

Cited as "1 FE Para. 70,237"

Potomac Energy Corporation (FE Docket No. 89-35-NG), August 24, 1989.

DOE/FE Opinion and Order No. 328

Order Granting Blanket Authorization to Import Natural Gas from Canada

## I. Background

On June 9, 1989, Potomac Energy Corporation (Potomac Energy) filed an application with the Office of Fossil Energy (FE) of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA) 1/ and DOE Delegation Order Nos. 0204-111 and 0204-127, for blanket authorization to import up to 125 MMcf of natural gas per day and a maximum of 75 Bcf for a term of two years beginning on the date of first delivery. The applicant, a Delaware corporation with its principal place of business in Washington, D.C., is a marketer of natural gas.

According to the application, Potomac Energy contemplates importing natural gas under short-term or spot market sales arrangements on its own behalf or as an agent for other parties. The gas would be purchased from a variety of Canadian suppliers and sold to a wide range of markets in the U.S., including pipelines, local distribution companies, and commercial and industrial end-users. The specific terms of each import transaction, including price and volumes, would be negotiated on an individual basis and thus would reflect prevailing market conditions.

Potomac Energy intends to use existing pipeline facilities to transport the gas and will file quarterly reports giving details of the individual transactions.

A notice of this application was issued on July 5, 1989, inviting protests, motions to intervene, notices of intervention, and comments to be filed by August 5, 1989.<sup>2/</sup> No interventions or comments were received.

## II. Decision

The application filed by Potomac Energy 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 they will not be consistent with the public interest. This determination is guided by the DOE's natural gas import policy guidelines.<sup>3/</sup> Under these guidelines the competitiveness of an import in the markets served is the primary consideration for meeting the public interest test.

Potomac Energy'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 previously approved by the DOE,<sup>4/</sup> would provide the applicant 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 would be voluntarily negotiated, short-term, and market-responsive, as Potomac Energy asserts, provides assurance that the transactions will be competitive with other gas supplies available to Potomac Energy and its customers. This arrangement, therefore, should enhance competition in the marketplace.

After taking into consideration all of the information in the record of this proceeding, I find that granting Potomac Energy blanket authorization to import up to 75 Bcf of Canadian natural gas during a period of two years, under contracts with terms of two years or less, is not inconsistent with the public interest.

Consistent with our treatment of similar blanket applications, there will be no restriction on the daily 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. Potomac Energy Corporation (Potomac Energy) is hereby authorized to import up to 75 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. 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 occurred.

C. With respect to the imports authorized by this Order, Potomac Energy, shall file with FE within 30 days following each calendar quarter, quarterly reports indicating whether purchases of imported gas have been made, and if so, giving, by month, the total volume of the imports in Mcf and the average purchase price per MMBtu at the international border. The reports shall also provide the details of each transaction, including the names of the seller(s),

and the purchaser(s), including those other than Potomac Energy, 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 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 August 24, 1989.

--Footnotes--

1/ 15 U.S.C. Sec. 717b.

2/ 54 FR 28086, July 5, 1989.

3/ 49 FR 6684, February 22, 1984.

4/ 4. See, e.g., Wisconsin Public Service Corporation, 1 FE Para. 70,230 (June 19, 1989); Cascade Natural Gas Corporation, 1 FE Para. 70,225 (June 12, 1989); Chevron Natural Gas Services Inc., 1 FE Para. 70,219 (April 28, 1989) and Intalco Aluminum Corporation, 1 FE Para. 70,215 (February 28, 1989).