

Cited as "1 FE Para. 70,487"

Southwest Gas Corporation (FE docket No. 91-40-NG), October 25, 1991.

DOE/FE Opinion and Order No. 539

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

I. Background

On June 4, 1991, as supplemented June 20, 1991, Southwest Gas Corporation (Southwest) 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 365 Bcf of Canadian natural gas over a two-year period commencing with the date of first delivery. Southwest intends to utilize existing pipeline facilities to transport the proposed gas imports and will file quarterly reports detailing each transaction.

Southwest, a corporation organized under the laws of California, with its principal place of business in Las Vegas, Nevada, is a local distribution company that serves residential, commercial, and industrial customers in parts of Nevada, California, and Arizona. Southwest seeks blanket authority to import gas for resale to these distribution customers. Southwest asserts each individual spot transaction for gas imported under this authority will be marketable and competitively priced or no purchases will be made.

Gas supplies imported for Southwest's distribution systems in southern Nevada and Arizona would be transported on the interstate pipeline facilities of El Paso Natural Gas Company. Northwest Pipeline Corporation (Northwest) would transport gas destined for Southwest's northern Nevada and California customers from the international border to Paiute Pipeline Company (Paiute), a wholly owned subsidiary of Southwest. Paiute in turn would deliver the gas to Southwest. Since no new facilities will be required, Southwest asserts that no adverse environmental impacts should result from authorizing its import proposal.

By letter dated June 20, 1991, Southwest requested that DOE vacate Southwest's existing import authority under DOE/ERA Opinion and Order No. 69 (Order 69), issued December 18, 1984,^{1/} if DOE approves the June 4, 1991, application, which seeks higher volumes. Order 69 authorized Southwest to import up to 6 Bcf of Canadian natural gas over a two-year term beginning on the date of first delivery. No imports were made under this authority and Order 69 therefore was never activated.

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/} An intervention without comment was received by Northwest. This order grants intervention to Northwest.

II. Decision

The application filed by Southwest 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.

Southwest'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 Southwest with blanket import approval, within prescribed limits, to negotiate and transact individual, spot and short-term purchase agreements without further regulatory action. The fact that each spot purchase will be voluntarily negotiated and market-responsive, as asserted in Southwest's application, provides assurance that the transactions will be competitive with other natural gas supplies available to Southwest.

After taking into consideration all of the information in the record of this proceeding, I find that authorizing Southwest to import up to 365 Bcf of Canadian natural gas over a two-year term, beginning on the date of first delivery, 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. Southwest Gas Corporation (Southwest) is authorized to import up to 365 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 pipeline facilities are located.

C. Within two weeks after deliveries begin, Southwest shall notify the Office of Fuels Programs, Fossil Energy, Room 3F-056, FE-50, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585, in writing of the date that the first delivery of natural gas authorized in Ordering Paragraph A above occurs.

D. The two-year import authority granted to Southwest on December 18, 1984, in DOE/ERA Opinion and Order No. 69 is vacated upon issuance of this order.

E. With respect to the natural gas imports authorized by this Order, Southwest 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 Southwest, estimated or actual duration of the agreement(s), transporter(s), points of entry, and geographic market(s) served and, if applicable, the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price, any special contract price adjustment clauses, and any take-or-pay or make-up provisions. If no imports have been made, a report of "no activity" for that calendar quarter must be filed. Failure to file quarterly reports may result in termination of this authorization.

F. The first quarterly report required by paragraph E of this order is due not later than January 31, 1992, and should cover the period from the date of this order until the end of the current calendar quarter December 31, 1991.

G. The motion to intervene filed by Northwest is hereby granted provided that its participation shall be limited to matters specifically set forth in its motion to intervene and not herein specifically denied, and that admission of this intervenor shall not be construed as recognition that it may be aggrieved because of any order issued in this proceeding.

Issued in Washington, D.C., on October 25, 1991.

--Footnotes--

1/ 1 ERA Para. 70,581.

2/ 56 FR Para. 37211, August 5, 1991.

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

4/ 49 FR 6684, February 22, 1984.

5/ See, e.g., Pan-Alberta Gas (U.S.) Inc., 1 FE Para. 70,462 (June 27, 1991); Brymore Energy Inc., 1 FE Para. 70,464 (July 9, 1991); and Puget Sound Power & Light Company, 1 FE Para. 70,466 (July 22, 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).