

Cited as "1 FE Para. 70,491"

Westar Marketing Company (FE Docket No. 91-48-NG) October 25, 1991.

DOE/FE Opinion and Order No. 543

Order Granting Blanket Authorization to Import Natural Gas and Granting Intervention

I. Background

On July 17, 1991, Westar Marketing Company (Westar) 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 up to 50 Bcf of Canadian natural gas over a two-year period beginning on October 1, 1991. Westar intends to utilize existing pipeline facilities for the transportation of the proposed volumes to be imported and stated it would submit quarterly reports detailing each import transaction.

Westar is a general partnership with its principal place of business in Salt Lake City, Utah. Westar is currently authorized to import up to 10 Bcf of Canadian natural gas from February 1, 1990, through January 31, 1992, under DOE Opinion and Order No. 374 (Order 374).^{1/} Westar intends to replace its existing import authorization with the requested authorization, and therefore has asked for its current authorization to be terminated upon approval of the requested import authorization. Westar would import natural gas purchased from various Canadian suppliers, for sale primarily to industrial and commercial end-users in the Pacific Northwest on a short-term and spot market basis. According to Westar the specific terms of each transaction, including the price, would be responsive to competitive market conditions. Additionally, Westar maintains, the proposed increase in volumes over the presently authorized import amount would enable it to expand its marketing efforts.

A notice of the application was issued on August 30, 1991, inviting protests, motions to intervene, notices of intervention, and comments to be filed by October 7, 1991.^{2/} A motion to intervene was filed by Northwest Pipeline Corporation. This order grants intervention to this movant.

II. Decision

The application filed by Westar 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.

Westar'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 import policy guidelines. The import authorization sought, similar to other blanket arrangements approved by DOE,^{5/} would provide Westar 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 negotiated voluntarily in response to market conditions, as asserted in Westar's application, provides assurance

that the transactions will be competitive with other natural gas supplies available to Westar. Thus, Westar'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 Westar blanket authorization to import up to 50 Bcf of Canadian natural gas for two years 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. Authorization is hereby granted to Westar Marketing Company (Westar) to import up to 50 Bcf of natural gas from Canada over a two-year period 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, Westar 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, Westar 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 Westar, 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/reservation charge breakdown of the 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.

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.

F. The first quarterly report required by paragraph D of this order is due not later than January 30, 1992, and should cover the period from the date of this order until the end of the current calendar quarter December 31, 1991.

G. Westar's authorization to import up to 10 Bcf of natural gas, granted by DOE Opinion and Order 374, is hereby vacated.

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

--Footnotes--

1/ 1 FE Para. 70,292 (January 25, 1990).

2/ 56 FR 44082, September 6, 1991.

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

4/ 49 FR 6684, February 22, 1984.

5/ See, e.g., Puget Sound Power & Light Co., 1 FE Para. 70,466 (July 22, 1991); Grand Valley Gas Company, 1 FE Para. 70,477 (September 9, 1991); and Cibola Corporation, 1 FE Para. 70,480 (September 9, 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).