

Cited as "1 FE Para. 70,287"

Salmon Resources Ltd. (FE Docket No. 89-71-NG), January 11, 1990.

## DOE/FE Opinion and Order No. 370

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

### I. Background

On October 20, 1989, Salmon Resources Ltd. (Salmon) 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, to extend its existing natural gas import authorization granted originally by the Economic Regulatory Administration (ERA) 1/ on December 16, 1985, in DOE/ERA Opinion and Order No. 94 (Order 94).2/ Salmon, a subsidiary of Shell Canada Limited (Shell), was authorized in Order 94 to import up to 100 Bcf of Canadian natural gas for short-term and spot market sales over a two-year period beginning on the date of the first delivery to customers in the United States. Order 94 was subsequently amended by DOE/ERA Opinion and Order No. 217 (Order 217) 3/ to extend Salmon's blanket authorization for two years. The current application seeks to extend the import authorization, which expires on February 14, 1990, for an additional two years.

According to Salmon, a Wyoming corporation with its principal place of business in Lakewood, Colorado, the imported gas would continue to be supplied by Shell or such supply sources as may become available and sold by Salmon on a short-term or spot basis to, among others, industrial end users, agricultural users, electric utilities, pipelines, and local distribution companies. All sales would be fully interruptible. The price for the gas would be a negotiated contract price varying from sale to sale based on competition in the market. The proposed imports would be accomplished using existing pipeline facilities and no new construction would be involved.

Salmon proposes to continue to file reports with FE within 30 days after the end of each calendar quarter giving details of the individual transactions. Salmon's prior quarterly reports filed with FE and ERA indicate that approximately 11.4 MMcf of natural gas was imported under Order 217 through September 30, 1989, and approximately 9 MMcf of natural gas was imported under Order 94 between February 14, 1986 and February 14, 1988.

In support of its application, Salmon maintains that the provisions of

each sales transaction, including the price and volumes, would be freely negotiated, thus ensuring that the imports will reflect market conditions. Therefore, Salmon contends that its proposal is consistent with DOE's policy guidelines on the regulation of imported natural gas.

A notice of the application was issued on November 8, 1989, inviting protests, motions to intervene, notices of intervention, and comments to be filed by December 18, 1989.<sup>4/</sup> A motion to intervene without comment was received from Northwest Pipeline Corporation. This order grants intervention to the movant.

## II. Decision

The application filed by Salmon 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."<sup>5/</sup> This determination is guided by the DOE's natural gas import policy guidelines.<sup>6/</sup> Under these guidelines, the competitiveness of an import in the markets served is the primary consideration for meeting the public interest test.

Salmon's uncontested proposal for the continued importation of natural gas, as set forth in the application, is consistent with section 3 of the NGA and DOE policy guidelines. The import authorization sought, similar to other blanket arrangements approved by DOE <sup>7/</sup> would provide Salmon with a continuation of blanket import approval, within prescribed limits, to negotiate and transact individual, spot and short-term purchase arrangements without further regulatory action. As the ERA found in Order Nos. 94 and 217, the proposed short-term market-responsive nature of these voluntarily negotiated sales provides assurance that the transactions will be competitive with other gas supplies available to Salmon. This arrangement, therefore, should enhance competition.

After taking into consideration all of the information in the record of this proceeding, I find that authorizing Salmon to import up to 100 Bcf of Canadian natural gas over a two-year period from February 15, 1990, through February 14, 1992, is not inconsistent with the public interest and should be approved.

## ORDER

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

A. Salmon Resources Ltd. (Salmon) is authorized to import up to 100 Bcf of natural gas for two years beginning February 15, 1990, through February 14, 1992.

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

C. With respect to the imports authorized by this Order, Salmon shall continue to 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, the adjustment clauses, and any take-or-pay or make-up provisions.

D. The motion to intervene set forth in this Opinion and Order is hereby granted, provided that participation of the intervenor 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 might be aggrieved because of any order issued in these proceedings.

Issued in Washington, D.C., on January 10, 1990.

--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/ 1 ERA Para. 70,612 (December 16, 1985).

3/ 1 ERA Para. 70,749 (January 22, 1988).

4/ 54 FR 47820, November 17, 1989.

5/ 15 U.S.C. Sec. 717b.

6/ 39 FR 6684, February 22, 1984.

7/ See, e.g., Canterra Natural Gas Inc., 1 FE Para. 70,226 (June 19, 1989); Texas International Gas & Oil, 1 FE Para. 70,228 (June 19, 1989); Brymore Energy Inc., 1 FE Para. 70,229 (June 19, 1989); and Wisconsin Public Service Corp., 1 FE Para. 70,230 (June 19, 1989).