

Cited as "1 FE Para. 70,230"

Wisconsin Public Service Corporation (FE Docket No. 89-13-NG), June 19, 1989.

DOE/FE Opinion and Order No. 321

Order Granting Blanket Authorization to Import Natural Gas from Canada

### I. Background

On February 21, 1989, Wisconsin Public Service Corporation (WPSC) 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 Nos. 0204-111 and 0204-127,1/ for blanket authorization to import up to 35,000 Mcf per day, and 12,775,000 Mcf per year, of Canadian natural gas over a two-year term beginning on the date of the first delivery. The applicant is a Wisconsin public utility with its principal place of business in Green Bay, Wisconsin. WPSC intends to import gas from Canada on its own behalf, for system supply, or as a broker or agent for end-users in its service territory. The specific terms of each import transaction would be negotiated on an individual basis in response to prevailing gas market conditions. The company proposes to file quarterly reports detailing each transaction.

The gas would be imported on an interruptible basis at Emerson, Manitoba, and transported from that point via existing pipeline facilities of Great Lakes Gas Transmission Company and Midwestern Gas Transmission Company to the transmission facilities of ANR Pipeline Company and then to WPSC's distribution system. To the extent gas is imported by WPSC as broker or agent, the specific location where the gas would enter the U.S. may vary for different transactions with delivery points to be established during sales contract negotiations.

In support of its application, WPSC asserts that its transactions would be premised upon imported gas being price-competitive with other supply alternatives, and that, if it is not, there would be no imports.

A notice of this 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/ No comments were received.

### II. Decision

The application filed by WPSC 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." 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.

WPSC's import arrangement for Canadian natural gas, as set forth in the application, is consistent with Section 3 of the NGA. We believe that WPSC's market-based approach for negotiating short-term import sales will enhance competition in gas markets. By transacting individual import sales on the basis of prevailing market pricing and gas supply conditions, WPSC's arrangement ensures that such volumes are needed, and that the price is competitive. Thus, it is assumed that no sales will be made unless each transaction reflects the true value of the imported gas. WPSC's proposal, like other blanket import proposals that have been approved,5/ is inherently competitive and will remain competitive over the term of the two-year authorization. Finally, no party opposes WPSC's import proposal.

After taking into consideration all of the information in the record of this proceeding, I find that granting WPSC blanket authority to import up to 25.55 Bcf of Canadian natural gas during a period of two years, under contracts with terms of up to two years, is not inconsistent with the public interest. Consistent with our treatment of similar blanket applications, there will be no restriction on the daily or annual volume that may be imported. This maximizes the flexibility of spot-market importers to provide gas supplies to meet customer demand.

#### ORDER

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

A. Wisconsin Public Service Corporation (WPSC) is authorized to import up to 25.55 Bcf of natural gas from Canada over a two-year term beginning on the date of the first delivery.

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

C. Within two weeks after deliveries begin, WPSC 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 that the first delivery of natural gas authorized in Ordering Paragraph A above occurs.

D. With respect to the imports authorized by this Order, WPSC 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 WPSC, 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.

Issued in Washington, D.C. on June 19, 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 FR 11436, March 20, 1989).

2/ 54 FR 14134, April 7, 1989.

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

4/ 49 FR 6684, February 22, 1984.

5/ See e.g., TransAmerican Natural Gas Corporation, 1 FE Para. 70,220 (April 28, 1989); Cornerstone Natural Gas Company, 1 FE Para. 70,216 (April 12, 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).