

UNITED STATES OF AMERICA  
DEPARTMENT OF ENERGY  
OFFICE OF FOSSIL ENERGY

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PENNSYLVANIA GAS AND WATER COMPANY ) FE DOCKET NO. 95-01-NG  
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ORDER GRANTING LONG-TERM AUTHORIZATION TO  
IMPORT NATURAL GAS FROM AND TO CANADA  
AND AMENDING PREVIOUS AUTHORIZATION

DOE/FE ORDER NO. 1033

MARCH 16, 1995

I. DESCRIPTION OF REQUEST

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On January 3, 1995, Pennsylvania Gas and Water Company (PG&W) 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>1/</sup> and DOE Delegation Order Nos. 0204-111 and 0204-127, requesting authorization to import natural gas from Canada. The authorization would allow PG&W to import up to 14,703 Mcf per day of natural gas from TransCanada PipeLines Limited (TCPL) beginning May 1, 1995, through October 31, 2002. PG&W, a Pennsylvania corporation, is a gas distribution utility with its principal place of business in Wilkes-Barre, Pennsylvania. The proposed imports by PG&W are volumes Tennessee Gas Pipeline Company (Tennessee) originally contracted to purchase from TCPL (and subsequently resold to PG&W) under one of Tennessee's existing import authorizations.<sup>2/</sup>

This application was initiated as a result of Tennessee's restructuring of its pipeline transportation, storage, and natural gas sales service under Order 636,<sup>3/</sup> issued by the Federal Energy Regulatory Commission (FERC) on April 16, 1992. The proposed authorization would enable PG&W, which has been a sales customer of Tennessee, and on whose behalf Tennessee now

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1. 15 U.S.C. 717b.

2. See DOE/ERA Opinion and Order No. 254 issued July 15, 1988

(1 ERA 70,789), as amended by DOE/ERA Opinion and Order No. 254-A issued October 31, 1989 (1 FE 70,262). In these orders, Tennessee is authorized to import volumes over a 15-year term

through October 31, 2002, in increments rising from 5,000 Mcf per day initially up to 25,000 Mcf per day.

3. FERC Statutes and Regulations 30,939.

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imports the gas, to import gas directly from TCPL. Under the terms of a Canadian Assignment Agreement between PG&W and Tennessee dated February 7, 1994, Tennessee assigned to PG&W its contractual rights to purchase certain volumes of Canadian gas through October 31, 2002. This assignment is consistent with the terms of Tennessee's August 1, 1988, gas purchase and sales agreement with TCPL. PG&W would import gas under the requested authorization using Tennessee's existing pipeline facilities which interconnect with those of TCPL at the international border near Niagara Falls, New York.

Under PG&W's assignment agreement with Tennessee, PG&W is obligated to take and pay for 70% of the assigned contract volume. The commodity charge would be calculated monthly by subtracting \$.05 from a composite index of spot gas prices for domestic volumes received by Tennessee, listed in the Index column as the Louisiana and Offshore (Zone 1) posting, as published in "Inside FERC Gas Market Report." This price is subject to renegotiation each second year commencing September 1, 1995. PG&W is also obligated to pay 75% of the demand charge on TCPL through August 31, 1995, and, thereafter, 80% through October 31, 2002.

## II. FINDING

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The application filed by PG&W 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 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 PG&W 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

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

A. Pennsylvania Gas and Water Company (PG&W) is authorized to import from Canada near Niagara Falls, New York, up to 14,703 Mcf per year of natural gas beginning May 1, 1995, through October 31, 2002.

B. The natural gas import authorization previously granted to Tennessee Gas Pipeline Company (Tennessee), in DOE/FE Opinion and Order No. 254-A (Order 254-A) issued October 31, 1989, is hereby amended to reduce the daily volumes that Tennessee may import during the period November 1, 1990, through October 31, 2002, by 14,703 Mcf. Under the new authority, Tennessee's import volumes from TransCanada PipeLines Limited shall not exceed 10,297 Mcf per day. All other terms and conditions of the import authorization contained in Order 254-A, as amended by DOE/FE Opinion and Order No. 592, issued March 18, 1992, shall remain in

effect.

C. Within two weeks after deliveries begin, PG&W shall provide written notification to the Office of Fuels Programs, Fossil Energy, FE-50, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585, of the date of initial deliveries of natural gas imported under Ordering Paragraph A above.

D. With respect to the imports authorized by this Order, PG&W shall file, within 30 days following each calendar quarter, quarterly reports indicating whether imports of natural gas have been made, and, if so, showing by month the total volume imported in Mcf. If no imports have been made, a report of "no activity" for that calendar quarter must be filed.

E. 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, through the end of the second calendar quarter, June 30, 1995.

Issued in Washington, D.C., on March 16, 1995.

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