

Cited as "1 ERA Para. 70,637"

Carson Water Company (ERA Docket No. 86-02-NG), March 25, 1986.

DOE/ERA Opinion and Order No. 115.

Order Granting Blanket Authorization to Import Natural Gas from Canada

I. Background

On January 10, 1986, Carson Water Company (Carson) filed an application for blanket authorization to import up to 100 Bcf of Canadian natural gas per year, up to a total of 200 Bcf, over a two-year period beginning on the date of first delivery. Carson, a Nevada corporation with its principal place of business in Las Vegas, Nevada, is a wholly-owned subsidiary of Southwest Gas Corporation.

Carson proposes to import the natural gas for sale in the spot and short-term market, either for its own account, or on behalf of undesignated U.S. purchaser customers and Canadian producer suppliers. Carson asserts that no new pipeline facilities would be required in order to import the gas. The price charged to customers for the imported gas would be market-based with the producer price calculated on a net-back basis.

The applicant proposes to file with the ERA quarterly reports of individual transactions within 30 days following each calendar quarter.

The ERA issued a notice of the application on January 30, 1986, inviting protests, motions to intervene, notices of interventions and comments to be filed by March 3, 1986.^{1/} Northwest Pipeline Corporation, Pacific Transmission Company, and Southern California Gas Company filed motions to intervene. None of the intervenors expressed an opinion on the merits of the import proposal, nor requested any further proceedings. This order grants intervention to these movants.

II. Decision

The application filed by Carson 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."^{2/} The Administrator is guided in this determination by the DOE's natural gas policy guidelines.^{3/}

Under these guidelines the competitiveness of an import arrangement in the markets served is the primary consideration for meeting the public interest test.

The import authorization sought would provide Carson with blanket approval, within prescribed limits, to negotiate and transact individual, short-term sales arrangements without further regulatory action.

Carson's proposed 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 sale will be voluntarily negotiated, short-term and market-responsive provides assurance that the transactions will be competitive. Thus, this, like other, similar blanket imports approved by the ERA, will enhance competition in the market place.^{4/}

After taking into consideration all of the information in the record of this proceeding, I find that granting Carson blanket authority to import up to 200 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. Carson Water Company (Carson) is authorized to import up to 100 Bcf per year of Canadian natural gas, up to a total of 200 Bcf, over a two-year period beginning on the date of first delivery.

B. This natural gas may be imported at any point on the international border where existing pipeline facilities are located.

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

D. With respect to the imports authorized by this Order, Carson shall file with the ERA within 30 days following each calendar quarter, quarterly reports indicating, by month, whether sales of imported gas have been made, and if so, giving the total MMcf of the imports and the average purchase and sales price per MMBtu. The report shall also provide the details of each transaction including the names of the sellers and purchasers, duration of the

agreements, transporters, points of entry, markets served, and if applicable, any separate demand/commodity charges, special contract price adjustment clauses, take-or-pay, or make-up provisions.

E. The motions to intervene, as set forth in this Opinion and Order, are hereby granted, provided that participation of each intervenor shall be limited to matters specifically set forth in its motion to intervene and not herein specifically denied, and that the admission of each intervenor shall not be construed as recognition that it might be aggrieved because of any order issued in these proceedings.

Issued in Washington, D.C., on March 25, 1986.

--Footnotes--

1/ 51 FR 3825, January 30, 1986.

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

3/ 49 FE 6684, February 22, 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, 1 ERA Para. 70,602 (July 5, 1985); Westcoast Resources, Inc., 1 ERA Para. 70,606 (September 27, 1985); Northeast Gas, Inc., 1 ERA Para. 70,613 (December 20, 1985); Petro-Canada Hydrocarbons Inc., 1 ERA Para. 70,618 (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 Natural Environmental Policy Act (42 U.S.C. 4321, et seq.) and therefore an environmental impact statement or environmental assessment is not required.