

UNITED STATES OF AMERICA  
DEPARTMENT OF ENERGY  
OFFICE OF FOSSIL ENERGY

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COLONIAL GAS COMPANY )  
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FE DOCKET NO. 92-111-NG

ORDER GRANTING BLANKET AUTHORIZATION TO  
IMPORT NATURAL GAS FROM CANADA

DOE/FE OPINION AND ORDER NO. 697

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October 23, 1992

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I. BACKGROUND

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On August 24, 1992, Colonial Gas Company (Colonial) 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 20 Bcf of natural gas over a two-year term, beginning on the date of the first delivery. Colonial will use existing facilities to import the proposed volumes.

Colonial, a Massachusetts corporation with its principal place of business in Lowell, Massachusetts, is a local distribution company that sells natural gas to approximately 121,000 residential and small commercial customers in 23 cities and towns located to the northwest of Boston and on Cape Cod. Its rates and services are regulated by the Massachusetts Department of Public Utilities. In support of its application, Colonial states that all transactions conducted under the requested authority will be short-term in nature and reflect market conditions at the time of negotiation.

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

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1/ 57 F.R. 39681.

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## II. DECISION

The application filed by Colonial 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>2/</sup> This determination is guided by DOE's natural gas import policy guidelines.<sup>3/</sup> Under these guidelines, the competitiveness of an import in the markets served is the primary consideration for meeting the public interest test.

Colonial'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 Colonial, similar to other blanket import arrangements approved by DOE,<sup>4/</sup> will provide Colonial with blanket approval, within prescribed limits, to negotiate and transact individual, spot and short-term import arrangements without further regulatory action. Under Colonial's proposed import arrangement, transactions would only occur when suppliers can provide spot or short-term volumes, customers need such import volumes, and prices remain competitive. Therefore, Colonial's import proposal will further the Secretary of Energy's policy goal to reduce

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

3/ 49 F.R. 6684 (February 22, 1984).

4/ E.g., IGI Resources, Inc., 1 FE 70,617 (July 30, 1992);  
— Long Island Lighting Company, 1 FE 70,619 (August 5, 1992); and  
Goetz Energy Corporation, 1 FE 70,626 (August 6, 1992).  
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trade barriers by encouraging competition between United States and Canadian gas suppliers and purchasers.

After considering all of the information in the record of this proceeding, I find that authorizing Colonial to import from Canada up to 20 Bcf of natural gas over a two-year term, under contracts with terms of two years or less, beginning on the date of the first delivery, is not inconsistent with the public interest.<sup>5/</sup>

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ORDER

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

A. Colonial Gas Company (Colonial) is authorized to import from Canada up to 20 Bcf of 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/Canada border where existing pipeline facilities are located.

C. Within two weeks after deliveries begin, Colonial 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

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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.); therefore,

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neither an environmental impact statement nor an environmental assessment is required. See 40 C.F.R. 1508.4 and 57 F.R. 15122

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(April 24, 1992).

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, Colonial 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, Colonial 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 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 Ordering Paragraph D is due no later than January 30, 1993, and should cover the period from the date of this order until the end of the current calendar quarter, December 31, 1992.

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

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