

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY



CENTRAL HUDSON GAS & ELECTRIC COMPANY)

FE DOCKET NO. 07-98-NG

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

DOE/FE ORDER NO. 2439

OCTOBER 31, 2007

I. DESCRIPTION OF REQUEST

On September 20, 2007, Central Hudson Gas & Electric Company (Central Hudson), a subsidiary of C.H. Energy Group, Inc., 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 long term authorization to import and export up to a combined total of 101.5 billion cubic feet of natural gas from and to Canada. The term of the authorization would begin November 1, 2007, and extend through October 31, 2010.^{2/} Central Hudson, an electric utility and local natural gas distribution company, is a New York corporation with its principal place of business in Poughkeepsie, New York.

Central Hudson will purchase the natural gas from Alberta Northeast Gas Limited (ANE) under the terms of a Back to Back Agreement between Central Hudson and ANE, which incorporates terms of a Long Haul Term Gas Supply Agreement (Long Haul Agreement) between ANE and BP Canada Energy Company (BP)^{3/}. The terms of proposed imports and

^{1/} 15 U.S.C. § 717b. This authority is delegated to the Assistant Secretary for Fossil Energy pursuant to Redefinition Order No. 00.002.04B (September 23, 2005).

^{2/} The current authorization to import natural gas originally evolved from applications and amendments filed between August 1986 and September 1999 by various combinations of 18 northeastern natural gas distribution companies (LDC). The initial authorization was amended several times to add/delete/ certain LDC's, reassign/increase/decrease the allocated import volumes of certain others, and add additional import entry points. See Brooklyn Union Gas Company, *et al.*, Economic Regulatory Administration (ERA) Docket Nos. 86-44-NG, 86-45-NG, 86-46-NG, 86-48-NG and 87-02-NG. Upon the expiration of the current authorization, each remaining LDC has elected to separately apply for an authorization to import/export natural gas. The long-term authorization issued to Brooklyn Union Gas Company, *et al.*, to import natural gas was granted by DOE/FE Opinion and Order No. 368 on March 1, 1990 (1 FE ¶ 70,285), as amended by DOE/FE Order Nos 368-A issued November 15, 1990 (1 FE ¶ 70,370), 368-B issued January 16, 1991 (1 FE ¶ 70,400), 368-C issued March 18, 1991 (1 FE ¶ 70,426), 368-D issued November 11, 1991 (1 FE ¶ 70,504), 368-E issued November 27, 1991 (1 FE ¶ 70,505), 561 issued December 19, 1991 (1 FE ¶ 70,515), 561-A issued February 20, 1992 (1 FE ¶ 70,533), 368-F issued May 7, 1993 (1 FE ¶ 70,791), 368-G issued July 11, 1994 (1 FE ¶ 70,994), 368-H issued April 25, 1995 (1 FE ¶ 71,107) and 368-I issued November 23, 1999 (2 FE ¶ 70,413). The current authorization extends through October 31, 2007.

^{3/} ANE is a Canadian corporation that acts as a conduit for the purchase of gas from Canadian suppliers for its resale to local distribution companies in the Northeast United States, including Central Hudson.

exports are set by the Long Haul Agreement as well as the Back to Back Agreement^{4/}. The gas will be transported utilizing the existing facilities of the Iroquois Gas Transmission System, L.P. (Iroquois) and TransCanada PipeLines Limited (TransCanada). All gas delivered to ANE by BP under the Long Haul Agreement will be immediately resold to Central Hudson by ANE under the Back to Back Agreement. The gas will be delivered to a point on the border between the United States and Canada at or near the point of interconnection between the facilities of TransCanada PipeLines Limited and the facilities of the Iroquois Gas Transmission System, L.P. at or near Iroquois, Ontario. The requested authorization will not require the construction of new pipeline facilities.

The price under the Long Haul Agreement is comprised of a commodity charge, as well as the demand and commodity charges for gas transportation in Canada. The commodity charge generally is based on a specified index price. Under the Back to Back Agreement, Central Hudson is also responsible to pay all costs and expenses incurred by ANE in connection with the Long Haul Agreement.

II. FINDING

The application 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 and export of natural gas, including liquefied natural gas (LNG), from and to a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas and the import of LNG from other international sources are deemed to be consistent with the public interest and

^{4/} Both the Back to Back Agreement between KeySpan, and the Long Haul Agreement between ANE and BP, became effective on September 1, 2006. The period of delivery commences on November 1, 2007 and continues through October 31, 2010.

must be granted without modification or delay. The authorization sought by Central Hudson 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 Order authorizes transactions with terms of no longer than three years.

ORDER

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

A. Central Hudson Gas & Electric Company (Central Hudson) is authorized to import and export up to 101.5 billion cubic feet of natural gas from and to Canada in accordance with the Back to Back Agreement between Central Hudson and Alberta Northeast Gas Limited, dated September 1, 2006. The term of this authorization shall be effective beginning on November 1, 2007, and extending through October 31, 2010.

B. This natural gas may be imported and exported at a point on the border between the United States and Canada at or near the point of interconnection between the facilities of TransCanada PipeLines Limited and the facilities of the Iroquois Gas Transmission System, L.P. at or near Iroquois, Ontario.

C. **Monthly Reports:** With respect to the natural gas imports and exports authorized by this Order, Central Hudson 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, country of origin; (2) for exports, the country of destination; (3) the point(s) of entry and exit; and (4) the total volume at each import or export point in thousand cubic feet (Mcf) for the month. [OMB No. 1901-0294]

D. The first monthly report required by this Order is due not later than December 30, 2007, and should cover the reporting period from November 1, 2007 through November 30, 2007.

E. **Quarterly Reports:** With respect to the natural gas imports and exports authorized by this Order, Central Hudson 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. Quarterly reports must be filed whether or not initial deliveries have begun. 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 of natural gas have occurred, the report must give the 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(s); (4) the name of the purchaser(s); (5) the estimated or actual duration of the supply agreement(s); (6) the name of the United States transporter(s); (7) the point(s) of entry or exit; and (8) for imports, the geographic market(s) served, by State.

[OMB No. 1901-0294]

F. The first quarterly report required by this Order is due not later than January 30, 2008, and should cover the reporting period for the fourth calendar quarter, commencing November 1, 2007 through December 31, 2007.

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

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