

Cited as "1 FE Para. 70,340"

Granite State Gas Transmission, Inc. (FE Docket No. 90-52-NG), July 31, 1990.

DOE/FE Opinion and Order No. 414

Order Granting Blanket Authorization to Import Natural Gas from Canada

I. Background

On May 22, 1990, Granite State Gas Transmission, Inc. (Granite State), 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 25 Bcf of Canadian natural gas over a two-year period beginning on the date of first delivery. Granite State would use existing pipeline facilities for the importation and transportation of the requested volumes. In addition, Granite State intends to notify DOE of the date of first delivery of the proposed volumes within two weeks after deliveries begin and would submit quarterly reports giving details of individual transactions.

Granite State, a New Hampshire corporation, is an interstate natural gas pipeline company which is wholly owned by Northern Utilities, Inc. (Northern Utilities), also a New Hampshire corporation, which operates gas distribution companies in New Hampshire and Maine. Northern Utilities is a wholly owned subsidiary of Bay State Gas Company (Bay State), a Massachusetts natural gas distribution company. Granite State's principal business is to supply Northern Utilities and Bay State with firm supplies of both Canadian and domestic natural gas. In addition, Granite State purchases substantial quantities of domestic natural gas on the spot market for sale to Northern Utilities and Bay State.

Granite State proposes to utilize the requested blanket authorization to purchase and import natural gas from a variety of Canadian suppliers at competitive prices for its system supply for resale to Northern Utilities and Bay State. The purchases would be interruptible and the price for the gas would be negotiated based on prevailing market prices. Any imports under the proposed blanket authorization would utilize existing pipeline capacity and no new construction would be required.

A notice of the application was issued on June 18, 1990, inviting protests, motions to intervene, notices of intervention, and comments to be filed by July 23, 1990.¹ No comments or motions to intervene were received.

II. Decision

The application filed by Granite State 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.

Granite State'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 is similar to other blanket arrangements approved by DOE,^{4/} and would provide Granite State with blanket import approval, within prescribed limits, to negotiate and transact individual, short-term purchase arrangements without further regulatory action. The fact that each gas purchase will be voluntarily negotiated, short-term, and market-responsive, as asserted in Granite State's application, provides assurance that the transactions will be competitive with other gas supplies available to Granite State. 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 Granite State blanket authority to import up to 25 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 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. Granite State Transmission, Inc. (Granite State), is authorized to import a total of up to 25 Bcf of Canadian natural gas for a two-year period beginning on the date of the first delivery.

B. Granite State 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, Granite State 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, Granite State 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.

Issued in Washington, D.C., on July 31, 1990

--Footnotes--

1/ 55 FR 25694, June 22, 1990.

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

3/ 49 FR 6684, February 22, 1984.

4/ See, e.g., Empire Natural Gas Corporation, 1 FE Para. 70,320 (June 7, 1990); Enjet Natural Gas Inc., 1 FE Para. 70,322 (June 7, 1990); Vermont Gas Systems, Inc., 1 FE Para. 70,323 (June 7, 1990); Kimball Energy Corporation, 1 FE Para. 70,324 (June 5, 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).