

Cited as "1 FE Para. 70,225"

Cascade Natural Gas Corporation (Fe Docket No. 89-17-NG), June 12, 1989.

DOE/FE Opinion and Order No. 316

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

I. Background

On March 3, 1989, Cascade Natural Gas Corporation (Cascade), a Washington state public utility, 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) and DOE Delegation Order No. 0204-111,1/ for blanket authorization to import up to 56 Bcf of natural gas from Canada over a two-year term beginning on the date of first delivery. The gas would be purchased from various Canadian sources on an interruptible basis under short-term arrangements of two years or less to supply Cascade's system in Washington and Oregon. The specific terms of each import transaction, including price and volumes, would be negotiated on an individual basis to reflect market conditions. It is contemplated that the volumes imported would enter the U.S. at Sumas, Washington, and be transported from that point via the existing pipeline facilities of Northwest Pipeline Corporation.

A notice of the application was issued on March 31, 1989, inviting protests, motions to intervene, notices of intervention, and comments to be filed by May 8, 1989.2/ A motion to intervene without comment or request for additional procedures was filed by Pacific Gas Transmission Company. This order grants intervention to this movant.

II. Decision

The application filed by Cascade has been evaluated to determine if the proposed import arrangement meets the public interest requirements of Section 3 of the NGA. Under Section 3, imports must be authorized unless there is a finding that it "will not be consistent with the public interest." 3/ This determination 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.

Cascade's uncontested import proposal, as set forth in the application, is consistent with Section 3 of the NGA and the DOE policy guidelines. The import authorization sought, similar to other blanket arrangements approved by the ERA,5/ would provide Cascade 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 Cascade's application, provides assurance that the transactions will be competitive with other gas supplies available to Cascade. This arrangement, therefore, should enhance competition in the marketplace.

After taking into consideration all the information in the record of this proceeding, I find that granting Cascade blanket authority to import up to 56 Bcf of natural gas from Canada during a period of two years, under contracts with terms of up to two years, 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. Cascade Natural Gas Corporation (Cascade) is authorized to import at Sumas, Washington, up to 56 Bcf of natural gas from Canada during a two-year period beginning on the date of the first delivery.

B. Within two weeks after deliveries begin, Cascade shall notify the Office of Fuels Programs, Fossil Energy, FE-50, Room 3F-056, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C., 20585, in writing of the date that the first delivery of natural gas authorized in Ordering Paragraph A above occurs.

C. With respect to the imports authorized by this Order, Cascade shall file with the Office of Fuels Programs within 30 days following each calendar quarter, quarterly reports indicating whether imports of natural gas have been made, and if so, giving, by month, the total volume of the imports of MMcf and the average purchase price per MMBtu at the international border. The reports shall also provide the details of each import transaction, including the name of the purchaser, estimated or actual duration of the agreement(s), transporter(s), point of entry, 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.

D. The motion to intervene filed by Pacific Gas Transmission Company is hereby granted, provided that its participation 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 may be aggrieved because of any order issued in these proceedings.

Issued in Washington, D.C., on June 12, 1989.

--Footnotes--

1/ On January 6, 1989, the authority to regulate natural gas imports and exports was transferred from the ERA to the Assistant Secretary for Fossil Energy. DOE Delegation Order No. 0204-127 specifies the transferred functions (54 F.R. 11436, March 20, 1989).

2/ 54 FR 14133, April 7, 1989.

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

4/ 49 FR 6684, February 22, 1984.

5/ See e.g., CanadianOxy Marketing, Inc., 1 ERA Para. 70,839 (January 31, 1989); Access Energy Corporation, 1 ERA Para. 70,835 (January 11, 1989); Seagull Marketing Services, Inc. 1 ERA Para. 70,833 (December 30, 1988); and Union Gas Limited, 1 ERA Para. 70,825 (November 22, 1988).