

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

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PACIFIC GAS AND ELECTRIC COMPANY) **FE DOCKET NO. 01-45-NG**
_____)

**ORDER GRANTING BLANKET AUTHORIZATION
TO IMPORT NATURAL GAS FROM CANADA**

DOE/FE ORDER NO. 1712

OCTOBER 2, 2001

I. DESCRIPTION OF REQUEST

On August 31, 2001, Pacific Gas and Electric Company (PG&E) 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 authority to import natural gas from Canada over a two-year term beginning November 1, 2001. In an order issued September 21, 1999, PG&E was granted blanket authorization to import up to 600 billion cubic feet (Bcf) over a two-year term, which expires October 31, 2001.^{2/} The proposed authorization will enable PG&E's Core Procurement Department to continue importing the same quantity for two more years under identical conditions.^{3/}

PG&E is a public utility with its headquarters in San Francisco, California, and a wholly-owned subsidiary of PG&E Corporation, a holding company. PG&E's primary business is to transmit and deliver natural gas and electricity to approximately 12 million people in northern and central California. The utility's Core Procurement Department will import the gas from Canadian producers or marketers for resale to PG&E's core residential and commercial customers. These volumes will be delivered at the international border near Eastport, Idaho, or other western U.S. import points and transported to California through the interstate pipeline facilities of PG&E Gas Transmission-Northwest.^{4/} No new construction or expansion is required to support the imports.

^{1/} 15 U.S.C. § 717b.

^{2/} See DOE/FE Order No. 1516 (2 FE ¶ 70,381).

^{3/} In so doing, it would represent the fifth two-year extension of the import authorization, which was originally granted PG&E's Gas Supply Business Unit (predecessor of the Core Procurement Department) by DOE/FE Order No. 852 on September 30, 1993 (1FE ¶ 70,856).

^{4/} PG&E Gas Transmission-Northwest is not the same company as PG&E Company.

II. FINDING

This application 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 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 in this proceeding 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. This blanket order authorizes transactions under supply contracts with terms of no longer than two years.

ORDER

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

A. Pacific Gas & Electric Company (PG&E) is authorized to import up to 600 Bcf of natural gas from Canada over a two-year term beginning on November 1, 2001, and extending through October 31, 2003. This gas may enter the United States near Eastport, Idaho, or other western U.S. border crossing points for delivery to California by the interstate pipeline owned and operated by PG&E Gas Transmission-Northwest.

B. With respect to the natural gas imports authorized by this Order, PG&E will file with the Office of Natural Gas & Petroleum Import & Export Activities, within 30 days following each calendar quarter, reports indicating whether imports of natural gas have been made during that quarter. Quarterly reports must be filed whether or not initial deliveries have begun. If no imports have been

made, a report of "no activity" for that calendar quarter must be filed. If imports have occurred, PG&E must report total monthly volumes in Mcf and the average purchase price per MMBtu at the international border. The reports will also provide the details of each import transaction, including: (1) the name of the seller(s); (2) the name of the purchaser(s); (3) the estimated or actual duration of the agreement(s); (4) the name of the U.S. transporter(s); (5) the point(s) of entry; (6) the geographic market(s) served (by State); (7) whether sales are being made on an interruptible or firm basis; and, if applicable, (8) the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price. [OMB No.: 1901-0294]

C. The first quarterly report required by Ordering Paragraph B of this Order is due not later than January 30, 2002, and should cover the period from November 1, 2001, until the end of the fourth calendar quarter, December 31, 2001.

D. The quarterly reports required by Ordering Paragraph B of this Order will 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 October 2, 2001.

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