

Cited as "1 ERA Para. 70,752"

Poco Petroleum, Inc. (ERA Docket No. 87-64-NG), January 25, 1988.

## DOE/ERA Opinion and Order No. 220

Order Extending Blanket Authorization to Import Natural Gas from Canada and Granting Interventions

### I. Background

On November 18, 1987, Poco Petroleum, Inc. (Poco), 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), requesting that the blanket authorization previously granted in DOE/ERA Opinion and Order No. 103 (Order No. 103), issued on January 17, 1986,<sup>1/</sup> be amended to extend the blanket authorization for a term of two years beginning on January 21, 1988. Poco requests authorization to import up to a maximum of 150 Bcf during the extended two-year period, either for its own account or as an agent for U.S. purchasers and/or Canadian suppliers. Poco intends to utilize the existing facilities of U.S. pipelines. Poco will continue to file quarterly reports with the ERA. Poco's prior quarterly reports filed with the ERA indicate that approximately 16.5 Bcf of natural gas had been imported under Order No. 103 as of September 30, 1987.

In support of its authorization request, Poco asserts that the short-term nature of the requested authority will promote competition in the marketplace. Poco further asserts that the sales would be freely negotiated, thus ensuring that the import will reflect market conditions and remain competitive over the term of the authorization. Poco contends that extension of its proposed import 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>2/</sup>

The ERA issued a notice of the application on December 23, 1987, inviting protests, motions to intervene, notices of intervention, and comments to be filed by January 22, 1988.<sup>3/</sup> Motions to intervene without comment or request for additional procedure were filed by Northwest Pipeline Corporation, El Paso Natural Gas Company, Northwest Alaskan Pipeline Company, and Pacific Gas Transmission Company. This order grants intervention to these movants.

### II. Decision

The application filed by POCO has been evaluated to determine if the proposed extension of its existing import authorization 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." 4/ 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.

The proposed extension of POCO's import authorization, as set forth in the application, is consistent with the DOE policy guidelines.5/ The fact that each spot sale will be voluntarily negotiated, short-term, and market-responsive, as asserted in POCO's application, provides assurance that the transactions will be competitive. Further, no party objected to the proposed extension. After taking into consideration all the information in the record of this proceeding, I find that granting POCO an extension of its blanket authority to import up to 150 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. The import authorization previously granted to POCO Petroleum, Inc. (POCO) by the Economic Regulatory Administration (ERA) in DOE/ERA Opinion and Order No. 103, issued January 17, 1986, in Docket No. 85-33-NG is hereby amended to extend the authorization for a two-year term effective January 21, 1988, through January 20, 1990, and to allow POCO to import up to 150 Bcf of Canadian gas during that extended period.

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

C. With respect to the imports authorized by this Order, POCO shall file with the ERA, within 30 days following each calendar quarter, quarterly reports indicating whether purchases 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 seller(s), and the purchaser(s), including those other than POCO, estimated or actual duration of the agreement(s), transporter(s), points of entry, market(s) served and, if applicable, the per unit (MMBtu) demand/commodity

charge breakdown of the price, any special contract price adjustment clauses, and any take-or-pay or make up provisions.

D. 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 the 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 25, 1988.

--Footnotes--

1/ 1 ERA Para. 70,621.

2/ 49 FR 6684, February 22, 1984.

3/ 52 FR 48565, December 23, 1987.

4/ 15 U.S.C. Sec. 717b.

5/ See supra note 2.

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.