

Cited as "1 FE Para. 70,292"

Westar Marketing Company (FE Docket No. 89-70-NG), January 25, 1990.

DOE/FE Opinion and Order No. 374

Order Granting Blanket Authorization to Import Natural Gas from Canada

I. Background

On October 14, 1989, Westar Marketing Company (Westar) 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 10 Bcf of Canadian natural gas during a two-year term beginning on the date of first delivery. Westar states that the requested authorization requires no new facilities. Westar indicates that they will submit quarterly reports detailing each transaction.

Westar, a general partnership with its principal place of business in Salt Lake City, Utah, proposes to import natural gas it may purchase from various Canadian suppliers, including Wainoco Oil Corporation, for resale to various industrial customers and other marketers for delivery in the Pacific Northwest and Rocky Mountain region. According to Westar, the specific terms of each contract will be the product of arms-length negotiations between it and the Canadian suppliers. Additionally, Westar maintains that any shipments of Canadian gas will be based on its specific needs and those of its customers and will necessarily reflect market conditions at the time of the purchase agreements. Each supply contract will be structured to meet competition in the marketplace.

A notice of the application was issued on December 4, 1989, inviting protests, motions to intervene, notices of intervention, and comments to be filed by January 8, 1990.^{1/} No comments were received.

II. Decision

The application filed by Westar 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.^{3/} Under these guidelines, the competitiveness of an import in the markets served

is the primary consideration for meeting the public interest test.

Westar'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 Westar 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 Westar's application, provides assurance that the transactions will be competitive with other gas supplies available to Westar. 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 Westar blanket authority to import up to 10 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. Westar Marketing Company (Westar) is authorized to import up to 10 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, Westar 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, Westar 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 any take-or-pay or make-up provisions.

Issued in Washington, D.C., on January 25, 1990.

--Footnotes--

1/ 54 FR 50643, December 8, 1989.

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

3/ 49 FR 6684, February 22, 1984.

4/ See, e.g., Washington Natural Gas Company, 1 FE Para. 70,219 (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); Grand Valley Gas Company, 1 FE Para. 70,239 (August 25, 1989); Consolidated Fuel Company, 1 FE Para. 70,241 (September 22, 1989); Conoco Inc., 1 FE Para. 70,258 (November 3, 1989).