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UNITED STATES OF AMERICA
BEFORE THE
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

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PPM ENERGY, INC.)

FE DOCKET NO. 04-22-NG

**APPLICATION OF PPM ENERGY, INC.
FOR AUTHORIZATION TO IMPORT AND EXPORT
NATURAL GAS FROM AND TO CANADA**

Communications with respect to this Application
should be addressed to:

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(1527)
Donna Bobbish

* spoke to Donna on 2/9/04
they want the July 1/2003
date.

February 3, 2004

UNITED STATES OF AMERICA
BEFORE THE
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

PPM ENERGY, INC.)

FE DOCKET NO. 04-10-NG

**APPLICATION OF PPM ENERGY, INC.
FOR AUTHORIZATION TO IMPORT AND EXPORT
NATURAL GAS FROM AND TO CANADA**

Pursuant to Section 3 of the Natural Gas Act ("NGA"), 15 U.S.C. Section 717b, Part 590 of the Regulations of the Department of Energy ("DOE"), Office of Fossil Energy ("FE"), and Section 201 of the Energy Policy Act of 1992 ("Energy Policy Act"), PPM Energy, Inc. ("PPM") hereby submits the instant Application for blanket authorization to import and export natural gas from and to Canada, as set forth more fully below. In support of this Application, PPM shows as follows:

I. GENERAL

Correspondence and communications regarding this application should be addressed to the following:

Paul Kaufman, Esq.
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Donna Foy
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II. BACKGROUND

PPM is a corporation organized under the laws of the State of Oregon, with its principal place of business at 1125 NW Couch Street, Suite 700, Portland, Oregon 97209. PPM is a wholly owned subsidiary of PacifiCorp Holdings, Inc., which also has its principal place of business in Portland, Oregon. PacifiCorp Holdings, Inc. is, in turn, owned by Scottish Power, Plc. which is incorporated in the United Kingdom. Among other activities, PPM is engaged in the business of purchasing natural gas from various Canadian gas producers for its own use as well as and reselling gas to third parties throughout the United States.

PPM formerly was PacifiCorp Power Marketing, Inc. ("PPMI"), which received blanket authorization to import and export natural gas from and to Canada for a two-year term beginning on July 1, 2001 by DOE/FE Order No. 1687 (issued May 30, 2001). PPMI changed its name to PPM Energy, Inc. on January 15, 2003.¹ PPMI's blanket authorization expired June 30, 2003.

III. AUTHORIZATION REQUESTED

By the instant Application, PPM requests blanket authorization to import and export a combined total of up to 150 billion cubic feet ("bcf") of natural gas from and to Canada over a two-year period beginning on July 1, 2003 through June 30, 2005.

PPM's failure to make a timely application to DOE/FE for a new blanket authorization was inadvertent; the result of a clerical oversight. Upon discovery of its oversight, PPM took

¹ In early January 2003, PPMI notified the Federal Energy Regulatory Commission ("FERC") of its name change. PPMI was under the mistaken understanding that FERC would convey this information to DOE/FE. Since January 2003, PPM has been filing required reports with DOE/FE under the name "PPM Energy, Inc."

immediate action to remedy the oversight in accordance with guidance provided by DOE/FE staff. PPM has filed all required DOE/FE reports for all periods on and after July 1, 2001 and, moreover, has taken steps to insure that future requests for import and export authorization will be submitted in a timely manner. Granting PPM the authorization requested herein is consistent with DOE/FE Orders Nos. 1795 and 1814.

The requested authorization will enable PPM to participate in short-term and/or spot-market natural gas transactions with U.S. customers. Since transactions arranged by PPM may be structured with PPM either purchasing and taking title to the gas, or acting as agent for Canadian sellers and U.S. purchasers, PPM requests authorization to import and export gas for its own account as well as for the account of any Canadian suppliers and its U.S. purchasers.

PPM's negotiations with current and prospective customers in the United States are of a continuing nature and do, or potentially could, involve all existing points of import and export between Canada and the United States. PPM cannot be competitive with other sellers if it must apply for import and export authorization for each transaction. Therefore, PPM requests that such import and export authority be granted on a blanket basis at all existing points of import and export from and to Canada to provide PPM with the flexibility necessary to respond quickly to these marketing opportunities. The subject application is similar to other blanket import and export arrangements approved by DOE/FE.

IV. PUBLIC INTEREST

The Energy Policy Act provides that the importation and exportation of natural gas from or to a nation with which there is in effect a free trade agreement shall be deemed to be within the public interest and that applications for such importation and exportation shall be granted without modification or delay. Because PPM's Application is for the importation and

exportation of natural gas from and to Canada, a nation with which the United States has a free trade agreement, PPM submits that its Application is consistent with the public interest.

V. ENVIRONMENTAL IMPACT

No new facilities will be constructed in the United States for PPM's proposed importation and exportation of natural gas. Consequently, granting this Application will not constitute a federal action significantly affecting the quality of the human environment within the meaning of the National Environmental Policy Act, 42 U.S.C. § 4321, *et seq.* Therefore, an environmental impact statement or environmental assessment is not required.

VI. REPORTING REQUIREMENTS

With respect to all imports and exports made pursuant to the authorization requested herein, PPM will file with DOE/FE in the month following the close of each calendar quarter, reports indicating by month whether imports or exports have occurred, and if so, the details of each transaction, including the total volumes and average prices of imports and exports at the international border. The reports shall include the name of the seller, the name of the purchaser, the estimated or actual duration of the agreements, the name of the U.S. transporter(s), the point of entry or point of exit, whether the sales are made on an interruptible or firm basis, and, if applicable, the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price.

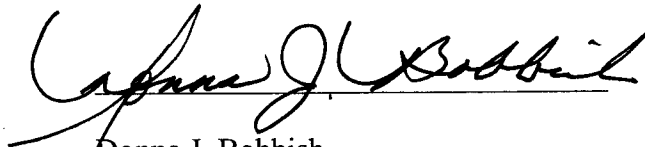
VII. LIST OF EXHIBITS

Exhibit A Statement and Opinion of Counsel that the import and export of natural gas described in this Application are within the corporate powers of PPM.

VIII. CONCLUSION

WHEREFORE, for the foregoing reasons, PPM requests that DOE/FE consider the instant Application expeditiously and, pursuant to Section 3 of the NGA and Section 201 of the Energy Policy Act, grant PPM's request for blanket import and export authorization effective July 1, 2003 through June 30, 2005. PPM submits that a grant of such an authorization would be consistent with and would further the public interest.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Donna J. Bobbich", written over a horizontal line.

Donna J. Bobbich
Chadbourne & Parke LLP
1200 New Hampshire Ave., N.W.
Washington, DC 20036
(202) 974-5600

ATTORNEYS FOR PPM ENERGY, INC.

February 3, 2004

EXHIBIT A
OPINION OF COUNSEL



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February 3, 2004

Mr. Guido Dehoratiis
Acting Director
Office of Natural Gas and Petroleum Import and Export Activities
Fossil Energy
United States Department of Energy
Forrestal Building, Room 3E-042, FE-34
1000 Independence Avenue, S.W.
Washington, D.C. 20585

Re: Application of PPM Energy, Inc. for Authorization to Import and Export Natural Gas from and to Canada

Mr. Dehoratiis:

This opinion is furnished to you in connection with the Application of PPM Energy, Inc., an Oregon corporation, ("PPM") for Authorization to Import and Export Natural Gas from and to Canada, dated February 3, 2004 (the "Application").

We have acted as counsel to PPM. In that capacity, we have reviewed the Application. We have made such examination of law and have examined such certificates, documents, records and opinions as we have deemed necessary for purposes of this opinion. We have relied upon the certificates of public officials and corporate officers with respect to the accuracy of all matters contained therein.

Based upon the foregoing and subject to the qualifications set forth below, we are of the opinion that PPM has the corporate power and authority to import and export natural gas from and to Canada.

We are members of the bar of the State of Oregon and we do not purport to be an expert on, or to express any opinion on, any laws other than federal law and the laws of the State of Oregon as in effect on the date hereof.

This opinion is being delivered to you upon the express direction and request of PPM.

STOEL
RIVES
LLP
PORTLAND
OREGON



The foregoing opinion is being delivered solely to the addressee hereof and may not be relied on by any other person without our written consent. This opinion letter is limited to the matters stated herein, and no opinions are implied or may be inferred beyond the matters expressly stated. This opinion letter is given as of the date set forth above and we undertake no obligation to supplement or update this opinion letter as of any subsequent date.

Very truly yours,

Stoel Rives LLP

STOEL RIVES LLP