

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

_____)
ALTRESKO PITTSFIELD, L.P.) FE DOCKET NO. 95-65-NG
_____)

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

DOE/FE ORDER NO. 1089

SEPTEMBER 28, 1995

I. DESCRIPTION OF REQUEST

On August 29, 1995, Altresco Pittsfield, L.P. (Altresco Pittsfield) filed an application with the Office of Fossil Energy 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, for authorization to import up to 11,757 Mcf per day of natural gas from Canada. Altresco Pittsfield is a Delaware limited partnership with its principal place of business in Boston, Massachusetts. The gas would be purchased from Home Oil Company Limited (Home Oil) pursuant to a Natural Gas Purchase and Sale Agreement (Home Oil Agreement), dated August 23, 1995, and used as fuel for Altresco Pittsfield's 160 MW, natural gas-fired, combined cycle, cogeneration facility located in Pittsfield, Massachusetts. The proposed authorization would be effective November 1, 1995,^{2/} and extend through October 31, 2011.^{3/}

The gas would be imported at the border of the United States and Canada near Niagara Falls, New York, through the pipeline facilities of TransCanada PipeLines Limited (TransCanada), and then by Tennessee Gas Pipeline Company to Berkshire Gas Company

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

2/ This is the date of first delivery of natural gas under the Home Oil Agreement.

3/ Since November 1, 1993, Altresco Pittsfield has been importing natural gas under its two-year blanket authorization granted by DOE/FE Opinion and Order No. 868, issued October 28, 1993 (1 FE 70,874). Altresco Pittsfield obtained additional supplies of natural gas from Vector Energy (U.S.A.) Inc. under blanket authorizations granted by DOE/FE Opinion and Order

No. 699 (FE Docket No. 92-118-NG) issued October 29, 1992 (1 FE 70,810) and DOE/FE Order No. 699-A, issued June 25, 1993 (1 FE 70,861).

which will deliver the natural gas to the Pittsfield cogeneration facility. Altresco Pittsfield also requests authority to import the natural gas at any alternative border point on the United States and Canada border that has transportation facilities accessible to Altresco Pittsfield.

The gas will be delivered by Home Oil to Altresco Pittsfield at the interconnection between NOVA Gas Transmission Limited (NOVA) and TransCanada. The contract between Altresco Pittsfield and Home Oil provides that Altresco Pittsfield will pay Home Oil the monthly demand, commodity, and fuel use charges associated with transporting the gas on NOVA, and a gas price for each month for each MMBtu of delivered gas. The monthly demand charge (in U.S. dollars) consists of NOVA's demand and other related charges approved by the Alberta Energy and Utilities Board (EUB). The monthly commodity charge (in U.S. dollars) consists of NOVA commodity and related charges approved by the EUB with respect to the NOVA capacity required to deliver the Home Oil Agreement quantities. The fuel use charge consists of the gas price for each MMBtu of gas used for fuel on NOVA to deliver volumes to the delivery point, but it will not exceed one percent of the Home Oil Agreement's daily contract quantity (DCQ).

The gas price per MMBtu for each month will be equal to the base price of \$1.26/U.S. adjusted monthly based on the changes in a monthly fuel index amount over a base index amount of \$1.81/U.S. The fuel index for any month shall be comprised of 50 percent of the price of No. 6 fuel oil, 40 percent of the average

of a basket of natural gas spot price indices, and 10 percent of the delivered cost of coal to New England Power Company. The gas price at no time shall be less than \$1.12/U.S. per MMBtu.

The contract also provides for a minimum annual quantity (MAQ) which is 75 percent of the DCQ, and if Altresco Pittsfield fails to nominate the MAQ, it may elect to pay a reservation fee equal to the product of \$0.25/U.S. per MMBtu times the MAQ not nominated. Should Altresco Pittsfield elect not to pay the reservation fee, then Home Oil has the option within 60 days of the end of the contract year period to permanently reduce the DCQ equal to the volumes of the MAQ not taken divided by the number of days in the contract year.

II. FINDING _____

The application filed by Altresco Pittsfield has been evaluated to determine if the proposed import arrangement meets the public interest requirements of section 3 of NGA, as amended by section 201 of the Energy Policy Act of 1992 (P.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 Altresco

Pittsfield 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. Altresco Pittsfield, L.P. (Altresco Pittsfield) is authorized to import 11,757 Mcf per day of natural gas commencing on November 1, 1995, through October 31, 2011. This gas shall be imported consistent with the terms and conditions of Altresco Pittsfield's gas purchase and sales agreement with Home Oil Company Limited (Home Oil), dated August 23, 1995. This natural gas may be imported at the United States and Canada border near Niagara Falls, New York, or at any alternative border point which has facilities accessible to Altresco Pittsfield.

B. Within two weeks after deliveries begin, Altresco Pittsfield 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 authorized by this Order, Altresco Pittsfield shall file with OFP, within 30 days following each calendar quarter, a quarterly report indicating by month the volumes and price of natural gas imported pursuant to this order. If no imports have been made, a report

of "no activity" for that calendar quarter must be filed. If imports have occurred, Altresco Pittsfield must report total monthly volumes in Mcf and the average purchase price of gas per MMBtu delivered at the international border, and paid to Home Oil. Whenever imports occur at an entry point other than Niagara Falls, these volumes and prices must be reported separately. The monthly price information shall itemize separately the demand and commodity charges, fuel charges, and, if applicable, reservation fees.

D. The first quarterly report required by Ordering Paragraph C of this Order is due not later than January 30, 1996, and should cover the period of November 1, 1995, until the end of the fourth calendar quarter, December 31, 1995.

Issued in Washington, D.C. on September 28, 1995.

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