

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

UTRADE GAS COMPANY

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FE DOCKET NO. 91-49-NG

ORDER GRANTING BLANKET AUTHORIZATION
TO IMPORT NATURAL GAS FROM CANADA

DOE/FE OPINION AND ORDER NO. 562

DECEMBER 26, 1991

I. BACKGROUND

On July 22, 1991, UTRADE Gas Company (UTRADE) 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 150 Bcf of natural gas over a two-year period beginning on the date of first delivery. UTRADE proposes to use existing pipeline facilities to import the natural gas and states it will submit quarterly reports to FE detailing each transaction.

UTRADE, a Delaware corporation with its principal place of business in Houston, Texas, proposes to import natural gas from Canada for sale to local distribution companies, and industrial, commercial and residential customers in the United States. The specific terms of purchase agreements with Canadian suppliers, including price will be the product of arms-length negotiations and therefore reflect market conditions.

A notice of the application was issued on October 8, 1991, inviting protests, motions to intervene, notices of intervention and comments to be filed by November 14, 1991. 1/ No comments were received.

II. DECISION

The application filed by UTRADE has been evaluated to determine if the proposed import arrangement meets the public interest requirements of section 3 of the NGA. Under section 3,

1/ 56 FR 51716, October 15, 1991.

an import must be authorized unless there is a finding that it "will not be consistent with the public interest." 2/ With regard to import authorizations, the determination is guided by DOE's natural gas import policy guidelines. 3/ Under these guidelines, the competitiveness of an import in the markets served is the primary consideration for meeting the public interest test.

UTRADE's import proposal, as set forth in the application, is consistent with section 3 of the NGA and DOE's natural gas import policy guidelines. The import authorization sought, similar to other blanket arrangements approved by DOE, 4/ would provide UTRADE 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 UTRADE's application, provides assurance that the transactions will be competitive with other natural gas supplies available to UTRADE.

After taking into consideration all of the information in the record of this proceeding, I find that authorizing UTRADE to import up to 150 Bcf of Canadian natural gas over a two-year term beginning on the date of first delivery, under contracts with

2/ 15 U.S.C. Sec. 717b.

3/ 49 FR 6684, February 22, 1984.

4/ See, e.g., Portland General Electric Co., 1 FE 70,455
(June 3, 1991); Cascade Natural Gas Corporation, 1 FE 70,457

(June 18, 1991); and Northern Natural Gas Company, 1 FE 70,460

June 24, 1991); and North America Resources Company, 1 FE 70,461

(June 24, 1991).

terms of two years or less, is not inconsistent with the public interest. 5/

ORDER

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

A. UTRADE Gas Company (UTRADE) is authorized to import up to 150 Bcf of Canadian natural gas over a two-year term beginning on the date of first import 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, UTRADE 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, UTRADE 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

5/ Because the proposed import/export 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 assessment is not required. See 40 CFR
Sec. 1508.4 and 54 FR 12474 (March 27, 1989).

price per MMBtu at the international border. The reports shall also provide the details of each transaction, the names of the seller(s), and the purchaser(s), estimated or actual duration of the agreements, transporter(s), points of entry or exit, geographic 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. 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 26, 1991.

Clifford P. Tomaszewski
Acting Deputy Assistant Secretary
for Fuels Programs
Office of Fossil Energy