

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

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ALUMINUM COMPANY OF AMERICA

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FE DOCKET NO. 92-101-NG

ORDER GRANTING BLANKET AUTHORIZATION  
TO IMPORT NATURAL GAS FROM CANADA

DOE/FE OPINION AND ORDER NO. 671

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SEPTEMBER 23, 1992

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I. BACKGROUND

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On July 31, 1992, and August 5, 1992, as revised on August 7, 1992, Aluminum Company of America (ALCOA) 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 a combined total of up to 5.05 Bcf of natural gas over a two-year term beginning with the date of first delivery. Because of their similarity, DOE has consolidated the two filings into one application. ALCOA will import the gas at Sumas, Washington and Cornwall, New York, through the existing facilities of Northwest Pipeline Corporation and St. Lawrence Gas Company.

ALCOA is a corporation organized and existing under the laws of the State of Pennsylvania with its principal place of business in Pittsburgh, Pennsylvania. ALCOA plans to use the imported gas to operate its two aluminum smelting plants in Wenatchee, Washington and Massena, New York. ALCOA states that the imported gas is needed to keep the smelting plants operating. All of ALCOA's transactions under the requested authorization will be conducted pursuant to market-responsive contract terms.

DOE published a notice of receipt of ALCOA's application in the Federal Register on August 21, 1992, inviting protests,

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motions to intervene, notices of intervention, and comments to be filed by September 21, 1992./1 No interventions or comments

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were received.

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1/ 57 F.R. 37974.

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II. DECISION \_\_\_\_\_

The application filed by ALCOA 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

ALCOA'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 ALCOA, similar to other blanket arrangements approved by DOE/4, would provide ALCOA with blanket approval, within prescribed limits, to negotiate and transact individual, spot and short-term import arrangements without further regulatory action. Under ALCOA's proposed import arrangement, transactions would occur when producers and sellers can provide spot or short-term volumes and prices remain competitive. Since each sale would be a direct sale to ALCOA, ALCOA would have the option of purchasing natural

2/ 15 U.S.C. 717b. \_\_\_\_\_

3/ 49 F.R. 6684, February 22, 1984. \_\_\_\_\_

4/ E.g., New England Power Company, 1 FE 70,543 (February 28, \_\_\_\_\_

1992); Puget Sound Power and Light Company, 1 FE 70,466 (July

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22, 1991); Consolidated Edison Company of New York, 1 FE 70,445

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(May 10, 1991).

gas from different suppliers, either Canadian or domestic, if it is not satisfied with the price. Therefore, ALCOA's import 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.

After taking into consideration all of the information in the record of this proceeding, I find that authorizing ALCOA to import up to 5.05 Bcf of natural gas from Canada 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.<sup>5</sup>

ORDER

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

A. Aluminum Company of America (ALCOA) is authorized to import up to 5.05 Bcf of natural gas from Canada over a two-year term beginning on the date of the first delivery.

B. The natural gas imports authorized in Ordering Paragraph A above may be imported at the interconnection between Westcoast Energy, Inc. and Northwest Pipeline Corporation at Sumas, Washington, and at the interconnection between TransCanada Pipe Lines, Ltd. and St. Lawrence Gas Company at Cornwall, New York.

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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

— — therefore neither an environmental impact statement nor an  
environmental assessment is required. See 40 C.F.R. 1508.4 and

— 57 F.R. 15122 (April 24, 1992).



C. Within two weeks after deliveries begin, ALCOA 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, ALCOA 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. If no imports have been made, a report of "no activity" for that calendar quarter must be filed. If imports have occurred, ALCOA 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; (3) the estimated or actual duration of the agreement(s); (4) the name of the transporter(s); (5) the point of entry; (6) the geographic market 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 first quarterly report required by Paragraph D of this Order is due not later than October 30, 1992, and should cover the period from the date of this Order until the end of the current calendar quarter of September 30, 1992.

Issued in Washington, D.C., on September 23, 1992.

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