

Cited as "1 FE Para. 70,324"

Kimball Energy Corporation (FE Docket No. 90-13-NG), June 5, 1990.

DOE/FE Opinion and Order No. 397

Order Granting Blanket Authorization to Import Natural Gas from Canada

I. Background

On March 1, 1990, Kimball Energy Corporation (Kimball) filed an application with the Office of Fossil Energy (FE) of the Department of Energy (DOE) pursuant to section 3 of the Natural Gas Act (NGA), requesting that its previously granted blanket authorization^{1/} be further extended for two years beginning on April 1, 1990, the date that blanket authority expired. Kimball requests authorization to import volumes not to exceed, in the aggregate, 75 Bcf of Canadian natural gas over a two-year period.

Kimball is a Texas corporation with its principal place of business in Arlington, Texas. Kimball, a natural gas marketer, intends to import gas for its own account or as agent for Canadian suppliers or U.S. customers. The gas contracts would be short-term and/or spot market arrangements, consistent with the authorized import period granted by the DOE, and would reflect the prevailing market conditions. Kimball asserts that each sale will be competitive and that imports would be accomplished using existing pipeline capacity and no new construction would be involved. Kimball also states it would file reports with FE within 30 days after the end of each calendar quarter giving the details of the individual transactions. Kimball's prior quarterly reports filed with FE indicate that approximately 4,194 MMcf of natural gas were imported during 1989.

A notice of this application was issued on March 28, 1990, inviting protests, motions to intervene, notices of intervention, and comments to be filed by May 3, 1990.^{2/} No comments were received.

II. Decision

The application filed by Kimball 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 they "will not be consistent with the public interest."^{3/} This determination is guided by the DOE's natural gas import policy guidelines.^{4/} Under these guidelines, the competitiveness of an import in the markets served

is the primary consideration for meeting the public interest test.

The DOE finds that Kimball's uncontested proposal for the importation of natural gas, over existing facilities, 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,^{5/} would provide Kimball with blanket import authority, within prescribed limits, to negotiate and transact individual, spot and short-term purchase arrangements without further regulatory action. The fact that each purchase will be voluntarily negotiated, short-term, and market-responsive, as asserted in Kimball's application, provides assurance that the transactions will be competitive with other gas supplies available to Kimball. This arrangement, therefore, should enhance competition in the marketplace.

After taking into consideration all of the information in the record of this proceeding, I find that granting Kimball 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.^{6/}

ORDER

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

A. Kimball Energy Corporation (Kimball) is authorized to import up to 75 Bcf of natural gas from Canada during a two-year period beginning on the date of 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, Kimball shall notify the Office of Fuels Programs, Fossil Energy, Room 3F-056, FE-50, 1000 Independence Avenue, S.W., Washington, D.C., 20585, in writing that the first delivery of natural gas authorized in Ordering Paragraph A above occurs.

D. With respect to the imports authorized by this Order, Kimball 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 natural gas imports in Mcf and the average purchase price per MMBtu at the international border. The reports shall also provide each month the details of each import transaction, including the names of the seller(s) and purchaser(s), duration of the

agreement(s), transporter(s), point 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.

Issued in Washington, D.C., on June 5, 1990.

--Footnotes--

1/ DOE/ERA Opinion and Order No. 190, 1 ERA Para. 70,720 (August 19, 1987).

2/ 64 FR 12412, April 3, 1990.

3/ 15 U.S.C. 717b.

4/ 49 FR 6684, February 22, 1984.

5/ See, e.g., Dome Petroleum Corp., 1 FE Para. 70,197 (February 6, 1990); Chevron Natural Gas Service, 1 FE Para. 70,298 (February 6, 1990); and Mobile Natural Gas Inc., 1 FE Para. 70,305 (February 16, 1990).

6/ Because the proposed importation of gas will use existing facilities, the DOE has determined that granting this application is clearly not a major Federal action significantly affecting the quality of the human environment within the meaning of the National Environmental Policy Act (42 U.S.C. 4321, et seq.) and therefore an environmental impact statement or environmental assessment is not a requirement. See 40 CFR Sec. 1508.4 and 54 FR 12474 (March 27, 1989).