

Cited as "1 FE Para. 70,331"

Boston Gas Company (FE Docket No. 90-20-NG), June 26, 1990.

DOE/FE Opinion and Order No. 404

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

I. Background

On March 27, 1990, Boston Gas Company (Boston Gas) filed an application pursuant to 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 36.5 Bcf of Canadian natural gas per year, not to exceed 100,000 Mcf daily, over a two-year period beginning on the date of first delivery. Boston Gas intends to use existing pipeline facilities within the United States for transportation of volumes to be imported and to file quarterly reports detailing each transaction.

Boston Gas, a Massachusetts corporation, is a wholly-owned subsidiary of Eastern Enterprises. Under the blanket authority sought, Boston Gas would import natural gas from Canada for its own account and seeks authority to import gas at any existing delivery point on the international border. The specific terms of each import transaction would be negotiated on an individual basis in response to prevailing gas market conditions. In support of its application, Boston Gas asserts that its transactions would be premised upon the imported gas being competitive with other supply alternatives, and that, if not, there would be no imports.

A notice of the application was issued on April 19, 1990, inviting protests, motions to intervene, notices of intervention, and comments to be filed by May 24, 1990.^{1/} A motion to intervene without comment or request for additional procedures was filed by Distrigas Corporation. This order grants intervention to this movant.

II. Decision

The application filed by Boston Gas 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.

Boston Gas'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 Boston Gas 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 Boston Gas' application, provides assurance that the transactions will be competitive with other gas supplies available to Boston Gas. This arrangement, therefore, should enhance competition in the marketplace. Thus, Boston Gas's import arrangement will enhance cross-border competition in the marketplace.

After taking into consideration all of the information in the record of this proceeding, I find that granting Boston Gas blanket authority to import up to 73 Bcf of Canadian natural gas over a two-year period, under contracts with terms of two years or less, is not inconsistent with the public interest.^{5/} Consistent with current practice, there will be no restrictions on the daily volumes that may be imported.

ORDER

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

A. Boston Gas Company (Boston Gas) is authorized to import a total of up to 73 Bcf of Canadian natural gas for a two-year period beginning on the date of the first delivery.

B. Boston Gas is authorized to import natural gas at any point on the international border where existing pipeline facilities are located.

C. Within two weeks after deliveries begin, Boston Gas shall provide written notification to the Office of Fuels Programs, Fossil Energy, Room 3F-056, FE-50, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585, 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, Boston Gas

shall file within 30 days following each calendar quarter, quarterly reports indicating whether sales of imported natural gas have been made, and if so, giving by month, the total volume of the imports in Mcf and the average price for imports 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 the purchaser(s), estimated or actual duration of the agreements, transporter(s), points of entry, market(s) served, 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 motion to intervene filed by Distrigas Corporation, is hereby granted, provided that its participation is limited to matters specifically set forth in its motion to intervene and not herein specifically denied, and that admission of this intervenor shall not be construed as recognition that it may be aggrieved because of any order issued in these proceedings.

Issued in Washington, D.C., on June 26, 1990.

--Footnotes--

1/ 55 FR 17299, April 24, 1990.

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

3/ 49 FR 6684, February 22, 1984.

4/ See, e.g., POCO Petroleum, Inc., 1 FE Para. 70,290 (January 19, 1990); Westar Marketing Company, 1 FE Para. 70,292 (January 25, 1990); Dome Petroleum Corporation, 1 FE Para. 70,297 (February 6, 1990); and Westcoast Resources, 1 FE Para. 70,304 (March 2, 1990).

5/ Because the proposed importation of gas will use existing facilities, the DOE has determined that granting this application is 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 required. See 40 CFR Sec. 1508.4 and 54 FR 12474 (March 27, 1989).