

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

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WILLIAMS GAS MARKETING COMPANY ) FE DOCKET NO. 92-29-NG  
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ORDER GRANTING BLANKET AUTHORIZATION  
TO IMPORT NATURAL GAS  
FROM CANADA

DOE/FE OPINION AND ORDER NO. 623

\_\_\_\_\_  
  
May 29, 1992  
  
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I. BACKGROUND

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On March 2, 1992, Williams Gas Marketing Company (WGM) 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 200 Bcf of natural gas over a two-year term, beginning on June 1, 1992, the day after WGM's current two-year blanket import authorization expires.<sup>1/</sup> WGM, a Delaware corporation with its principal place of business located in Tulsa, Oklahoma, is an indirect subsidiary of the Williams Companies, Inc. WGM is a gas marketing company which conducts business primarily in the U.S. mid-continent and Pacific Northwest regions. From May 31, 1990 through December 31, 1991, WGM has imported approximately 5.2 Bcf of natural gas. WGM intends to continue to import gas from Canada, either for its own account or on behalf of others, for sale to end users, local distribution companies and intrastate and interstate pipelines. WGM will use existing facilities to import the proposed volumes, and will file quarterly reports detailing each import transaction.

In support of its import request, WGM asserts the gas will be purchased under short-term contracts which will be negotiated in response to market conditions. WGM states that shipments of Canadian gas will be based on the specific needs of the ultimate purchasers of the gas and will reflect existing market conditions

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1/ DOE/FE Opinion and Order No. 396, 1 FE 70,319 (May 31,

1990) .

at the time the purchase contracts are negotiated. WGM avers that because its purchases under this import authorization are of short duration, WGM and its customers will not become dependant solely upon this source of gas.

A notice of the application was published in the Federal Register on April 3, 1992, inviting protests, motions to intervene, notices of intervention and comments to be filed by May 4, 1992.<sup>2/</sup> No comments were received.

## II. DECISION

The application filed by WGM 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."<sup>3/</sup> This determination is directed by DOE's natural gas import policy guidelines.<sup>4/</sup>

Under these guidelines, the competitiveness of an import in the markets served is the primary consideration for meeting the public interest test.

WGM's uncontested 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 by WGM, similar to other blanket arrangements approved by

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<sup>2/</sup> 57 F.R. 11478.

3/ 15 U.S.C. 717b. —

4/ 49 F.R. 6684 (February 22, 1984). —

DOE5/, will provide WGM with blanket approval, within prescribed limits, to negotiate and transact individual, spot and short-term import arrangements without further regulatory action. Under WGM's proposed import arrangement, transactions will only occur when producers and sellers can provide spot or short-term volumes, customers need such import volumes, and prices remain competitive. Therefore, WGM'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 considering all of the information in the record of this proceeding, I find that authorizing WGM to import from Canada up to 200 Bcf of natural gas over a two year term, under contracts with terms of two years or less, is not inconsistent with the public interest.<sup>6/</sup>

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5/ 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 North America Resources Company, 1 FE 70,461 (June 24, 1991).

6/ Because the proposed import of gas will use existing facilities, DOE has determined that granting this authorization 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.); therefore,  
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an environmental impact statement or an environmental assessment  
is not required. See 40 C.F.R. 1508.4 and 54 F.R. 15122 (April  
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24, 1992).

## ORDER

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

A. Williams Gas Marketing Company (WGM) is authorized to import from Canada up to 200 Bcf of natural gas over a two-year term, beginning on the date of first delivery after May 31, 1992, the day WGM's existing blanket import authorization expires.

B. This natural gas may be imported at any point on the U.S./Canada border where existing pipeline facilities are located.

C. Within two weeks after deliveries begin, WGM 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. Regarding the natural gas imports authorized by this order, WGM shall file within 30 days following each calendar quarter, quarterly reports indicating whether imports have been made. If no imports have been made, a report of "no activity" for that calendar quarter must be filed. If imports have occurred, WGM must report monthly total volumes in Mcf, and the average sales 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), including those other than WGM, (2) the names of the purchaser(s), (3) the estimated or



actual duration of the agreements, (4) the names of the transporter(s), (5) the point(s) of entry, (6) the geographic markets served, and, if applicable, (7) 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. 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 no 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 29, 1992.

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