UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

TENASKA WASHINGTON PARTNERS II, L.P.)	FE DOCKET NO. 93-131-NG

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

DOE/FE ORDER NO. 912

JANUARY 24, 1994

I. DESCRIPTION OF REQUEST

On November 22, 1993, as amended on December 8, 1993, Tenaska Washington Partners II, L.P. (Tenaska Partners) 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, requesting authorization to import up to 21,433 MMBtu2/ per day of natural gas from Canada. The gas would be consumed at a 248-megawatt electric power generation facility (the Facility) to be located in Pierce County, near Tacoma, Washington. The term of the authorization would be for a period of 20 years beginning on the date the Facility is placed in commercial operation, which is expected to be in 1996.3/ The electricity produced by the Facility would be sold to the Bonneville Power Administration (Bonneville).

Tenaska Partners is a limited partnership under the laws of the State of Washington with its principal office in Omaha, Nebraska. Tenaska Partners was formed exclusively to own and operate the Facility. The gas would be imported pursuant to a gas purchase agreement between Tenaska Partners and Shell Canada Limited (Shell) dated April 30, 1993. The point of delivery into the United States would be at the international boundary near

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

2/ One MMBtu equates to approximately one Mcf.

3/ Earlier, Tenaska Partners and Tenaska Gas Co. jointly were authorized by DOE/FE Order No. 909, issued January 5, 1994, to import up to 14,311 MMBtu per day of Canadian natural gas from Husky Oil Operations Ltd. for consumption in the Facility. (This order is not yet published). The authorization extends for 20 years following commencement of commercial operation of the Facility.

Sumas, Washington. Northwest Pipeline Corporation will transport the gas from the receipt point to the Facility. No new pipeline facilities would be constructed.

The contract provides for deliveries of up to 21,433 MMBtu per day for a term of 20 years, commencing on the date of commercial operation of the Facility. However, the sale and purchase of gas under the contract is subject to several conditions precedent, including the requirement that Tenaska Partners provide written notice to Shell by June 30, 1998, confirming that the Facility has started commercial operations. In the event any of the conditions are not satisfied, either party may terminate the contract.

Tenaska Partners will pay Shell a predetermined price each year for deliveries at the U.S. border beginning at $2.06 (U.S.) per MMBtu for 1996, and increasing to $6.01 (U.S.) per MMBtu in 2016. The sales price will be billed as demand and commodity charges. The demand charge payment will equal 27 percent of the sales price and the commodity charge payment will equal 73 percent of the sales price.

Tenaska Partners is required to purchase 90 percent of the sum of the maximum daily contract quantities (DCQ) each year. If Tenaska Partners takes less than the minimum annual obligation, it must pay a deficiency charge on the portion not taken. There is a provision in the contract for Tenaska Partners to reduce the DCQ during months when Bonneville curtails purchases of electric energy produced by the Facility.

II. FINDING

The application filed by Tenaska Partners 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 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 Tenaska Partners 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. Tenaska Washington Partners II, L.P. (Tenaska Partners) is authorized to import from Canada up to 21,433 MMBtu (approximately 21,433 Mcf) per day of natural gas purchased from Shell Canada Limited (Shell). The term of the authorization shall begin on the date of this Order and continue for a period of 20 years following the date that the electric power generation facility (the Facility) proposed to be built by Tenaska Partners in Pierce County, near Tacoma, Washington, is placed in commercial operation. This gas shall be imported at Sumas, Washington, under the provisions of the gas purchase agreement between Tenaska Partners and Shell dated April 30, 1993, which is on file in this docket.

B. Tenaska Partners shall provide written notification to the Office of Fuels Programs (OFP), Fossil Energy, Room 3F-056, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585, of the date that the Facility is placed in commercial operation, within 15 days of its being established.

C. Within two weeks after deliveries begin, Tenaska Partners shall provide written notification to OFP of the date that the first imports of natural gas authorized in Ordering Paragraph A above occurred.

D. With respect to the natural gas imports authorized by this Order, Tenaska Partners shall file with the OFP, within 30 days following each calendar quarter, quarterly reports showing by month the total volume (in Mcf) imported and the average purchase price per MMBtu paid at the international border. The price information for a particular month shall list separately (on a per unit (MMBtu) basis) the demand and commodity charge.

E. The first quarterly report required by Ordering Paragraph D of this Order is due not later than 30 days after the calendar quarter in which imports first occur under this authorization.

Issued in Washington, D.C., on January 24, 1994.

Anthony J. Como
Director
Office of Coal & Electricity

Office of Fuels Programs
Office of Fossil Energy