

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

NORTHWEST ALASKAN PIPELINE COMPANY) FE DOCKET NO. 94-96-NG
_____)

ORDER AMENDING LONG-TERM AUTHORIZATION
TO IMPORT NATURAL GAS FROM CANADA

DOE/FE ORDER NO. 1009

On November 16, 1994, Northwest Alaskan Pipeline Company (Northwest Alaskan) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA),^{1/} section 9 of the Alaska Natural Gas Transportation Act of 1976 (ANGTA), and DOE Delegation Order Nos. 0204-111 and 0204-127, to amend its existing authorization to import up to 300,000 Mcf per day of Canadian natural gas, on an average annual daily basis, through the Western Leg of the Alaskan Natural Gas Transportation System (ANGTS). Northwest Alaskan seeks to amend its authorization in this proceeding solely to reduce the term from October 31, 2012, to October 31, 2003.

Northwest Alaskan currently buys the imported gas from Pan-Alberta Gas Ltd. (Pan-Alberta) under a gas sales contract dated March 9, 1978, as amended, for resale to Pacific Interstate Transmission Company (PITCO). The gas is delivered to Northwest

1/ 15 U.S.C. 717b.

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Alaskan at the international border near Kingsgate, British Columbia. This gas is then sold at the border to PITCO under a gas purchase agreement dated March 9, 1978, as amended. In the United States, interstate natural gas transportation is provided through the pre-built portion of the Western Leg of ANGTS consisting of the facilities of Pacific Gas Transmission Company, Northwest Pipeline Corporation, and El Paso Natural Gas Company for delivery in southern California.^{2/}

Western Leg imports were initially authorized by the Federal Energy Regulatory Commission (FERC)^{3/} in 1980 for a term ending October 31, 1988.^{4/} Deliveries of gas to Northwest Alaskan commenced October 1, 1981. The import authorization was extended by FERC in 1983 until October 31, 1992.^{5/} In 1984, the Economic Regulatory Administration (ERA) of DOE extended the

^{2/} This route is commonly known as the Western Delivery System.

^{3/} Pursuant to the DOE Organization Act, the Secretary of Energy originally delegated authority to FERC to approve the importation of natural gas related to the construction and operation of ANGTS under ANGTA. In February 1984, that delegation was rescinded, and the Economic Regulatory Administration of DOE was delegated authority to regulate imports of natural gas related to those facilities. In February 1989, the Secretary delegated the authority to regulate all natural gas imports and exports, including imports under ANGTA, to the Assistant Secretary for Fossil Energy.

4/ Northwest Alaskan, Docket Nos. CP78-123, et al., 10 FERC

61,032 (January 11, 1980) and 11 FERC 61,279 (June 13, 1980).

5/ Northwest Alaskan, Docket Nos. CP78-123-021, et al., 25 FERC

61,384 (December 15, 1983).

authorization until October 31, 2001, and again in 1988 through a term ending October 31, 2012.^{6/}

Northwest Alaskan proposes to continue importing this gas from Pan-Alberta for resale to PITCO under amended sales agreements. In its first order issued December 13, 1984 (DOE/ERA Opinion and Order No. 68), ERA authorized a demand-commodity price structure and a 60 percent daily and annual take-and-pay obligation during each contract year. The latest amendment to Northwest Alaskan's Western Leg contract with Pan-Alberta^{7/}

(and corresponding amendment to Northwest Alaskan's contract with PITCO^{8/}), to be effective January 1, 1995, would retain the

existing volume and take-and-pay provisions but would restructure the commodity component of the price to be a net-back price and would reduce the contract term by nine years.

Under section 3 of the NGA, as amended by section 201 of the Energy Policy Act of 1992 (Pub. L. 102-486), the importation of natural gas from a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas is deemed to be consistent with the public interest, and related applications must be granted without modification or delay. Therefore, approving Northwest Alaskan's request to

^{6/} See DOE/ERA Opinion and Order No. 68 issued December 13, 1984 (1 ERA 70,580) and DOE/ERA Opinion and Order No. 272 issued September 30, 1988 (1 ERA 70,813).

7/ See Tenth Amending Contract entered into by Northwest Alaskan
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and Pan-Alberta on November 14, 1994.

8/ See Ninth Amendment to Gas Purchase Agreement entered into by
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Northwest Alaskan and PITCO on November 14, 1994.

establish an earlier expiration date for its authorization granted in DOE/ERA Opinion and Order No. 68, as amended, which coincides with the termination date in its amended Western Leg sales contracts with Pan-Alberta and PITCO covering imports of natural gas produced in Canada, a nation with which a free trade agreement is in effect, is consistent with the public interest.

ORDER

Pursuant to section 3 of the Natural Gas Act, the authorization to import natural gas through the Western Leg of the pre-built portion of the Alaskan Natural Gas Transportation System previously granted to Northwest Alaskan Pipeline Company in DOE/ERA Opinion and Order No. 68 issued December 13, 1984, as amended by DOE/ERA Opinion and Order No. 272 issued September 30, 1988, is amended further by changing the expiration date from October 31, 2012, to October 31, 2003.

Issued in Washington, D.C., on December 9, 1994.

Anthony J. Como
Director
Office of Coal & Electricity
Office of Fuels Programs
Office of Fossil Energy