

Cited as "1 FE Para. 70,451"

DEKALB Energy Company (FE Docket No. 91-13-NG), May 29, 1991.

DOE/FE Opinion and Order No. 506

Order Granting Blanket Authorization to Import Natural Gas

I. Background

On February 14, 1991, DEKALB Energy Company (DEKALB), filed an application with 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 up to 73 Bcf of Canadian natural gas over a two-year period beginning on June 1, 1991, the day its existing import authorization granted in DOE/FE Opinion and Order No. 244 expires.^{1/}

DEKALB is a Delaware corporation with its principal place of business in Denver, Colorado. Under the blanket authority sought, DEKALB, acting either for its own account or for the accounts of others, would continue to import natural gas from a variety of Canadian suppliers for resale to various U.S. purchasers, including local distribution companies, pipelines, and commercial and industrial end-users. The specific terms of each import transaction would be negotiated on an individual basis in response to prevailing gas market conditions. DEKALB intends to use existing pipeline facilities to transport the gas.

A notice of the application was issued on April 17, 1991, inviting protests, motions to intervene, notices of intervention, and comments to be filed by May 24, 1991.^{2/} No comments were received.

II. Decision

The application filed by DEKALB 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."^{3/} 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.

DEKALB'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 import policy guidelines. The import authorization sought, similar to other blanket arrangements approved by DOE,^{5/} would provide DEKALB 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 DEKALB's application, provides assurance that the transactions will be competitive with other natural gas supplies available to DEKALB. Thus, DEKALB'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 DEKALB blanket authorization to import up to 73 Bcf of Canadian natural gas for two years beginning on the date of first delivery after May 31, 1991, under contracts with terms of two years or

less, is not inconsistent with the public interest.^{6/}

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 DEKALB Energy Company (DEKALB), to import up to 73 Bcf of natural gas from Canada over a two-year period beginning on the date of first delivery after May 31, 1991.

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

C. Within two weeks after deliveries begin, DEKALB 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 occurred.

D. With respect to the imports authorized by this Order, DEKALB 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 DEKALB, 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 May 29, 1991.

--Footnotes--

1/ 1 ERA 70,779 (June 16, 1988).

2/ 56 FR 18816, April 24, 1991.

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

4/ 49 FR 6684, February 22, 1984.

5/ See, e.g., Broad Street Oil & Gas Company, 1 FE Para. 70,425 (February 28, 1991); ProGas Limited, 1 FE Para. 70,424 (February 22, 1991); and Transco Energy Marketing, 1 FE Para. 70,411 (February 6, 1991).

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).