

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

SIERRA PACIFIC POWER COMPANY)
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FE DOCKET NO. 91-66-NG

ORDER GRANTING BLANKET AUTHORIZATION TO
IMPORT NATURAL GAS FROM CANADA AND GRANTING INTERVENTION

DOE/FE OPINION AND ORDER NO. 564

DECEMBER 27, 1991

I. BACKGROUND

On August 19, 1991, Sierra Pacific Power Company (Sierra) 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 60,000,000 dekatherms (approximately 60 Bcf) of Canadian natural gas at Sumas, Washington, for a period of two years beginning on the date of first delivery after January 12, 1992, the date its existing blanket authority expires. 1/ Sierra intends to utilize the existing pipeline system of Northwest Pipeline Corporation to transport the imported volumes and stated it would submit quarterly reports detailing each import transaction.

Sierra is a regulated public utility in the State of Nevada that distributes and sells natural gas in intrastate commerce. Sierra also produces and sells electricity at wholesale and retail. The gas proposed for import would be purchased from various Canadian suppliers for Sierra's local gas distribution operations and as a fuel for its powerplants. According to the application, the specific terms of each gas supply contract would be individually negotiated at arm's length and the price would be competitive in the marketplace.

1/ Sierra's existing blanket import was previously granted in DOE/FE Opinion and Order No. 369 issued January 11, 1990 (1 FE Para 70,286). The first delivery under this authorization occurred on January 13, 1990.

II. INTERVENTION AND COMMENT

A notice of the application was issued on September 26, 1991, inviting protests, motions to intervene, notices of intervention and comments to be filed by November 4, 1991. 2/ A motion to intervene was filed by Northwest Pipeline Corporation (Northwest). This order grants intervention to Northwest.

II. DECISION

The application filed by Sierra 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.

Sierra'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 natural gas import policy guidelines. The import authorization sought, similar to other blanket

2/ 56 FR 50117, October 3, 1991.

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

4/ 49 FR 6684, February 22, 1984.

arrangements approved by DOE, 5/ would provide Sierra 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 Sierra's application, provides assurance that the transaction will be competitive with other natural gas supplies available to Sierra. Thus, Sierra'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 Sierra blanket authorization to import up to 60 Bcf of Canadian natural gas for two years beginning on the date of first delivery after January 12, 1992, under contracts with terms of two years or less, 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. Authorization is hereby granted to Sierra Pacific Power

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

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an environmental assessment is not required. See 40 CFR Sec.

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1508.4 and 54 FR 12474 (March 27, 1989).

Company (Sierra) to import up to 60 Bcf of natural gas from Canada at Sumas, Washington, over a two-year period beginning on the date of first delivery after January 12, 1992, the date its existing blanket authority expires.

B. Within two weeks after deliveries begin, Sierra 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.

C. With respect to the import authorized by this Order, Sierra 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 transaction, including the names of the seller(s), and the purchaser(s), including those other than Sierra, 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/reservation charge breakdown of the contract price, 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.

D. The first quarterly report required by Paragraph C 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.

E. The motion to intervene filed by Northwest Pipeline Corporation, as set forth in this Opinion and Order, 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 the admission of this intervenor shall not be construed as recognition that it might be aggrieved because of any order issued in these proceedings.

Issued in Washington, D.C., on December 27, 1991.

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