

Cited as "1 ERA Para. 70,636"

Northwest Pipeline Corporation (ERA Docket No. 86-05-NG), March 21, 1986.

DOE/ERA Opinion and Order No. 114

Order Approving an Amendment To an Authorization to Import Natural Gas from Canada

## I. Background

On January 15, 1986, the Northwest Pipeline Corporation (Northwest) 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) and section 590.201 of the ERA's administrative procedures, to amend ERA Opinion and Order No. 87 (Order No. 87) issued September 10, 1985.<sup>1/</sup> The application requests the ERA to extend Northwest's authority granted in Order No. 87 for nine months from February 1, 1986, to October 31, 1986, in accordance with a December 20, 1985, letter of agreement between Northwest and its Canadian supplier, Westcoast Transmission Company Limited (Westcoast).

The agreement would extend for nine months an amendment to Northwest's purchase arrangement with Westcoast which established a two-part, demand-commodity pricing structure that resulted in an average unit rate of \$3.40 per MMBtu, based upon original sales projections at a 33 percent load factor. The agreement also would redefine the term "contract year" to be the period of 12 consecutive months beginning on November 1, 1985, and ending on October 31, 1986. The amendment was intended to be effective from November 1, 1984, to October 31, 1985. Its later extension to January 31, 1986, was approved in DOE/ERA Opinion and Order No. 92 (Order No. 92).<sup>2/</sup>

Without the extension, Northwest's purchases from Westcoast would revert to the pre-existing purchase contracts, which expire in 1987 and 1989, thereby reinstating a purchase price of \$4.40 per MMBtu.<sup>3/</sup>

## II. Procedural History

A notice of Northwest's application was issued on January 22, 1986, inviting protests and motions to intervene which were to be filed by February 28, 1986.<sup>4/</sup> Motions to intervene were filed by Cascade Natural Gas Corporation (Cascade), Colorado Interstate Gas Company (CIG), Intermountain Gas Company (Intermountain), Northwest Natural Gas Company (NNG), Pacific Gas Transmission Company (PGT), Southwest Gas Corporation (Southwest), Washington Natural Gas

Company (Washington Natural), and Westcoast. This order grants all interventions.

All intervenors except CIG, PGT and Southwest filed comments on the application. All commentators supported the application.

### III. Decision

The application filed by Northwest 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." 5/ The Administrator is guided in this determination by the DOE's natural gas import policy guidelines.<sup>6/</sup> Under these guidelines, the competitiveness of an import arrangement in the markets served is the primary consideration for meeting the public interest test.

The amendment would provide an additional period during which Northwest and Westcoast can continue to negotiate a long-term purchase contract and will also provide for Northwest's customers the improved terms of the October 1, 1984 agreement. Northwest's customers, Cascade, Intermountain, NNG, and Washington Natural, intervened in support of the amendment, and contended that the extension would provide the necessary flexibility to establish market-oriented rates to maintain existing markets and capture new loads. No party opposed the extension.

In Order No. 87 the ERA found that the October 1, 1984 agreement brought the Northwest/Westcoast arrangements more into conformity with the DOE guidelines and that the amendment was not inconsistent with the public interest. There has been no evidence presented in this proceeding to show that the facts have changed or that the amendment created by the October 1, 1984 agreement is not more competitive than the previous Northwest/Westcoast purchase agreements. Thus, the ERA finds that the proposed extension of the existing arrangement continues to be more competitive than the arrangements authorized prior to the October 1, 1984 amendment.

After taking into consideration all of the information in the record of this proceeding, I find that extension of the authorization requested by Northwest is not inconsistent with the public interest and should be granted.<sup>7/</sup>

### Order

For the reasons set forth above, pursuant to Section 3 of the Natural

Gas Act, it is ordered that:

A. DOE/ERA Opinion and Order No. 87, issued to Northwest Pipeline Corporation (Northwest) on September 10, 1985, is hereby amended to extend its term until October 31, 1986, in accordance with the provisions of the December 20, 1986 letter of agreement between Northwest and its Canadian supplier, Westcoast Transmission Company Limited, submitted as a part of the application filed by Northwest on January 15, 1986.

B. The motions to intervene, as set forth in this Opinion and Order, are hereby granted, 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 March 21, 1986.

--Footnotes--

1/ Northwest Pipeline Corporation, ERA Docket No. 85-12-NG, 1 ERA Para. 70,604.

2/ Northwest Pipeline Corporation, ERA Docket No. 85-20-NG, 1 ERA Para. 60,627.

3/ Pacific Gas Transmission Company, et al., DOE/ERA Opinion and Order No. 24, 1 ERA Para. 70,528 (March 27, 1981).

4/ 51 FR 3646, January 29, 1986.

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 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.