

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

SAN DIEGO GAS & ELECTRIC
FE DOCKET NO. 92-123-NG

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

DOE/FE ORDER NO. 717-A

JUNE 02, 1998

I. DESCRIPTION OF REQUEST

Currently, under DOE/FE Opinion and Order No. 717 (Order 717)⁽¹⁾, San Diego Gas & Electric (SDG&E)⁽²⁾ is authorized to import up to 53,150 Mcf of natural gas per day from Canada commencing November 1, 1993, through October 31, 2004. Of this volume, SDG&E is authorized to import 21,650 Mcf per day from Husky Oil Operations Ltd. (HOOL). This gas is imported at Eastport, Idaho. On June 1, 1998, SDG&E 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)⁽³⁾, and DOE Delegation Order 0204-111 and 0204-127, requesting to amend Order 717 by deleting the volumes purchased from HOOL and thereby reducing the total gas imported from 53,150 Mcf per day to 31,500 Mcf per day. Commencing November 1, 1997, SDG&E and HOOL agreed to amend and restructure their gas purchase and sale agreement dated March 21, 1991. Under this Third Amendment to the original contract they, among other things, added Husky Gas Marketing Inc. (HGMI) as a party-seller to SDG&E. Consequently, SDG&E will no longer import the gas directly from HOOL.

On April 7, 1998, under DOE/FE Order No. 1373⁽⁴⁾, HGMI was authorized to import from HOOL at Sumas, Washington, up to 21,881 Mcf per day⁽⁵⁾ of gas previously imported by SDG&E under Order 717. SDG&E will purchase this gas from HGMI rather than HOOL and take delivery at the Kern River Station, California.

II. FINDING

The application filed by SDG&E has been evaluated to determine if the proposed contract amendment 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 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 SDG&E to amend its present authority 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.

ORDER

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

A. Ordering Paragraph A of DOE/FE Opinion and Order No. 717 (Order 717), issued November 13, 1992, is amended to decrease the maximum import volume from 53,150 Mcf of natural gas per day to 31,500 Mcf per day, in accordance with the provisions of San Diego Gas & Electric's November 1, 1997, Third Amendment to its gas purchase agreement with Husky Oil Operations Limited dated November 1, 1991.

B. All other terms and conditions contained in Order 717 shall remain in full force and effect.

Issued in Washington, D.C., on June 02, 1998.

Manager, Natural Gas Regulation

Office of Natural Gas & Petroleum

Import and Export Activities

Office of Fossil Energy

1. / 1 FE ¶ 70,674 (November 13, 1992).

2. / SDG&E, a California corporation with its principal place of business in San Diego, California, is a public utility which provides electric, gas, and steam service to customers in San Diego and Orange Counties, California.

3. / 15 U.S.C. Sec. 717b.

4. / Not yet published.

5. / The import quantities vary slightly from those authorized in Order 717 (an increase of 231 Mcf per day) because of the change in delivery point and responsibility for fuel, line loss, imbalances, and the like under the Third Amendment.