

UNITED STATES DEPARTMENT OF ENERGY

**Office of Fossil Energy
Washington, D.C.**

FE Docket No. EA-98

Arizona Public Service Company
Central and South West Services, Inc.
Central Louisiana Electric Company
Idaho Power Company
Kansas City Power & Light
Louis Dreyfus Electric Power, Inc.
Montana Power Company
Nevada Power Company
Oklahoma Gas and Electric Company
Pacific Gas & Electric Company
PacifiCorp
Public Service Company of Colorado
Public Service Company of New Mexico
Public Service Company of Oklahoma
Puget Sound Power & Light Company
Sierra Pacific Power Company
Southern California Edison Company
Southwestern Public Service Company
Tucson Electric Power Company
Utilicorp United, Inc. (West Plains Energy)
Washington Water Power Company
Western Resources, Inc

**Electricity Export Authorization
Order Authorizing Export of Electric Energy to Canada**

Order No. EA-98

September 2, 1994

ELECTRICITY EXPORT AUTHORIZATION

EA-98

BACKGROUND

Exports of electricity from the United States to a foreign country are regulated and require authorization under Section 202(e) of the Federal Power Act.

On December 3, 1993, as amended on March 17, 1994, the Western Systems Power Pool (WSPP), on behalf of some of its members (the "Applicants"), applied to the Office of Fossil Energy of the Department of Energy (DOE) for authorization to transmit electric energy from the United States to Canada. Specifically, the Applicants were seeking authority to export electric energy to a foreign member of the WSPP, British Columbia Hydro and Power Authority (BC Hydro), and other future Canadian members. The Applicants participating in the application in Docket EA-98 are:

Arizona Public Service Company
Central and South West Services, Inc.
Central Louisiana Electric Company
Idaho Power Company
Kansas City Power & Light
Louis Dreyfus Electric Power, Inc.
Montana Power Company
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[San Diego Gas & Electric Company and Portland General Electric Company were among the applicant when WSPP applied to FE. Both companies, by letter to FE, subsequently withdrew from the WSPP application, submitted their own applications requesting export authority, and were individually issued electricity export authorizations in Docket Numbers EA-100 and EA-97. Bonneville Power Administration (BPA), while a member of WSPP, is exempt from Section 202(e) of the Federal Power Act and does not require an export authorization to transmit electricity to a foreign country.]

By the joint application, each Applicant seeks an export authorization allowing them to enter into transactions which involve the exportation of electricity from the United States to BC Hydro and future Canadian members of the WSPP. All transactions would occur pursuant to the terms and conditions of the WSPP's pooling agreement and service schedules which have been approved by and are on file with the Federal Energy Regulatory Commission (FERC).

The WSPP Agreement provides for a marketing arrangement in which members arrange among themselves prescheduled and realtime coordinated short-term power and energy transactions. The Agreement also sets limitations and parameters affecting all WSPP transactions. All transactions among WSPP members must be no longer than one year in duration and in accordance with one of four service schedules on file with the FERC. The

schedules provide for (1) Economy Energy Service, (2) Unit Commitment Service, (3) Firm System Capacity/Energy Sales or Exchanges, and (4) Transmission Service. All transmission services are voluntary.

The electric energy to be exported will be delivered to Canadian members of WSPP over the international transmission facilities owned and operated by BPA. These facilities have been authorized by Presidential permits issued pursuant to Executive Order 10485, as amended.

They consist of two 500-kilovolt (kV) transmission lines which cross the U.S.-Canadian boarder at Blaine, Washington, (Presidential Permit PP-10) and one 230-kV line crossing the border at Nelway, British Columbia (Presidential Permit PP-46). In addition, BPA's 230-kV transmission line that connects to West Kootenay Power and Light Company, Limited, also at Nelway, British Columbia, will be used (Presidential Permit PP-36). BPA will allow WSPP members to use the above interconnections to transact business with Canadian WSPP members pursuant to mutually agreeable terms and conditions and to the extent that BPA determines transmission capacity is available for such use, all in accordance with the Energy Policy Act of 1992, the FERC transmission access rules, and other applicable law.

Notice of the WSPP application was placed in the Federal Register on May 11, 1994, (59 FR 24407) soliciting comments, protests, and petitions to intervene. No responses to this notice were received during the announced 60-day comment period, nor during the added 7-day period noticed in the Federal Register on July 8, 1994 (59 FR 35118).

DECISION

The DOE has assessed the potential environmental impacts associated with the proposed export and has determined that this action is among those classes of actions not normally requiring preparation of an environmental assessment or an environmental impact statement and, therefore, is eligible for categorical exclusion under Appendix B to Subpart D, paragraph B4.2 of the revised DOE Regulations implementing the National Environmental Policy Act of 1969. A memorandum documenting the use of this categorical exclusion has been placed in this docket.

The DOE also has assessed the impact of the proposed action on the reliability of the U.S. electric power supply system. Based upon the information in this docket, the DOE has determined, subject to certain limitations, that the export of electric energy to Canada as requested by the Applicants would not impair the sufficiency of electric supply within the United States and would not impede or tend to impede the coordination in the public interest of facilities in accordance with Section 202(e) of the Federal Power Act. However, in making this finding, the DOE recognizes that the type of export arrangement requested by the Applicants is considerably less structured than those authorized by DOE in the past. As a result, the reliability review performed could not be as empirical as those performed in other proceedings. Because of this difference, the DOE has decided to limit the authorization to two years and to require the Applicants to report transactions on a quarterly rather than annual basis. A staff analysis in support of these findings has been made a part of the record in this docket.

ORDER

(A) Based on the above finding, it is ordered that the following Applicants are authorized, individually, to export electric energy to BC Hydro, or other future Canadian members of the WSPP, under the terms and conditions of the WSPP's pooling agreement and service schedules which have been approved by the FERC:

APPLICANTS:

Arizona Public Service Company
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Central Louisiana Electric Company
Idaho Power Company
Kansas City Power & Light
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Southern California Edison Company
Southwestern Public Service Company
Tucson Electric Power Company
Utilicorp United, Inc. (West Plains Energy)
Washington Water Power Company
Western Resources, Inc.

(B) The electric energy the Applicants are authorized to export from the United States to Canada shall be transmitted over the international transmission facilities owned and operated by the Bonneville Power Administration. These facilities have been authorized by

Presidential permits issued pursuant to Executive Order 10485, as amended. They consist of two 500-kilovolt (kV) lines located at Blaine, Washington, (Presidential Permit PP-10) and one 230-kV line at Nelway, British Columbia (Presidential Permit PP-46). In addition, BPA's 230-kV transmission line that connects to West Kootenay Power and Light Company, Limited, also at Nelway, British Columbia, will be used (Presidential Permit PP-36).

(C) This authorization shall be effective for a period of two years from the date of this Order. No sooner than six months prior to the expiration of this authorization, the Applicants may reapply for renewal of the authorization. At that time DOE will give consideration to renewing the authorization for a period of time longer than two years.

(D) The authorization herein granted may be modified from time to time or terminated by further order of the DOE, but in no event shall such authorization extend beyond the date of termination or expiration of the Presidential permits referred to in Paragraph (B) above.

(E) Applicants shall conduct all operations pursuant to the authorization hereby granted in accordance with the provisions of the Federal Power Act and pertinent rules, regulations, and orders adopted or issued by the DOE.

(F) This authorization shall be without prejudice to the authority of any State or State regulatory commission for the exercise of any lawful authority vested in such State or State regulatory commission.

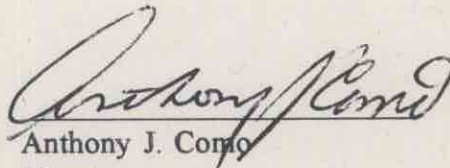
(G) Applicants shall make and preserve full and complete records with respect to the electric energy exported to Canada. Each Applicant, or its agent, shall furnish a quarterly report to the DOE, within 30 days following each calendar quarter, indicating whether exports of electricity have been made. Quarterly reports must be filed whether or not exports have been made. If no exports have been made by a particular Applicant, a report of "no activity" for that calendar quarter must be filed. If exports have occurred, Applicants must report the maximum rate of transmission in megawatts during each month of the quarter; the gross amount of energy delivered in megawatt-hours, the name of the Canadian entity electricity was delivered to, and whether interruption of the export was required and the reason for the interruption.

Quarterly reports shall be submitted to the U.S. Department of Energy, Office of Fossil Energy, FE-52, 1000 Independence Avenue, SW, Washington, DC, 20585. Properly identified quarterly reports will also be accepted via facsimile at (202) 586-6050 to meet time requirements, but original copies should still be filed at the above address.

(H) The first quarterly report required by Ordering Paragraph G of this Order is due not later than January 30, 1995, and should cover the period from the date of this Order until the end of the fourth calendar quarter, December 31, 1994.

(I) Exports to Canada authorized herein shall be reduced or suspended, as necessary, to prevent adverse effects on the reliability and stability of the utility systems impacted by the Applicants' export.

Issued in Washington, D.C., September 2, 1994.

A handwritten signature in dark ink, appearing to read "Anthony J. Como", is written over the printed name.

Anthony J. Como
Director
Office of Coal & Electricity
Office of Fuels Programs
Office of Fossil Energy