UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

THE BROOKLYN UNION GAS COMPANY, YANKEE GAS SERVICES COMPANY, CONNECTICUT NATURAL GAS CORPORATION, NEW JERSEY NATURAL GAS COMPANY, SOUTHERN CONNECTICUT GAS COMPANY, LONG ISLAND LIGHTING COMPANY, CENTRAL HUDSON GAS & ELECTRIC CORPORATION, CONSOLIDATED EDISON COMPANY OF NEW YORK, INC., BOSTON GAS COMPANY, NEW YORK STATE ELECTRIC & GAS CORPORATION, PUBLIC SERVICE ELECTRIC AND GAS COMPANY, COMMONWEALTH GAS COMPANY, ENERGYNORTH NATURAL GAS, INC., ESSEX COUNTY GAS COMPANY, COLONIAL GAS COMPANY AND VALLEY GAS COMPANY	FE Docket No. 94-43-NG

ORDER GRANTING AUTHORIZATION
TO IMPORT NATURAL GAS FROM CANADA

DOE/FE ORDER NO. 368-G

JULY 11, 1994

I. DESCRIPTION OF REQUEST

On May 12, 1994, the following sixteen New York, New Jersey, and New England local distribution companies (LDCs) jointly filed an application with the Office of Fossil Energy (OFE) 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, to amend their existing long-term authorization to import natural gas from Canada: The Brooklyn Union Gas Company, Yankee Gas Services Company, Connecticut Natural Gas Corporation, New Jersey Natural Gas Company, Southern Connecticut Gas Company, Long Island Lighting Company, Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., Boston Gas Company, New York State Electric & Gas Corporation, Public Service Electric and Gas Company, Commonwealth Gas Company, EnergyNorth Natural Gas, Inc., Essex County Gas Company, Colonial Gas Company, and Valley Gas Company. Hereafter, these LDCs will be referred to collectively as the "Applicants." Based on the latest revision to the import authority originally granted in DOE/FE Opinion and Order No. 368, issued January 11, 1990, the Applicants presently are authorized to import a total of up to 397,100 Mcf per day of gas for a period of fifteen years through October 31, 2007.2/ These imports are purchased from Alberta

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1/ 15 U.S.C. 717B.

2/ This import authorization evolved from five applications originally filed in August 1986 and January 1987 by different combinations of 18 Northeast LDCs. 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.

(continued...)

Northeast Gas Ltd. (ANE), a Canadian corporation established by eighteen Northeast LDCs as a conduit to buy gas in Canada for resale in Canada to the LDC importers (called "Repurchasers"). ANE has five long-term contracts with four Canadian suppliers: 200,000 Mcf per day and 75,000 Mcf per day from Western Gas Marketing Limited, as agent for TransCanada PipeLines Limited; 66,000 Mcf per day from ProGas Limited; 37,300 Mcf per day from ATCOR Ltd.; and 18,800 Mcf per day from Alberta Energy Corporation. Each Applicant imports an allocated gas purchase entitlement with ANE under the existing long-term import authorization. Most of this gas is imported at the international boundary near Waddington, New York, for transportation on the pipeline facilities of Iroquois Gas Transmission System, L.P. (Iroquois). One Repurchaser, National Fuel Gas Distribution Corporation, imports 10,000 Mcf per day of gas from ANE through Tennessee Gas Pipeline Company's border facilities at Niagara

2/(...continued)
The initial authorization has been amended on several occasions to add/delete certain LDCs and to reassign/increase/decrease the allocated import volumes of certain others. The relevant orders issued by DOE encompass ERA Docket Nos. 86-44-NG, et al. and FE Docket Nos. 91-11-NG, 91-92-NG, and 93-42-NG. See Brooklyn Union Gas Company, et al., DOE/FE Opinion and Order Nos. 368 issued January 11, 1990 (1 FE 70,285); 368-A issued November 15, 1990 (1 FE 70,370); reh'g denied, 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); reh'g denied, 561-A issued February 20, 1992 (1 FE 70,533); and 368-F issued May 7, 1993 (1 FE 70,791).

See also, National Fuel Gas Supply Corporation, et al., DOE/FE Opinion and Order No. 425 issued September 29, 1990 (1 FE 70,353).

Falls, New York. National Fuel Gas Distribution Corporation is not an Applicant in this proceeding.

The Applicants request that OFE amend their existing long-term authorization to authorize an increase in the volumes of gas which they are permitted to import. These additional volumes would reimburse Iroquois for the gas consumed by its compressors in transporting the Applicants' volumes through its transmission facilities. The Applicants state that when initial deliveries began on December 1, 1991, no fuel gas was required for transportation on Iroquois and each Applicant could expect delivery by Iroquois of the full volumes it imported. Beginning on November 1, 1992, when Iroquois began operating a compressor station at Wright, New York, all shippers on Iroquois, including the Applicants, were required by the provisions of the gas tariff approved for Iroquois by the Federal Energy Regulatory Commission (FERC) either to make incremental fuel volumes available to Iroquois or to permit the deduction by Iroquois of fuel gas from their delivered volumes. Currently, Iroquois is deducting fuel gas from the total volumes authorized for import by the Applicants. The Iroquois FERC Gas Tariff permits the pipeline to retain up to one percent of the volumes being transported for the Applicants as compressor fuel. It is noted that one of the Applicants, Commonwealth Gas Company, has not yet begun to purchase gas from ANE. The Applicants anticipate that Iroquois' tariff will be modified on December 15, 1994, to increase the fuel requirement percentage to accommodate a second compressor.

Moreover, they expect that additional modifications will be made in the future as Iroquois adds compression and/or additional pipe to its system.

In order to avoid this reduction in the ANE contract volumes available for local distribution, the Applicants propose to purchase additional volumes of gas from ANE to supply compressor fuel to Iroquois. Periodically, ANE would enter into short-term contracts with various Canadian suppliers for the purchase of the gas volumes needed by the Applicants to satisfy the fuel requirements of Iroquois. The Applicants state that the contracts would be negotiated to keep the price of the fuel gas competitive for the duration of the purchase. ANE would resell the incremental compressor fuel volumes to the Applicants at the same point on the international border as the gas volumes imported under the existing long-term authorization.

II. FINDING

This 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 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 the Applicants 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. This order authorizes incremental imports of gas by the Applicants solely to be used in connection with the long-term firm transportation service provided to each of them by Iroquois. It shall not be used for the purpose of making additional gas sales.

ORDER

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

A. The Brooklyn Union Gas Company, Yankee Gas Services Company, Connecticut Natural Gas Corporation, New Jersey Natural Gas Company, Southern Connecticut Gas Company, Long Island Lighting Company, Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., Boston Gas Company, New York State Electric & Gas Corporation, Public Service Electric and Gas Company, Commonwealth Gas Company, EnergyNorth Natural Gas, Inc., Essex County Gas Company, Colonial Gas Company, and Valley Gas Company (the "Applicants") are authorized to import Canadian natural gas from Alberta Northeast Gas Limited to satisfy the fuel requirements of Iroquois Gas Transmission System, L.P. (Iroquois) associated with the firm transportation service Iroquois provides on its pipeline system for the volumes which are imported by the Applicants under DOE/FE Opinion and Order Nos. 368 and 368-A, as amended. This gas is in addition to the volumes that the Applicants are otherwise authorized to import under the existing long-term authorization. The maximum daily quantity of fuel gas which each distribution company may import shall be based on the Measurement Variance/Fuel Use Factor in effect under the Iroquois Federal Energy Regulatory Commission (FERC) Gas Tariff (or any successor FERC-approved fuel measurement factor).

B. This authorization is effective on the date of this Order and shall continue through October 31, 2007.

C. With respect to the natural gas imports authorized by this Order, the distribution companies listed in Ordering Paragraph A shall report to the Office of Fuels Programs, Fossil Energy, the total monthly volumes (in Mcf) of fuel gas imported by each company and the average purchase price (per MMBtu) at the international border. This information shall be included separately with the quarterly reports currently being filed pursuant to Ordering Paragraph M of DOE/FE Opinion and Order Nos. 368 and 368-A, as amended.

Issued in Washington, D.C., on July 11, 1994.

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