

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

NORTHWEST NATURAL GAS COMPANY

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FE DOCKET NO. 92-16-NG

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

DOE/FE OPINION AND ORDER NO. 642

JUNE 29, 1992

I. BACKGROUND

On January 22, 1992, as revised on March 4, 1992, Northwest Natural Gas Company (NNG) 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 5 Billion cubic feet (Bcf) of natural gas over a two-year term beginning on the date of the first delivery. This gas will enter the United States at Sumas, Washington and Kingsgate, British Columbia through the existing pipeline facilities of Northwest Pipeline Corporation and Pacific Gas Transmission Company, respectively.

NNG is a local natural gas distribution company incorporated under the laws of the State of Oregon with its principal place of business in Portland, Oregon. The requested authorization will enable NNG to import Canadian natural gas, on its own behalf or on behalf of others, for sale to NNG's residential, commercial and industrial customers in the States of Washington and Oregon. NNG states that transactions conducted under the requested import authorization will be negotiated in response to market conditions and, therefore, contract terms will be competitive in United States markets.

DOE published a notice of receipt of NNG's application in the Federal Register on April 14, 1992, inviting protests,

motions to intervene, notices of intervention, and comments to be filed by May 14, 1992.^{1/} Northwest Pipeline Corporation filed

a motion to intervene without comment.

1/ 57 FR 12926.

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II. DECISION

The application filed by NNG 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/} This determination is guided by DOE's natural gas import policy guidelines under which the competitiveness of an import in the markets served is the primary consideration for meeting the public interest test.^{3/}

NNG's uncontested import proposal, as set forth in the application, is consistent with section 3 of the NGA and DOE's policy guidelines. The import authorization sought by NNG, similar to other blanket arrangements approved by DOE ^{4/}, will provide NNG with blanket approval, within prescribed limits, to negotiate and transact individual, spot and short-term import arrangements without further regulatory action. Under NNG's proposed import arrangement, transactions will occur when producers and sellers can provide spot or short-term volumes, customers need such import volumes, and prices remain competitive. Therefore, NNG's proposal will further the Secretary of Energy's policy goal to reduce trade barriers by encouraging competition between United States and Canadian gas suppliers and purchasers.

^{2/} 15 U.S.C. 717b.

3/ 49 FR 6684, February 22, 1984. —

4/ E.g., Southwest Gas Corporation, 1 FE 70,487 (October 25,

— 1991); Washington Natural Gas Company, 1 FE 70,483 (October 8,

1991); Cibola Corporation, 1 FE 70,480 (September 9, 1991).
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After taking into consideration all of the information in the record of this proceeding, I find that authorizing NNG to import up to 5 Bcf of 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 reasons set forth above, pursuant to section 3 of the Natural Gas Act, it is ordered that:

A. Northwest Natural Gas Company (NNG) is authorized to import up to 5 Bcf of natural gas over a two-year term beginning on the date of the first import.

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, NNG shall notify the Office of Fuels Programs, Fossil Energy, Room 3F-056, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585, in writing of the date that the first import delivery of natural gas authorized in Ordering Paragraph A above occurs.

D. With respect to the natural gas imports authorized by this Order, NNG shall file with the Office of Fuels Programs,

^{5/} Because the proposed import/export 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.) and

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therefore an environmental impact statement or environmental
assessment is not required. See 40 CFR 1508.4 and 57 FR 15122

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(April 24, 1992).

within 30 days following each calendar quarter, quarterly reports indicating whether imports of natural gas 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, NNG must report monthly total volumes of the imports in Mcf and the average purchase price per MMBtu at the international border. The reports shall also provide the details of each import transaction, including: (1) the name of the seller(s); (2) the name of the purchaser(s); (3) the estimated or actual duration of the agreement(s); (4) the transporter(s); (5) the point(s) of entry; (6) the geographic market(s) served; (7) whether the sales are being made on an interruptible or firm basis; and if applicable, (8) the contract pricing provisions, including the per unit (MMBtu) demand/commodity/reservation charge breakdown of the price, any special contract price adjustment clauses, or any take-or-pay or make-up provisions. Failure to file quarterly reports may result in termination of this authorization.

E. The motion to intervene filed by Northwest Pipeline Corporation 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 this proceeding.

F. The first quarterly report required by 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 of June 30, 1992.

Issued in Washington, D.C., on June 29, 1992.

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