

Cited as "1 FE Para. 70,457"

Cascade Natural Gas Corporation (FE Docket No. 91-25-NG), June 18, 1991.

DOE/FE Opinion and Order No. 511

Order Granting Blanket Authorization to Import Canadian Natural Gas and Granting Intervention

I. Background

On March 29, 1991, Cascade Natural Gas Corporation (Cascade) 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. Cascade requests blanket authority to import up to 56 Bcf of Canadian natural gas for a two-year term beginning June 19, 1991. Cascade also requests authority to import the natural gas at Sumas, Washington, and Kingsgate, British Columbia, using the existing pipeline facilities of Northwest Pipeline Corporation and Pacific Gas Transmission Company. No new pipeline construction would be involved. Cascade also states it will submit quarterly reports to FE detailing each transaction.

Cascade, a Washington corporation with its principal place of business in Seattle, Washington, is a public utility engaged in the distribution and sale of natural gas in intrastate commerce in 86 communities in the States of Washington and Oregon. Cascade currently holds a two-year blanket authorization to import up to 56 Bcf of natural gas from Canada through June 18, 1991. This authorization was issued June 12, 1989, in DOE/FE Opinion and Order No. 316,1/ as amended by DOE/FE Opinion and Order No. 316-A, issued October 13, 1989.2/ Cascade's prior quarterly reports filed with DOE indicate that approximately 2.9 Bcf of natural gas was imported under Order No. 316, as amended, through December 31, 1990.

Cascade contemplates purchasing natural gas supplies from a variety of Canadian suppliers and reselling such supplies to its customers. Cascade will negotiate for gas supplies at competitive terms and conditions in order to supply gas to meet the demands of its system supply. These purchases generally will be on a month-to-month basis under 30-day spot market supply contracts.

II. Intervention and Comment

A notice of the application was issued on May 3, 1991, inviting protests, motions to intervene, notices of intervention, and comments to be filed by June 12, 1991.3/ A motion to intervene was filed by El Paso Natural Gas Company (El Paso).4/ This order grants intervention to this movant.

III. Decision

The application filed by Cascade 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."5/ This determination is guided by DOE's natural gas import policy guidelines.6/ Under these guidelines, the competitiveness of an import in the markets served is the primary consideration for meeting the public interest test.

Cascade'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,^{7/} would provide Cascade 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 Cascade's application, provides assurance that the transactions will be competitive with other natural gas supplies available to Cascade. Thus, Cascade'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 Cascade's blanket authorization to import up to 56 Bcf of natural gas from Canada over a two year period under contracts with terms of up to two years, beginning on the date of first delivery after June 18, 1991, is not inconsistent with the public interest.^{8/}

ORDER

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

A. Cascade Natural Gas Corporation (Cascade) is authorized to import up to 56 Bcf of natural gas from Canada over a two-year term beginning on the date of first delivery after June 18, 1991.

B. This natural gas may be imported at Sumas, Washington, and Kingsgate, British Columbia, using the existing pipeline facilities of Northwest Pipeline Corporation and Pacific Gas Transmission Company.

C. With respect to the imports authorized by this Order, Cascade 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 Cascade, 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.

D. 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 these proceedings.

Issued in Washington, D.C., on June 18, 1991.

--Footnotes--

1/ 1 FE Para. 70,225.

2/ 1 FE Para. 70,245.

3/ 56 FR 22009, May 13, 1991.

4/ As part of its motion to intervene, El Paso filed, and later withdrew on June 14, 1991, a request for clarification or, alternatively, rejection of or a hearing on Cascade's application. In general El Paso was concerned about the connection between Cascade's application and the proposed expansion project of Pacific Gas Transmission Company (PGT). In response to El Paso's concerns, Cascade clarified its intent to utilize the requested blanket authorization only for the importation and transportation of natural gas through facilities currently in existence. Cascade further noted it intended to file a request for long-term import authorization for future service on facilities constructed pursuant to the PGT expansion facilities.

5/ 15 U.S.C. Sec. 717b.

6/ 49 FR 6684, February 22, 1984.

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

8/ 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).