

Cited as "1 ERA Para. 70,781"

Amalgamated Pipeline Company (ERA Docket No. 88-20-NG), June 21, 1988.

DOE/ERA Opinion and Order No. 246

Order Granting Blanket Authorization to Import Natural Gas From Canada and Mexico and Granting Interventions

I. Background

On April 8, 1988, Amalgamated Pipeline Company (Amalgamated) 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 and/or Mexican natural gas supplies for domestic spot sales over a two-year period, beginning on the date of the first delivery. Amalgamated is a Texas corporation with its principal office in Houston, Texas.

Amalgamated intends to sell the Canadian and/or Mexican gas imports to a wide range of markets in the United States including, but not limited to, industrial and commercial users, agricultural users, electric utilities, pipelines and local distribution companies. Amalgamated states that it would function either as an importer/reseller or act as an agent on behalf of Canadian and/or Mexican producers and pipelines, or as an agent for U.S. domestic pipelines, local distribution companies and other prospective end-users in making contractual arrangements for the transportation and sale of either Canadian or Mexican natural gas in the U.S. short-term and domestic spot markets. Amalgamated proposes to submit quarterly reports giving details of individual transactions within 30 days following each calendar quarter. Further, Amalgamated intends to utilize existing facilities for the transportation of the gas and, therefore, does not contemplate the construction of any new facilities at either the U.S./Canadian or U.S./Mexican international borders.

The ERA issued a notice of this application on April 14, 1988, inviting protests, motions to intervene, notices of intervention, and comments to be filed by May 31, 1988.¹ Motions to intervene without comments or requests for additional procedures were filed by Pacific Gas Transmission Company, El Paso Natural Gas Company and Northwest Alaskan Pipeline Company. This order grants intervention to these movants.

II. Decision

The application filed by Amalgamated 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.^{3/} Under these guidelines, the competitiveness of an import in the markets served is the primary consideration for meeting the public interest test.

Amalgamated's proposed arrangement for importing gas from Canada or Mexico, as set forth in the application, is consistent with the DOE policy guidelines. The import authorization sought, similar to other blanket arrangements approved by the ERA,^{4/} would provide Amalgamated with blanket import approval, within prescribed limits, to negotiate and transact individual, short-term purchase arrangements without further regulatory action. The fact that each spot purchase will be voluntarily negotiated, short-term, and market-responsive, as asserted in Amalgamated's application, provides assurance that the transactions will be competitive. Under the proposed import, Amalgamated will only purchase Canadian and/or Mexican gas supplies to the extent its customers need such volumes and the price is competitive. Thus, this arrangement will enhance competition in the Southwest and U.S. northern tier gas markets. 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 Amalgamated blanket authority to import up to 100 Bcf of natural gas from Canada and/or Mexico 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. Amalgamated Pipeline Company (Amalgamated) is authorized to import up to 100 Bcf of natural gas from Canada and/or Mexico during a two-year period, beginning on the date of first delivery.

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

C. Amalgamated 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, Amalgamated 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 Canadian or Mexican 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 Amalgamated, 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 June 21, 1988.

--Footnotes--

1/ 53 FR 15274, April 28, 1988.

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

3/ 49 FR 6684, February 22, 1984.

4/ See e.g., EnTrade Corporation, 1 ERA Para. 70,761 (March 3, 1988); Dynasty Gas Marketing, Inc., 1 ERA Para. 70,764 (March 18, 1988); Colony Natural Gas Corporation, 1 ERA Para. 70,766 (March 26, 1988); and Pacific Interstate Transmission Company, 1 ERA Para. 70,771 (April 20, 1988).

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.