

Cited as "1 FE Para. 70,466"

Puget Sound Power & Light Company (FE Docket No. 91-23-NG), July 22, 1991.

DOE/FE Opinion and Order No. 520

Order Granting Blanket Authorization to Import Natural Gas from Canada and Granting Interventions

I. Background

On March 26, 1991, Puget Sound Power & Light Company (Puget) 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 authorization to import up to 25 Bcf per year 1/ of Canadian natural gas over a two-year period commencing with the date of first delivery. Puget intends to utilize existing pipeline facilities to import and transport the proposed gas imports and will file quarterly reports detailing each transaction.

Puget owns and operates combustion generating facilities which use natural gas as a fuel for the generation of electricity which is sold to retail customers in the Puget Sound region of western Washington state. The proposed gas imports would be used in Puget's combustion turbine generating facilities and would be purchased from several different Canadian suppliers under short-term or spot arrangements. In its application, Puget asserts that the proposed import authorization will allow it to obtain the most economical fuel supply for its facilities and that the short-term nature of the imports will provide sufficient flexibility to ensure that they remain price-competitive over their term.

A notice of the application was published on April 30, 1991, inviting protests, motions to intervene, notices of intervention, and comments to be filed by May 30, 1991.^{2/} A motion to intervene was received by Northwest Pipeline Corporation (Northwest). This order grants intervention to this movant.

II. Decision

The application filed by Puget 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.

Puget's 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,^{5/} would provide Puget with blanket approval, within prescribed limits, to negotiate and transact individual, spot and short-term purchase arrangements without further regulatory action. The fact that each purchase will be voluntarily negotiated and competitively priced, as asserted in Puget's application, provides assurance that the transactions will be competitive with other natural gas supplies available to Puget.

After taking into consideration all of the information in the record of this proceeding, I find that granting Puget 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.^{6/}

ORDER

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

A. Puget Sound Power & Light Company (Puget) is authorized to import up to 50 Bcf of Canadian natural gas over a two-year term beginning on the date of the first delivery.

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

C. Within two weeks after deliveries begin, Puget 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, Puget shall file 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 per 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), estimated or actual duration of the agreement(s), transporter(s), points of entry, markets 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.

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 these proceedings.

Issued in Washington, D.C., on July 22, 1991.

--Footnotes--

1/ The Federal Register notice of Puget's application inadvertently stated that Puget's request was for 25 Bcf over two years. There were no protests to the application, and the sole intervenor did not refer to the requested volume. This order considers 25 Bcf per year (or 50 Bcf over two years) as the requested volume.

2/ 56 FR 19850, April 30, 1991.

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

4/ 49 FR 6684, February 22, 1984.

5/ See, e.g., V.H.C. Gas Systems, L.P., 1 FE Para. 70,363 (October 15, 1990); Phibro Energy, Inc., 1 FE Para. 70,362 (October 15, 1990); and Amoco Energy Trading, 1 FE Para. 70,351 (September 20, 1990).

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).