**UNITED STATES OF AMERICA**

**DEPARTMENT OF ENERGY**

**OFFICE OF FOSSIL ENERGY**

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| **ENTERGY-KOCH TRADING, LP** | ) | **FE DOCKET NO. 02-17-NG** |

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

**DOE/FE ORDER NO. 1767**

**APRIL 18, 2002**

## I. DESCRIPTION OF REQUEST

On April 9, 2002, Entergy-Koch Trading, L.P. (EKT) 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 two-year, blanket authority to import and export natural gas from and to Canada and Mexico. EKT proposes to import and export up to an aggregate of 800 billion cubic feet (Bcf) by means of short-term and spot market arrangements. This authorization will be for two years beginning May 1, 2002, and extending through April 30, 2004. EKT, a Delaware limited partnership with its headquarters in Houston, Texas, is a wholly-owned subsidiary of Entergy Koch, LP. It delivers and markets natural gas in several states conducting business both on its own behalf and as an agent for others.

EKT evolved from the merger of Entergy Power Marketing Corporation (EPM), Koch Energy Trading, Inc.(KET), and Axia Energy, L.P. (Axia) on February 1, 2001. The surviving corporation in the merger was Axia. Subsequently, Axia changed its name to EKT on August 1, 2001. Prior to the merger, FE authorized EPM to import and export an identical quantity of natural gas between the United States, Canada and Mexico on a blanket basis from May 1, 2000, through April 30, 2001.[2/] Each sales and purchase transaction was structured to provide a commodity price that was competitive in the short-term and spot market for natural gas. Granting EKT an authorization enables it to continue EPM's arrangements for two more years under the same conditions. No new construction or expansion of pipeline transmission facilities will be required.

## II. FINDING

This application 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 importation and exportation of

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1/ 15 U.S.C. § 717b.

2/ *See* DOE/FE Order No. 1582 issued April 14, 2000 (2 FE ¶ 70,474). KET previously was authorized to export up to 50 Bcf of natural gas to Canada in DOE/FE Order No. 1047 (2 FE ¶ 71,114), as amended by DOE/FE Order No. 1047-A (2 FE ¶ 71,401). In addition, KET was authorized to import up to 73 Bcf of natural gas from Canada in DOE/FE Order No. 1639 (2 FE ¶ 70,557). These two authorizations have not yet expired. FE intends to vacate DOE/FE Order Nos. 1047, as amended, and 1639 because they are encompassed in EKT's present proposal and it will preclude duplication in import and export authorizations due to the merger.

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 EKT to import and export natural gas from and to Canada and Mexico, nations with which free trade agreements are 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. Entergy-Koch Trading, L.P. (EKT) is authorized to import and export a combined total of up to 800 Bcf of natural gas from and to Canada and Mexico beginning May 1, 2002, and extending through April 30, 2004. This natural gas may be delivered at any international border crossing point.

B. With respect to the imports and exports of natural gas authorized by this Order, EKT will file with the Office of Natural Gas & Petroleum Import & Export Activities, Fossil Energy, within 30 days following each calendar quarter, reports indicating whether imports or exports have been made. If no imports or exports have been made, a report of "no activity" for that calendar quarter must be filed. If imports or exports have occurred, EKT will report the following information: (1) the 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 reports will also include the following 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 first quarterly report required by Ordering Paragraph B is due not later than July 30, 2002, and should cover the period from May 1, 2002, until the end of the second calendar quarter, June 30, 2002.

D. The quarterly reports 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 April 18, 2002.

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Import & Export Activities
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