

Cited as "1 ERA Para. 70,711"

Peoples Natural Gas Company (ERA Docket No. 87-16-NG), July 22, 1987.

DOE/ERA Opinion and Order No. 181

Order Granting Blanket Authorization to Import Natural Gas from Canada

I. Background

On March 24, 1987, Peoples Natural Gas Company (Peoples) 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 100 Bcf of Canadian natural gas per year over a two-year period, beginning on the date of first delivery. Peoples, a division of UtiliCorp United Inc., has its principal place of business in Council Bluffs, Iowa. It is a local distribution company furnishing natural gas service to customers located in Iowa, Minnesota, Nebraska, Colorado, Kansas, Michigan and South Dakota. It would purchase gas from various Canadian producers for its own system use.

In support of its authorization request, Peoples asserts that competitiveness of the import is assured by the fact that the imported gas will be purchased under short-term, spot market transactions. It states that the gas will be imported only if needed and the price is competitive with alternative supplies. Peoples 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/}

Peoples states that it intends to use its existing facilities to import the gas and that no new facilities will be required. It proposes to file quarterly reports with the ERA.

The ERA issued a notice of the application on April 20, 1987.^{2/} Motions to intervene, without comment or request for additional procedures, were received from Great Lakes Gas Transmission Company, Northern Natural Gas Company and Northwest Alaskan Pipeline Company. This order grants intervention to these movants.

II. Decision

The application filed by Peoples 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 Peoples with blanket import approval to negotiate and transact individual, short-term sale arrangements without further regulatory action.

Peoples' 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 Peoples' application, provides assurance that the transactions will be competitive. Under the proposed import, Peoples will only purchase gas to the extent it needs such volumes and the price is competitive. Thus, this arrangement will enhance competition in the market place.

Although Peoples has applied for authorization to import 100 Bcf of natural gas per year over a two-year period, the ERA, in order to maintain consistency with previous blanket authorizations and to allow Peoples maximum competitive flexibility, will treat the request as an application to import 200 Bcf over a two-year period and will not impose any yearly limitation.

After taking into consideration all the information in the record of this proceeding, I find that granting Peoples 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.6/

ORDER

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

A. Peoples Natural Gas Company (Peoples) is authorized to import up to 200 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. Peoples 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, Peoples 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 July 22, 1987.

--Footnotes--

1/ 49 FR 6684, February 22, 1984.

2/ 52 FR 15369, April 28, 1987.

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

4/ See supra note 1.

5/ See e.g., Fiscus Inc., 1 ERA Para. 70,690 (March 12, 1987); Bonus Energy Inc., 1 ERA Para. 70,691 (March 24, 1987); Thermal Exploration, Inc., 1 ERA Para. 70,697 (April 27, 1987); Eastex Canadian, Inc., 1 ERA Para. 70,695 (April 30, 1987); and Montana Power Company, 1 ERA Para. 70,694 (April 30, 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.