UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

CASCADE NATURAL GAS CORPORATION)	FE DOCKET NO. 93-116-NG

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

DOE/FE ORDER NO. 877

NOVEMBER 18, 1993

I. DESCRIPTION OF REQUEST

On October 21, 1993, Cascade Natural Gas Corporation (Cascade) 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/ and DOE Delegation Order Nos. 0204-111 and 0204-127, requesting authorization to import up to 10,000 MMBtu2/ per day of natural gas from Canada beginning November 1, 1993, through October 31, 1998. Cascade, a Washington corporation with its principal place of business in Seattle, Washington, is a public utility that serves customers in Washington and Oregon. The gas would be purchased from Canadian Hydrocarbons Marketing, Inc. (CHMI) and transported in Canada by Westcoast Energy Inc. (Westcoast) to an interconnection with Northwest Pipeline Corporation near Sumas, Washington, for delivery to Cascade's distribution system. Alternatively, the imports would be received at Cascade's interconnection with Westcoast near Sumas. No new pipeline facilities would be constructed.

Under the terms of a letter agreement date August 26, 1993, Cascade would pay CHMI a contract price which consists of: (1) a commodity charge per MMBtu delivered each month; (2) a demand charge covering Westcoast's firm transportation demand tolls; (3) a charge for fuel gas used on Westcoast's system to transport the imported volumes; and (4) a supply reservation charge. The commodity charge would be equal to 87 percent of the index price for spot sales of gas delivered into Northwest's system at Sumas, 1/ 15 U.S.C. § 717b.

2/ One MMBtu equates to approximately one Mcf.

Washington, as reported each month in the publication Inside F.E.R.C.'s Gas Market Report, plus the Westcoast motor fuel tax related to transportation of the gas. The reservation charge would only be incurred if Cascade nominates less than 90 percent of the maximum daily contract quantity in a month. Then, Cascade must pay CHMI 15 percent of the commodity charge, times the shortfall. Also, Cascade is contractually obligated to pay the Westcoast demand charges regardless of the actual volume of gas taken.

II. FINDING

The application filed by Cascade 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 importation 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 Cascade 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.

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ORDER

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

A. Cascade Natural Gas Corporation (Cascade) is authorized to import from Canadian Hydrocarbons Marketing Inc. (CHMI) up to 10,000 MMBtu (approximately 10,000 Mcf) per day of Canadian natural gas beginning on the date of this Order through October 31, 1998. Cascade shall import this gas near Sumas, Washington, consistent with the terms of its letter agreement with CHMI, dated August 26, 1993, which was filed in this proceeding.

B. The formal gas sales agreement between Cascade and CHMI relating to these imported volumes shall be filed with the Office of Fuels Programs (OFP), Fossil Energy, Room 3F-056, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585, within 15 days of its execution.

C. Within two weeks after deliveries begin, Cascade shall provide written notification to OFP of the date that the first import of natural gas authorized in Ordering Paragraph A above occurred.

D. With respect to the natural gas imports authorized by this Order, Cascade shall file with the OFP, within 30 days following each calendar quarter, quarterly reports indicating whether imports of natural gas have been made. If no imports have been made, a report of "no activity" for that calendar quarter must be filed. If imports have occurred, Cascade must report the monthly total volume in Mcf and the average purchase price of gas per MMBtu at the international border. The price information for a particular month shall list separately (on a per unit (MMBtu) basis) the demand charge, commodity charge, and fuel gas charge. Also, the reports shall itemize separately any reservation fee charges paid to CHMI in a month.

E. The first quarterly report required by Ordering Paragraph D of this Order is due not later than January 30, 1994, and should cover the period from the date of this Order until the end of the fourth calendar quarter, December 31, 1993.

Issued in Washington, D.C., on November 18, 1993.

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Anthony J. Como
Director
Office of Coal & Electricity
Office of Fuels Programs
Office of Fossil Energy