

Cited as "1 FE Para. 70,511"

American Natural Gas Corporation (FE Docket No. 91-43-NG), December 10, 1991.

DOE/FE Opinion and Order No. 557

Order Granting Blanket Authorization to Import Natural Gas from Canada

I. Background

On June 26, 1991, American Natural Gas Corporation (American 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 authorization to import from Canada up to 219 Bcf of natural gas over a two-year period beginning on the date of first delivery after August 2, 1991, the date American Natural's current authorization to import gas from Canada expired.^{1/} American Natural proposes to use existing pipeline facilities to import the natural gas and, therefore, no new construction would be involved.

American Natural, a Colorado corporation with its principal place of business in Fort Collins, Colorado, gathers, purchases, and markets natural gas and sells it to pipelines, local distribution companies, and commercial and industrial end users throughout the United States. Order 189 authorized American Natural to import up to 146 Bcf of natural gas from Canada over a two year period, beginning on the date of first delivery of imported gas. American Natural began importing natural gas from Canada on August 2, 1989, and, since that date, has imported approximately 2.17 Bcf of natural gas.

In its request for authorization to import Canadian gas, American Natural stated that its purpose in seeking the authorization is to make competitively priced Canadian gas available to U.S. consumers, primarily in the western region of the United States. American Natural indicated that its sales contracts are "short term" spot contracts which assure both the buyer and the seller that prices reflect the competitive demands of the marketplace. If its application is approved, American Natural agrees to continue to comply with DOE's quarterly reporting requirements.

A notice of the application was published in the Federal Register on July 29, 1991, inviting protests, motions to intervene, notices of intervention and comments to be filed by August 28, 1991.^{2/} No comments were received.

II. Decision

The application filed by American 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 import authorizations, the 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.

American Natural's uncontested import proposal, 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 American Natural with blanket approval, within prescribed limits, to negotiate and transact individual, spot and short-term import arrangements without further regulatory action. Under American Natural's proposed arrangements, which contemplate individual, short-term sales negotiated in response to the marketplace, transactions would only occur to the extent that producers and sellers can provide spot or short-term volumes, customers need such import volumes, and the prices remain competitive. Thus, each transaction must reflect the true value of the commodity being traded or no gas deliveries presumably will be made. In addition, American Natural states that its Canadian suppliers are active producers engaged in the exploration and production of natural gas and, as required by the Canadian National Energy Board, maintain adequate reserves of natural gas. Finally, American Natural's proposal will further the Secretary of Energy's policy goals of reducing trade barriers by encouraging market forces to achieve a more competitive distribution of goods between the U.S. and Canadian gas purchasers and suppliers. Thus, American Natural'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 authorizing American Natural to import up to 219 Bcf of natural gas over a two year term 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. American Natural Gas Corporation (American Natural) is authorized to import from Canada up to 219 Bcf of 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 facilities are located.

C. American Natural 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 of the first delivery of natural gas imported under Ordering Paragraph A above within two weeks after the date of such delivery.

D. With respect to the short-term blanket imports authorized by this order, the applicant 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, the names of the seller(s), and the purchaser(s), including those other than American Natural, estimated or actual duration of the agreements, transporter(s), points of entry, markets served, and, if applicable, the per unit (MMBtu) demand/commodity/reservation charge breakdown of any special contract price adjustments 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 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.

Issued in Washington, D.C., on December 10, 1991.

--Footnotes--

1/ DOE/ERA Opinion and Order No. 189, 1 ERA Para. 70,719, (August 14, 1987).

2/ 56 FR 35865.

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

4/ 49 FR 6684, February 22, 1984.

5/ See e.g., Puget Sound Power and 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).