

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

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BC GAS UTILITY LTD.                    )  
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  )        FE DOCKET NO. 95-08-NG

ORDER GRANTING AUTHORIZATION  
TO IMPORT NATURAL GAS FROM AND  
EXPORT NATURAL GAS TO CANADA

DOE/FE ORDER NO. 1027

FEBRUARY 13, 1995

I. DESCRIPTION OF REQUEST

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On January 23, 1995, as amended February 3, 1995,<sup>1/</sup> BC Gas Utility Ltd. (BC Gas) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA),<sup>2/</sup> and DOE Delegation Order Nos.

0204-111 and 0204-127, requesting a five-year authorization to import Canadian gas for injection into storage in the Clay Basin Storage Facility (Clay Basin) in Dagget County, Utah, and later to export this gas back to Canada after withdrawal from storage. BC Gas requests authority to import up to 12.6 Bcf and export up to 12.0 Bcf over the period beginning May 1, 1995, through April 30, 2000. In addition, BC Gas requests authorization to sell small amounts of this stored gas in the United States under spot and short-term arrangements.

BC Gas, with its principal place of business in Vancouver, British Columbia, is the largest natural gas distribution utility located in western Canada. It provides natural gas service to over 700,000 customers in over 100 communities in British Columbia, most of which are residential customers. Clay Basin is an underground storage facility owned by Questar Pipeline Company (Questar). Upon withdrawal, the storage gas would be exported to Canada to serve BC Gas' residential, commercial, and industrial end-users.

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<sup>1/</sup> See letter from Mr. E.C. Eddy, Gas Supply Manager, BC Gas Utility Ltd., dated February 3, 1995.

2/ 15 U.S.C. 717b.

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BC Gas entered into a Firm Storage Service Agreement with Questar dated June 17, 1993, which allows BC Gas to inject and withdraw up to 2.4 Bcf of gas per year for the period May 1, 1995, through March 31, 2005. Reimbursement to Questar for fuel use of about 5 percent would add an additional requirement of 0.12 Bcf annually. Subsequently, BC Gas and Associated Gas Services, Inc. (AGSI) entered into the Clay Basin Storage Management and Redelivery Agreement on July 1, 1994. This agreement covers the period April 1, 1995, through April 1, 2000. It provides that each year AGSI would receive the imported gas from BC Gas at the border of the United States and Canada for injection into storage for BC Gas' account during the months of April through October and then would return the gas to BC Gas during the months of November through March. If BC Gas does not require redelivery of the entire quantity in its account at Clay Basin during the storage withdrawal period, either BC Gas or its agent, AGSI, would resell the gas in the U.S. spot market through short-term transactions for periods of up to one year.

The Canadian gas would be imported through either the Sumas International Pipeline Inc. (SIPI) or Northwest Pipeline (Northwest) Corporation interconnection with Westcoast Energy Inc. at the international border near Sumas, Washington. Upon withdrawal from storage, the gas would be re-delivered to Sumas, Washington, by displacement or exchange for export to BC Gas on the systems of Northwest and/or SIPI. The requested

authorization does not involve the construction of new pipeline facilities.

II. FINDING \_\_\_\_\_

The application filed by BC Gas has been evaluated to determine if the proposed import/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 or export of natural gas from or to 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 BC Gas 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. However, to be consistent with previous authorizations granted by DOE, any of this imported gas sold by BC Gas or AGSI on the U.S spot market during the term of the storage arrangement is limited to transactions under resale contracts with terms of no longer than two years.

ORDER

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

A. BC Gas Utility Ltd. (BC Gas) is authorized to import up to 12.6 Bcf of Canadian natural gas and subsequently to export up to 12 Bcf of this gas back to Canada during the period

May 1, 1995, through April 30, 2000. This natural gas may be imported and exported at the border of the United States and Canada near Sumas, Washington. To the extent that any portion of the imported gas injected into the Clay Basin Storage Facility is surplus to the requirements of BC Gas' distribution system customers in Canada, it may be marketed in the United States by BC Gas or its agent, Associated Gas Services, Inc.

B. Within two weeks after deliveries begin, BC Gas shall provide written notification to the Office of Fuels Programs (OFP), Fossil Energy, Room 3F-056, FE-50, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585, of the date that the first import delivery of natural gas authorized in Ordering Paragraph A above occurred.

C. With respect to the natural gas imports and exports authorized by this Order, BC Gas shall file with OFP, within 30 days following each calendar quarter, quarterly reports showing by month the total volume (in Mcf) imported and exported and the point of entry and exit. The reports shall list separately the monthly volumes sold on the U.S. spot market and the details of each transaction including: (1) the name of the purchaser(s); (2) the purchase price of gas per MMBtu; (3) the duration of the purchase agreement(s); (4) and the geographic market(s) served.

D. The first quarterly report required by Ordering Paragraph C of this Order is due not later than July 30, 1995,

and should cover the period from May 1, 1995, until the end of the second calendar quarter, June 30, 1995.

Issued in Washington, D.C., on February 13, 1995.

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