

Cited as "1 FE Para. 70,286"

Sierra Pacific Power Company (FE Docket No. 89-67-NG), January 11, 1990.

DOE/FE Opinion and Order No. 369

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

### I. Background

On September 29, 1989, Sierra Pacific Power Company (Sierra) 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) and DOE Delegation Order Nos. 0204-111 and 0204-127, for blanket authorization to import up to 40,000,000 dekatherms (39.16 Bcf) of Canadian natural gas over a two-year term beginning on the date of first delivery.

Sierra, a Nevada corporation with its principal place of business in Reno, Nevada, is a public utility presently engaged in, among other things, the distribution and sale of natural gas in intrastate commerce in Nevada. Sierra indicates that the requested authority would be used to import the natural gas from a variety of Canadian suppliers under firm supply contracts or contracts of month-to-month duration for system supply and to fuel its electric generation power plants. The applicant states that gas imported under this proposal will be price competitive with available domestic gas supplies.

In support of its application, Sierra asserts that the proposed import is in the public interest because the terms of each sale will be freely negotiated, thus ensuring that the arrangement will be competitive while providing an efficient allocation of natural gas in the market place. In addition, the applicant asserts that the need for the gas is demonstrated by the fact that its power plants and local gas distribution operations provide an established market for the gas. Sierra also states that the security of supply is demonstrated by the fact that its suppliers will be producers who have an adequate reserve base and are actively engaged in the exploration and production of natural gas.

A notice of the application was issued on November 3, 1989, inviting protests, motions to intervene, notices of intervention, and comments to be filed by December 11, 1989.<sup>1</sup> Motions to intervene without comment were filed by Northwest Pipeline Corporation and Paiute Pipeline Company. This order grants intervention to the movants.

## II. Decision

The application filed by Sierra 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.<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.

Sierra's uncontested import proposal, as set forth in its application, is consistent with section 3 of the NGA and the DOE policy guidelines. The import authorization sought, like other, similar arrangements approved by DOE,<sup>4/</sup> would provide Sierra with blanket import approval, within prescribed limits, to negotiate and transact individual, short-term purchase arrangements without further regulatory action. The fact that each arrangement will be voluntarily negotiated, short-term, and market-responsive, as asserted in Sierra's application, provides assurance that the transactions will be competitive with other gas supplies available to Sierra. 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 Sierra blanket authority to import up to 40,000,000 dekatherms (39.16 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.

### ORDER

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

A. Sierra Pacific Power Company (Sierra) is authorized to import up to 40,000,000 dekatherms (39.16 Bcf) of Canadian natural gas 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, Sierra 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, Sierra 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 if other than Sierra, 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.

E. The motions to intervene set forth in this Opinion and Order are hereby granted, provided that participation of the 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 January 10, 1990.

--Footnotes--

1/ 54 FR 47121, November 9, 1989.

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

3/ 49 FR 6684, February 22, 1984.

4/ See, e.g., Grand Valley Gas Company, 1 FE Para. 70,239 (August 25, 1989); Potomac Energy Corporation, 1 FE Para. 70,237 (August 24, 1989); Cascade Natural Gas Corporation, 1 FE Para. 70,225 (June 12, 1989); and Wisconsin Public Service Corporation, 1 FE Para. 70,230 (June 19, 1989).