

Cited as "1 ERA Para. 70,615"

St. Lawrence Gas Company, Inc. (ERA Docket No. 85-25-NG), December 23, 1985.

DOE/ERA Opinion And Order No. 97

Order Amending Authorization to Import Natural Gas from Canada

I. Background

On October 16, 1985, St. Lawrence Gas Company, Inc. (St. Lawrence) filed an application to amend its existing import authorization to extend the term during which it can import natural gas from Canada at the current maximum daily volumes of 50,000 Mcf through its contract year ending October 31, 1987. St. Lawrence is an intrastate distribution system serving residential, commercial and industrial customers in St. Lawrence County, New York, near the Canadian border. The gas will be imported from Niagara Gas Transmission Limited (Niagara). St. Lawrence states that the contract base price is \$4.40 (U.S.) per MMBtu, however, most if not all of the incremental, best-efforts volumes (up to 7,000 Mcf per day) will be purchased from Niagara at \$3.40 (U.S.) per MMBtu under the Canadian Volume Related Incentive Price (VRIP) program.

On June 22, 1981, the ERA issued DOE/ERA Opinion and Order No. 33 1/ amending St. Lawrence's existing import authority granted by the Federal Power Commission 2/ to increase the daily volumes from 30,000 Mcf per day to no more than 43,000 Mcf per day and to increase the annual total from 6.5 Bcf to 9.7 Bcf. On December 3, 1984, the ERA issued DOE/ERA Opinion and Order No. 64 3/ granting St. Lawrence authority to import an additional 7,000 Mcf per day of best-efforts gas for a total of no more than 50,000 Mcf per day during its contract year November 1, 1984 to October 31, 1985.

St. Lawrence requests an extension of its authorization to import the additional 7,000 Mcf per day of best-efforts natural gas from November 1, 1985, through its contract year ending October 31, 1987. No other provisions of the existing import authorization are requested to be changed.

The applicant states that the requested two-year extension of the additional 5,000 Mcf per day best-efforts volumes would enable it to satisfy fully anticipated demand for all service loads during the forthcoming contract years. The applicant asserts that the marketability of its gas in relation to alternative fuels in its service area has remained unchanged since its prior

application in 1984 and estimates that, if the increased daily volumes are not extended, it may be required to curtail service to interruptible customers during the coming two winter seasons. St. Lawrence states that such curtailment of service could cause interruptible customers to shift to imported fuel oil during any such curtailment period and possibly beyond.

Further, the applicant states that under its currently approved method of monthly volume allocation for the VRIP program, the continued availability of the 7,000 Mcf of best-efforts gas can be expected to increase the volumes to which the lower \$3.40 per MMBtu price can be applied, resulting in greater savings to all classes of its customers over the extended term. The applicant asserts that this could result in an overall lower average unit cost of gas. Finally, St. Lawrence reiterates that its ability under its existing contract to take any daily volume up to the contract maximum without incurring any take-or-pay or minimum annual bill obligations provide a competitive import arrangement that is in the public interest.

II. Interventions and Comments

Notice of St. Lawrence's application was issued on October 28, 1985, inviting protests, motions to intervene, or notices of intervention and written comments by December 13, 1985.^{4/} No responses were received.

III. Decision

The St. Lawrence application has been evaluated in accordance with the Administrator's authority to determine if the proposed import arrangement meets the public interest requirements of Section 3 of the Natural Gas Act. Under Section 3, an import is to be authorized unless there is a finding that it "will not be consistent with the public interest."^{5/} The Administrator is guided by the DOE's natural gas import policy guidelines.^{6/} Under these policy guidelines, the competitiveness of an import arrangement in the markets served is the primary consideration for meeting the public interest test.

In this case, the applicant contends the arrangement is competitive. No party intervened to claim otherwise. The additional volumes will be imported on a best-efforts, interruptible basis, and only to the extent that St. Lawrence needs such gas. Overall, this import arrangement is reasonable, flexible and market competitive when viewed as a whole, and thus complies with the policy guidelines.

After taking into consideration all information in the record of this proceeding, I find that the two-year extension for the previously authorized

daily volumes requested by St. Lawrence is not inconsistent with the public interest and thus should be granted.^{7/}

Order

For the reasons set forth above, pursuant to Section 3 of the Natural Gas Act, it is hereby ordered that:

A. Ordering Paragraph A of DOE/ERA Opinion and Order No. 64 issued December 3, 1984, is hereby amended to extend the term during which St. Lawrence Gas Company, Inc. (St. Lawrence) is authorized to import the additional 7,000 Mcf of best-efforts natural gas per day from Niagara Gas Transmission Limited through its contract year ending October 31, 1987.

B. The extension granted by Ordering Paragraph A above does not change the term of St. Lawrence's existing authorization to import 43,000 Mcf per day up to 9.7 Bcf annually previously granted by DOE/ERA Opinion and Order No. 33 issued on June 22, 1981.

Issued in Washington, D.C., on December 23, 1985.

--Footnotes--

1/ 1 ERA Para. 70,532.

2/ 26 FPC 065.

3/ 1 ERA Para. 70,576.

4/ 50 FR 46817, November 13, 1985.

5/ 15 U.S.C. Sec. 717b.

6/ 49 FR 6684, February 22, 1984.

^{7/} Because the proposed importation of gas will use existing pipeline facilities, the DOE has determined that granting this application clearly is not a Federal action significantly affecting the quality of the human environment within the meaning of the National Environmental Policy Act (42 U.S.C. 4321, et seq.) and therefore an environmental impact statement or environmental assessment is not required.