

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

**BOSTON GAS COMPANY
d/b/a KeySpan Energy Delivery New England**

FE DOCKET NO. 01-89-LNG

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

DOE/FE ORDER NO. 1752

DECEMBER 27, 2001

I. DESCRIPTION OF REQUEST

On December 12, 2001, Boston Gas Company d/b/a KeySpan Energy Delivery New England (Boston Gas) applied to 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, for blanket authority to import liquefied natural gas (LNG) from Canada. The authorization will be for two years beginning on the date of the first delivery and the quantity involved will not exceed 600,000 dekatherms or the volumetric equivalent of about 600,000 thousand cubic feet (Mcf).^{2/} Boston Gas will purchase the LNG in short-term and spot market arrangements at negotiated contract terms responsive to current market conditions. The LNG will be transported by truck from plants in Canada to the international border.

Boston Gas, a local natural gas distribution company, is a Massachusetts corporation with its headquarters in Boston, Massachusetts. The parent company is KeySpan Corporation (KSC). KSC is the parent company of several utilities similar to Boston Gas and it is one of the largest distributors of natural gas in the Northeast. The service area of Boston Gas includes the city of Boston and other cities and towns in eastern Massachusetts. The imported LNG will be used to meet its market requirements.

II. FINDING

The application filed by Boston Gas 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 Boston Gas to import LNG meets the section 3(c) criterion and, therefore, is consistent with the public interest. This blanket order authorizes transactions under gas purchase contracts with terms of no longer than two years.

^{1/} 15 U.S.C. § 717b .

^{2/} One dekatherm equals approximately one Mcf.

ORDER

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

A. Boston Gas Company d/b/a KeySpan Energy Delivery New England (Boston Gas) is authorized to import up to 600,000 Mcf of liquefied natural gas (LNG) from Canada over a two-year term beginning on the date of the first delivery. This LNG may be imported by truck at any U.S./Canada border crossing.

B. Within two weeks after deliveries begin, Boston Gas will provide written notification 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, Boston Gas will file within 30 days following each calendar quarter, reports indicating whether imports 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, Boston Gas must report, by month, the following information: (1) the total volume of imports both in thousand cubic feet (Mcf) and million British thermal units (MMBtu); (2) the country of origin; (3) the name(s) of the seller(s); (4) the point(s) of entry; (5) the estimated or actual duration of the agreements; (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]

D. The notice and reports required by Ordering Paragraphs B and C 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.

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

Issued in Washington, D.C., on December 27, 2001.

Thomas W. Dukes
Acting Manager, Natural Gas Regulation
Office of Natural Gas & Petroleum
Import & Export Activities
Office of Fossil Energy