

Cited as "1 FE Para. 70,290"

Poco Petroleum, Inc. (FE Docket No. 89-72-NG), January 19, 1990

DOE/FE Opinion and Order No. 372

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

## I. Background

On October 24, 1989, Poco Petroleum, Inc. (Poco), 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), requesting that the blanket authorization previously granted in DOE/ERA Opinion and Order No. 220 (Order No. 220), issued on January 25, 1988,<sup>1/</sup> be amended to extend the blanket authorization for a term of two years beginning on January 21, 1990. Poco requests authorization to import up to a maximum of 150 Bcf during the two-year period, either for its own account or as an agent for U.S. purchasers and/or Canadian suppliers. Poco intends to utilize the existing facilities of U.S. pipelines. Poco will file quarterly reports with FE. Poco's prior quarterly reports filed with the ERA indicate that approximately 38 Bcf of natural gas had been imported under Order No. 220 as of September 30, 1989.

In support of its authorization request, Poco asserts that the short-term nature of the requested authority will promote competition in the marketplace. Poco further asserts that the sales would be freely negotiated, thus ensuring that the import will reflect market conditions and remain competitive over the term of the authorization. Poco states that its proposed import authorization is consistent with the Secretary's import policy guidelines under which the competitiveness of the proposed import is the primary consideration in evaluating the public interest.<sup>2/</sup> The FE issued a notice of the application on December 4, 1989, inviting protests, motions to intervene, notices of intervention, and comments to be filed by January 10, 1990.<sup>3/</sup> Motions to intervene without comment or request for additional procedure were filed by Great Lakes Gas Transmission Company and Northwest Pipeline Corporation. This order grants intervention to these movants.

## II. Decision

The application filed by Poco has been evaluated to determine if the proposed import authorization meets the public interest requirements of section 3 of the NGA. Under section 3, an import is to be authorized unless

there is a finding that it "will not be consistent with the public interest."<sup>4/</sup> This determination is guided by the DOE's natural gas import policy guidelines. Under these guidelines, the competitiveness of an import in the markets served is the primary consideration for meeting the public interest test.

Poco proposed import authorization, as set forth in the application, is consistent with the DOE policy guidelines.<sup>5/</sup> The fact that each spot sale will be voluntarily negotiated, short-term, and market-responsive, as asserted in Poco's application, provides assurance that the transactions will be competitive. Further, no party objected to Poco's request for import authority. After taking into consideration all the information in the record of this proceeding, I find that granting Poco blanket authority to import up to 150 Bcf of Canadian natural gas over a term of two years beginning January 21, 1990, 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. Poco Petroleum, Inc. (Poco) is authorized to import up to 150 Bcf of Canadian gas for a two-year term beginning January 21, 1990, through January 20, 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, Poco shall file with FE, 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 natural gas import in Mcf and the average purchase price 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 purchaser(s), duration of the agreement(s), transporter(s), points of entry, markets served and, if applicable, the per unit (MMBtu) demand/commodity charge breakdown of the price, and special contract price adjustment clauses, and any take-or-pay or make up provisions.

D. The motions to intervene as 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 19, 1990.

--Footnotes--

1/ 1 ERA Para. 70,752.

2/ 49 FR 6684, February 22, 1984.

3/ 54 FR 50814, December 11, 1989.

4/ 15 U.S.C. Sec. 717b.

5/ See supra note 2.