

Cited as "1 ERA Para. 70,554"

Vermont Gas Systems, Incorporated (ERA Docket No. 83-05-NG), September 23, 1983

DOE/ERA Opinion and Order No. 51

Order Amending Orders Authorizing Importation of Natural Gas From Canada

I. Background

On August 24, 1983, Vermont Gas Systems, Inc., a Delaware corporation (Vermont Gas-Delaware), and Vermont Gas Systems, Inc., a Vermont corporation (Vermont Gas-Vermont), filed a joint petition and motion for expedited consideration to amend the existing Canadian natural gas import authorization heretofore issued to Vermont Gas-Delaware to substitute Vermont Gas-Vermont in lieu of and as successor-in-interest to Vermont Gas-Delaware.

Vermont Gas-Delaware is an intrastate pipeline which transports, distributes and sells natural gas within the State of Vermont. It is entirely dependent on Canadian imports and purchases all of its natural gas supply from TransCanada PipeLines Limited (TransCanada) under a contract dated February 16, 1966, as amended. Pursuant to import authority granted by the Federal Power Commission (FPC) in orders issued in Docket Nos. CP65-141 1/ and CP65-142 (33 FPC 899), CP69-132 (40 FPC 1521), CP72-38 (46 FPC 1217) and CP76-100 (55 FPC 445) and later by the ERA in orders issued in Docket Nos. 80-10-NG (1 ERA Para. 70,508, Federal Energy Guidelines), 80-15-NG (1 ERA Para. 70,534, Federal Energy Guidelines), 81-20-NG (1 ERA Para. 70,527, Federal Energy Guidelines) and 81-33-NG (an unpublished Opinion and Order), Vermont Gas-Delaware is presently authorized to import up to a total quantity of 22,400 Mcf of gas per day, which will periodically increase to a maximum of 25,600 Mcf per day beginning November 1, 1986, and ending on October 31, 1991. The gas is delivered at a point of interconnection between Vermont Gas-Delaware's pipeline system and TransCanada's system on the international boundary near Highgate Springs, Vermont.

By the terms and conditions of the FPC orders, as subsequently amended, the authorization under which the natural gas is imported shall not be transferable or assignable without first obtaining governmental permission and approval.

The petition indicates that upon completion of certain transactions, Vermont Gas-Vermont will acquire a controlling interest in Vermont

Gas-Delaware under a statutory merger that is authorized by Delaware and Vermont law. The Vermont Public Service Board (VPSB) issued an order on September 19, 1983 (Docket No. 4808), approving the merger. After the acquisition, Vermont Gas-Delaware will cease to exist and Vermont Gas-Vermont will be the surviving company; however, the petitioners state that there are no plans to change the operations or management of the company. According to the petitioners, the Gas Purchase Contract with TransCanada specifically permits succession to the contract, in which case the successor is entitled to the rights and subject to the obligations of its predecessor.

The applicants have filed a related petition with the Federal Energy Regulatory Commission to amend the orders issued in Docket Nos. CP65-141, CP65-142, CP69-132, CP72-38 and CP76-100 to substitute Vermont Gas-Vermont for Vermont Gas-Delaware (48 FR 40431, September 7, 1983).

II. Intervention and Comments

Petitioners requested expedited approval of their request in order to obtain the amended authorization prior to the closing date set for the merger, which is scheduled for September 28, 1983, and thus avoid incurring further commitment fees to secure a line of credit for the purchase of the Delaware corporation. The ERA agreed to consider the petition on an expedited basis. In a letter to the ERA dated September 13, 1983, the chairman of the VPSB indicated the Board supports the petition and also asked that we issue the requested order prior to the September 28, 1983 closing date. The ERA issued a notice of the joint petition on September 12, 1983 (48 FR 482, September 15, 1983), which limited the intervention period to seven days. The notice invited protests or petitions to intervene, which were to be filed by September 22, 1983. none were received.

III. Decision

Based on the representations made by the applicants in their petition, and in the absence of any information to the contrary, we find that substitution of Vermont Gas-Vermont for Vermont Gas-Delaware as the authorized importer of natural gas purchased from TransCanada will not affect the presently authorized maximum daily import quantities, facilities or operations. In view of this finding, we conclude that the proposed substitution will not be inconsistent with the public interest and the joint petition should be approved.

IV. Order

For the reasons set forth above, pursuant to section 3 of the Natural Gas Act (NGA), the ERA hereby orders that:

A. Vermont Gas-Vermont is authorized to continue importing natural gas from TransCanada as the successor in interest to Vermont Gas-Delaware in accordance with the sales contract in effect on the date of this Opinion and Order. The orders in FPC Docket Nos. CP65-142, CP69-132, CP72-38 and CP76-100 and in ERA Docket Nos. 80-10-NG, 80-15-NG, 81-20-NG and 81-33-NG are amended to substitute Vermont Gas-Vermont in lieu of Vermont Gas-Delaware.

B. Except as modified by paragraph A, all terms and conditions in the outstanding FPC and ERA orders authorizing Vermont Gas-Delaware or import gas from Canada as set forth above shall remain in effect.

C. This Opinion and Order shall become effective as of the time and date the merger described herein is consummated. The President of Vermont Gas-Vermont shall issue to the ERA a certificate to the effect that the merger has been accomplished and the date of such merger.

D. The time for filing any application for rehearing of this Opinion and Order shall run from the date of its issuance.

Issued in Washington, D.C. on September 23, 1983.

--Footnote--

1/ In Docket No. CP65-141 a Presidential Permit was issued under Executive Order No. 10485 authorizing the construction of pipeline facilities needed for the import.