UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

ORANGE AND ROCKLAND UTILITIES, INC.	FE DOCKET NO. 92-100-NG
TENNESSEE GAS PIPELINE COMPANY	FE DOCKET NO. 87-28-NG

ORDER GRANTING LONG-TERM AUTHORIZATION TO IMPORT NATURAL GAS FROM CANADA AND AMENDING A PREVIOUS AUTHORIZATION

DOE/FE ORDER NO. 741

NOVEMBER 30, 1992

I. DESCRIPTION OF REQUEST

On July 31, 1992, as supplemented August 24, 1992, Orange and Rockland Utilities (Orange and Rockland) 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/ requesting authorization to import up to 25,000 Mcf per day of natural gas from Canada. Orange and Rockland, a New York corporation with offices in Pearl River, New York, is a combination electric and natural gas utility operating in the States of New York and New Jersey. The proposed gas imports would be used by Orange and Rockland for its system supply for resale to consumers and for use in Orange and Rockland's own electric generating plants. A notice of the application was published in the Federal Register on October 2, 1992, inviting protests, motions to intervene, notices of intervention, and comments to be filed by November 2, 1992.2/ No comments or motions to intervene were received.

The gas would be imported from KannGaz Producers, Ltd. (KannGaz) at Niagara Falls, New York, under a gas purchase agreement dated June 15, 1992, with an initial term beginning December 1, 1992, and extending to October 31, 2002. The proposed authorization would enable Orange and Rockland, which has been a sales customer of Tennessee Gas Pipeline Company (Tennessee), to import gas directly from Tennessee's Canadian supplier. According to Orange and Rockland, the proposed imports are volumes Tennessee previously purchased from KannGaz and

1 15 U.S.C. 717b.

2 57 F.R. 45627.

resold to Orange and Rockland under Tennessee's existing import authorization, granted in DOE/FE Opinion and Order No. 195-B (Order 195-B).3/ As before, Tennessee would deliver the imported gas to Orange and Rockland from Niagara Falls using its Niagara Spur interconnection with the pipeline system of TransCanada PipeLines Limited. The transportation service to be provided Orange and Rockland would not require any new pipeline facilities.

Under Orange and Rockland's contract with KannGaz, the price that would be paid for the imported gas will consist of a monthly demand charge, commodity charge, and reservation charge. The contract provides for renegotiation every two years with respect to the method to be used for determining the monthly commodity price and, if agreement is not reached, binding arbitration. Also, there are provisions to ensure that sufficient gas will be available to satisfy the Orange and Rockland commitment.

II. FINDING

The application filed by Orange and Rockland has been evaluated to determine if the proposed import arrangement meets the public interest requirements of section 3 of the 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

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3 1 FE 70,261 (October 31, 1989), as amended by DOE/FE Opinion and Order No. 592, 1 FE 70,551 (March 18, 1992).

is deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought by Orange and Rockland to import natural gas from Canada, a nation with which a free trade agreement is in effect, meets the section 3(c) criterion and is therefore consistent with the public interest.

By this authorization, Orange and Rockland ceases to be a purchaser of volumes imported by Tennessee from KannGaz under Order 195-B, and will now import the gas itself. Accordingly, in conjunction with the new authorization issued herein, this order shall also modify Order 195-B to eliminate 25,000 Mcf per day previously imported for Orange and Rockland.

ORDER

For reasons set forth above, pursuant to section 3 of the Natural Gas Act, it is ordered that:

A. Orange and Rockland Utilities, Inc. (Orange and Rockland), is authorized to import at Niagara Falls, New York, up to 25,000 Mcf of natural gas per day over a period beginning December 1, 1992, through October 31, 2002, in accordance with the provisions of its gas purchase contract with KannGaz Producers, Ltd. (KannGaz), dated June 15, 1992.

B. The natural gas import authorization previously granted to Tennessee Gas Pipeline Company (Tennessee), in DOE/FE Opinion and Order No. 195-B (Order 195-B) issued October 31, 1989, is hereby amended to reduce the daily volumes that Tennessee may import during the period December 1, 1992, through October 31, 2002, by 25,000 Mcf. Under the new authority, Tennessee's import volumes from KannGaz shall not exceed 100,000 Mcf per day. All other terms and conditions of the import authorization contained in Order 195-B, as amended by DOE/FE Opinion and Order No. 592, issued March 18, 1992, shall remain in effect.

C. Orange and Rockland shall notify the Office of Fuels Programs (OFP), Fossil Energy, FE-50, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585, in writing of the date of initial deliveries of natural gas imported under Ordering Paragraph A above within two weeks after deliveries begin.

D. With respect to the imports authorized by this Opinion and Order, Orange and Rockland shall file with OFP, within 30 days following each calendar quarter, quarterly reports showing by month, the total volume of natural gas imports in Mcf and the average purchase price per MMBtu at the international border. The monthly price information shall itemize separately the demand, commodity, and reservation charges on a monthly and per unit (MMBtu) basis. 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 D is due not later than January 30, 1993, and should cover the period from the date of this order until the end of the current calendar quarter, December 31, 1992.

Issued in Washington, D.C., November 30, 1992.

Charles F. Vacek
Deputy Assistant Secretary
for Fuels Programs
Office of Fossil Energy