

Cited as "1 FE Para. 70,252"

Intalco Aluminum Corporation (ERA Docket No. 88-71-NG), November 14, 1989.

DOE/FE Opinion and Order No. 302-A

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

I. Background

On August 31, 1989, Intalco Aluminum Corporation (Intalco) 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. 302 (Order 302) issued February 28, 1989,^{1/} granting blanket authorization to import up to 2 Bcf of Canadian natural gas per year for two years for use as fuel in its aluminum smelting plant 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. Intalco now proposes to import Canadian natural gas using existing facilities and is seeking to have its conditional authorization amended accordingly. Under Intalco'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 Intalco and Atlantic Richfield Company (ARCO). The amendment requested would grant Intalco 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. Intalco states that it will file quarterly reports detailing each import transaction.

In its request for modification, Intalco 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 Intalco 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 302 and are therefore parties to this amendment proceeding.

A notice of this request for amendment was issued on October 11, 1989, inviting protests, motions to intervene, notices of intervention, and comments to be filed by November 13, 1989.^{2/} A motion to intervene without comment was filed by Northwest Pipeline Corporation.

II. Decision

Intalco asserts that the only change represented by this amendment request is the proposed use of existing facilities. Order 302 made a preliminary finding that the underlying arrangement, like other, previously authorized blanket imports, is inherently competitive. Order 302 also made preliminary findings that Intalco 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 302. Intalco'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 302 to grant Intalco blanket authority to import, using existing facilities, up to 2 Bcf per year of Canadian natural gas over a two-year term to meet supply requirements at its aluminum smelting plant. 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. 302 (Order 302) issued February 28, 1989, to Intalco Aluminum Corporation (Intalco) 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 302 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. The motion to intervene, as set forth in this Opinion and Order, is hereby granted, provided that participation of such intervenor shall be limited to matters specifically set forth in its motion to intervene and not herein specifically denied, and that the admission of such intervenor shall not be construed as recognition that it might be aggrieved because of any order issued in these proceedings.

D. All other terms and conditions of Order 302 remain in effect.

Issued in Washington, D.C., November 14, 1989.

--Footnotes--

1/ 1 FE Para. 70,215. Order 302 was issued subsequent to publication of a Notice of Application in the Federal Register (53 FR 49773, December 9, 1988) and an uncontested proceeding in which six interventions were granted.

2/ 54 FR 41670, October 11, 1989. A copy of this notice was sent to each party designated on the official service list for this docket.