

Cited as "1 FE Para. 70,453"

Husky Gas Marketing, Inc. (FE Docket No. 91-16-NG), May 29, 1991.

DOE/FE Opinion and Order No. 508

Order Granting Blanket Authorization to Import Natural Gas from Canada

I. Background

On February 21, 1991, Husky Gas Marketing, Inc. (HGMI), 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, for blanket authorization to import up to 50 Bcf of natural gas from Canada for a two-year term beginning on the date of first delivery. HGMI intends to use existing facilities on the border between the United States and Canada and existing facilities within the U.S. for the transportation of the imported gas.

HGMI, a Delaware corporation with its principal place of business in Pittsburgh, Pennsylvania, is a wholly owned subsidiary of Husky (U.S.A.), Inc. HGMI explores, develops, produces, transports, purchases and markets natural gas. The company proposes to import gas into the U.S. under contract terms that will be competitive throughout the contract period. The terms of each short-term or spot market sale, including price, will be freely negotiated between HGMI, its Canadian suppliers, and U.S. purchasers.

A notice of the application was issued on March 28, 1991, inviting protests, motions to intervene, notices of intervention, and comments to be filed by May 6, 1991. 1/ A motion to intervene without substantive comment or request for additional procedures was filed by Northwest Pipeline Corporation. This order grants intervention to this movant.

II. Decision

The application filed by HGMI 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 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.

HGMI'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 international gas trade policy. The import authorization sought, similar to other blanket arrangements approved by DOE, 4/ would provide HGMI 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 purchase will be voluntarily negotiated and market-responsive, as asserted in HGMI's application, provides assurance that the transactions will be competitive with other natural gas supplies available to HGMI.

After taking into consideration all of the information in the record of this proceeding, I find that granting HGMI blanket authorization to import up to 50 Bcf of Canadian natural gas over a two-year term, under contracts with

terms of two years or less, beginning on the date of first delivery, is not inconsistent with the public interest. 5/

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 Husky Gas Marketing, Inc. (HGMI), to import up to 50 Bcf of Canadian natural gas over a two-year term beginning on the date of first delivery.

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, HGMI shall notify the Office of Fuels Programs, Fossil Energy, Room 3F-056, FE-50, 1000 Independence Avenue, S.W., Washington, D.C. 20585, in writing of the date that the first import authorized in Ordering Paragraph A above occurs.

D. With respect to the imports authorized by this Order, HGMI shall file with the Office of Fuels Programs, within 30 days following each calendar quarter, quarterly reports indicating whether imports of natural gas have been made, and if so, giving, by month, the total volume of the imports in Mcf and the average purchase 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 HGMI, estimated or actual duration of the agreement(s), transporter(s), point of entry, 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.

E. The motion to intervene, as set forth in this Opinion and Order, is hereby granted, provided that participation of the intervenor shall be limited to matters specifically set forth in its motion to intervene and not herein specifically denied, and that the admission of this intervenor shall not be construed as recognition that it might be aggrieved because of any order issued in this proceeding.

Issued in Washington, D.C., on May 29, 1991.

--Footnotes--

1/ 56 FR 13823, April 4, 1991.

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

3/ 49 FR 6684, February 22, 1984.

4/ 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., 1 FE Para. 70,383 (November 23, 1990); Montana Power Company, 1 FE Para. 70,409 (February 6, 1991); Transco Energy Marketing Company, 1 FE Para. 70,411 (February 6, 1991), and JMC Fuel Services, Inc., 1 FE Para. 70,434 (March 28, 1991).

5/ 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).