

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

**EPCOR MERCHANT AND CAPITAL)
(US) INC.)**

FE DOCKET NO. 02-02-NG

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

DOE/FE ORDER NO. 1754

JANUARY 25, 2002

I. DESCRIPTION OF REQUEST

On January 18, 2002, EPCOR Merchant and Capital (US) Inc. (EPCOR) 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 up to 22 billion cubic feet (Bcf) of natural gas and to export up to 33 Bcf from and to Canada. The term of the authorization will be for two years beginning on the date this order is issued. This natural gas will be imported and exported under short-term and spot market transactions with contractual provisions that will be competitive and responsive to prevailing market conditions. EPCOR will carry on these arrangements either on its own behalf or as an agent for others.

EPCOR is a Delaware corporation with its principal place of business in Calgary, Alberta, Canada. It is indirectly owned by EPCOR Utilities Inc. of Edmonton, an Alberta-based diversified energy and water utility company serving customers in Alberta, British Columbia, Ontario, and the U.S. Pacific Northwest. The proposed authorization does not involve the construction of new pipeline facilities.

II. FINDING

The application filed by EPCOR has been evaluated to determine if the proposed import and export 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 or export of natural gas from or to 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 EPCOR to import and export natural gas from and to 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 contracts with terms of no longer than two years.

^{1/} 15 U.S.C. § 717b.

ORDER

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

A. EPCOR Merchant and Capital (US) Inc. (EPCOR) is authorized to import up to 22 Bcf of natural gas and to export up to 33 Bcf of natural gas from and to Canada over a two-year term beginning on January 25, 2002, and extending through January 24, 2004. This natural gas may be imported and exported at any international border pipeline crossing.

B. With respect to the natural gas imports and exports authorized by this Order, EPCOR must file, within 30 days following each calendar quarter, reports indicating whether imports or exports of natural gas have been made. Quarterly reports will be filed whether or not initial deliveries have begun. If no imports or exports of natural gas have been made, a report of "no activity" for that calendar quarter must be filed. If imports or exports have occurred, EPCOR must report the following information: (1) total monthly volumes in Mcf; (2) the average monthly purchase price of gas per MMBtu at the international border; (3) the name of the seller(s); (4) the name of the purchaser(s); (5) the estimated or actual duration of the agreement(s); (6) the name of the U. S. transporter(s); (7) the point(s) of entry and exit; and (8) the geographic market(s) served (for imports, by State). For import transactions only, the report will also include this additional information: (1) whether sales are being made on an interruptible or firm basis; and, if applicable, (2) the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price. [OMB No.: 1901-0294]

C. The quarterly reports required by this Order will be filed with the Office of Natural Gas & Petroleum Import & Export Activities, Fossil Energy, Room 3E-042, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585.

D. The first quarterly report is due not later than April 30, 2002, and should cover the period from January 25, 2002, until the end of the first calendar quarter, March 31, 2002.

Issued in Washington, D.C., on January 25, 2002.

Yvonne Caudillo
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Office of Natural Gas & Petroleum
Import & Export Activities
Office of Fossil Energy