

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

UNION GAS LIMITED

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FE DOCKET NO. 02-49-NG

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

DOE/FE ORDER NO. 1797

JULY 3, 2002

I. DESCRIPTION OF REQUEST

On June 25, 2002, Union Gas Limited (Union) 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/} for blanket authorization to import and export up to an aggregate 216 billion cubic feet (Bcf) of natural gas from and to Canada over a two-year term beginning on August 15, 2002, and extending through August 14, 2004.^{2/}

Union, a wholly-owned subsidiary of Duke Energy Corporation, is an Ontario corporation with its principal place of business in Chatham, Ontario, Canada. Union is a local gas distribution company, engaged in the transmission, storage, and distribution of gas. Union will import and export the natural gas under spot and short-term purchase arrangements on its own behalf and on the behalf of others. Union requests authorization to import and to export at or from any existing and planned pipeline interconnection point on the United States/Canadian border and does not require the construction of new pipeline facilities.

II. FINDING

The application filed by Union 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

^{1/} 15 U.S.C. § 717b. This authority is delegated to the Assistant Secretary of Fossil Energy pursuant to Redlegation Order No. 00-002.04 (January 8, 2002).

^{2/} August 14, 2002, is the expiration date of Union's import/export authorization granted by DOE/FE Order No. 1612 on July 17, 2000 (2 FE ¶ 70,515).

in natural gas is deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought by Union 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.

ORDER

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

A. Union Gas Limited (Union) is authorized to import and export up to an aggregate 216 billion cubic feet of natural gas from and to Canada over a two-year term beginning on August 15, 2002, and extending through August 14, 2004. This natural gas may be imported or exported at any point on the international border of the United States and Canada.

B. With respect to the natural gas imports and exports authorized by this Order, Union shall file with Office of Natural Gas & Petroleum Import and Export Activities, within 30 days following each calendar quarter, quarterly reports indicating whether imports or exports of natural gas have been made. Quarterly reports must 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, Union must report the following: (1) total monthly volumes in Mcf; (2) the average 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 United States transporter(s); (7) the point(s) of entry or exit; (8) the geographic market(s) served (for imports, by State). For import transactions only, the report shall also include: (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. Quarterly reports shall be filed with the Office of Natural Gas & Petroleum Import and Export Activities, Fossil Energy, Room 3E-042, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585.

D. The first quarterly report required by Ordering Paragraph B of this Order is due not later than October 30, 2002, and should cover the period from August 15, 2002, until the end of the third calendar quarter, September 30, 2002.

Issued in Washington, D.C., on July 3, 2002.

Clifford P. Tomaszewski
Manager, Natural Gas Regulation
Office of Natural Gas & Petroleum
Import and Export Activities
Office of Fossil Energy