UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

PUGET SOUND ENERGY, INC.	)	DOCKET NO. 12-106-NG

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

DOE/FE ORDER NO. 3186

NOVEMBER 13, 2012

I. DESCRIPTION OF REQUEST

On September 5, 2012, Puget Sound Energy, Inc. (PSE) filed an application with the Office of Fossil Energy (FE) 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 10,000 million Btu (MMBtu) per day of natural gas from and to Canada beginning on November 1, 2012, and extending through October 31, 2015, for a total of approximately 10.95 billion cubic feet (Bcf) over a period of three years.[2] PSE proposes to import and export natural gas under a North American Energy Standards Board (NAESB) base contract dated January 1, 2004, and an Addendum, dated January 1, 2004, with Shell Energy North America (US), L.P. (Shell Energy). PSE is a Washington corporation with its principal place of business in Bellevue, Washington.

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. The natural gas will be delivered by Shell Energy at Station #2 near Chetwynd, British Columbia, Washington at the U.S./Canadian border, or other points as mutually agreed to by both parties. The requested authorization will not require the construction of new pipelines.

II. FINDING

The application 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 (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

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1/ The authority to regulate the imports and exports of natural gas, including liquefied natural gas, under section 3 of the NGA (15 U.S.C. §717b) has been delegated to the Assistant Secretary for FE in Redelegation Order No. 00-002.04E issued on April 29, 2011.

[2] DOE/FE estimates that 10,000 MMBtu per day is approximately 0.01 Bcf per day.

interest and applications for such imports or exports 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 NGA, it is ordered that:

A. PSE is authorized to import and export up to a combined total of approximately 10.95 Bcf (10,000 MMBtu per day) of natural gas from and to Canada over a period of three years, in accordance with the referenced contractual arrangements, including any subsequent amendments to those agreements. The term of this authorization shall be effective beginning on November 1, 2012, and extend through October 31, 2015.

B. The natural gas will be delivered by Shell Energy to the U.S./Canadian border at Station #2 near Chetwynd, British Columbia, or other points as mutually agreed to by both parties under the above referenced NAESB contract and the Addendum.

C. **Monthly Reports:** With respect to the natural gas imports and exports 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 no imports and/or exports have been made, a report of "no activity" for that month must be filed. If imports and/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) the point(s) of entry and exit; (4) the volume in thousand cubic feet (Mcf); (5) the average purchase price of gas per million British thermal units (MMBtu) at the international border; (6) the name of the supplier(s); (7) the name of the U.S. transporter(s); (8) the estimated

or actual duration of the supply agreement(s); and (9) for imports, the geographic markets(s) served (list State(s), U.S. Census Region(s), or general U.S. geographic area(s)). (Approved by the Office of Management and Budget under OMB Control No. 1901-0294)

D. The first monthly report required by this Order is due not later than December 30, 2012, and should cover the reporting period from November 1, 2012, through November 30, 2012.

E. All monthly report filings shall be made to U.S. Department of Energy (FE-34), Office of Fossil Energy, Office of Natural Gas Regulatory Activities, P.O. Box 44375, Washington, D.C. 20026-4375, Attention: Ms. Yvonne Caudillo. Alternatively, reports may be e-mailed to Ms. Caudillo at Yvonne.caudillo@hq.doe.gov or ngreports@hq.doe.gov, or may be faxed to Ms. Caudillo at (202) 586-6050.

Issued in Washington, D.C., on November 13, 2012.

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Office of Oil and Gas Global Security and Supply
Office of Fossil Energy