UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

ALLEGHENY ENERGY MARKETING COMPANY	FE DOCKET NO. 92-84-NG

ORDER GRANTING BLANKET AUTHORIZATION TO
IMPORT NATURAL GAS FROM CANADA

DOE/FE OPINION AND ORDER NO. 687

October 21, 1992

I. BACKGROUND

On June 30, 1992, Allegheny Energy Marketing Company (Allegheny), 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 183 Bcf of natural gas over a two-year term, beginning on the date of first delivery. Allegheny intends to use existing facilities to import the proposed volumes and would submit quarterly reports detailing each import transaction.

Allegheny, a Delaware general partnership and marketer of natural gas requests authority to import gas, on its own behalf and as well as on behalf of others, for sale on a spot or short-term basis to various customers in the United States. The terms of these blanket arrangements, including price would reflect market conditions and the specific needs of Allegheny's customers.

A notice of the application was published in the Federal Register on August 13, 1992, inviting protests, motions to intervene, notices of intervention and comments to be filed by September 14, 1992./1 No comments or motions to intervene were received.

II. DECISION

The application filed by Allegheny has been evaluated to determine if the proposed import arrangement meets the public

1/ 57 FR 36398.

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./3 Under this policy, the competitiveness of an import in the markets served is the primary consideration for meeting the public interest test.

Allegheny'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 Allegheny is similar to other blanket import arrangements approved by DOE /4 would provide Allegheny with blanket approval, within prescribed limits, to negotiate and transact individual, spot and short-term purchase arrangements without further regulatory action. The fact that each purchase will be voluntarily negotiated in response to market conditions provides assurance that the transactions will be competitive with other natural gas supplies available to Allegheny. The proposed import arrangement, transactions will only occur when producers and sellers can provide spot or short-term volumes, customers need such import volumes, and prices remain competitive. Therefore,

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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); SEMCO Energy Services, Inc., 1 FE 70,606 (June 30, 1992); and Northwest National Gas Company, 1 FE 70,605 June 29, 1992).

Allegheny's import proposal will further the Secretary of Energy's policy goal to reduce trade barriers by encouraging competition between U.S. and Canadian gas suppliers and purchasers.

After considering all of the information in the record of this proceeding, I find that authorizing Allegheny to import from Canada up to 183 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, is not inconsistent with the public interest./5

ORDER

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

A. Allegheny Energy Marketing Company (Allegheny) is authorized to import from Canada up to 183 Bcf of natural gas over a two-year term beginning on the date of first delivery.

B. This natural gas may be imported at a point on the United States/Canadian border with existing pipeline facilities

C. Within two weeks after deliveries begin, Allegheny shall provide written notification to the Office of Fuels Programs,

5/ 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).

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, Allegheny 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, Allegheny 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 country of origin for the imports; (2) the names of the seller(s); (3) the names of the purchaser(s), including those other than Alleghney; (4) the estimated or actual duration of the agreements; (5) the names of the U.S. transporter(s); (6) the point(s) of entry or exit (7) the markets served; (8) whether the sales are being made on an interruptible or firm basis; and, if applicable; (9) 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 21, 1992.

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