

Cited as "1 FE Para. 70,391"

Northern Minnesota Utilities (FE Docket No. 90-90-NG), December 20, 1990.

DOE/FE Opinion and Order No. 463

Order Granting Blanket Authorization to Import and Export Natural Gas

I. Background

On October 19, 1990, Northern Minnesota Utilities (NMU) filed an application with the Office of Fossil Energy 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, requesting blanket authority to import from Canada up to 66.43 Bcf of natural gas, and to export and re-import up to 66.43 Bcf of this gas, over a two-year term beginning February 15, 1991, the date NMU's current blanket authorization expires.^{1/}

NMU is a distributor of natural gas, with its principal place of business in Cloquet, Minnesota, and is a division of Utilicorp United, Inc., a Delaware corporation. NMU proposes to utilize existing pipeline facilities for the transportation of the volumes to be imported, exported and re-imported. Under the proposed arrangement, the natural gas to be imported would come from various Canadian suppliers and be used for NMU's system supply or for spot sales to particular end-users. NMU states that all sales would be at competitive prices and under contracts of two years or less. NMU also states that it will submit quarterly reports detailing each transaction.

In support of its application, NMU maintains that the proposed import and export is in the public interest and that it provides competitively priced supplies of Canadian natural gas because the terms of each short-term supply arrangement will be individually negotiated and contain market-responsive terms.

A notice of the application was issued on November 5, 1990, inviting protests, motions to intervene, notices of intervention, and comments to be filed by December 10, 1990.^{2/} No comments were received.

II. Decision

The application filed by NMU 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 or export must be authorized unless

there is a finding that it "will not be consistent with the public interest."^{3/} With regard to imports, this determination is guided by 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. In reviewing natural gas export applications, domestic need for the natural gas to be exported is considered, and any other issues determined to be appropriate in a particular case. Domestic need is not an issue in this proceeding because the applicant does not propose to export domestic natural gas supplies.

NMU's uncontested import and export proposal, as set forth in the application, is consistent with section 3 of the NGA and DOE's international gas trade policy. The authorization sought, similar to other blanket arrangements approved by DOE,^{5/} would provide NMU with blanket import and export approval, within prescribed limits, to negotiate and transact individual, spot and short-term purchase arrangements without further regulatory action. The fact that each spot purchase will be voluntarily negotiated and market-responsive, as asserted in NMU's application, provides assurance that the transactions will be competitive with other natural gas supplies available to NMU.

After taking into consideration all of the information in the record of this proceeding, I find that authorizing NMU to import up to 66.43 Bcf of Canadian natural gas and to export and re-import up to 66.43 Bcf of this gas, over a two-year term, under contracts with terms of two years or less, beginning February 15, 1991, is not inconsistent with the public interest and should be approved.^{6/}

ORDER

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

A. Northern Minnesota Utilities (NMU) is authorized to import up to 66.43 Bcf of Canadian natural gas and to export and re-import up to 66.43 Bcf of this gas, over a two-year term beginning February 15, 1991.

B. This natural gas may be imported, exported or re-imported at any point on the international border where existing facilities are located.

C. Within two weeks after deliveries begin, NMU shall notify the Office of Fuels Programs, Fossil Energy, Room 3F-056, FE-50, 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 natural gas imports and exports authorized by this Order, NMU shall file with the Office of Fuels programs, within 30 days following each calendar quarter, quarterly reports indicating whether imports or exports have been made, and if so, giving, by month, the total volume of the imports, exports and re-imports in Mcf and the average purchase price per MMBtu at the international border. The reports shall also provide the details of each import or export transaction, including the names of the seller(s), and the purchaser(s), including those other than NMU, estimated or actual duration of the agreement(s), transporter(s), points of entry or exit, and 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 December 20, 1990.

--Footnotes--

1/ 1 ERA Para. 70,780 (June 21, 1988), ERA Docket No. 88-02-NG, Opinion and Order No. 438.

2/ 55 FR 47117, November 9, 1990.

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

4/ 49 FR 6684, February 22, 1984.

5/ See, e.g., Westar Marketing Company, 1 FE Para. 70,292 (January 25, 1990); Chevron Natural Gas Services, Inc., 1 FE Para. 70,298 (February 6, 1990); Dome Petroleum Corporation, 1 FE Para. 70,297 (February 6, 1990); and Westcoast Resources, Inc., 1 FE Para. 70,304 (March 2, 1990).

6/ Because the proposed importation of gas will use existing facilities, 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).