

Cited as "1 ERA Para. 70,766"

Colony Natural Gas Corporation (ERA Docket No. 87-72-NG), March 23, 1988.

DOE/ERA Opinion and Order No. 232

Order Granting Blanket Authorization To Import Natural Gas and Granting Interventions.

I. Background

On December 16, 1987, Colony Natural Gas Corporation (Colony) 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 73 Bcf of natural gas during a two-year period, beginning on the date of the first delivery. Colony, a Texas corporation with its principal place of business in Midland, Texas, is a wholly owned subsidiary of Colony Energy Corporation. Colony would purchase natural gas from various Canadian suppliers, for its own account and for the account of others, for resale to local distribution companies, pipelines, and industrial and commercial end users.

In support of its authorization request, Colony asserts that the proposed import is in the public interest and that it would allow Colony to import competitively priced gas for the benefit of United States consumers. Colony contends that its proposed import will be competitive and is therefore consistent with the Secretary's policy guidelines on the regulation of imported gas.^{1/}

Colony states that it intends to use existing pipeline 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 this application on January 14, 1988, inviting protests, motions to intervene, notices of intervention, and comments to be filed by February 22, 1988.^{2/} Motions to intervene without comments or requests for additional procedures were filed by El Paso Natural Gas Company, Northwest Alaskan Pipeline Company, Northwest Pipeline Corporation and Pacific Gas Transmission Company. This order grants intervention to these movants.

II. Decision

The application filed by Colony 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.

Colony's proposed arrangement for importing gas, as set forth in the application, is consistent with the DOE policy guidelines. The import authorization sought would provide Colony with blanket import approval, with prescribed limits, to negotiate and transact individual, short-term purchase arrangements without further regulatory action, and, thus, is similar to other blanket authorizations approved by the ERA.5/ The fact that each spot purchase will be voluntarily negotiated, short-term, and market-responsive, as asserted in Colony's application, provides assurance that the transactions will be competitive. Under the proposed import, Colony 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. Further, no party objected to the proposed import.

After taking into consideration all the information in the record of this proceeding, I find that granting Colony blanket authority to import up to 73 Bcf of natural gas during 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. Colony Natural Gas Corporation (Colony) is authorized to import up to 73 Bcf of natural gas during 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. Colony 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, Colony 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 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 Colony, 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.

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 March 27, 1988.

--Footnotes--

1/ 49 FR 6684, February 22, 1984.

2/ 53 FR 1823, January 22, 1988.

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

4/ Supra, note 1.

5/ E.g., Dome Petroleum Corporation, 1 ERA Para. 70,735 (October 30, 1987); Williams Gas Marketing Company, 1 ERA Para. 70,736 (November 4, 1987); Victoria Gas Corporation, 1 ERA Para. 70,739 (November 30, 1987); Texaco Gas Marketing Inc., 1 ERA Para. 70,740 (December 11, 1987); Associated Natural Gas, Inc., 1 ERA Para. 70,741 (December 11, 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.