volumes of firm gas supply available for sale and delivery to Buyer; and
2. Buyer wishes to purchase and take delivery on a firm basis such gas from Seller in accordance with the terms and conditions of this Contract; and
3. Buyer and Seller have or will execute an Agency Agreement for Seller to manage Buyer's NOVA Corporation of Alberta (NOVA) and Alberta Natural Gas Company Ltd (ANG) transportation capacity from the Point of Delivery to a point near Kingsgate, British Columbia at the interconnect of the ANG and Pacific Gas Transmission Company (PGT).

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein the parties hereto agree as follows:

ARTICLE I DEFINITIONS AND INTERPRETATIONS

- 1.1 The following words and terms, wherever and whenever used or appearing in this Contract, shall have the following meanings:
 - (a) "**Agency Agreement**" shall mean the Agency Agreement made and entered into by Buyer and Seller in order to designate and appoint Seller as Buyer's representative to do the necessary and appropriate tasks to effectuate transportation of Buyer's gas on NOVA and ANG's gas pipeline systems
 - (b) "**ANG**" shall mean Alberta Natural Gas Company Ltd
 - (c) "**British Thermal Unit**" or "**BTU**" shall mean the amount of energy to raise the temperature of one (1) pound of distilled water one degree Fahrenheit (1° F) from

sixty degrees Fahrenheit (60° F) to sixty-one degrees Fahrenheit (61° F) at constant pressure of fourteen and seventy-three hundredths (14.73) pound per square inch absolute.

- (d) **"Contract"** shall mean this agreement between the parties hereto.
- (e) **"Daily Contract Quantity"** or **"DCQ"** shall have the meaning ascribed to it in Article III, Quantity, herein.
- (f) **"day"** shall mean a period of twenty-four (24) consecutive hours, beginning and ending at 0800 hours Mountain Standard Time.
- (g) **"gas"** shall mean either natural and/or residue gas.
- (h) **"MMBtu"** shall mean one million BTU's. One (1) MMBtu is equivalent to one (1) Dekatherm.
- (i) **"month"** shall mean a period beginning at 0800 hours, Mountain Standard Time, on the first day of a calendar month and ending at 0800 hours, Mountain Standard Time, on the first day of the next succeeding calendar month.
- (j) **"NOVA"** shall mean NOVA Corporation of Alberta.
- (k) **"party"** or **"parties"** shall, as the context requires, mean Seller and/or Buyer.
- (l) **"Point of Delivery"** shall mean a NOVA Inventory Transfer on the NOVA system in Alberta.

1.2 The headings and footers of this Contract are inserted for convenience of reference only and shall not affect the meaning or construction thereof.

1.3 Whenever the singular or masculine or neuter is used in this Contract the same shall be construed as meaning plural or feminine or body politic or corporate and vice versa where the context or the parties hereto so require.

ARTICLE II TERM

2.1 Subject to the conditions hereof, this Contract shall be effective from December 1, 1995 up to and including March 31, 2000.

ARTICLE III QUANTITY

- 3.1 For the period December 1, 1995 to March 31, 1997, the DCQ shall be 5,000 MMBtu.
- 3.2 For the period April 1, 1997 to March 31, 2000, the DCQ shall be 15,000 MMBtu.
- 3.3 Except as expressly provided otherwise under this Contract, during each day of the Contract term Seller shall sell and deliver on a firm basis to Buyer and Buyer shall purchase and take delivery from Seller a quantity of gas equal to the DCQ. The DCQ shall be delivered by Seller to Buyer at the Point of Delivery. Seller shall be responsible for obtaining firm transportation capacity to deliver the gas to the Point of Delivery and Buyer shall be responsible for obtaining firm transportation capacity to take the gas from the Point of Delivery.
- 3.4 If Seller fails to deliver the DCQ and such failure is not excused by the Force Majeure provision herein, Seller shall pay Buyer as liquidated damages for having to obtain alternate supplies of gas, the incremental expense incurred by Buyer to replace the deficiency between the quantity of gas Seller is able to deliver to Buyer, and the DCQ ("deficiency gas"). The incremental expense shall be equal to the positive difference between the price of alternate supplies of gas less the price of gas hereunder times the amount of deficiency gas. Buyer shall use reasonable efforts to mitigate such damages.
- 3.5 If Buyer fails to take delivery of the DCQ and such failure is not excused by the Force Majeure provision herein, Buyer shall pay Seller as liquidated damages for having the gas available for delivery; the incremental expense incurred by Seller to sell the quantity of gas Buyer fails to take from Seller ("non-taken gas"). The incremental expense shall be equal to the positive difference between the price for gas under this Contract less the price received by Seller from the sale of non-taken gas times the amount of non-taken gas. Seller shall use reasonable efforts to mitigate such damages.
- 3.6 The damages referred to in Clauses 3.4 and 3.5 shall be the respective exclusive remedies for Seller's failure to deliver and Buyer's failure to take delivery of gas under this Contract and neither party shall be liable for any indirect, incidental or consequential damages arising from such failures including, but not restricted to, loss of profit or revenues, business interference or claims of third parties.

ARTICLE IV PRICE

- 4.1 For the period December 1, 1995 to March 31, 1997, the price payable per MMBtu in United States dollars for any gas delivered in a month by Seller to Buyer hereunder shall be \$1.07.

- 4.2 For the period April 1, 1997 to March 31, 1998, the price payable per MMBtu in United States dollars for any gas delivered in a month by Seller to Buyer hereunder shall be \$1.14.
- 4.3 For the period April 1, 1998 to March 31, 1999, the price payable per MMBtu in United States dollars for any gas delivered in a month by Seller to Buyer hereunder shall be \$1.23.
- 4.4 For the period April 1, 1999 to March 31, 2000, the price payable per MMBtu in United States dollars for any gas delivered in a month by Seller to Buyer hereunder shall be \$1.34.

ARTICLE V PAYMENT

- 5.1 Seller shall provide Buyer with a statement on or before the 15th day of the month following a month in which deliveries of gas were made pursuant to this Contract. The statement shall describe the quantity of MMBtu delivered in the previous month and the amount payable by Buyer, which shall be equal to the quantity of MMBtu delivered multiplied by the price hereunder plus the goods and services taxes payable in respect of such gas, if applicable. Buyer shall pay Seller such amount on or before the 25th day of the month in which such statement is received, or within 20 days of the date such statement is received if not received by the 15th day of such month. Seller shall be entitled to charge Buyer interest on any overdue amounts calculated at the prime lending rate of the Canadian chartered bank used by Seller plus one percent (1%). All payments shall be made in United States funds. Payments may be made by electronic wire transfer as shown in Clause 12.2. If, after the 10th day following the due date, Buyer fails to pay for gas delivered to it by Seller when due hereunder, Buyer shall be considered to be in "default" and Seller may immediately suspend any further deliveries to Buyer under this Contract upon 24 hours written notice. In addition, if Buyer is in default and if Seller has reasonable grounds to believe that Buyer will be unable to pay for any gas to be delivered, Seller may demand such further financial security as Seller deems necessary from Buyer before delivering any gas to Buyer hereunder.
- 5.2 Buyer shall have the right during Seller's normal business hours to audit, at its expense, the records of Seller related to the gas purchased by it hereunder for a period of 24 months following the date of any statement or invoice in effect provided Buyer gives Seller at least 30 days written notice of such audit. If Seller requests, Buyer shall provide Seller the gross heating value of the gas delivered to Buyer as determined by NOVA.
- 5.3 In preparing any monthly statement, Seller may estimate the quantities of gas sold and delivered to Buyer, provided all necessary adjustments are made in the following month to reflect actual quantities of gas sold and delivered.
- 5.4 Any amounts, except those being disputed in good faith, payable to a party under Clauses 3.4 and 3.5 shall be paid by the other party within 15 days of receipt of a statement outlining the amounts owing. Any overdue amounts shall bear interest at the

prime rate of interest of the Canadian Chartered Bank used by the claiming party plus 1% per annum. A party to be paid amounts under Clauses 3.4 and 3.5 shall be entitled to set off such amounts against any other amounts payable by it to the other party hereunder and reflect such setoff in the monthly revenue statements provided under Clause 5.1.

- 5.5 If Buyer objects to any item or statement shown on a monthly statement, Buyer shall promptly notify Seller of the dispute specifying in reasonable detail the factual basis for the dispute. Seller shall be entitled to object or question all statements or matters related to it within 30 days following the date of the monthly statement. In the event of a dispute regarding a monthly statement, the parties shall endeavor in good faith and use reasonable efforts to resolve such dispute. If the parties fail to resolve such dispute within a 30 day period following receipt by Seller of notice of a dispute in respect of any particular monthly statement, the dispute shall be referred to arbitration at Vancouver, British Columbia for final determination in accordance with the Arbitration Act of Alberta.

ARTICLE VI QUALITY AND PRESSURE

- 6.1 Any gas delivered by Seller to Buyer at the Point of Delivery shall meet the minimum quality specifications and pressure requirements of NOVA. Gas delivered to Buyer by Seller shall be delivered in a common stream with other gas.

ARTICLE VII PIPELINE IMBALANCES

- 7.1 If any imbalance penalties are charged by any pipeline transporting gas hereunder, the party responsible for creating such imbalance shall pay the imbalance penalty.

ARTICLE VIII TITLE

- 8.1 Seller warrants that it has full rights and absolute authority to sell the gas delivered to Buyer at the Point of Delivery. Title, possession and control of the gas shall pass to Buyer at such Point of Delivery. Thereafter Buyer shall be in control and possession of and have title to such gas.

**ARTICLE IX
TAXES**

- 9.1 Any taxes imposed on the gas prior to delivery at the Point of Delivery shall be the responsibility of Seller. Any taxes imposed on the gas after delivery at the Point of Delivery shall be the responsibility of Buyer.

**ARTICLE X
TESTS AND MEASUREMENTS**

- 10.1 The parties hereto shall rely on the testing and measurement information and data provided by NOVA. All testing and measuring of gas hereunder shall be at the Point of Delivery.

**ARTICLE XI
FORCE MAJEURE**

- 11.1 The performance of any of the obligations of a party hereto may be delayed or suspended while, but only so long as, such party is prevented, in whole or in part, from performance by any event of Force Majeure. Force Majeure means any event or occurrence beyond the reasonable control of a party and includes, but is not limited to:
- (a) lightning, earthquakes and storms, strikes, lockouts or other industrial disturbances, power outages, acts of the Queen's enemy, sabotage, wars, blockades, insurrections, riots, epidemics, landslides, floods, fires, washouts, arrests and restraints, civil disturbances, explosions, breakages of or accidents to machines or lines of pipe, freezing of wells or delivery facilities, well blowouts, craterings, the orders of any court or governmental authority; or
 - (b) pipeline curtailments or interruptions of firm transportation to the extent of the curtailment or interruption or any failure or refusal by a transporter to transport gas hereunder.

For the purpose of this clause, a labour dispute is beyond the reasonable control of a party, if in the judgement of that party, settlement of the labour dispute would not be compatible with the party's best interests. The party whose performance is prevented or interrupted, in whole or in part, shall forthwith give notice of the Force Majeure to the other party and shall with all reasonable speed and diligence attempt to remedy the cause of the Force Majeure. Economic reasons, specifically gas price changes, shall not be a basis for claiming Force Majeure.

- 11.2 The party not claiming Force Majeure may terminate this Contract on notice to the other, if an event of Force Majeure lasts longer than 60 consecutive days.

**ARTICLE XII
NOTICES**

- 12.1 Notices and statements shall be in writing and shall be delivered personally, by mail or by facsimile to the parties as follows:

Seller: Amoco Canada Petroleum Company Ltd.
P.O. Box 200
A23, 240 - 4th Avenue S. W.
Calgary, AB
T2P 2H8
Attention: Ron Müller, Natural Gas Marketing
Telephone: (403)233-5675
Facsimile: (403)233-5611

Buyer: Sierra Pacific Power Company
Sierra Plaza
6100 Neil Road
P.O. Box 10100
Reno, NV
89520-0400
Attention: Manager of Gas Supply
Telephone: (702)689-3734
Facsimile: (702)689-3069

Notices and statements shall be considered received on the next business day if delivered personally or by facsimile or, three (3) business days after the date mailed.

- 12.2 Wire transfer payments to be made by Buyer to Seller shall be made to the following account:

Amoco Canada Petroleum Company Ltd.
c/o Canadian Imperial Bank of Commerce
309 - 8th Avenue S.W.
Calgary, Alberta
Account #02-00816
Transit #00009

**ARTICLE XIII
CONFIDENTIALITY**

13.1 This Contract shall not be disclosed in whole or in part by either Party to any third parties without obtaining the prior written consent of the other Party except if such disclosure is required by law or is necessary to obtain regulatory approval or any necessary financing.


**ARTICLE XIV
MISCELLANEOUS**


- 14.1 The provisions of this Contract forms the entire agreement between the parties.
- 14.2 This Contract shall be governed by the laws of the Province of Alberta.
- 14.3 This Contract shall not be assignable by either party without the prior written consent of the other party, which consent shall not be unreasonably withheld.
- 14.4 No amendment, alteration or waiver of any provisions of this Contract shall be binding upon either party unless the same is in writing and signed by the parties.
- 14.5 The waiver by either party of the breach of any provision of this Contract by the other party shall not be deemed to be a waiver of the breach of any other provision(s) hereof or of any subsequent or continuing breach of such provision(s).
- 14.6 This Contract shall bind and inure to the benefit of the parties hereto and their respective successors and assigns.


IN WITNESS WHEREOF the parties hereto have executed this Contract as of the day and year first above written.

**AMOCO CANADA PETROLEUM
COMPANY LTD.**

SIERRA PACIFIC POWER COMPANY

Per: 
 Name: R.L. JESPERSEN
 Title: VICE PRESIDENT, NATURAL GAS CANADA

Per:  *P 12/19/96*
 Name: _____
 Title: Vice President, Wholesale Electric Business

Per: 
 Name: Ron Müller
 Title: Natural Gas Marketing

Per: _____
 Name: _____
 Title: _____

Exhibit C

Verification

VERIFICATION

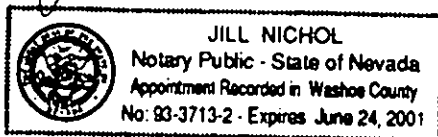
STATE OF NEVADA)
) ss.
COUNTY OF WASHOE)

WILLIAM E. PETERSON, being duly sworn, deposes and certifies that he is the Senior Vice President, General Counsel and Corporate Secretary for Sierra Pacific Power Company ("Sierra"), that he is specifically authorized on behalf of Sierra to execute and file the foregoing application for authority to import natural gas, that he has read said such application and is familiar with the contents thereof, and that all statements of fact therein set forth are true and correct, to the best of his knowledge, information, and belief.

By *William E. Peterson*
William E. Peterson

Subscribed and sworn to before me this
8th day of October, 1997.

By *Jill Nichol*
Jill Nichol, Notary Public



UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

DOE/FE
NOV 19 1997

SIERRA PACIFIC POWER COMPANY)
_____)

FE DOCKET NO. 97-81-NG

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

DOE/FE ORDER NO. 1327

NOVEMBER 5, 1997

I. DESCRIPTION OF REQUEST

On October 15, 1997, Sierra Pacific Power Company (Sierra) filed an application with the Office of Fossil Energy of the Department Energy (DOE), under section 3 of the Natural Gas Act (NGA)^{1/} and DOE Delegation Order Nos. 0204-111 and 0204-127, for authorization to import up to 15,000 MMBtu per day of Canadian natural gas for the period of April 1, 1997, through March 31, 2000.^{2/} Sierra, a Nevada corporation with its principal place of business in Reno, Nevada, is a wholly-owned subsidiary of Sierra Pacific Resources. Sierra is a regulated public utility in the State of Nevada that distributes and sells natural gas in intrastate commerce. Sierra also produces and sells electricity at wholesale and retail. The imported natural gas will be purchased from Amoco Canada Petroleum Company Ltd. (Amoco) pursuant to the terms of a firm gas sales contract (gas contract) dated December 1, 1995. Sierra will import the gas near Eastport, Idaho/Kingsgate, British Columbia, at the interconnection of the Alberta Natural Gas Company Ltd. and Pacific Gas Transmission Company.

1/ 15 U.S.C. § 717b.

2/ Sierra has been importing this gas under its current blanket authorization granted in DOE/FE Order No. 1105, dated October 26, 1995 (1 FE ¶ 71,184).

Under the contract with Amoco, Sierra will pay \$1.14 (U.S.) per MMBtu of the daily contract quantity (DCQ) from April 1, 1995, to March 31, 1998; \$1.23 from April 1, 1998, to March 31, 1999; and \$1.34 from April 1, 1999, to March 31, 2000. Sierra is required to take the entire DCQ subject to a liquidated damages provision. The requested authorization does not involve the construction of new pipeline facilities.

II. FINDING

The application filed by Sierra 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 Sierra 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:

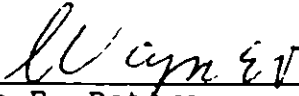
A. Sierra Pacific Power Company (Sierra) is authorized to import up to 15,000 MMBtu per day of natural gas for the period of April 1, 1997, through March 31, 2000, under the terms and conditions of the gas contract dated December 1, 1995, with Amoco Canada Petroleum Company Ltd. (Amoco). This natural gas may be imported near Eastport, Idaho/Kingsgate, British Columbia.

B. With respect to the natural gas imports authorized by this Order, Sierra shall file with the Office of Natural Gas & Petroleum Import and Export Activities, within 30 days following each calendar quarter, a quarterly report indicating by month the volumes and prices of natural gas imported pursuant to this Order. If no imports have been made, a report of "no activity" for that calendar quarter must be filed. If imports have occurred, Sierra must report by month, the volumes in Mcf and the average purchase price of gas per MMBtu delivered at the international border and paid to Amoco. The monthly price information shall itemize separately the demand and commodity charges, fuel charges, and if applicable, reservation fees. In addition, Sierra shall provide to the extent possible, a breakdown of the import volume showing the amount sold in each State and to each of its customers.

C. Quarterly reports shall be filled with the Office of Natural Gas & Petroleum Import and Export Activities, Fossil Energy, Room 3F-056, FE-34, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585.

D. The first quarterly report required by Ordering Paragraph B of this Order is due not later than January 30, 1998, and should cover the period from the date of the Order, until the end of the fourth calendar quarter, December 31, 1997.

Issued in Washington, D.C. on November 5, 1997.



Wayne E. Peters
Manager, Natural Gas Regulation
Office of Natural Gas & Petroleum
Import and Export Activities
Office of Fossil Energy