

Cited as "1 FE Para. 70,325"

Atlantic Richfield Company (ERA Docket No. 88-70-NG), September 22, 1989.

DOE/FE Opinion and Order No. 301-A

Order Amending a Conditional Authorization to Import Natural Gas from Canada Using Existing Facilities

## I. Background

On June 26, 1989, Atlantic Richfield Company (ARCO) filed a request with the Office of Fossil Energy of the Department of Energy (DOE) to amend its conditional authorization, DOE/FE Opinion and Order No. 301 (Order 301) issued February 27, 1989,<sup>1/</sup> granting blanket authorization to import up to 25 Bcf of Canadian natural gas per year for two years, for use as fuel in its Cherry Point oil refinery located near Ferndale, Washington. The final approval of this import was conditioned on completion of the environmental review of a proposed new pipeline, known as the Ferndale Pipeline System. ARCO now proposes to import Canadian natural gas using existing facilities and is seeking to have its conditional authorization amended accordingly. Under ARCO's original proposal, the gas, to be purchased from various Canadian suppliers, would be transported from a point of importation at the international border near Sumas, Washington, through new pipeline facilities to be jointly owned and operated by ARCO and Intalco Aluminum Corporation. The amendment requested would grant ARCO its blanket authorization for a two-year period beginning on the date of first delivery using existing facilities rather than the date the proposed new pipeline is built and operable. ARCO states that it will file quarterly reports detailing each import transaction.

In its request for modification, ARCO states that it currently receives gas that is acquired on the spot market in Canada and imported on its behalf by Cascade Natural Gas Corporation (Cascade) and transported through the pipeline facilities of Northwest Pipeline Corporation (Northwest Pipeline) and Cascade. The requested amendment would enable ARCO to import directly this natural gas from Canadian sources using the existing facilities of Northwest Pipeline and Cascade until such time as the Ferndale Pipeline System is completed. Cascade and Northwest Pipeline were granted intervention in Order 301 and are therefore parties to this amendment proceeding.

A notice of this request for amendment was issued on July 18, 1989, inviting protests, motions to intervene, notices of intervention, and comments to be filed by August 25, 1989.<sup>2/</sup> No new interventions or comments were

received.

## II. Decision

ARCO asserts that the only change represented by this amendment request is the proposed use of existing facilities. Order 301 made a preliminary finding that the underlying arrangement, like other, previously authorized blanket imports, is inherently competitive. Order 301 also made preliminary findings that ARCO has demonstrated a need for the gas and that the security of supply for each purchase is assured by its short term and the number of potential suppliers. The proposed use of existing facilities does not support or compel any change to the preliminary findings made in Order 301. ARCO's uncontested amendment request is consistent with DOE policy guidelines.

Based on the above information, I find that it is not inconsistent with the public interest to amend Order 301 to grant ARCO blanket authority to import, using existing facilities, up to 25 Bcf per year of Canadian natural gas over a two-year term to meet supply requirements at its Cherry Point oil refinery. The term would commence on the date of the first delivery rather than the date the proposed new pipeline is built and operable.

### ORDER

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

A. Ordering Paragraph A of DOE/FE Opinion and Order No. 301 (Order 301) issued February 27, 1989, to Atlantic Richfield Company (ARCO) is hereby amended by striking "when the proposed Ferndale Pipeline System commences service" and substituting "of first delivery using existing facilities."

B. Ordering Paragraph B of Order 301 is hereby amended by striking "The authorization in Ordering Paragraph A" and substituting "With regard to the use of the proposed Ferndale Pipeline System to import natural gas from Canada, the authorization in Ordering Paragraph A . . . ."

C. All other terms and conditions of Order 301 remain in effect.

Issued in Washington, D.C., September 22, 1989.

--Footnotes--

1/ 1 FE Para. 70,214. Order 301 was issued subsequent to publication of

a Notice of Application in the Federal Register (53 FR 49772, December 9, 1988) and an uncontested proceeding in which six interventions were granted.

2/ 54 FR 31077, July 26, 1989. A copy of this notice was sent to each party designated on the official service list for this docket.