

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

PUGET SOUND ENERGY, INC.

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FE DOCKET NO. 09-87-NG

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

DOE/FE ORDER NO. 2717

OCTOBER 26 , 2009

I. DESCRIPTION OF REQUEST

On August 25, 2009, Puget Sound Energy, Inc. (PSE) filed an application with the Office of Fossil Energy (FE) of the Department of Energy under section 3 of the Natural Gas Act (NGA)^{1/} for authority to import and export up to a combined total of 10,000 MMBtu (approximately 0.01 billion cubic feet (Bcf)) per day of natural gas from and to Canada, under a North American Energy Standards Board (NAESB) base contract, as amended, with Shell Energy North America (Canada) Inc. (Shell Energy) for a term beginning on November 1, 2009 and extending through March 31, 2012. PSE is a Washington corporation with its principal place of business in Bellevue, WA.

PSE, a public service company, furnishes electric and natural gas service within a 6,000 square mile territory, principally in the Puget Sound region of western Washington. PSE transports firm supply natural gas for its distribution operations on Northwest Pipeline Corporation (Northwest). PSE also receives significant quantities of firm storage service from Northwest. PSE proposes to import and export natural gas on its own behalf and on behalf of its Canadian or U.S. suppliers and its Canadian or U.S. purchasers. In accordance with the terms of the NAESB base contract dated January 1, 2004, the natural gas will be delivered by Shell Energy to the Westcoast Energy, Inc., Station #2 (WEI) pipeline system near Chetwynd, British Columbia. The natural gas will then be transported by pipeline to Huntingdon, British Columbia at or near the border between the United States and Canada. The price for each import and

^{1/} 15 U.S.C. § 717b. This authority is delegated to the Assistant Secretary for FE pursuant to Redeleation Order No. 00-002.04AD (November 6, 2007).

export transaction will be established in the contract and/or as determined by prevailing competitive market prices.

II. FINDING

The application filed by PSE has been evaluated to determine if the proposed import and export 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 and export of natural gas, including liquefied natural gas, from or to 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 PSE to import and export natural gas from and to 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 NGA, it is ordered that:

A. PSE is authorized to import and export up to a combined total of 10,000 MMBtu (approximately 0.01 Bcf) per day of natural gas from and to Canada in accordance with the NAESB contract dated January 1, 2004. This authorization shall be effective for a term of three years beginning on November 1, 2009 and extending through March 31, 2012.

B. This natural gas may be imported and exported at any point on the border between the United States and Canada.

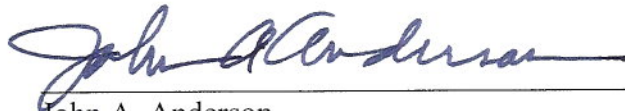
C. **Monthly Reports:** With respect to the natural gas imports and exports authorized by this Order, PSE shall file with the Office of Natural Gas Regulatory Activities, within 30 days following the last day of each calendar month, a report indicating whether imports or exports of natural gas have been made. Monthly reports must be filed whether or not initial deliveries have begun. If no imports and/or exports have been made, a report of “no activity” for that month must be filed. If imports and/or exports of natural gas have occurred, the report must give the following details: (1) for imports, the country of origin; (2) for exports, the country of destination; (3) the point(s) of entry and exit; (4) the volume in thousand cubic feet (Mcf); (5) the average purchase price of gas per million British thermal units (MMBtu) at the international border; (6) the name of the supplier(s); (7) the name of the U.S. transporter(s); (8) the estimated or actual duration of the supply agreement(s); and (9) for imports, the geographic markets(s) served (list State(s), U.S. Census Region(s), or general U.S. geographic area(s)). [OMB No.: 1901-0294]

D. The first monthly report required by this Order is due not later than December 30, 2009, and should cover the reporting period from November 1, 2009 through November 30, 2009.

E. All monthly report filings shall be made to U.S. Department of Energy (FE-34), Office of Fossil Energy, Office of Natural Gas Regulatory Activities, P.O. Box 44375, Washington, D.C. 20026-4375 Attention: Ms. Yvonne Caudillo. Alternatively, reports may

be e-mailed to Ms. Caudillo at Yvonne.caudillo@hq.doe.gov or ngreports@hq.doe.gov, or may be faxed to Ms. Caudillo at (202) 586-6050.

Issued in Washington, D.C., on October 26, 2009.

A handwritten signature in dark ink, appearing to read "John A. Anderson", written over a horizontal line.

John A. Anderson
Manager, Natural Gas Regulatory Activities
Office of Oil and Gas Global Security and Supply
Office of Fossil Energy