

Cited as "1 FE Para. 70,219"

Washington Natural Gas Company (ERA Docket No. 89-03-NG), April 28, 1989.

DOE/FE Opinion and Order No. 310

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

I. Background

On January 19, 1989, Washington Natural Gas Company (Washington Natural) filed an application with the Department of Energy (DOE), pursuant to Section 3 of the Natural Gas Act (NGA), for blanket authorization to import up to 50 Bcf of natural gas from Canada over a two-year term beginning on the date of first delivery. The applicant, a Washington corporation with its executive office located in Seattle, Washington, is a natural gas distribution company serving residential, commercial and industrial customers in 59 cities, towns, and adjacent unincorporated areas within its five-county service area in the State of Washington. Washington Natural intends to purchase the natural gas to be imported from a variety of Canadian supplies on an interruptible basis at competitive prices for its system supply. According to Washington Natural the terms of each sales transaction, including price and volume, would be freely negotiated, thus insuring that the imports will reflect market conditions. The company intends to use existing pipeline facilities for the transportation of the volumes to be imported and proposes to file quarterly reports detailing each transaction. In support of its application, Washington Natural asserts that the blanket import authority requested would allow it to import natural gas from a variety of Canadian suppliers at competitive prices for its system supply for resale in its distribution operations. Washington Natural asserts that the free negotiation of each sales transaction will assure that the proposed transactions will not take place unless there is a market for this imported gas on the terms proposed. The short-term nature of the sales would minimize domestic reliance on imported gas. In addition, Washington Natural intends to purchase gas from a number of sources and would have sufficient flexibility to substitute suppliers should one source become unavailable.

A notice of this application was issued on February 24, 1989, inviting protests, motions to intervene, notices of intervention, and comments to be filed by April 3, 1989.^{1/} Motions to intervene without comment or request for additional procedures were filed by Northwest Pipeline Corporation and Pacific Gas Transmission Company. This order grants intervention to each movant.

II. Decision

The application filed by Washington Natural 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 must be authorized unless there is a finding that it "will not be consistent with the public interest."^{2/} This determination 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.

Washington Natural's import arrangement for Canadian natural gas, as set forth in the application, is consistent with Section 3 of the NGA. We conclude that Washington Natural's market-based approach for negotiating short-term import sales will enhance competition in gas markets. Washington Natural's arrangement, because the individual sales will be short-term and market-responsive, ensures that, for each transaction, supplies are available, such volumes are needed, and that the price is competitive. Thus, only if each transaction reflects a present competitive market value of the imported natural gas, will the sale be made. Further, Washington Natural's proposal, like other blanket import proposals that have been approved,^{4/} will remain competitive over the term of the two-year authorization. Finally, no party opposes Washington Natural's import proposal nor is there found any undue reliance on a single source of supply under Washington Natural's proposed import arrangement.

After taking into consideration all of the information in the record of this proceeding, I find that granting Washington Natural blanket authority to import up to 50 Bcf of natural gas from Canada over a two-year term beginning on the date of the first delivery is not inconsistent with the public interest.

ORDER

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

A. Washington Natural Gas Company (Washington Natural) is authorized to import up to 50 Bcf of natural gas from Canada over a two-year term beginning on the date the first delivery.

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

C. Washington Natural shall notify the Office of Fuels Programs, Fossil Energy, Room 3F-056, FE-50, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585, in writing of the date of the 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, Washington Natural shall file with the Office of Fuels Programs within 30 days following each calendar quarter, quarterly reports indicating whether sales of imported natural gas have been made, and if so, giving, by month, the total volume of the imports in Mcf and the average price for the imports per MMBtu at the international border. The reports shall also provide the details of each import transaction, including the names of the seller(s), and the purchaser(s), including those other than Washington Natural, 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 filed as set forth in this Opinion and Order are hereby granted, provided that participation of such 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 April 28, 1989.

--Footnotes--

1/ 54 FR 8798, March 2, 1989.

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

3/ 49 FR 6684, February 22, 1984.

4/ See e.g., Intalco Aluminum Corporation, Not yet published (February 28, 1989); Kerr-McGee Chemical Corporation, 1 ERA Para. 70,840 (January 31, 1989); CanadianOxy Marketing Inc., 1 ERA Para. 70,839 (January 31, 1989); Gas Masters, Inc., 1 ERA Para. 70,832 (December 30, 1988); and Hadson Gas Systems, Inc., 1 ERA Para. 70,830 (December 23, 1988).