

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

TENASKA GAS CO.

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FE DOCKET NO. 91-68-NG

ORDER GRANTING BLANKET AUTHORIZATION
TO IMPORT NATURAL GAS FROM CANADA

DOE/FE OPINION AND ORDER NO. 586

FEBRUARY 28, 1992

I. BACKGROUND

On August 23, 1991, Tenaska Gas Co. (Tenaska) filed an application with the Office of Fossil Energy 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 60,000 Mcf per day of natural gas and up to an aggregate total of 43.8 Bcf over a two-year period beginning on the date of first delivery. Tenaska proposes to use existing pipeline facilities to import the natural gas, and to file quarterly reports to FE detailing each transaction.

Tenaska, a Nebraska corporation with its principal place of business in Omaha, Nebraska, proposes to import natural gas from Canadian producers and other Canadian suppliers for sale to various United States customers, which may include local distribution companies, pipeline companies, other marketers of natural gas, and end-users. The specific terms of purchase agreements with Canadian suppliers, including price, will be the product of arms-length negotiations and, therefore, the contracts will have market-responsive terms.

A notice of the application was issued on November 18, 1991, inviting protests, motions to intervene, notices of intervention, and comments to be filed by December 26, 1991. 1/ No comments
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or motions to intervene were received.

1/ 56 FR 59283, November 25, 1991.

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II. DECISION _____

The application filed by Tenaska 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." 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.

Tenaska's import proposal for 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, 4/ would provide Tenaska 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 Tenaska's application, provides

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

3/ 49 FR 6684, February 22, 1984. _____

4/ See, e.g., Portland General Electric Co., 1 FE Para. 70,455 _____

(June 3, 1991); Cascade Natural Gas Corporation, 1 FE Para. 70,

457 (June 18, 1991); and North America Resources Company, 1 FE

Para. 70,461 (June 24, 1991).

assurance that the transactions will be competitive with other natural gas supplies available to Tenaska.

After taking into consideration all of the information in the record of this proceeding, I find that authorizing Tenaska to import up to 43.8 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. 5/

ORDER

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

A. Tenaska Gas Co. (Tenaska) is authorized to import up to 43.8 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, Tenaska shall provide written notification to the Office of Fuels Programs, Fossil Energy, FE-50, Forrestal Building, 1000 Independence Avenue S.W., Washington, D.C. 20585, of the date that the first

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

delivery of natural gas authorized in Ordering Paragraph A above occurs.

D. With respect to the natural gas imports authorized by this Order, Tenaska shall file with the Office of Fuels Programs, within 30 days following each calendar quarter, quarterly reports indicating whether imports of natural gas have been made, and if so, giving by month, the total volume of imports in Mcf and the average purchase price per MMBtu at the international border. The reports shall also provide the details of each transaction, including (1) the names of the seller(s) and the purchaser(s); (2) estimated or actual duration of the agreements; (3) transporter(s); (4) point(s) of entry, (5) geographic market(s) served and, if applicable, (6) the per unit (MMBtu) demand/commodity charge breakdown of the price; (7) any special contract price adjustments clauses; (8) 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 Ordering Paragraph D of this Order is due not later than April 30, 1992,

and should cover the period from the date of this Order until the end of the current calendar quarter, March 31, 1992.

Issued in Washington, D.C., on February 28, 1992.

Charles F. Vacek
Deputy Assistant Secretary
for Fuels Programs
Office of Fossil Energy