

Cited as "1 ERA Para. 70,686"

Forest Marketing Corp. (ERA Docket No. 86-59-NG), January 30, 1987.

DOE/ERA Opinion and Order No. 162

Order Granting Blanket Authorization To Import Natural Gas from Canada

### I. Background

On November 7, 1986, Forest Marketing Corporation (FMC), 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 a total of 100 Bcf of Canadian natural gas during a two-year period, beginning on the date of first delivery. FMC will purchase gas from a variety of Canadian supplies for its own account, for resale to other purchasers or act as an agent for others. FMC intends to purchase the gas for resale on a short-term or spot basis to such purchasers as local distribution companies, electric utilities pipelines and industrial and commercial end users. The firm intends to utilize existing pipeline facilities for the transportation of the volumes imported.

The applicant is a corporation organized under the laws of the State of Nevada with its principal place of business in Denver, Colorado. It is a wholly-owned subsidiary of Forest Oil Corporation.

In support of its authorization request, FMC asserts that the short-term nature of the requested authority will promote competition in the marketplace. Further, FMC contends that its proposed import will be competitive and is therefore consistent with the Secretary's import policy guidelines under which the competitiveness of the proposed import is the primary consideration in evaluating the public interest.<sup>1/</sup>

The applicant proposes to notify the ERA of the date of its first transaction and to file quarterly reports within 30 days following each calendar quarter. Each report would indicate by month the transactions made during the period and the details of each transaction.

The ERA issued a notice of the application on November 20, 1986.<sup>2/</sup> Motions to intervene, without comment or request for additional procedures, were received from Northwest Alaskan Pipeline Company, Pacific Gas Transmission Company, Northwest Pipeline Corporation and El Paso Natural Gas Company. This order grants intervention to these movants.

## II. Decision

The application filed by FMC has been evaluated 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."<sup>3/</sup> The Administrator is guided by the DOE's natural gas import policy guidelines.<sup>4/</sup> Under these guidelines, the competitiveness of an import in the markets served is the primary consideration for meeting the public interest test.

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

FMC's proposed arrangement for the import of Canadian gas, as set forth in the application, is consistent with the DOE policy guidelines. Further, no party objected to the proposed import. This application is similar to other blanket authorizations approved by the ERA.<sup>5/</sup> The fact that each spot purchase will be voluntarily negotiated, short-term, and market-responsive, as asserted in FMC's application, provides assurance that the transactions will be competitive. Under the proposed import, FMC will only purchase gas to the extent it needs such volumes and the price is competitive. Thus, this arrangement will enhance competition in the marketplace.

After taking into consideration all the information in the record of this proceeding, I find that granting FMC blanket authority to import up to a total of 100 Bcf of Canadian natural gas during a term of two years, is not inconsistent with the public interest.<sup>6/</sup>

### ORDER

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

A. Forest Marketing Corporation (FMC) is authorized to import up to a total volume of 100 Bcf of Canadian natural gas 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. FMC shall notify the ERA in writing of the date of first delivery of natural gas authorized in Ordering Paragraph A above within two weeks after

deliveries begin.

D. With respect to the imports authorized by this Order, FMC shall file with the ERA within 30 days following each calendar quarter, quarterly reports indicating whether sales of imported gas have been made, and if so, giving, by month, the total volume of the imports in MMcf and the average purchase and sales price per MMBtu at the international border. The reports shall also provide the details of each transaction, including the names of the sellers and purchasers, estimated or actual duration of the agreements, transporters, points of entry, markets served, and, if applicable, any demand/commodity charge breakdown of the contract price, any special contract price adjustment clauses, and any 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 the intervenors shall be limited to matters specifically set forth in their motions to intervene and not herein specifically denied, and that 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 30, 1987.

--Footnotes--

1/ 49 FR 6684, February 22, 1984.

2/ 51 FR 43072, November 28, 1986.

3/ 15 U.S.C. Sec. 717b.

4/ See supra note 1.

5/ See e.g., ANR-TransCanada Energy Co., 1 ERA Para. 70,657 (June 24, 1986); Tricentrol Petroleum Marketing, Inc., 1 ERA Para. 70,662 (August 1, 1986); Petro-Canada Hydrocarbons Inc., 1 ERA Para. 70,664 (August 26, 1986); Spot Market Corporation, 1 ERA Para. 70,665 (August 27, 1986); Hadson Canada, Inc., 1 ERA Para. 70,667 (September 9, 1986); and Wessely Marketing Corporation, 1 ERA Para. 70,679 (December 4, 1986).

6/ 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.