

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

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CABOT ENERGY SERVICE CORPORATION) FE DOCKET NO. 00-29-LNG
_____)

ORDER GRANTING BLANKET AUTHORIZATION
TO IMPORT LIQUEFIED NATURAL GAS

DOE/FE ORDER NO. 1590

MAY 5, 2000

I. DESCRIPTION OF REQUEST

On May 1, 2000, Cabot Energy Service Corporation (CESCO) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act^{1/} (NGA) and DOE Delegation Order Nos. 0204-111 and 0204-127, for blanket authorization to import an amount of liquefied natural gas (LNG) equivalent to 100 billion cubic feet of natural gas from various international sources over a two-year term beginning on the date of first delivery. CESCO was granted authorization to import LNG in DOE/ERA Opinion and Order No. 72^{2/} on February 26, 1985, but has not been an active importer since 1986. CESCO, a Delaware corporation with its principal place of business in Boston, Massachusetts, is a wholly-owned subsidiary of Cabot LNG Corporation, which is a wholly-owned subsidiary of Cabot Corporation. The volumes will be imported by CESCO for sale on a spot or short-term basis to domestic customers including its affiliate Distrigas of Massachusetts Corporation. The requested authorization does not involve the construction of new facilities.^{3/}

II. FINDING

The application filed by CESCO 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 import of LNG is deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought by CESCO to import LNG meets the section

^{1/} 15 U.S.C. § 717b.

^{2/} 1 ERA, ¶ 70,124.

^{3/} CESCO indicates certain existing but currently prohibited LNG facilities are being recommissioned subject to compliance with their certificate of public convenience and necessity issued by the Federal Energy Regulatory Commission.

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. Cabot Energy Service Corporation (CESCO) is authorized to import up to 100 billion cubic feet of liquefied natural gas (LNG) over a two-year term beginning on the date of first delivery.

B. Within two weeks after deliveries begin, CESCO shall provide written notification to the Office of Natural Gas & Petroleum Import & 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, CESCO shall file with the Office of Natural Gas & Petroleum Import & Export Activities, Fossil Energy, within 30 days following each calendar quarter, reports indicating whether imports of LNG have been made. If no imports have been made, a report of "no activity" for that calendar quarter must be filed. If imports have occurred, CESCO must report by month: (1) the total volumes of imports in Mcf and MMBtu; (2) the country of origin; (3) the name(s) of the seller(s); (4) the point(s) of entry; (5) the name(s) of the LNG tankers used; (6) the estimated or actual duration of the agreement(s); (7) the geographic market(s) served; (8) the average landed cost per MMBtu at the point of import; and (9) the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price, if applicable. The reports will also include the monthly volumes in Mcf taken by each customer of CESCO. [OMB No.: 1901-0294]

D. The first quarterly report required by Ordering Paragraph C of this Order is due not later than July 30, 2000, and should cover the period from the date of this Order until the end of the second calendar quarter, June 30, 2000.

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 & 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 May 5, 2000.

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