

Cited as "1 FE Para. 70,239"

Grand Valley Gas Company (FE Docket No. 89-29-NG), August 25, 1989.

DOE/FE Opinion and Order No. 330

Order Granting Blanket Authorization to Import Natural Gas from Canada

I. Background

On May 11, 1989, Grand Valley Gas Company (Grand Valley) filed an application with the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA) and DOE Delegation Order Nos. 0204-111 and 0204-127, for blanket authorization to import up to 75 Bcf of natural gas from Canada over a two-year term beginning on the date of first delivery.

Grand Valley, a Utah corporation with its principal place of business in Salt Lake City, intends to import gas from various Canadian producers under short-term arrangements of two years or less to supply U.S. purchasers that are expected to include industrial, commercial and agricultural end-users, electric utilities, pipelines, and distribution companies. Grand Valley intends to use existing pipeline facilities to transport the gas in the U.S. The specific terms of each short-term or spot sale would be the product of negotiations between the applicant and U.S. purchasers. They would include the price paid by the purchaser, the volume and duration of the agreement, transportation arrangements, and, where applicable, contract adjustment and take provisions.

A notice of the application was issued on June 19, 1989, inviting protests, motions to intervene, notices of intervention, and comments to be filed by July 26, 1989.^{1/} No comments were received.

II. Decision

The application filed by Grand Valley 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."^{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.

Grand Valley'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 DOE,^{4/} would provide Grand Valley 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 Grand Valley's application, provides assurance that the transactions will be competitive with other gas supplies available to Grand Valley. 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 Grand Valley blanket authority to import up to 75 Bcf of natural gas from Canada during a period of two years, under contracts with terms of two years or less, 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. Grand Valley Gas Company (Grand Valley) is authorized to import up to 75 Bcf of natural gas from Canada during a two-year period 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, Grand Valley 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.

D. With respect to the imports authorized by this Order, Grand Valley 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 in 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 take-or-pay or make-up provisions.

Issued in Washington, D.C., on August 25, 1989.

--Footnotes--

1/ 54 FR 26829, June 26, 1989.

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

3/ 49 FR 6684, February 22, 1984.

4/ See, e.g., Intalco Aluminum Corporation, 1 FE Para. 70,215 (February 28, 1989); Washington Natural Gas Company, 1 FE Para. 70,219 (April 28, 1989); TransAmerican Natural Gas Corporation, 1 FE Para. 70,220 (April 28, 1989); Cascade Natural Gas Corporation, 1 FE Para. 70,225 (June 12, 1989); Wisconsin Public Service Corporation, 1 FE Para. 70,230 (June 19, 1989).