

**ORIGINAL**

**UNITED STATES OF AMERICA  
OFFICE OF FOSSIL ENERGY**

1017 DDE/FE

1. 1998 P 4 14

TransCanada Gas Services Inc. )

Docket No. 98-20NG

**APPLICATION OF TRANSCANADA GAS SERVICES INC.  
FOR LONG TERM IMPORT AUTHORIZATION**

Pursuant to Section 3 of the Natural Gas Act (NGA), 15 U.S.C. § 717b, and the Rules and Regulations promulgated by the Department of Energy, Office of Fossil Energy (FE), 10 C.F.R. §§ 590.201, et seq., TransCanada Gas Services Inc. (TCG Inc.) files this Application for authorization to import up to 110 Bcf of natural gas from Canada to the United States over a period of ten (10) years from the date of initial deliveries, pursuant to the terms of a long-term contract entered into between TCG Inc. and TransCanada Gas Services, A Division Of TransCanada Energy Ltd. (TCGS). In support hereof, TCG Inc. states as follows:

**I. Description of Applicant**

The exact name and location of the principal place of business of TCG Inc. are:

TransCanada Gas Services Inc.  
530 Eighth Avenue, S.W.  
Box 500, Station M  
Calgary, Alberta  
Canada T2P 3S8

The names, addresses, and telephone numbers of the persons upon whom service is to be made and to whom communications are to be addressed are:

Mark P. Stauff  
Vice President, Regulatory Affairs  
TransCanada Gas Services, A Division  
Of TransCanada Energy Ltd.  
503 Eighth Avenue, S.W.  
Box 500, Station M  
Calgary, Alberta  
Canada T2P 3S8  
(403) 213-5042

Robert I. White  
Nancy A. White  
Long Aldridge & Norman LLP  
701 Pennsylvania Avenue, N.W.  
Suite 600  
Washington, D.C. 20004  
(202) 624-1200

and

TransCanada Energy Ltd.  
601 - 13th Street, N.W.  
Suite 350 South  
Washington, D.C. 20005  
(202) 303-2795

TCG Inc., a Delaware corporation, is a wholly-owned subsidiary of TransCanada PipeLines Limited (TransCanada). TransCanada is a Canadian natural gas transmission company incorporated in 1951 by a special act of the Parliament of Canada. TransCanada and its subsidiaries own, inter alia, a natural gas transmission system extending from Alberta to Quebec and purchase, transport, and sell natural gas to customers in Canada and the United States.

TCG Inc. is a natural gas marketer and is a major importer and exporter of natural gas to and from the United States. Pursuant to 18 C.F.R. §590.202(c), TCG Inc. has

attached as Appendix A hereto an opinion of counsel confirming that TCG Inc. is duly authorized to engage in the imports proposed in this application.

**II. Authorization Requested.**

TCG Inc. proposes to import up to 110 Bcf of natural gas from Canada over a ten (10) year term. The natural gas to be imported under the requested authorization will be purchased by TCG Inc. pursuant to the terms of an agreement between TCG Inc. and TCGS. A copy of the agreement between TCG Inc. and TCGS is attached hereto as Appendix B.

Pursuant to the terms of the attached gas purchase agreement, TCG Inc. will purchase up to 30,000 Mcf (31,369 GJ) of natural gas per day from TCGS, and transport that natural gas over the pipeline system of Portland Natural Gas Transmission System (PNGTS), for sale in markets served by PNGTS, as well as downstream markets. In connection with this gas purchase agreement, TCG Inc. has entered into a long term transportation contract with PNGTS to accomplish delivery of the volumes proposed for import under the authorization requested herein. TCG Inc. will purchase all supplies transported over its PNGTS capacity under the gas purchase agreement with TCGS. The agreement further provides that the price of gas sold by TCGS to TCG Inc. shall be determined by the purchase price paid by customers for natural gas delivered through TCG Inc.'s PNGTS capacity. This agreement has a primary term of 10 years, commencing with the date of first delivery thereunder.

Although the gas purchase contract underlying the proposed establishes a daily contract quantity, TCG Inc. requests that any authorization granted herein not contain a daily limitation on imports. Instead, TCG Inc. requests that such authorization permit TCG Inc. to

import up to 11 Bcf per year, and up to 110 Bcf over the life of the import authorization. This approach will provide flexibility for TCG Inc. to respond to any needs for balancing on a day-to-day basis that may arise over the life of the gas purchase contract.

TCG Inc. will import natural gas at a proposed interconnection between the pipeline systems of TransCanada and PNGTS, on the United States/Canada international border near East Hereford, Quebec. In this regard, the PNGTS facilities to be used to transport supplies purchased from TCG Inc. from TCGS are part of a 142-mile long, 24-inch diameter pipeline extending from Pittsburg, New Hampshire to Westbrook, Maine. The Federal Energy Regulatory Commission (FERC), acting pursuant to NGA Sections 3 and 7, 15 U.S.C. §§717c and 717f, and regulations thereunder, has approved construction and operation of PNGTS' proposed pipeline facilities in orders issued July 31, 1997 and September 24, 1997. Portland Natural Gas Transmission System, 80 FERC ¶ 61,134 and 80 FERC ¶ 61,345 (1997).

**III. The Requested Authorization Meets The Criterion Of NGA Section 3(c) And Should Be Granted Without Further Procedures.**

Consideration of this application is governed by NGA Section 3, 15 U.S.C. § 717b. Section 3 requires that a proposed import or export be approved unless FE determines that the export will not be consistent with the public interest. Id. NGA Section 3(c) further provides that imports and exports of natural gas shall be deemed to be consistent with the public interest, if the gas is proposed to be imported from or exported to a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas. 15 U.S.C. § 717b(c). Canada is party to a free trade agreement with

the United States which provides for national treatment for natural gas.<sup>1</sup> Accordingly, pursuant to NGA Section 3(c), TCG Inc.'s proposed imports must be deemed to be consistent with the public interest, and its application should be granted without further proceedings.

**IV. Environmental Impact.**

As noted above, the FERC has approved construction of these border facilities to be owned and operated by PNGTS which will be used by TCG Inc. to accomplish the proposed imports. As part of that review, the FERC determined that, with certain mitigation measures, the proposed construction and operation of those facilities is environmentally acceptable. 80 FERC ¶ 61,345, at p. 62,158. The proposed imports will have no environmental impacts beyond those related PNGTS' proposed construction, which were considered and addressed in the FERC's orders.

**V. Quarterly Reports.**

Consistent with the FE's Orders on other long-term import applications, TCG Inc. proposes that, with respect to the natural gas imports under the requested authorization, it will file, within 30 days following each calendar quarter, a quarterly report indicating by month the volumes and prices of natural gas imported pursuant to the authorization. Such reports will include the volumes in Mcf imported by TCG Inc. and the average purchase price of gas per MMBtu delivered at the international border and paid to TCGS.

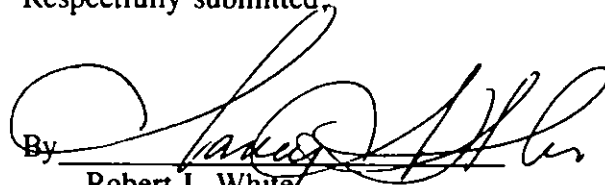
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<sup>1</sup> North American Free Trade Agreement, Chapter 6, Article 607.

Conclusion

WHEREFORE, TransCanada Gas Services Inc. respectfully requests that the Department of Energy, Office of Fossil Energy issue an order authorizing TransCanada Gas Services Inc. to import from Canada to the United States up to 11 Bcf of natural gas per year and up to 110 Bcf of natural gas over a ten (10) year period, commencing with the date of the first import.

Respectfully submitted,

By 

Robert I. White  
Nancy A. White  
Long Aldridge & Norman, LLP  
Suite 600  
701 Pennsylvania Avenue, N.W.  
Washington, D.C. 20004  
(202) 624-1200

Washington, DC  
March 16, 1998

**APPENDIX A**

LONG ALDRIDGE  
& NORMAN  
ATTORNEYS AT LAW

APPENDIX A

March 16, 1998


TransCanada Gas Services Inc.  
530 Eighth Avenue, S.W.  
Box 500, Station M  
Calgary, Alberta  
Canada T2P 3S8

Dear Sirs:

It is our understanding that TransCanada Gas Services Inc., a Delaware corporation, proposes to apply to the United States Department of Energy, Office of Fossil Energy (FE), for long-term authorization to import up to 11 Bcf of natural gas from Canada over a ten (10) year term pursuant to Section 3 of the Natural Gas Act, 15 U.S.C. § 717b. For the purposes of completing that application, as prescribed by the FE's regulations at 10 C.F.R. § 590.202(c), it is our opinion that:

1. TransCanada Gas Services Inc. is a corporation duly organized, validly existing, and in good standing under the laws of the State of Delaware.
2. The proposed importation of natural gas is within the corporate powers of TransCanada Gas Services Inc.

Very truly yours,



Long Aldridge & Norman LLP

701 PENNSYLVANIA AVENUE, N.W.  
SUITE 600 • WASHINGTON, D.C. 20004  
202 624-1200 • FACSIMILE 202 624-1298

ATLANTA, GEORGIA OFFICE  
303 PEACHTREE STREET • SUITE 5300 • ATLANTA, GEORGIA 30308  
404 527-4000 • FACSIMILE 404 527-4198



**APPENDIX B**



TransCanada

**CONTRACT FOR SALE AND PURCHASE**

**OF NATURAL GAS**

**BETWEEN:**

**TRANSCANADA GAS SERVICES,  
a Division of TransCanada Energy Ltd.,  
an Alberta corporation with offices at  
#3400, 237 - 4 Avenue S. W.  
Calgary, Alberta  
T2P 5A4**

(referred to as "Seller")

- and -

**TRANSCANADA GAS SERVICES INC.,  
a Delaware corporation with offices at  
#3400, 237 - 4 Avenue S. W.  
Calgary, Alberta  
T2P 5A4**

(referred to as "Buyer")

Dated February 1, 1998

Contract No.: 105609

Seller has certain quantities of Gas which are available for sale; Buyer desires to purchase such Gas from Seller and Seller desires to sell such Gas to Buyer on a long-term, Firm basis in accordance with the terms of this Contract. Seller has contracted for long-term capacity on the TransCanada PipeLines Limited system, and Buyer has contracted for long-term capacity on the Portland Natural Gas Transmission System. In consideration of the terms and conditions set forth herein, the parties hereto agree as follows:

## SECTION 1 - DEFINITIONS

1.1 The terms used in this Contract, are defined as follows:

*Business Day* shall mean any day except Saturday, Sunday and Statutory or Legal Holidays observed in the City of Calgary.

*Contract* shall mean this agreement, including all attached exhibits, if any, and all amendments that may be made from time to time.

*Contract Price* shall mean the amount expressed in Canadian Dollars per GJ determined in accordance with Section 3.

*Contract Quantity* shall mean 31,369 GJ per day.

*Day* shall mean a period of twenty-four (24) consecutive hours beginning and ending at 8:00 am, coextensive with a "day" as defined by TCPL where appropriate.

*Delivery Point* shall mean the interconnection between the TransCanada and Portland systems at the international border near East Hereford, Quebec.

*Firm* shall mean that either party may interrupt its performance without liability only to the extent that such performance is prevented for reasons of Force Majeure; provided, however, that during Force Majeure interruptions, the party invoking Force Majeure may be responsible for any

**Imbalance Charges** as set forth in Section 4 related to its interruption after the nomination is made to the Transporter and until the change in deliveries and/or receipts is confirmed by the Transporter.

**Gas** shall mean any mixture of hydrocarbons and non-combustible gases in a gaseous state consisting primarily of methane.

**GJ** shall mean a gigajoule of energy.

**GST** shall mean any goods and services tax including, without limitation, the goods and services tax provided for in *The Excise Tax Act* (Canada) or a similar tax enacted under successor legislation.

**Imbalance Charges** shall mean any fees, penalties, costs or charges (in cash or in kind) assessed by a Transporter for failure to satisfy the Transporter's balance or nomination requirements.

**Month** shall mean the period of time beginning on the first Day of the calendar month and ending immediately prior to the commencement of the first Day of the next calendar month.

**Payment Date** shall mean the date on or before which payment is due Seller for Gas received by Buyer in the previous Month.

**Portland** means the Portland Natural Gas Transmission System.

**Portland Deliveries** means any gas sold to customers where the gas for the sale is transported using Buyer's Portland transportation capacity.

**Prime Rate** shall mean the current lending rate announced and published by the Royal Bank of Canada as its prime rate of interest for commercial loans to its most credit-worthy customers.

**Scheduled Daily Delivery** shall mean the quantity of natural gas which Buyer requests Seller to tender for delivery during any day at the Delivery Point. The Scheduled Daily Delivery shall not exceed the Contract Quantity.

**Scheduled Gas** shall mean the quantity of Gas confirmed by Transporters for movement, transportation or management.

**Term** shall mean the period of time during which this Contract shall be in effect as set forth in Section 10.

**TransCanada** is the TransCanada PipeLines Limited transmission system.

**Transporter** shall mean all gas gathering or pipeline companies acting in the capacity of a transporter, transporting Gas upstream or downstream, respectively, of the Delivery Point.

**Transportation Service** shall mean the 850 10<sup>3</sup>m<sup>3</sup>/day of transportation service from Empress to the East Hereford, Quebec export point which TransCanada has requested TCPL to provide beginning November 1, 1998.

**year** shall mean a period of 365 days, unless that period includes February 29, in which case the year will be 366 days.

- 1.2 Terms used in the Contract that are not defined but have an accepted meaning in the Canadian natural gas industry have that meaning in this Contract.

## SECTION 2 - PERFORMANCE OBLIGATION

- 2.1 On each day of this Agreement Seller shall sell and deliver to Buyer at the Delivery Point, and Buyer shall purchase and accept delivery from Seller, the Scheduled Daily Delivery.

- 2.2 Buyer agrees that, on each day, it will purchase from Seller all of the gas used for Portland Deliveries.

### **SECTION 3 - PRICE**

- 3.1 The Contract Price to be paid by Buyer to Seller for each GJ of Gas purchased and sold during any Month shall equal the average price per GJ for Portland Deliveries during the Month.

### **SECTION 4 - TRANSPORTATION, NOMINATIONS AND IMBALANCES**

- 4.1 Seller shall have the sole responsibility for transporting the Gas to the Delivery Point and for delivering such Gas at a pressure sufficient to effect such delivery but not to exceed the maximum operating pressure of Portland. Buyer shall have the sole responsibility for transporting the Gas from the Delivery Point. The party responsible for Imbalance Charges being incurred shall pay the charges.

### **SECTION 5 - QUALITY AND MEASUREMENT**

- 5.1 All Gas delivered by Seller shall meet the quality, heat content and pressure requirements of TransCanada.
- 5.2 For deliveries under this Contract the parties adopt the volume and gross heating value measurements of TransCanada at the Delivery Point in accordance with established procedures of TransCanada.

## SECTION 6 - TAXES

6.1 Seller shall pay or cause to be paid all taxes, fees, levies, penalties, licenses or charges imposed by any government authority ("Taxes") on or with respect to the Gas prior to the Delivery Point. Buyer shall pay or cause to be paid all Taxes on or with respect to the Gas at the Delivery Point and all Taxes on or with respect to the Gas after the Delivery Point. If a party is required to remit or pay Taxes that are the other party's responsibility hereunder, the party responsible for such Taxes shall promptly reimburse the other party for such Taxes.

6.2 Without limiting the generality of the foregoing, the parties acknowledge and agree that:

- (a) Buyer will pay to Seller the amount of GST payable for the purchase of Gas in addition to all other amounts payable under this Contract;
- (b) Seller will hold the GST paid by the Buyer and will remit such GST as required by law; and
- (c) each party will provide the other party with any information required to satisfy GST remittance requirements, including GST registration numbers.

If any amount is payable due to a party's failure to perform all or part of its obligations, that failure is deemed to be a breach of this Contract and the liability for that breach includes the amount of GST payable.

## SECTION 7 - BILLING, PAYMENT AND AUDIT

7.1 Seller shall invoice Buyer for Gas delivered and received in the preceding Month and for any other applicable charges, providing supporting documentation acceptable in industry practice to support the amount charged, not later than the fifteenth (15th) day of each Month. If the actual quantity delivered is not known by the billing date, billing will be prepared based on the quantity of Scheduled Gas. The invoice quantity will then be adjusted to the actual quantity on the following Month's billing or as soon thereafter as actual delivery information is available.

7.2 Buyer shall remit the amount due to an account designated by Seller on or before

- (i) the twenty-fifth (25th) day of the Month, or
- (ii) ten (10) days after receipt of Seller's invoice, whichever is later; provided that if the Payment Date is not a Business Day, payment is due on the next Business Day following that date.

#### **SECTION 8 - TITLE AND WARRANTY**

- 8.1 Unless otherwise specifically agreed, title to the Gas shall pass from Seller to Buyer at the Delivery Point. Seller shall have responsibility for and assume any liability with respect to the Gas prior to its delivery to Buyer at the Delivery Point. Buyer shall have responsibility for any liability with respect to the Gas after its delivery to Buyer at the Delivery Point.
- 8.2 Seller warrants that it will have the right to convey and will transfer good and merchantable title to all Gas sold hereunder and delivered by it to Buyer, free and clear of all liens, encumbrances, and claims.
- 8.3 Notwithstanding the other provisions of this Section 8, as between Seller and Buyer, Seller will be liable to Buyer for all losses, liabilities or claims to the extent that such arise from the failure of Gas delivered by Seller to meet the quality requirements of Section 5.

#### **SECTION 9 - FORCE MAJEURE**

- 9.1 Except with regard to a party's obligation to make payment due under Section 7 and Imbalance Charges under Section 4, neither party shall be liable to the other for failure to perform its obligations under this Contract to the extent such failure was caused by Force Majeure. The term "Force Majeure" as used in this Contract means any cause not reasonably within the control of the party claiming suspension, as further defined in Section 9.2.



**9.2 Force Majeure shall include but not be limited to the following:**

- (i) physical events such as acts of God, landslides, lightning, earthquakes, fires, storms or storm warnings, such as hurricanes, which result in evacuation of the affected area, floods, washouts, explosions, breakage or accident or necessity of repairs to machinery or equipment of lines of pipe;
- (ii) weather related events affecting an entire geographic region, such as low temperatures which cause freezing or failure of wells or lines of pipe;
- (iii) interruption of firm transportation or storage by Transporters;
- (iv) acts of others such as strikes, lockouts or other industrial disturbances, riots, sabotage, insurrections or wars; and
- (v) governmental actions such as necessity for compliance with any court order, law, statute, ordinance, or regulation promulgated by a governmental authority having jurisdiction.

Seller and Buyer shall make commercially reasonable efforts to avoid the adverse impacts of a Force Majeure and to resolve the event or occurrence once it has occurred in order to resume performance.

**9.3 Neither party shall be entitled to the benefit of the provisions of Force Majeure to the extent performance is affected by any or all of the following circumstances:**

- (i) the curtailment of interruptible or secondary firm transportation unless primary, in-path, firm transportation is also curtailed;
- (ii) any partial or total depletion of Gas reserves or other sources of Gas supply owned by or under contract to Seller, or the failure of such Gas reserves to produce quantities of Gas sufficient to allow Seller to meet its obligations under this Contract;
- (iii) any inability or failure of Buyer to market Gas due to Buyer's loss of markets for reasons not otherwise a result of an event of Force Majeure;

- (iv) the party claiming excuse failed to remedy the condition and to resume the performance of such covenants or obligations with reasonable dispatch; or
- (v) economic hardship.

The party claiming Force Majeure shall not be excused from its responsibility (if any) for Imbalance Charges.

- 9.4 Notwithstanding anything to the contrary herein, the parties agree that the settlement of strikes, lockouts or other industrial disturbances shall be entirely within the sole discretion of the party experiencing such disturbance.
- 9.5 The party whose performance is prevented by Force Majeure must provide notice to the other party forthwith. Initial notice may be given orally, however, written notification with reasonably full particulars of the event or occurrence is required as soon as reasonably possible. Upon providing written notice of Force Majeure to the other party, the affected party shall be relieved of its obligation to make or accept delivery of Gas as applicable, to the extent and for the duration of the Force Majeure, and neither party shall be deemed to have failed in such obligations to the other during such occurrence or event.
- 9.6 No suspension or reduction of performance by reason of an event of Force Majeure shall invalidate this Contract, and upon removal of the Force Majeure performance shall resume as provided in this Contract as soon as practicable unless the Term of this Contract shall have expired.

## SECTION 10 - TERM

- 10.1 This Contract shall become effective as of the date that TransCanada provides the Transportation Service to Seller (the "Initial Date of Delivery"), and shall continue in full force and effect unless terminated earlier under the provisions hereof, until 10 years from the Initial Date of Delivery. If this Contract has not become effective by November 1, 1999, it shall terminate and be of no further force and effect.

10.2 The rights of either party to make payment shall survive the termination of this Contract.

## SECTION 11 - MISCELLANEOUS

- 11.1 This Contract shall be binding upon and inure to the benefit of the successors, permitted assigns, personal representatives, and heirs of the respective parties hereto, and the covenants, conditions, rights and obligations of this Contract shall run for the full term of this Contract. No assignment of this Contract, in whole or in part, will be made without the prior written consent of the non-assigning party. Upon any transfer and assumption, the transferor shall not be relieved of or discharged from any obligations hereunder.
- 11.2 If any provision of this Contract is determined to be invalid, void or unenforceable by any court having jurisdiction, such determination shall not invalidate, void, or make unenforceable any other provision, agreement or covenant of this Contract.
- 11.3 No waiver of any breach of this Contract shall be held to be a waiver of any other or subsequent breach.
- 11.4 This Contract sets forth all understandings between the parties respecting the transaction subject hereto, and any prior contracts, understandings and representations, whether oral or written, relating to such transaction (if any), are merged into and superseded by this Contract. This Contract may be amended only by an amendment in writing executed by both parties.
- 11.5 The interpretation and performance of this Contract shall be governed by the laws of the Province of Alberta, excluding any conflict of laws rule which would apply the law of another jurisdiction. The parties hereby submit to the non-exclusive jurisdiction of the courts of the Province of Alberta and all courts of appeal therefrom.
- 11.6 This Contract and all provisions herein will be subject to all applicable and valid statutes, rules, orders and regulations of any governmental authority having jurisdiction over the parties, their facilities, or Gas supply.

11.7 Each party to this Contract represents and warrants that it has full and complete authority to enter into and perform this Contract. Each person who executes this Contract on behalf of either party represents and warrants that it has full and complete authority to do so and that such party shall be bound thereby.

11.8 This Contract shall be considered for all purposes as prepared and drafted through the joint efforts of the parties and shall not be construed against one party or the other as a result of the preparation, submittal or other event of negotiation, drafting or execution.

IN WITNESS WHEREOF, the parties have caused this Contract to be executed by its proper duly authorized officers as of the 1st day of February, 1998. in duplicate originals, each of which shall constitute and be an original Contract.

**TransCanada Gas Services,  
a Division of TransCanada Energy Ltd.**

per: Stan Becker  
(Title / Position)

*ms*

per: [Signature]  
(Title / Position)

**TransCanada Gas Services Inc.**

per: Stan Becker  
(Title / Position)


*ms*

per: [Signature]  
(Title / Position)

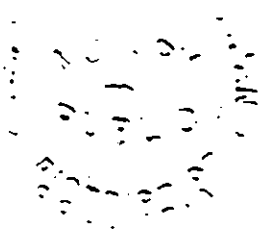
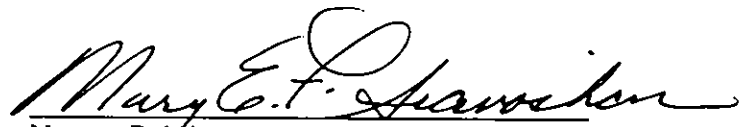
VERIFICATION

DISTRICT OF COLUMBIA,

Nancy A. White, being first duly sworn, deposes and says that she is Counsel for TransCanada Gas Services Inc.; that she is authorized to sign the foregoing; that she is familiar with the contents thereof; and that the matters and thoughts set forth therein are true and correct to the best of her knowledge, information and belief.

  
Nancy A. White

Sworn before me at Washington, D.C. this 16th day of March, 1998.

  
  
Notary Public  
My Commission Expires July 14, 2001

UNITED STATES OF AMERICA  
DEPARTMENT OF ENERGY  
OFFICE OF FOSSIL ENERGY

\_\_\_\_\_  
TRANSCANADA GAS SERVICES INC. )  
\_\_\_\_\_)

FE DOCKET NO. 98-20-NG

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

DOE/FE ORDER NO. 1382

REC'D ONE/FE  
MAY 11 1998 10 53

MAY 08, 1998

I. DESCRIPTION OF REQUEST

On March 16, 1998, TransCanada Gas Services Inc. (TCG Inc.) filed an application with the Office of Fossil Energy of the Department of Energy (FE/DOE), under section 3 of the Natural Gas Act (NGA)<sup>1/</sup> and DOE Delegation Order Nos. 0204-111 and 0204-127, requesting authorization to import from Canada up to 11 billion cubic feet (Bcf) of natural gas per year (approximately 30,137 thousand cubic feet (Mcf) per day) over ten year period from the date of initial deliveries. Initial deliveries are expected to begin no earlier than November 1, 1998. TCG Inc. plans to purchase the gas supplies from TransCanada Gas Services (TCGS), A Division Of TransCanada Energy Ltd. pursuant to a Purchase/Sale Agreement dated February 1, 1998. TCG Inc., a Delaware corporation with its principal place of business in Calgary, Alberta, is a wholly-owned subsidiary of TransCanada PipeLines Ltd. (TransCanada).

TCG Inc. intends to transport the gas over the proposed Portland Natural Gas Transmission System (PNGTS), for sale in markets served by PNGTS, as well as other downstream markets. TCGS has contracted for long-term capacity on the TransCanada system and TCG Inc. has contracted for long-term capacity on the proposed PNGTS. TCG Inc. will import the gas at the proposed interconnection between the pipeline systems of TransCanada and PNGTS, on the United States/Canada border near East Hereford, Quebec and Pittsburg, New Hampshire. The mainline facilities of

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1/ 15 U.S.C. § 717b.

PNGTS will consist of 142 miles of 24-inch diameter pipeline extending from Pittsburg, New Hampshire to Westbrook, Maine.

The purchase contract filed with this application states that the contract price for each delivery month shall be a price in Canadian dollars per GJ equal to the average price per GJ for PNGTS deliveries during the month. Under this import arrangement, TCG Inc. will incur imbalance charges if it does not take its daily contract quantity.

## II. FINDING

The application filed by TCG Inc. 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 TCG Inc. 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. TransCanada Gas Services Inc. (TCG Inc.) is authorized to import from Canada up to 11 billion cubic feet (Bcf) of



natural gas per year, and up to 110 Bcf over a 10-year term commencing November 1, 1998, through October 31, 2008, or for 10 years after the commencement of deliveries if deliveries begin after November 1, 1998, in accordance with the terms of the Purchase/Sale Agreement signed by TCG Inc. and TransCanada Gas Services, A Division of TransCanada Energy Ltd. (TCGS), on February 1, 1998. This gas may be imported from Canada at the interconnection of TransCanada PipeLines Limited and Portland Natural Gas Transmission System near Pittsburg, New Hampshire, and East Hereford, Quebec, on the United States/Canada border.

B. Within two weeks after deliveries begin, TCG Inc. shall provide written notification to the Office of Natural Gas & Petroleum Import and Export Activities of the date that the first import of natural gas authorized in Ordering Paragraph A above occurred.

C. With respect to the natural gas imports authorized by this Order, TCG Inc. 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, TCG Inc. must report total monthly volumes in Mcf and the average purchase price of gas in U.S. dollars per MMBtu delivered at the international border, and paid to TCGS. The monthly price information shall itemize separately the monthly

demand and commodity charges, and, if applicable, any imbalance charges that TCG Inc. may have incurred. In addition to the above volume and pricing information, TCG Inc. shall provide a volumetric breakdown of the geographic markets (by State) served by this gas supply.

D. The reports required by Ordering Paragraphs B and C of this Order shall be filed with the Office of Natural Gas & Petroleum Import and Export Activities, Fossil Energy, Room 3E-042, FE-34, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C., 20585.

E. The first quarterly report required by Ordering Paragraph C of this Order is due not later than January 30, 1999, and should cover the period of the fourth calendar quarter of 1998 (October 1, 1998, through December 31, 1998).

Issued in Washington, D.C. on May 8, 1998.



---

John W. Glynn  
Manager, Natural Gas Regulations  
Office of Natural Gas & Petroleum  
Import and Export Activities  
Office of Fossil Energy



**TransCanada**

**TransCanada Gas  
Services**

3400, 237 - 4th Avenue S.W.  
Calgary, Alberta, Canada T2P 5A4  
Telephone: (403) 213-3100  
Fax: (403) 213-3111

April 15, 1999

Department of Energy  
Docket Room, 3E-402; FE-34  
Forestall Building  
1000 Independence Avenue S.W.  
Washington, D.C.  
20585 U.S.A.

Attention: Office Fuels Program  
Fossils Energy

Re: Notification of Compliance for DOE/FE Order No. 1382

Dear Sir,

TransCanada Gas Services Inc. (TransCanada) hereby notifies the Office of Fuels Programs, Fossil Energy, that on March 1, 1999 TransCanada began the import and export of natural gas from and to Canada as authorized on May 8, 1998 by DOE/FE Order No. 1382 (FE Docket No. 98-20-NG) and extending through October 31, 2008.

Yours truly,

Vanessa Penner  
Regulatory Reporting Analyst

REC'D DOE/FE  
15 APR 99 A 1:44