

Cited as "1 ERA Para. 70,709"

American Central Gas Pipeline Corporation (ERA Docket No. 87-14-NG), June 29, 1987.

DOE/ERA Opinion and Order No. 179

Order Granting Blanket Authorization to Import Natural Gas from Canada

I. Background

On March 18, 1987, American Central Gas Pipeline Corporation (American Central) 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 400 Bcf of natural gas over a two-year period, beginning on the date of first delivery. American Central, an Oklahoma corporation, owns gathering and processing facilities in Oklahoma and Texas and arranges for the purchase and resale of natural gas in Oklahoma, Texas, and Louisiana as well as in the midwestern United States.

Under the proposal, American Central would import gas from a variety of Canadian producers, marketers, and pipelines. American Central intends to import the gas for its own account or as an agent for electric utilities, pipelines, local distribution companies, agricultural end-users, industrial end-users, or other prospective U.S. purchasers. The firm states that it would import the subject gas through existing pipeline facilities at the U.S./Canadian international border and does not propose the construction of any new facilities.

American Central proposes to file quarterly reports within 30 days following each calendar quarter and would show the details of each transaction, including purchasers and sellers, price, volume, transporters, term of the agreements, take-or-pay or make-up provisions, if any, points of entry and markets served.

In support of its application, American Central asserts that the flexibility provided under the blanket authorization will enable it to respond to rapid changes in the spot market and that the authorization requested is consistent with other blanket authorizations approved by the ERA. In addition, American Central urges that security of supply is not an issue because its proposed sales of imported gas are of short-term duration.

The ERA issued a notice of the application on March 31, 1987, inviting

protests, motions to intervene, notices of intervention, and comments to be filed by May 11, 1987.^{1/} Motions to intervene without comments or requests for additional procedures were filed by Northwest Pipeline Corporation, Northwest Alaskan Pipeline Company, Pacific Gas Transmission Company, and El Paso Natural Gas Company. This order grants intervention to these movants.

II. Decision

The application filed by American Central 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." ^{2/} The Administrator is guided by the DOE's natural gas import policy guidelines. Under these guidelines, the competitiveness of an import in the markets served is the primary consideration for meeting the public interest test.^{3/}

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

American Central'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. The fact that each spot sale will be voluntarily negotiated, short-term, and market-responsive, as asserted in American Central's application, provides assurance that the transactions will be competitive. Under the proposed import, American Central'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 marketplace.

After taking into consideration all the information in the record of this proceeding, I find that granting American Central authority to import up to 400 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. American Central Gas Pipeline Corporation (American Central) is

authorized to import up to a total of 400 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. American Central 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 deliveries begin.

D. With respect to the import authorized by this Order, American Central 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, transporter, points of entry, markets served, and, if applicable 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 June 29, 1987.

--Footnotes--

1/ 52 FR 11530, April 9, 1987.

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

3/ 49 FR 6684, February 22, 1984.

4/ See e.g., Forest Marketing Company, 1 ERA Para. 70,686 (January 30, 1987); Bonus Energy Inc., 1 ERA Para. 70,691 (March 24, 1987); and Home Oil Resources Ltd., 1 ERA Para. 70,693 (April 16, 1987).

5/ 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.