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OFFICE OF FOSSIL ENERGY
U.S. DEPARTMENT OF ENERGY
UNITED STATES OF AMERICA
BEFORE THE
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

In the Matter of

Puget Sound Energy, Inc.

FE Docket No. *04-03-NG*

APPLICATION OF PUGET SOUND
ENERGY, INC. FOR AMENDED
BLANKET AUTHORIZATION TO
IMPORT AND EXPORT NATURAL
GAS FROM AND TO CANADA

Pursuant to Section 3 of the Natural Gas Act of 1938 (15 U.S.C. §717b), DOE Delegation Order Nos. 0204-111 and 2404-127, and the Regulations of the Department of Energy set forth in 10 C.F.R. Part 590, Puget Sound Energy, Inc. ("PSE") hereby applies to the United States Department of Energy ("DOE") for An Amended Blanket Authorization to Import and Export Natural Gas to and from Canada.¹ PSE requests authorization to import and export a combined total of up to 75 Bcf of natural gas annually (or a total quantity of 150 Bcf over a two (2) year term) beginning on the date of first delivery, not to occur, however, prior to December 6, 2003.

In support of this request, PSE shows the following:

¹ PSE's Application for Blanket Authorization to Import Natural Gas from Canada in FE Docket No. 01-83-NG was granted on December 5, 2001; PSE's Application for an Amended Authorization in FE Docket No. 03-82-NG was granted on December 4, 2003.

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**I
GENERAL**

The names, titles and mailing addresses of the persons to whom correspondence and communications in regard to this application are to be addressed are:

Puget Sound Energy, Inc.
Attn: Robert E. Neate
Assistant General Counsel
P.O. Box 97034
Bellevue, WA 98009-9734
telephone: (425) 456-2444

Puget Sound Energy, Inc.
Attn: Wayne R. Gould
Director Natural Gas Resources
P.O. Box 97034
Bellevue, WA 98009-9734
telephone: (425) 462-3429

**II
BACKGROUND**

The exact legal name of the applicant is Puget Sound Energy, Inc. PSE is a corporation organized and existing under the laws of the State of Washington and is a subsidiary of Puget Energy, Inc. PSE is a public service company furnishing electric and natural gas service within a 6,000 square mile territory, principally in the Puget Sound region of western Washington. As of December 31, 2002, PSE provided electric service to approximately 950,052 electric customers and 614,418 natural gas customers. PSE transports firm supply natural gas for its distribution operations on Northwest Pipeline Corporation ("Northwest"). PSE also receives significant quantities of firm storage service from Northwest.

**III
AUTHORIZATION REQUESTED**

Utilizing the Blanket Authorization issued in Order No. 1746, issued in FE Docket No. 03-82-NG (and previous Blanket Authorizations), PSE has purchased and imported interruptible short-term supplies of Canadian gas at the U.S.-Canadian border since 1991, and has exported short-term supplies of natural gas since 2002. PSE desires to

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continue the authority to export natural gas to Canada because of enhanced storage and market opportunities to meet its business needs. PSE's recent application in FE Docket No. 03-82-NG inadvertently sought authorization for a two-year quantity of 75 Bcf instead of an annual quantity. This application seeks an amended order in that quantity on an annual basis, to ensure that PSE's business does not exceed its authority. PSE is requesting this additional authority because some of its long-term contract-specific import authority will expire within the next two (2) years.

PSE intends that all purchases of imported gas and sales of exported gas under the requested Blanket Authorization will be short-term. The price for each import and export transaction will be negotiated, varying in each case, with prevailing competitive market prices. Any imports and exports under the requested Authorization will utilize existing pipeline capacity to receive the gas at the point of importation, to deliver the gas to the point of exportation and to deliver gas supplies to PSE's markets; no new construction will be required to receive the gas at or deliver the gas to the border or to deliver the gas to PSE or, for its account, to others.

The Commission's policies and directives in restructuring the natural gas industry create a nationwide natural gas market, composed of many suppliers and purchasers operating in an openly competitive environment. Accordingly, PSE can engage in natural gas marketing activities beyond its existing distribution territories. Therefore, if the opportunity exists, PSE intends to use its Blanket Authorization to purchase and import and sell and export gas for its own account as well as for the account of its Canadian or U.S. suppliers and its Canadian or U.S. purchasers. PSE cannot be competitive with other sellers if it must apply for import and export authorization for each transaction. The subject application is similar to other blanket import and export arrangements approved by DOE.

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IV PUBLIC INTEREST

The Energy Policy Act provides that the importation and exportation of natural gas from or to a nation with which there is in effect a free trade agreement shall be deemed to be within the public interest, and that applications for such importation and exportation shall be granted without modification or delay. Because PSE's application is for the importation and exportation of natural gas from and to Canada, a nation with which the United States has a free trade agreement, PSE submits that its Application is within the public interest.

V ENVIRONMENTAL IMPACT

No new facilities will be constructed in the United States for the proposed importation and exportation of natural gas. Consequently, granting this Application will not be a federal action significantly affecting the quality of the human environment within the meaning of the National Environmental Policy Act, 42 U.S.C. § 4321, *et seq.* Therefore, an environmental impact statement or environmental assessment is not required.

VI REPORTING REQUIREMENTS

PSE agrees to file quarterly reports of its import and export activities pursuant to the extension of Blanket Authorization requested in this Application.

WHEREFORE, in consideration of the foregoing premises, Puget Sound Energy, Inc. respectfully requests:

1. That the Assistant Secretary for Fossil Energy or his delegate find that the issuance of a Blanket Authorization as requested in this Application to Import and Export Natural Gas from and to Canada pursuant to Section 3 of the Natural Gas Act is not inconsistent with the public interest;

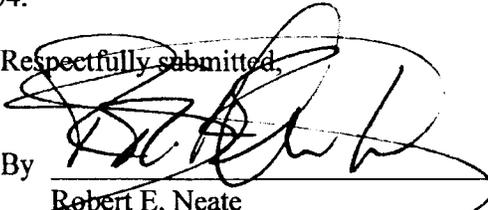
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2. That PSE be authorized to import 75 Bcf of natural gas on an annual basis, or 150 Bcf of natural gas over two (2) years, from and to Canada beginning on the date of first delivery, not to occur prior to December 6, 2003; and

3. That such other and further authority be granted to Puget Sound Energy, Inc. as may be necessary to authorize importation and exportation of natural gas from and to Canada as proposed in this application.

DATED: January 9th, 2004.

Respectfully submitted,

By 

Robert E. Neate
Puget Sound Energy, Inc.
P.O. Box 97034
Bellevue, WA 98009-9734

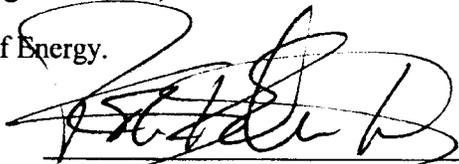
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VERIFICATION

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

Robert E. Neate, being first sworn, deposes and says that he is Assistant General Counsel of Puget Sound Energy, Inc.; that he has read the foregoing Application for Blanket Authorization to Import and Export Natural Gas from and to Canada and is familiar with the contents thereof; that all the statements and matters contained therein are true and correct to the best of his information, knowledge and belief; and that he is authorized to execute and file the same with the Department of Energy.

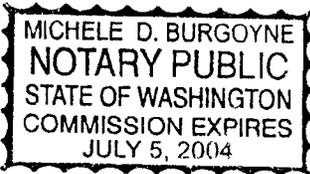


Robert E. Neate

SUBSCRIBED AND SWORN TO before me this 9th day of January 2004.



Print Name: Michele D. Burgoyne
Notary Public in and for the State of Washington,
residing at Snohomish
My commission expires: 7-5-2004



Reilly, Allyson

From: Morus, Steve [steve.morus@pse.com]
Sent: Tuesday, January 20, 2004 3:51 PM
To: Reilly, Allyson
Cc: Burgoyne, Michele; Neate, Robert E
Subject: Import Authority 03-82-NG for Puget Sound Energy

Allyson,

It was a pleasure speaking with you this morning. As I related over the phone, Puget Sound Energy used authority 03-82-NG in the month of December, 2003. (As we discussed, some of gas we imported that month was reported under the number of the previous blanket authority, 01-83-NG, which expired on Dec 5th, 2003).

Therefore, please terminate, rather than void, authority 03-82-NG on the same day as the new authority for 150 Bcf over a two year period is issued.

Thank you,
-Steve Morus
Puget Sound Energy, Inc.

Mr. Neate,

Could you please tell me if the authority in 03-82-NG has been used? I would like to vacate this out and issue a new authority beginning on the date of issuance. We are not backdating authorities or issuing them for first delivery. I am off-site today but do receive my e-mails and phone calls. Please e-mail me at Allyson.C.Reilly@HQ.DOE.GOV or to my off-site address ONEMEMEOW@AOL.com. My work phone is (202) 586-9394 or you may reach me here at (540) 720-3610.

**Allyson C. Reilly
Senior Analyst**