

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

DISTRIGAS CORPORATION
FE DOCKET NO. 98-58-LNG

ORDER GRANTING BLANKET AUTHORIZATION
TO IMPORT LIQUEFIED NATURAL GAS

DOE/FE ORDER NO. 1405

AUGUST 13, 1998

I. DESCRIPTION OF REQUEST

On August 10, 1998, Distrigas Corporation (Distrigas) 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, requesting blanket authorization to import up to 100 billion cubic feet of liquefied natural gas (LNG) from various international sources for a two year period beginning on the date of first import delivery after September 8, 1998.⁽²⁾ Distrigas, a Delaware corporation with its principal place of business in Boston, Massachusetts, is a wholly-owned subsidiary of Cabot LNG Corporation, which in turn is a wholly-owned subsidiary of Cabot Corporation. Distrigas proposes to make its imported LNG available to its affiliate Distrigas of Massachusetts Corporation, which owns and operates a LNG receiving terminal in Everett, Massachusetts. The requested authorization does not involve the construction of any new facilities.

II. FINDING

The application filed by Distrigas has been evaluated to determine if the proposed import arrangement meets the public interest requirement 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 LNG is deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought by Distrigas to import LNG meets the section 3(c) criterion and, therefore, is consistent with the public interest. This blanket order authorizes transactions under contracts with terms of no longer than two years.

ORDER

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

- A. Distrigas Corporation (Distrigas) is authorized to import up to 100 billion cubic feet of liquefied natural gas (LNG), from any foreign supplier of LNG, for a period of two years beginning on the date of first import delivery after September 8, 1998. This LNG may be imported at any receiving facility in the United States, or its territories.
- B. Within two weeks after deliveries begin, Distrigas shall provide written notification to the Office of Natural Gas & Petroleum Import and Export Activities of the date that the first import of LNG authorized in Ordering Paragraph A above occurred.
- C. With respect to the LNG imports authorized by this Order, Distrigas shall file with the Office of Natural Gas & Petroleum Import and Export Activities, Fossil Energy, within 30 days following each calendar quarter, quarterly reports indicating whether imports of LNG have been made. Quarterly reports must be filed whether or not initial deliveries have begun. If no imports of LNG have been made, a report of "no activity" for that calendar quarter must be filed. If imports have occurred, Distrigas must report by month: (1) the total volume of imports in Mcf and MMBtu; (2) the country of origin; (3) the name(s) of the seller(s); (4) the name(s) of the LNG tanker(s) used; (5) the geographic market(s) served; (6) the average landed cost per MMBtu at the point of import; and (7) the per unit (MMBtu) demand/commodity/reservation charge breakdown of the price, if applicable. The reports shall also include the monthly volumes in Mcf taken by each of Distrigas of Massachusetts Corporation's customers.
- D. The first quarterly report required by Ordering Paragraph C of this Order is due not later than October 30, 1998, and should cover the period from September 9, 1998, through the end of the third calendar quarter, September 30, 1998.
- E. The notification and 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.

Issued in Washington, D.C., on August 13, 1998.

John W. Glynn

Manager, Natural Gas Regulation

Office of Natural Gas & Petroleum

Import and Export Activities

Office of Fossil Energy

1. 1/ 15 U.S.C. § 717b.

2. 2/ September 8, 1998, is the expiration date of Distrigas's existing blanket import authorization granted by DOE/FE Order No. 902 dated December 30, 1993 (1 FE ¶ 70,914).