

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

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OFFICE OF FOSSIL ENERGY
U.S. DEPARTMENT OF ENERGY

PUGET SOUND ENERGY, INC.)
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FE DOCKET NO. 06-19-NG

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

DOE/FE ORDER NO. 2231

JULY 21, 2006

I. DESCRIPTION OF REQUEST

On March 14, 2006, Puget Sound Energy, Inc. (PSE) applied to 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 and export up to a combined total of 5,000 MMBtu per day of natural gas from and to Canada, under a North American Energy Standards Board (NAESB) base contract, as amended, with TD Commodity and Energy Trading Inc. (TD C&ET) for a term beginning on November 1, 2005 and extending through June 30, 2008. PSE is a Washington corporation with its principal place of business in Bellevue, WA.

PSE, a public service company, furnishes electric and natural gas service within a 6,000 square mile territory, principally in the Puget Sound region of western Washington. PSE transports firm supply natural gas for its distribution operations on Northwest Pipeline Corporation (Northwest). PSE also receives significant quantities of firm storage service from Northwest. The natural gas will be delivered by TD C&ET to the Duke Energy Gas Transmission (DEGT-BC) Station #2 pipeline transmission system in British Columbia at the U.S./Canadian border, or other points as mutually agreed to by both parties. Under the NAESB base contract, the price for each import and export transaction is \$5.365000 USD/MMBtu as established in the contract and/or as determined by prevailing competitive market prices.

^{1/} 15 U.S.C. § 717b. This authority is delegated to the Assistant Secretary for Fossil Energy pursuant to Redelegation Order No. 00.002.04A (April 13, 2005).

II. FINDING

The application filed by PSE 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 and export of natural gas, including liquefied 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 PSE 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.

ORDER

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

A. Puget Sound Energy, Inc. (PSE) is authorized to import and export up to a combined total of 5,000 MMBtu per day of natural gas from and to Canada. This authorization shall be effective for a term of three years which began on November 1, 2005 and extends through June 30, 2008. The natural gas will be delivered by TD C&ET to the DEGT-BC Station #2 pipeline transmission system in British Columbia at the U.S./Canadian border, or other points as mutually agreed to by both parties under a NAESB base contract, as amended, dated July 15, 2003.

B. **Monthly Reports:** With respect to the imports and exports of natural gas authorized by this Order, PSE shall file with the Office of Natural Gas Regulatory Activities, within 30 days following the last day of each calendar month, a report indicating whether imports or exports of

natural gas have been made. Monthly reports must be filed whether or not initial deliveries have begun. If neither imports nor exports have been made, a report of "no activity" for that month must be filed. If imports or exports of natural gas have occurred, the report must give the following details: (1) for imports, the country of origin; (2) for exports, the country of destination; (3) point(s) of entry and exit; and (4) the total volume in thousand cubic feet (Mcf) at each import or export point for the month. [OMB No.: 1901-0294]

C. The first monthly report required by this Order is due not later than July 30, 2006, and should cover the reporting period from June 1, 2006, through June 30, 2006.

D. **Quarterly Reports:** With respect to the natural gas imports and exports authorized by this Order, FSE shall file with the Office of Natural Gas Regulatory Activities, within 30 days following the last day of each calendar quarter, reports indicating whether imports or exports of natural gas have been made. If neither imports nor 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, the report must give the following details of each transaction, including: (1) the total monthly volumes in Mcf; (2) the average purchase price of gas per million British thermal units (MMBtu) at the international border; (3) the name of the supplier; (4) the name of the purchaser; (5) the estimated or actual duration of the supply agreement; (6) the name of the United States transporter(s); (7) the point(s) of entry and exit; and (8) for imports, the geographic market(s) served, by State. In addition to the above details, for import transactions only, the report will also include: (1) whether sales are being made on an interruptible or firm basis; and (2) the per

unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price. [OMB NO.: 1901-0294]

E. The first quarterly report required by this Order is due not later than July 30, 2006, and should cover the period of the second calendar quarter, from April 1, 2006 through June 30, 2006.

F. Both the monthly and quarterly reports shall be filed with the Office of Natural Gas Regulatory Activities, Fossil Energy, FE-34, P.O. Box 44375, Washington, D.C. 20026-4375.

Issued in Washington, D.C., on July 21, 2006.



R. F. Corbin
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Office of Oil and Gas Global Security and Supply
Office of Fossil Energy