

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

NORTHERN UTILITIES, INC.)
_____)

FE DOCKET NO. 02-96-NG

ORDER GRANTING LONG-TERM AUTHORIZATION
TO IMPORT NATURAL GAS FROM CANADA

DOE/FE ORDER NO. 1839

JANUARY 2, 2003

I. DESCRIPTION OF REQUEST

On December 18, 2002, as amended on December 30, 2002, Northern Utilities, Inc. (Northern Utilities) 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 authority to import up to 62,748 Dth (62,748 Mcf)^{2/} per day of natural gas from Canada, under a gas sales agreement (sales agreement) with ENCANA Corporation, effective July 11, 2002. Northern Utilities is a New Hampshire corporation with its principal office in Westborough, Massachusetts, and a wholly-owned subsidiary of Bay State Gas Company, which is a wholly-owned subsidiary of NiSource, Inc. Under the sales agreement the initial term begins on January 15, 2003, and ends February 1, 2003. The primary term of the gas sales agreement is from February 1, 2003, until April 1, 2005. Northern Utilities, a local natural gas distribution company operating in the States of Maine and New Hampshire, will use the gas as system supply to serve its customers in those States. The imported gas will enter the United States at the interconnection of the facilities of TransCanada Pipelines Limited and Tennessee Gas Pipeline at Niagara Falls, New York.

The price paid for the gas during the initial term is tied to a "Midpoint Price" as set forth in the "Daily Price Survey" published by *Gas Daily*, for deliveries at Niagara. The primary term price is tied to the "Gas Daily Price Guide" published monthly by *Gas Daily*, also for deliveries at Niagara in the applicable month.

On August 8, 2002, Northern Utilities and Northeast Gas Markets, LLC (NEGM) entered into the an agreement in which NEGM will act as the administrative agent for all purposes of the gas sales agreement. The fee paid to NEGM is based on the daily contract quantity and the number of days in the month.

II. FINDING

^{1/} 15 U.S.C. § 717b. This authority is delegated to the Assistant Secretary for Fossil Energy pursuant to Redlegation Order No. 00-002.4 (January 8, 2002).

^{2/} One dekatherm (Dth) is equal to approximately one Mcf.

The application filed by Northern Utilities 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 natural gas from 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 Northern Utilities to import natural gas from 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.

ORDER

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

A. Northern Utilities, Inc. (Northern Utilities) is authorized to import up to 62,748 Mcf per day of natural gas from Canada beginning on January 15, 2002, and extending through April 1, 2005.

B. The natural gas may be imported at a point on the border between the United States and Canada, at or near Niagara Falls, New York, under the conditions of the gas sales agreement with ENCANA Corporation dated July 11, 2002.

C. With respect to the natural gas imports authorized by this Order, Northeast Gas Markets, LLC on behalf of Northern Utilities will file with the Office of Natural Gas & Petroleum Import & Export Activities, within 30 days following each calendar quarter, reports indicating whether imports of natural gas have been made. If no imports of natural gas have been made, a report of "no activity" for that calendar quarter must be filed. If imports have occurred, Northern Utilities must report total monthly volumes in Mcf and the average purchase price of gas per MMBtu at the international border. The reports will also provide the following details of each import transaction: (1) the name of the seller; (2) the name of the purchaser; (3) the estimated or actual duration of the agreement; (4) the name of the United States transporter; (5) the point of entry; and (6) the geographic market served (State). [OMB NO.: 1901-0294]

D. The quarterly reports 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.

E. The first quarterly report is due not later than April 30, 2003, and should cover the period from January 15, 2003, until the end of the first calendar quarter, March 31, 2003.

Issued in Washington, D.C., on January 2, 2003.

Clifford P. Tomaszewski
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