

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

DUKE ENERGY LNG MARKETING AND)
MANAGEMENT COMPANY)
_____)

FE DOCKET NO. 02-65-LNG

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

DOE/FE ORDER NO. 1813

OCTOBER 4, 2002

I. DESCRIPTION OF REQUEST

On September 30, 2002, Duke Energy LNG Marketing and Management Company (DELMM) 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-type authority to import liquefied natural gas (LNG). The amount of LNG will be equivalent to 700 billion cubic feet (Bcf). DELMM is a Delaware company with its headquarters in Houston, Texas, and a wholly-owned subsidiary of Duke Energy Corporation.

Two years ago, FE authorized DELMM to import an identical quantity of LNG on a blanket basis and that authority expired June 12, 2002.^{2/} This new authority will be effective for another two-year period beginning on the date this order is issued. The LNG will be imported by ship from countries with which trade has not been prohibited and it will be delivered at an existing LNG re-gasification and handling plant on the East or Gulf Coast. DELMM will purchase each cargo by means of short-term and spot market arrangements at negotiated contract terms responsive to prevailing market conditions. This will enable resales of these imports on a competitive basis to individual domestic customers, including U.S. pipelines, distribution companies, marketers, and large, industrial end-users. DELMM will carry out these transactions either on its own behalf or as an agent for others.

II. FINDING

The application filed by DELMM 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 import of LNG is deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought by DELMM to import LNG meets the section

^{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/} See DOE/FE Order No. 1603 issued June 13, 2000 (2 FE ¶ 70,500).

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.

ORDER

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

A. Duke Energy LNG Marketing and Management Company (DELMM) is authorized to import up to 700 Bcf of liquefied natural gas (LNG) over a two-year term beginning on October 4, 2002, and extending through October 3, 2004. It may be imported at any receiving facility in the United States, or its territories.

B. With respect to the LNG imports authorized by this Order, DELMM will file with the Office of Natural Gas & Petroleum Import & Export Activities, within 30 days following each calendar quarter, reports indicating whether imports of LNG have been made. If no imports of LNG have been made, a report of "no activity" for that calendar quarter must be filed. If imports have occurred, DELMM must report the following information by month: (1) the total volume of imports in Mcf and MMBtu; (2) the country of origin; (3) the name(s) of the sellers(s); (4) the point(s) of entry; (5) the name(s) of the LNG tankers used; (6) the estimated or actual duration of the agreements; (7) the geographic market(s) served; (8) the average landed cost per MMBtu at the point of import; and (9) the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price, if applicable. The reports also will include the monthly volumes in Mcf taken by each customer of DELMM. [OMB Nos.: 1901-0294]

The first quarterly report is due not later than January 30, 2003, and should cover the period from October 4, 2002, until the end of the fourth calendar quarter, December 31, 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 October 4, 2002.

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