

Cited as "1 FE Para. 70,409"

The Montana Power Company (FE Docket No. 90-96-NG), February 6, 1991.

DOE/FE Opinion and Order No. 475

Order Granting Blanket Authorization to Import Natural Gas from Canada

I. Background

On November 7, 1990, The Montana Power Company (MPC) 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, requesting blanket authorization to import up to 10 Bcf of Canadian natural gas over a two-year period beginning February 7, 1991, the day after the expiration of its current import authorization granted in DOE/ERA Opinion and Order No. 171 (Order 171).<sup>1/</sup> MPC was authorized in Order 171 to import up to 5 Bcf of natural gas from Canada over a term of two years, beginning on the date of first delivery.

MPC, a Montana corporation with its principal place of business in Butte, Montana, is a utility company serving natural gas customers within the state. Under the present proposal, MPC would continue to import Canadian natural gas on a short-term basis from Canadian producers and exporters to serve its system supply requirements. Price, volume, transportation, and all other transaction items would be determined by individual negotiations in response to market conditions. The applicant asserts the gas will be purchased only if it is price competitive, and anticipates that many of the transactions will have terms of one to two months. MPC intends to use existing pipeline facilities in the United States and states that it will notify DOE of the date of first delivery and submit quarterly reports detailing each transaction.

A notice of the application was issued on November 23, 1990, inviting protests, motions to intervene, notices of intervention, and comments to be filed by December 31, 1990.<sup>2/</sup> No interventions or comments were received.

II. Decision

The application filed by MPC 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."<sup>3/</sup> This determination is guided by DOE's natural gas import policy guidelines.<sup>4/</sup> Under these guidelines, the competitiveness of an import in the markets served is the primary consideration for meeting the public interest test.

MPC's uncontested proposal for the importation of natural gas, as set forth in the application, is consistent with section 3 of the NGA and DOE's guidelines. The import authorization sought, similar to other blanket arrangements approved by DOE,<sup>5/</sup> would provide MPC with blanket import approval, within prescribed limits, to negotiate and transact individual, spot and short-term import arrangements without further regulatory action. The fact that each spot purchase will be negotiated voluntarily in response to market conditions, as asserted in MPC's application, provides assurance that the transactions will be competitive with other natural gas supplies available to MPC. Thus, MPC's import arrangement will enhance competition in the marketplace.

After taking into consideration all of the information in the record of this proceeding, I find that granting MPC blanket authorization to import up to 10 Bcf of natural gas over a two-year term beginning February 7, 1991, through February 6, 1993, under contracts with terms of two years or less, is not inconsistent with the public interest.<sup>6/</sup>

ORDER

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

A. Authorization is hereby granted to The Montana Power Company (MPC) to import up to 10 Bcf of natural gas over a two-year term beginning on February 7, 1991, through February 6, 1993.

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

C. With respect to the imports authorized by this Order, MPC shall file with the Office of Fuels Programs, 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 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), including those other than MPC, estimated or actual duration of the agreement(s), transporter(s), point 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 February 6, 1991.

--Footnotes--

1/ 1 ERA 70,694 (April 30, 1987).

2/ 55 FR 49563, November 29, 1990.

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

4/ 49 FR 6684, February 22, 1984.

5/ See, e.g., Semco Energy Services, Inc., 1 FE Para. 70,328 (June 20, 1990); IGI Resources, Inc., 1 FE Para. 70,341 (July 30, 1990); Granite State Gas Transmission, Inc., 1 FE Para. 70,340 (July 30, 1990); and Petro-Canada Hydrocarbons, Inc., unpublished (November 23, 1990).

6/ 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).