

Cited as "1 FE Para. 70,334"

Development Associates, Inc. (FE Docket No. 90-15-NG), July 9, 1990.

DOE/FE Opinion and Order No. 407

Order Granting Blanket Authorization to Import Natural Gas from Canada

## I. Background

On March 8, 1990, Development Associates, Inc., (DA) 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 40 Bcf of Canadian natural gas during a two-year term beginning on the date of first delivery. DA states that the proposed importation of gas will use the existing pipeline facilities of either Northwest Pipeline Corporation or Pacific Gas Transmission Company and that it will submit quarterly reports giving the details of individual transactions.

DA is a wholly owned subsidiary of the Washington Water Power Company. DA acts as agent on behalf of several large industrial and institutional end-users, as well as local distribution companies, procuring gas supplies and arranging their importation, transportation, and delivery. The gas will be obtained from individual producers, producer groups and associations, and pipeline companies on a short-term basis. DA asserts that the terms and conditions of each supply contract will be determined as a result of negotiations between itself and Canadian suppliers and would be responsive to competitive market forces in the U.S. domestic gas market.

A notice of the application was issued on April 23, 1990, inviting protests, motions to intervene, notices of intervention, and comments to be filed by May 29, 1990. 1/ No comments or motions to intervene were received.

## II. Decision

The application filed by DA 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.

DA'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 DA with blanket import approval, within prescribed limits, to negotiate and transact individual, short-term purchase arrangements without further regulatory action. The fact that each supply contract will be voluntarily negotiated, short-term, and market-responsive, as asserted in DA's application, provides assurance that the transactions will be competitive with other gas supplies available to DA. 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 DA blanket authority to import up to 40 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 and should be approved. 5/

#### ORDER

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

A. Development Associates, Inc., (DA) is authorized to import up to 40 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, DA 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, DA 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 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 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 July 9, 1990.

--Footnotes--

1/ 55 FR 17814, April 27, 1990.

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

3/ 49 FR 6684, February 22, 1984.

4/ See, e.g., Conoco Inc., 1 FE Para. 70,258 (November 3, 1989), Equitable Resources Marketing Company, 1 FE Para. 70,271 (December 6, 1989), Exxon Corporation, 1 FE Para. 70,272 (December 8, 1989), Wisconsin Power and Light Company, 1 FE Para. 70,278 (December 18, 1989), Salmon Resources, Ltd., FE Docket No. 89-71-NG (January 11, 1990), Goetz Energy Corporation, FE Docket No. 89-92-NG (January 16, 1990) and Westcoast Resources, Inc., FE Docket No. 89-74-NG (March 2, 1990).

5/ 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 required. See 40 CFR Sec. 1508.4 and 54 FR 12474 (March 27, 1989).