

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

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SAN DIEGO GAS & ELECTRIC COMPANY

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) DOCKET NO. 92-123-NG  
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ORDER GRANTING LONG-TERM AUTHORIZATION  
TO IMPORT NATURAL GAS FROM CANADA

DOE/FE ORDER NO. 717

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NOVEMBER 13, 1992

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I. DESCRIPTION OF REQUEST

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On September 25, 1992, San Diego Gas & Electric Company (SDG&E) filed an application with the Office of Fossil Energy of the Department of Energy (DOE) for authorization to import up to 53,150 Mcf per day of natural gas from Canada over a period of eleven years beginning on the date of first delivery. SDG&E, a California corporation with its principal place of business in San Diego, California, is a public utility which provides electric, gas and steam service to customers in San Diego and Orange counties, California.

The gas will be imported under gas purchase contracts, each dated March 12, 1991, between SDG&E and four Canadian suppliers: Bow Valley Industries Ltd. (4,900 Mcf per day), Canadian Hunter Marketing Ltd. (19,700 Mcf per day), Husky Oil Operations Ltd. (21,650 Mcf per day), and Summit Resources Ltd. (6,900 Mcf per day). The terms of the four contracts extend for periods of eight to eleven years. The proposed volumes will be imported at the U.S./Canada border near Kingsgate, British Columbia, and will be delivered to SDG&E over the expanded pipeline facilities of Pacific Gas Transmission (PGT) and Pacific Gas & Electric Company (PG&E). Each of the four contracts provides that the commodity price will be adjusted on a monthly basis, reflecting changes in the southwestern U.S. natural gas market. Each contract also provides for a make-up period if SDG&E incurs gas inventory charges because it is unable to take the prescribed minimum quantities.

## III. FINDING

The application filed by SDG&E 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 is deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought by SDG&E 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.<sup>1/</sup>

## ORDER

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

A. San Diego Gas & Electric Company (SDG&E) is authorized to import, at Kingsgate, British Columbia (B.C.), up to 53,150 Mcf per day of Canadian natural gas over a period of

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<sup>1/</sup> DOE has examined the environmental impact of constructing the PGT/PG&E expansion facilities and, in a Record of Decision (ROD) published on May 22, 1992 (57 F.R. 21784), determined that those facilities would be environmentally acceptable if constructed and operated in accordance with the environmental conditions contained in the certificates issued by the Federal Energy Regulatory Commission (FERC) and the California Public Utilities Commission (See Pacific Gas Transmission Company, 56 FERC

61,192 [1991]). The environmental impacts discussed in the ROD have not changed, and this Order incorporates DOE's findings.

eleven years beginning on the date of first delivery, consistent with the terms of each of the four gas purchase contracts on file in this docket.

B. Within two weeks after deliveries begin, SDG&E shall notify the Office of Fuels Programs (OFP), Fossil Energy, Room 3F-056, FE-50, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585, in writing, 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, SDG&E shall file with OFP, within 30 days following each calendar quarter, quarterly reports indicating whether imports of natural gas have been made. If no imports have been made, a report of "no activity" for that calendar quarter must be filed. If imports occur, SDG&E must report total monthly volumes in Mcf and the average purchase price of gas per MMBtu delivered to Kingsgate, B.C. under each of SDG&E's four gas purchase contracts.

D. The first quarterly report required by Order Paragraph C of this Order 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., on November 13, 1992.

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Charles F. Vacek

Deputy Assistant Secretary  
for Fuels Programs  
Office of Fossil Energy