

**UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY**

ALCOA INC.

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FE DOCKET NO. 02-21-NG

**ORDER GRANTING BLANKET AUTHORIZATION
TO IMPORT NATURAL GAS FROM CANADA**

DOE/FE ORDER NO. 1768

APRIL 18, 2002

I. DESCRIPTION OF REQUEST

On April 15, 2002, Alcoa Inc. (Alcoa) applied to the Office of Fossil Energy (FE) of the Department of Energy (DOE) under section 3 of the Natural Gas Act (NGA)^{1/}, and DOE Delegation Order Nos. 0204-111 and 0204-127, for a two-year, blanket authorization to import natural gas from Canada, beginning May 1, 2002. Specifically, Alcoa seeks to import up to 15 billion cubic feet (Bcf) of natural gas through short-term and spot market arrangements. Alcoa, a Pennsylvania corporation with its principal office in Pittsburgh, produces and sells aluminum and aluminum products. The imported gas will be used for processing purposes and space heating in its refining, smelting and manufacturing plants and those of its subsidiaries and affiliates in the United States.

In an order issued April 21, 2000, Alcoa received identical broad-based, authority which extended from May 1, 2000, through April 30, 2002.^{2/} Granting a new authorization will enable Alcoa to import a greater quantity of natural gas from Canada for an additional two years under the same conditions. Once again, each purchase transaction will be negotiated at arms-length and structured to provide a commodity price that is competitive in the short-term and spot market for natural gas. The proposed imports involve no new construction of plant or pipeline facilities.

II. FINDING

This application has been evaluated to determine if the proposed import arrangement meets the public interest requirement of section 3 of the NGA, as amended by section 201 of the Energy Policy Act of 1992 (Pub. L. 102-486). Under section 3(c), the importation of natural gas from or to 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 must be granted without modification or delay. The authorization sought by Alcoa to import natural gas from Canada, a nation with which a free trade agreement is in effect, meets the section 3(c) criterion and, therefore, is consistent with the public

^{1/} 15 U.S.C. § 717b.

^{2/} See DOE/FE Order No. 1585 (2 FE ¶ 70,479).

interest. This blanket order authorizes transactions under supply contracts with terms of no longer than two years.

ORDER

Pursuant to section 3 of the Natural Gas Act, it is ordered that:

A. Alcoa Inc. (Alcoa) is authorized to import up to 15 Bcf of natural gas from Canada over a two-year term beginning on May 1, 2002, and extending through April 30, 2004. This gas may enter the United States at any international border crossing point.

B. With respect to the natural gas imports authorized by this Order, Alcoa will file with the Office of Natural Gas & Petroleum Import & Export Activities, within 30 days following each calendar quarter, reports indicating whether imports of natural gas have been made during that quarter. Quarterly reports must be filed whether or not initial deliveries have begun. 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 the total monthly volumes in Mcf and the average purchase price per MMBtu at the international border. The reports will 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 name of the U.S. transporter(s); (5) the point(s) of entry; (6) the geographic market(s) served (by State); (7) whether sales are being made on an interruptible or firm basis; and, if applicable, (8) the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price. [OMB

No.: 1901-0294]

C. The first quarterly report required by this Order is due not later than July 30, 2002, and should cover the period from May 1, 2002, until the end of the second calendar quarter, June 30, 2001.

D. The quarterly reports will be filed with the Office of Natural Gas & Petroleum Import & Export Activities, Fossil Energy, Room 3E-042, FE-34, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C., 20585.

Issued in Washington, D.C., on April 18, 2002.

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