

Cited as "1 FE Para. 70,407"

PSI Gas Marketing, Inc. (FE Docket No. 90-100-NG), January 31, 1991.

DOE/FE Opinion and Order No. 474

Order Granting Blanket Authorization to Export Natural Gas to Canada and Mexico

### I. Background

On November 19, 1990, PSI Gas Marketing, Inc. (PGM), 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 export from the United States to Canada and Mexico up to 200 Mcf per day, and up to a total of 146 Bcf, of natural gas over a two-year period commencing with the date of first delivery. PGM intends to use existing pipeline facilities within the United States and at the international border for transportation of the exported gas. PGM states that it will advise the DOE of the date of first delivery and submit quarterly reports detailing each transaction.

PGM, a Delaware corporation with its principal place of business in Omaha, Nebraska, is a wholly owned subsidiary of PSI, Inc., which, in turn, is a wholly owned subsidiary of UtiliCorp United, Inc. PGM intends to export natural gas for its own account as well as for the accounts of its U.S. suppliers and Canadian and Mexican purchasers. PGM states that the contractual arrangements will be the product of arms-length negotiations with an emphasis on competitive prices and contract flexibility.

A notice of the application was issued on December 13, 1990, inviting protests, motions to intervene, notices of intervention, and comments to be filed by January 19, 1991.<sup>1/</sup> No comments or motions to intervene were received.

### II. Decision

The application filed by PGM has been evaluated to determine if the proposed export arrangement meets the public interest requirements of section 3 of the NGA. Under section 3, an export must be authorized unless there is a finding that it "will not be consistent with the public interest." <sup>2/</sup> In reviewing natural gas export applications, domestic need for the gas to be exported is considered, and any other issues determined to be appropriate in a particular case.

PGM's uncontested export proposal, as set forth in the application, is consistent with section 3 of the NGA and the DOE's international gas trade policy. We believe that the current supplies of domestic gas, coupled with the short-term, market-responsive nature of the contracts into which PGM proposes to enter, indicate that it is unlikely that the proposed export volumes will be needed domestically during the term of the authorization. In addition, PGM's proposal, like other blanket export proposals that have been approved by the DOE, <sup>3/</sup> will further the Secretary's policy goals of reducing trade barriers by encouraging market forces to achieve a more competitive distribution of goods in North America. Thus, PGM's export 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 PGM blanket authority to export a total of up to 146,000 MMBtu (146 Bcf) of natural gas from the U.S. to Canada and Mexico during a period of two years, under contracts with terms of up to two years, is not inconsistent with the public interest and should be approved. 4/ Consistent with our treatment of similar blanket applications, there will be no restriction on the daily or annual volume that may be exported. This maximizes the flexibility of spot market exporters to provide gas supplies to meet customer demand.

ORDER

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

A. PSI Gas Marketing, Inc. (PGM), is authorized to export a total of up to 146,000 MMBtu (146 Bcf) of natural gas from the United States to Canada and Mexico during a two-year period commencing on the date of the first delivery.

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

C. Within two weeks after deliveries begin, PGM 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 exports authorized by this Order, PGM shall file within 30 days following each calendar quarter, quarterly reports indicating whether sales of exported natural gas have been made, and if so, giving by month, the total volume of the exports in Mcf and the average price for exports per MMBtu at the international border. The reports shall also provide the details of each export transaction, including the names of the seller(s), and the purchaser(s), estimated or actual duration of the agreements, transporter(s), points of exit, and market(s) served.

Issued in Washington, D.C., on January 31, 1991.

--Footnotes--

1/ 55 FR 52090, December 19, 1990.

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

3/ See e.g., Kimball Energy Corporation, 1 FE Para. 70,330 (June 26, 1990); Dynasty Gas Marketing, Inc., 1 FE Para. 70,306 (February 26, 1990); and Unicorp Energy Inc., 1 FE Para. 70,307 (March 9, 1990).

4/ Because the proposed exportation of gas will use existing facilities, 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).