UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

TENASKA WASHINGTON PARTNERS, L.P.

FE DOCKET NO. 98-05-NG

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

DOE/FE ORDER NO. 1354

JANUARY 28, 1998

I. DESCRIPTION OF REQUEST

On January 20, 1998, Tenaska Washington Partners, L.P. (Tenaska) filed an application with the Office of Fossil Energy 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, for authorization to import up to 50,000 MMBtu (approximately 50,000 Mcf) per day of natural gas from Canada. The term of the import would begin on the date of authorization through December 31, 2011. Tenaska is a partnership under the laws of the State of Washington with its principal place of business in Omaha, Nebraska. The imported gas would be used to fuel a 245-megawatt cogeneration facility owned by Tenaska and located in Whatcom County, Washington. Electricity produced by the cogeneration facility is being sold to Puget Sound Energy, Inc. (Puget), a Washington corporation with offices in Bellevue, Washington.

The gas would be imported from Canada at the international border near Sumas, Washington, under a gas purchase agreement between Tenaska and Puget dated January 1, 1998. The agreement requires Tenaska to pay Puget a Market Index Price in U.S. dollars per MMBtu equal to the price for the day of gas deliveries published in the Daily Price Survey of Gas Daily under "Daily Midpoint for NW Sumas", plus $0.06 per MMBtu. Tenaska is obligated to take or pay for 86 percent of the sum of the maximum daily contract quantities each month. Tenaska would be required to pay a deficiency charge if it does not take the prescribed minimum quantities.

II. FINDING

The application filed by Tenaska 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 Tenaska 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. Tenaska Washington Partners, L.P. (Tenaska) is authorized to import at Sumas, Washington up to 50,000 MMBtu (approximately 50,000 Mcf) per day of Canadian natural gas for a period commencing on the date of this Order through December 31, 2011. This gas shall be imported consistent with the terms and conditions of Tenaska's gas purchase agreement with Puget Sound Energy, Inc., dated January 1, 1998, on file in this docket.

B. Within two weeks after deliveries begin, Tenaska shall provide written notification to the Office of Natural Gas & Petroleum Import and Export Activities, Fossil Energy, Room 3E-033, FE-34, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585, 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, Tenaska shall file with the Office of Natural Gas & Petroleum Import and Export Activities, within 30 days following each calendar quarter, quarterly reports indicating whether imports of natural gas have been made. Quarterly reports must be filed whether or not initial deliveries have begun. If no imports of natural gas have been made, a report of "no activity" for that calendar quarter must be filed. If imports have occurred, Tenaska must report total monthly volumes in Mcf and the average purchase price of gas per MMBtu delivered at the international border. The reports shall also itemize separately any minimum take deficiency payments made by Tenaska during a particular calendar quarter.

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

Issued in Washington, D.C., on January 28, 1998.

John W. Glynn

Manager, Natural Gas Regulation

Office of Natural Gas & Petroleum

Import and Export Activities

Office of Fossil Energy

1. / 15 U.S.C. § 717b.