

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

PUGET SOUND ENERGY, INC.

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FE DOCKET NO. 15-139-NG

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

DOE/FE ORDER NO. 3740

NOVEMBER 12, 2015

I. DESCRIPTION OF REQUEST

On September 2, 2015, Puget Sound Energy, Inc. (PSE) filed an application, as subsequently supplemented, with the Office of Fossil Energy (FE) of the Department of Energy (DOE) under section 3 of the Natural Gas Act (NGA)¹ for long-term authorization to import and export up to a combined total of 10,000 million (MM) Btu per day of natural gas from and to Canada beginning on November 1, 2015, and extending through October 31, 2018, for a total of approximately 10.65 billion cubic feet (Bcf) over the three-year period.² PSE proposes to import and export natural gas under a North American Energy Standards Board (NAESB) base contract with J. Aron and Company (J. Aron) dated August 1, 2004, and a Transaction Confirmation with J. Aron in a quantity of 10,000 MMBtu per day, dated September 23, 2011.

PSE, a subsidiary of Puget Energy, Inc., is a Washington corporation with its principal place of business in Bellevue, Washington. PSE states that it is a public service company and furnishes electric and natural gas service within a 6,000 square mile territory, principally in the Puget Sound region of western Washington. PSE states that it transports firm supply natural gas for its distribution operations on Northwest Pipeline Corporation.

According to PSE's application and supplement, the natural gas subject to the requested authorization will be delivered by J. Aron via the Westcoast Energy Inc., Station #2 pipeline system in British Columbia, at or near the border between the United States and Canada (near Sumas, Washington) for delivery to the United States/Canadian border, or other points as agreed to by both parties. PSE states that the requested authorization will not require the construction of

¹ The authority to regulate the imports and exports of natural gas, including liquefied natural gas, under section 3 of the NGA (15 U.S.C. § 717b) has been delegated to the Assistant Secretary for FE in Redelegation Order No. 00-006.02 issued on November 17, 2014.

² DOE regulations require applicants to provide requested export volumes in terms of Bcf of natural gas. 10 C.F.R. § 590.202(b)(1). Accordingly, DOE/FE will authorize PSE's requested export in the equivalent of Bcf of natural gas. DOE/FE estimates that 10,000 million Btu per day is equivalent to approximately 10.65 Bcf over three years, based on the average heat content of 1,027 Btu per standard cubic feet of domestic natural gas consumed.

new pipelines, as any imports and exports under the requested authorization will utilize existing pipeline capacity to receive and deliver the natural gas, and/or to deliver natural gas supplies to PSE's markets.

II. FINDING

The application has been evaluated to determine if the proposed import and/or 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 (LNG), from and to a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas and the import of LNG from other international sources are deemed to be consistent with the public interest, and applications for such imports or exports 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 approximately 10.65 Bcf of natural gas from and to Canada over a period of three years (10,000 million Btu per day), pursuant to a NAESB base contract and a Transaction Confirmation with J. Aron dated August 1, 2004, and September 23, 2011, respectively. The term of this authorization shall be effective retroactively beginning on November 1, 2015, and extending through October 31, 2018.

B. This natural gas may be imported and exported at the point on the United States/Canadian border near Sumas, Washington, or other points as mutually agreed to by both parties under the above referenced NAESB contract and Transaction Confirmation.

C. **Monthly Reports:** With respect to the natural gas imports and exports authorized by this Order, PSE shall file with the Office of Regulation and International Engagement, 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)).

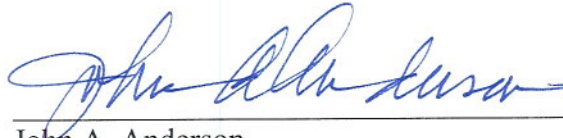
(Approved by the Office of Management and Budget under OMB Control No. 1901-0294)

D. The first monthly report required by this Order is due not later than December 30, 2015, and should cover the reporting period from November 1, 2015, through November 30, 2015.

E. All monthly report filings shall be made to U.S. Department of Energy (FE-34), Office of Fossil Energy, Office of Regulation and International Engagement, P.O. Box 44375,

Washington, D.C. 20026-4375, Attention: Natural Gas Reports. Alternatively, reports may be e-mailed to ngreports@hq.doc.gov, or may be faxed to Natural Gas Reports at (202) 586-6050.

Issued in Washington, D.C., on November 12, 2015.

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

John A. Anderson
Director, Office of Regulation and International Engagement
Office of Oil and Natural Gas