

Cited as "1 ERA Para. 70,620"

Development Associates, Inc. (ERA Docket No. 85-31-NG), January 14, 1986.

DOE/ERA Opinion and Order No. 102

Order Granting Blanket Authorization to Import Natural Gas from Canada

I. Background

On November 21, 1985, Development Associates, Inc. (Associates) filed an application with the Economic Regulatory Administration (ERA) of the Department of Energy (DOE), pursuant to Section 3 of the Natural Gas Act (NGA), for blanket authorization to import up to an aggregate of 20 Bcf of Canadian natural gas over a two-year period beginning on the date of first delivery. Associates is a wholly-owned subsidiary of the Washington Water Power Company (Washington Water Power), a combination electric and gas utility that distributes natural gas at retail to residential, commercial and industrial customers in eastern Washington and northern Idaho. Associates would import the gas for either Washington Water Power's system supply or for direct sales to gas distributors and other end-users on a short-term basis.

Associates states that the gas would be obtained from individual producer groups and associations and pipeline companies. The specific terms of each supply contract would be responsive to competitive market forces in the U.S. domestic gas market and would be consistent with Associates' contractual arrangements with U.S. purchasers. Similarly, the terms, including prices, for each spot sale would be freely negotiated between Associates and its U.S. purchasers. The customers are expected to include local distribution companies, industries, agriculture, hospitals, military bases, institutions of higher learning and other direct sales customers in the Pacific Northwest.

Associates proposes to file with the ERA quarterly reports that would include the price for each import sale, volumes imported, duration of the sales agreement, contract adjustment and take provisions (if any) and a description of the U.S. market served.

Associates asserts that no new pipeline facilities would be required in order to import the gas. According to Associates, approval and implementation of this gas import application would have a positive impact on the environment where the gas is used to displace alternate fuels such as coal or high-sulfur fuel oil.

In support of its application, Associates asserts that the proposed import would be competitive and is not inconsistent with the public interest. The terms of each sale arrangement would ensure the competitiveness of the import in the market being served. Associates maintains that to be salable in the spot market, gas must meet the test of competitiveness, or no sales would be consummated.

II. Interventions and Comments

The ERA issued a notice of the application on December 6, 1985, with protests, motions to intervene, or comments to be filed by January 6, 1986.^{1/} Motions to intervene were filed by Pacific Gas Transmission Company (PGT), Northern Natural Gas Company (Northern) and Northwest Pipeline Corporation (Northwest). None of the intervenors expressed an opinion on the merits of the import proposal, nor requested any further proceedings. This order grants intervention to all movants.

III. Decision

The application filed by Associates 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 NGA. Under Section 3, an import is to be authorized unless there is a finding that it "will not be consistent with the public interest."^{2/} The Administrator is guided by the DOE's natural gas import policy guidelines.^{3/} Under these guidelines, the competitiveness of an import in the markets served is the primary consideration for meeting the public interests test.

This application similar to other blanket imports approved by the ERA.^{4/} The authorization sought would provide Associates with blanket import approval to negotiate and transact individual, short-term sale arrangements without further regulatory action,

Associates' arrangement for the import of Canadian gas, as set forth in the application, is consistent with the DOE policy guidelines. No party objected to the proposed import. The fact that each spot sale will be voluntarily negotiated, short-term, and market-responsive, as asserted in Associates' application, provides assurance that the transactions will be competitive. Under the proposed import, Associates' customers will only purchase gas to the extent they need such volumes and the price is competitive. Thus, this arrangement will enhance competition in the market place.

After taking into consideration all the information in the record of this proceeding, I find that granting Associates blanket authority to import up to 20 Bcf of Canadian natural gas over a term of two years is not inconsistent with the public interest.^{5/}

ORDER

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

A. Development Associates, Inc. (Associates) is authorized to import up to a total volume of 20 Bcf of Canadian natural gas over a two-year period beginning on the date of first delivery.

B. Associates shall notify the ERA in writing of the date of first delivery of natural gas imported under Ordering Paragraph A above within two weeks after the date of such delivery.

C. With respect to the imports authorized by this order, Associates shall file with the ERA in the month following each calendar quarter, quarterly reports indicating, by month, whether sales have been made, and if so, giving the details of each transaction. The report shall include the purchase and sales price, volumes, any special contract price adjustments, take or make-up provisions, duration of the agreements, ultimate sellers and purchasers, transporters, points of entry, and markets served.

D. The motions to intervene as set forth in this Opinion and Order, are hereby granted, subject to the administrative procedures in 10 CFR Part 590, provided that participation of the intervenors shall be limited to matters specifically set forth in their motions to intervene and not herein specifically denied, and that the admission of such intervenors shall not be construed as recognition that they might be aggrieved because of any order issued in these proceedings.

Issued in Washington, D.C., on January 14, 1986.

--Footnotes--

1/ 50 FR 49986, December 6, 1985.

2/ 15 U.S.C. Para. 717b.

3/ 49 FR 6684, February 20, 1984.

4/ See e.g., Tenngasco Exchange Corp. and LHC Pipeline Company, 1 ERA Para. 70,596 (May 6, 1985); Dome Petroleum Corporation, 1 ERA Para. 70,601 (July 2, 1985); U.S. Natural Gas Clearinghouse, Ltd., 1 ERA Para. 70,602 (July 5, 1985); Northridge Petroleum Marketing U.S., Inc., 1 ERA Para. 70,610 (September 27, 1985); Salmon Resources, Ltd., unpublished (December 16, 1985); Northeast Gas, Inc., unpublished (December 20, 1985); Petro-Canada Hydrocarbons, Inc., unpublished (January 3, 1986).

5/ Because the proposed importation of gas will use existing pipeline facilities, DOE has determined that granting this application is clearly not a major 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.