

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

_____)
BRAY TERMINALS, INC.) FE DOCKET NO. 92-02-NG
_____)

ORDER GRANTING BLANKET AUTHORIZATION
TO IMPORT NATURAL GAS FROM CANADA

DOE/FE OPINION AND ORDER NO. 618

MAY 18, 1992

I. BACKGROUND

On January 15, 1992, Bray Terminals, Inc. (Bray) 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 authorization to import from Canada up to 43.8 Bcf of natural gas over a two-year term beginning on the date of the first delivery. Bray intends to use existing facilities to import the proposed volumes and will submit quarterly reports detailing each import transaction.

Bray is a New York corporation with its principal place of business in Glens Falls, New York. Bray is engaged in the petroleum industry, including the sale of lubricating oil and equipment, for the commercial, industrial, and retail sector. Bray proposes to import gas from a variety of Canadian suppliers for sale to various United States customers, which might include end-users, LDC's, and other pipeline companies.

A notice of the application was published in the Federal Register on March 20, 1992, inviting protests, motions to intervene, notices of intervention, and comments to be filed by April 20, 1992. 1/ No comments or motions to intervene were received.

II. DECISION

The application filed by Bray 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

1. 57 FR 8718.

"will not be consistent with the public interest." 2/ This 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.

Bray's uncontested import proposal, as set forth in the application, is consistent with section 3 of the NGA and the DOE's import policy guidelines. The import authorization sought, similar to other blanket arrangements approved by DOE, 4/ would provide Bray with blanket approval, within prescribed limits, to negotiate and transact individual, spot and short-term purchase arrangements without further regulatory action. The fact that each purchase will be voluntarily negotiated in response to market conditions, as asserted in Bray's application, provides assurance that the transactions will be competitive with other natural gas supplies available to Bray. Therefore, Bray's import proposal will further the Secretary of Energy's policy goal to reduce trade barriers by encouraging competition between U.S. and Canadian gas suppliers and purchasers.

After taking into consideration all of the information in the record of this proceeding, I find that granting Bray blanket authorization to import up to 43.8 Bcf of Canadian natural gas

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); North America Resources Company,
____ 1 FE Para. 70,461 (June 24, 1991).

over a two-year term, under contracts with 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. Bray Terminals, Inc. (Bray) is authorized to import up to 43.8 Bcf of Canadian natural gas over a two-year term beginning on the date of the first delivery.

B. This natural gas may be imported at any point on the United States/Canadian border where existing pipeline facilities are located.

C. Within two weeks after deliveries begin, Bray 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, Bray 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 the imports per Mcf and the average purchase price per MMBtu at the international border. The

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 impact statement or environmental assessment is
not required. See 40 CFR sec. 1508.4 and 54 FR 12474 (March 27,
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1989).

reports shall also provide the details of each import transaction, including (1) the names of the seller(s); (2) the purchaser(s); (3) estimated or actual duration of the agreement(s); (4) transporter(s); (5) point(s) of entry; (6) geographic market(s) served; and, if applicable, (7) 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 first quarterly report required by Ordering Paragraph D of this Order is due not later than July 30, 1992, and should cover the period from the date of this Order until the end of the current calendar quarter June 30, 1992.

Issued in Washington, D.C., on May 18, 1992.

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