

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

March 29, 2004

In Reply Refer To:

Northwest Pipeline Corporation,
Terasen Sumas, Inc.
Docket No. CP04-55-000
Presidential Permit

The Honorable Donald H. Rumsfeld
Secretary of Defense
Washington, D.C. 20301

Dear Mr. Secretary:

1. Pursuant to the provisions of Executive Order Nos. 10485 and 12038 of September 1, 1953, and February 3, 1978, respectively, and the Secretary of Energy's Delegation Order No. 00-004.00, effective December 6, 2001, enclosed herewith for your information and consideration is a copy of an application filed jointly by Northwest Pipeline Corporation (Northwest) and Terasen Sumas Incorporated (SIPI) (collectively "applicants") with the Federal Energy Regulatory Commission on January 20, 2004, in Docket No. CP04-55-000.

2. In the January 20, 2004 filing the applicants seek authorization for Northwest to succeed to SIPI's Presidential Permit authorizing the operation and maintenance of certain natural gas facilities at the boundary of the United States and Canada near Sumas, Washington.¹ The applicants state that no additional facilities are proposed by this application, nor do they seek to change any of the terms and conditions in the Presidential Permit for the subject facilities.

3. Northwest is a natural gas company incorporated under the laws of the State of Delaware, with its principal place of business located at 2905 Chipeta Way, Salt Lake City, Utah 84108. Terasen Sumas Inc.(SIPI) is a natural gas company incorporated under the laws of the State of Delaware, with its principal place of business at 902 Market

¹Terasen Sumas Incorporated, or SIPI, was formerly Sumas International Pipeline, Inc., in whose name the existing Presidential Permit was issued by the Commission on November 2, 1992. 61 FERC ¶ 61,170. Applicants state that this name change has not had an effect on the operation or ownership of the facilities.

Street, P.O. Box 25130, Wilmington, Delaware. Both companies are authorized to do business in the State of Washington.

4. Also enclosed for your consideration is a draft copy of the Permit to be issued to Northwest, which incorporates terms and conditions you and the Secretary of State have heretofore required in similar cases. The only substantive difference between the draft Permit and the existing Permit is in Article 9, which would be revised, consistent with current Commission policy, to state that until such time as the subject facilities are no longer used, the Commission will defer any determination whether the facilities shall be abandoned in place or by removal.

5. A similar letter, together with a draft of the proposed Permit and a copy of the application, is being sent to the Secretary of State. If the Secretary of State should make an unfavorable recommendation or propose any material change in the draft of the Permit, the Commission will immediately advise you.

6. The Commission would appreciate receiving your views regarding issuance of the proposed amended Permit at an early date. Please do not hesitate to contact me at (202) 502-8400 or Ethel Morgan at (202) 502-8450, if you need any further information.

By direction of the Commission.

Magalie R. Salas,
Secretary.

cc: The Honorable Colin L. Powell

Enclosures:

Application of Northwest Pipeline Corporation
and Terasen Sumas, Inc.
Presidential Permit

Appendix A

PERMIT AUTHORIZING NORTHWEST PIPELINE CORPORATION TO SITE, CONSTRUCT, OPERATE AND MAINTAIN NATURAL GAS FACILITIES AT THE INTERNATIONAL BOUNDARY BETWEEN UNITED STATES AND CANADA

FEDERAL ENERGY REGULATORY COMMISSION DOCKET NO. CP04-55-000

(Issued March 29, 2004)

Northwest Pipeline Corporation and Terasen Sumas, Inc. corporations organized and existing under the laws of the State of Delaware filed in Docket No. CP04-55-000 on January 20, 2004, an application pursuant to Executive Order Nos. 10485 and 12038 and the Secretary of Energy's Delegation Order No. 00-004.00, for Northwest to succeed to the authorization under the Presidential Permit issued to Terasen Sumas, Inc., on November 2, 1992, in Docket No. CP92-259-000. 61 FERC ¶ 61,170 (1992). In support of this request, Northwest Pipeline Corporation (Permittee) states that the subject facilities will not be altered, activities will not vary from those permitted by the original Presidential Permit and the activities of Northwest will be consistent with the Commission's previous authorization for the subject facilities.

By letter dated _____, 2004, the Secretary of State, and by letter dated _____, 2004, the Secretary of Defense favorably recommend that the Permit be granted. The Federal Energy Regulatory Commission finds that the issuance of a Permit is appropriate and consistent with the public interest.

Pursuant to the provisions of Executive Order Nos. 10485 and 12038, dated September 3, 1953 and February 3, 1978, respectively, the Secretary of Energy's Delegation Order No. 00-004.00, effective December 6, 2001, and the Commission's General Rules and Regulations, permission is granted to the Permittee to construct, operate, maintain and connect the natural gas transmission facilities described in Article 2 below, upon the terms and conditions of the Permit.

Article 1. It is expressly agreed by the Permittee that the facilities herein described shall be subject to all provisions and requirements of this Permit. This Permit may be modified or revoked by the President of the United States or the Federal Energy Regulatory Commission and may be amended by the Federal Energy Regulatory Commission upon proper application.

Article 2. The following facilities are subject to this Permit:

95 feet of 24-inch diameter pipe and approximately 110 feet of 24-inch diameter pipe extending from valves SIPI-4 and SIPI-7, respectively, at Northwest's SIPI Meter Station to the United States/Canada international boundary. The facilities are located in Section 36, Township 41N, Range 4E, in Whatcom County, Washington and interconnect at the international border with facilities owned and operated by Terasen Huntingdon Inc. (HIPCO) the interconnecting Canadian pipeline. The existing design day capacity of Northwest's bi-directional SIPI Meter Station is approximately 265,600 Dth/d.

Article 3. The natural gas facilities authorized herein, or which may subsequently be included herein by modification or amendment, may be utilized for the importation or exportation of natural gas and in the manner authorized under Section 3 of the Natural Gas Act.

Article 4. The construction, operation, maintenance, and connection of the aforesaid facilities shall be subject to the inspection and approval of representatives of the United States for such purposes. The Permittee shall allow officers and employees of the United States, showing proper credentials, free and unrestricted access to the land occupied by the facilities in the performance of their official duties.

Article 5. If in the future it should appear to the Secretary of the Army that any facilities or operations permitted hereunder cause unreasonable obstruction to the free navigation of any of the navigable waters of the United States, the Permittee may be required, upon notice from the Secretary of the Army, to remove or alter the same so as to render navigation through such waters free and unobstructed.

Article 6. The Permittee shall be liable for all damages occasioned to the property of others by the operation or maintenance of the aforesaid facilities and connections, and in no event shall the United States be liable therefor. The Permittee shall do everything reasonable within its power to prevent or suppress fires on or near land occupied under this Permit.

Article 7. The Permittee agrees to file with the Commission, under oath and in such detail as the Commission may require, such statements or reports with respect to the natural gas imported or the facilities described herein, as the Commission may, from time to time, request. Such information may be made available to any federal, state, or local agency requesting such information.

Article 8. Neither this Permit nor the facilities and connections, nor any part thereof, covered by this Permit shall be voluntarily transferred in any manner, but the

Permit shall continue in effect temporarily for a reasonable time in the event of the involuntary transfer of the facilities and connections used hereunder by operation of law (including transfer to receivers, trustees, or purchasers under foreclosure or judicial sale) pending the making of an application for a permanent Permit and decision thereon, provided notice is promptly given in writing to the Commission accompanied by a statement that the facilities and connections authorized by this Permit remain substantially the same as before the involuntary transfer. The Permittee shall maintain the facilities and connection, and every part thereof, in a condition of repair for the efficient operation of said facilities and connections in the transportation of natural gas and shall make all necessary renewals and replacement.

Article 9. At such time that this Permit is surrendered, revoked, or otherwise terminated, the Commission shall determine which of the authorized facilities shall be removed and which shall remain in place. The Commission will specify the time within which any authorized facilities shall be removed, and the Permittee shall remove those facilities within such time and at the Permittee's expense. Upon failure of the Permittee to comply with the Commission's direction to remove any authorized facilities, the Commission may direct that possession of the same be taken and the facilities be removed at the Permittee's expense, and the Permittee shall have no claim for damages by reason of such possession or removal.

Article 10. The Permittee agrees that when, in the opinion of the President of the United States, evidenced by a written order addressed to it as holder of this Permit, the safety of the United States demands it, the United States shall have the right to enter upon and take possession of any of the facilities, or parts thereof, maintained or operated under this Permit, and all contracts covering the transportation or sale of natural gas by means of said facilities, to retain possession, management, and control thereof for such length of time as may appear to the President to be necessary to accomplish said purposes, and then to restore possession and control to the Permittee; and in the event that the United States shall exercise such right it shall pay the Permittee just and fair compensation for the use of said facilities upon the basis of a reasonable profit in time of peace, and the cost of restoring said facilities to as good condition as existed at the time of taking over thereof, less the reasonable value of any improvements that may be made thereto by the United States and which are valuable and serviceable to the Permittee.

Article 11. This Permit is subject to any action which the Government of the United States may in the future deem expedient or necessary to take in case any part of the aforesaid facilities comes into the control of any foreign government.

Article 12. The Government of the United States shall be entitled to the same or similar privileges as may by law, regulation, agreement, or otherwise, be granted by the Permittee to any foreign government.

By direction of the Commission.

Magalie R. Salas,
Secretary.

IN TESTIMONY OF ACCEPTANCE of all the provisions, conditions and requirements of this Permit, the Permittee this day of _____, 2004 has caused its name to be signed by _____, pursuant to a resolution of its Board of Directors duly adopted, on the _____ day of _____, 2004, a certified copy of the record of which is attached hereto.

Northwest Pipeline Corporation

By _____