

UNITED STATES OF AMERICA  
DEPARTMENT OF ENERGY  
OFFICE OF FOSSIL ENERGY

\_\_\_\_\_)  
INTALCO ALUMINUM CORPORATION ) FE DOCKET NO. 92-72-NG  
\_\_\_\_\_)

ORDER GRANTING BLANKET AUTHORIZATION TO  
IMPORT NATURAL GAS FROM CANADA

DOE/FE OPINION AND ORDER NO. 675

September 28, 1992



I. BACKGROUND \_\_\_\_\_

On June 15, 1992, Intalco Aluminum Corporation (Intalco), 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 2 Bcf of natural gas over a two-year term, beginning on the date of first delivery after September 28, 1992, the day Intalco's current two-year blanket authorization expires. /1 Intalco

— plans to use the gas that it imports for fuel at its aluminum smelting plant near Ferndale, Washington. The gas would be transported to the smelting plant on the Ferndale Pipeline System from its interconnection with the facilities of Westcoast Energy Inc. at the U.S.-Canada border near Sumas, Washington. The Ferndale Pipeline System is jointly owned and operated by Intalco and Atlantic Richfield Company.

Intalco, a Delaware corporation with its principle place of business in Ferndale, Washington, asserts that the gas will be purchased from several Canadian producers and marketers under contracts of two years or less with market-responsive price provisions. All imports of gas would be based on the specific needs of Intalco's plant.

\_\_\_\_\_ A notice of the application was published in the Federal Register on July 30, 1992, inviting protests, motions to \_\_\_\_\_ intervene, notices of intervention and comments to be filed by \_\_\_\_\_

1/ See DOE/FE Opinion and Order No. 302-B, 1 FE 70,347

- —

(August 30, 1990)

August 31, 1992./<sup>2</sup> No comments or motions to intervene were received.

## II. DECISION

The application filed by Intalco 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. Need for the gas is also a consideration.

Intalco'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 authorization sought by Intalco is similar to other blanket import arrangements approved by DOE./<sup>5</sup> Given that the provisions of the particular purchase agreements will be voluntarily negotiated between Intalco and each of its Canadian suppliers based on prevailing

<sup>2/</sup> 57 F.R. 33726.

<sup>3/</sup> 15 U.S.C. 717b.

<sup>4/</sup> 49 F.R. 6684 (February 22, 1984).

5/ E.g., New England Power Company, 1 FE 70,543 (February 28,  
— ———— 1992); Puget Sound Power & Light Company, 1 FE 70,466 (July 22,  
————— 1991); and Megan-Racine Associates, Inc., 1 FE 70,394  
————— (December 20, 1990).

market conditions, as asserted in Intalco's application, DOE believes that the transactions will be competitive. In addition, Intalco is totally dependent on gas from Canada because after the Ferndale pipeline was built, Cascade Natural Gas Corporation, the local utility, removed its distribution facilities which could have provided the means for domestic supplies to reach the plant. Therefore, need for the gas is demonstrated by the fact that without the requested import authorization Intalco cannot obtain gas to fuel its smelting plant.

After considering all of the information in the record of this proceeding, I find that authorizing Intalco to import from Canada up to 2 Bcf of natural gas over a two-year term, under contracts with terms of two years or less, beginning on the date of first delivery after September 28, 1992, is not inconsistent with the public interest./6

ORDER

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

A. Intalco Aluminum Corporation (Intalco) is authorized to import from Canada up to 2 Bcf of natural gas to be consumed at its aluminum smelting plant near Ferndale, Washington, beginning

---

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,

neither an environmental impact statement nor an environmental

assessment is required. See 40 C.F.R. 1508.4 and 54 F.R. 15122  
— (April 24, 1992).



on the date of first delivery after September 28, 1992. This authorization is effective for two years.

B. This natural gas may be imported at a point on the U.S.-Canada border near Sumas, Washington where the pipeline facilities of Westcoast Energy Inc. interconnect with the Ferndale Pipeline System.

C. Within two weeks after deliveries begin, Intalco 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 natural gas imports authorized by this order, Intalco 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 occurred, Intalco must report monthly total volumes in Mcf and the average 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); (2) the estimated or actual duration of the agreements; (3) the names of the transporter(s); (4) the geographic markets served; and, if applicable (5) 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 Ordering Paragraph D is due no later than October 30, 1992, and should cover the period from September 29, 1992, until the end of the current calendar quarter, September 30, 1992.

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

---

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