

Cited as "1 ERA Para. 70,694"

Montana Power Company (ERA Docket No. 87-03-NG), April 30, 1987.

DOE/ERA Opinion and Order No. 171

Order Granting Blanket Authorization to Import Natural Gas from Canada

I. Background

On January 20, 1987, The Montana Power Company (Montana) 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 5 Bcf of Canadian natural gas per year over a two-year period, beginning on the date of first delivery. Montana, a combination electric and gas utility, is an intrastate operation incorporated in that state. It would purchase gas from various suppliers in Alberta, Canada, for its own system use.

In support of its authorization request, Montana asserts that the Canadian supplies are available at prices more favorable and can secure greater volumes than prices being demanded and volumes being produced by domestic producers. Further, Montana anticipates that the purchases would directly benefit customers in Montana's market area by facilitating cost control measures intended to stabilize and lower prices. Montana contends that its proposed import will be competitive and is therefore consistent with the Secretary's policy guidelines on the regulation of imported natural gas.^{1/}

Montana states that it intends to use its existing transmission system to import the gas at Caraway, Alberta, and does not require the construction of any new pipeline facilities in order to import the gas. It proposes to file quarterly reports with the ERA.

The ERA issued a notice of the application on February 23, 1987.^{2/} Pacific Gas Transmission Company (PGT) filed a motion to intervene but did not express an opinion on the merits of the application. On April 22, 1987, Montana filed an answer to the PGT motion to intervene requesting dismissal of the motion on the ground that Montana had no intention of using PGT's pipeline, the basis PGT gave for its interest in intervening, or any other pipeline except Montana's own facilities. As a matter of policy, the ERA grants intervention to all interested parties absent a showing of adverse effect. We see no adverse effect in allowing the PGT to intervene in this case provided the correct procedure is followed, and Montana's request to dismiss

PGT's motion is therefore denied. This order grants intervention to this movant.

II. Decision

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

This application is similar to other blanket imports approved by the ERA.5/ The authorization sought would provide Montana with blanket import approval to negotiate and transact individual, short-term sale arrangements without further regulatory action.

Montana's 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. The fact that each spot sale will be voluntarily negotiated, short-term, and market-responsive, as asserted in Montana's application, provides assurance that the transactions will be competitive. Under the proposed import, Montana's 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 Montana blanket authority to import up to 10 Bcf of Canadian natural gas over a term of two years, is not inconsistent with the public interest.6/

ORDER

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

A. Montana Power Company (Montana) is authorized to import up to a total of 10 Bcf of Canadian natural gas over a term of two-years, beginning on the date of first delivery.

B. Montana 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, Montana 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 report 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.

D. Montana's request to dismiss the motion filed by Pacific Gas Transmission Company to intervene in this proceeding is hereby denied.

E. The motion to intervene as set forth in this Opinion and Order is hereby granted, provided that participation of the intervenor shall be limited to matters specifically set forth in its motion to intervene and not herein specifically denied, and that the admission of such 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 April 30, 1987.

--Footnotes--

1/ 49 FR 6684, February 22, 1984.

2/ 52 FR 6863, March 5, 1987.

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

4/ See supra note 1.

5/ See, e.g., CanadianOxy Marketing, Inc., 1 ERA Para. 70,683 (December 29, 1986); Paramount Resources U.S. Inc., 1 ERA Para. 70,685 (December 29, 1986); Forest Marketing Corp., 1 ERA Para. 70,686 (January 30, 1987); Enron Gas Marketing, Inc., 1 ERA Para. 70,688 (March 9, 1987); and Fiscus Inc., 1 ERA Para. 70,690 (March 13, 1987).

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.