

Cited as "1 FE Para. 70,483"

Washington Natural Gas Company (FE Docket No. 91-46-NG), October 8, 1991.

DOE/FE Opinion and Order No. 535

Order Granting Blanket Authorization to Import Natural Gas from Canada

I. Background

On July 10, 1991, Washington Natural Gas Company (Washington Natural) 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 authority to import from Canada up to 50 Bcf of natural gas over a two-year term beginning on the date of first delivery after November 30, 1991, the date Washington Natural's existing blanket import authority expires (DOE/ERA Opinion and Order No. 310). 1/ Washington Natural proposes to use existing pipeline facilities to import the natural gas. No new construction would be involved. Washington Natural is a Washington state corporation and has its principal place of business in Seattle, Washington.

Washington Natural proposes to import Canadian natural gas from a variety of Canadian suppliers on an interruptible basis at competitive prices for its system supply. According to Washington Natural, the specific terms of each import and sale, including price and volume, would be freely negotiated on an individual basis, thus ensuring that the imports will be responsive to market conditions. Washington Natural would continue to file quarterly reports with FE giving details of the individual transactions.

A notice of the application was issued on July 30, 1991, inviting protests, motions to intervene, notices of intervention, and comments to be filed by September 4, 1991. 2/ No interventions or comments were received.

II. Decision

The application filed by Washington Natural 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/ With regard to imports, 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.

Washington Natural's import proposal, as set forth in the application, is consistent with section 3 of the NGA and DOE's international gas trade policy. The authorization sought, similar to other blanket arrangements approved by DOE, 5/ would provide Washington Natural with blanket import approval, within prescribed limits, to negotiate and transact individual, spot and short-term purchase arrangements without further regulatory action. The fact that each spot purchase will be voluntarily negotiated and market-responsive, as asserted in Washington Natural's application, provides assurance that the transactions will be competitive with other natural gas supplies available to Washington Natural.

After taking into consideration all of the information in the record of

this proceeding, I find that authorizing Washington Natural to import up to 50 Bcf of Canadian natural gas over a two-year term, beginning on the date of first delivery after November 30, 1991, the date Washington Natural's current authorization expires, 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. Washington Natural Gas Company (Washington Natural) is authorized to import up to 50 Bcf of Canadian natural gas over a two-year term beginning on the date of first delivery after November 30, 1991.

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, Washington Natural shall provide written notification to the Office of Fuels Programs, Fossil Energy, Room 3F-056, 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 occurs.

D. With respect to the natural gas imports authorized by this Order, Washington Natural shall file with the Office of Fuels Programs, within 30 days following each calendar quarter, quarterly reports indicating whether imports 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 Washington Natural, estimated or actual duration of the agreement(s), transporter(s), points of entry, and 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 October 8, 1991.

--Footnotes--

1/ 1 FE Para. 70,219 (April 28, 1989).

2/ 56 FR 37212, August 5, 1991.

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

4/ 49 FR 6684, February 22, 1984.

5/ See, e.g., Portland General Electric Co., 1 FE Para. 70,455 (June 3, 1991); Cascade Natural Gas Corporation, 1 FE Para. 70,457 (June 18, 1991); Northern Natural Gas Company, 1 FE Para. 70,460 (June 24, 1991); and North America Resources Company, 1 FE Para. 70,461 (June 24, 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).