

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

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PANHANDLE TRADING COMPANY	)	FE DOCKET NO. 91-63-NG
_____	)	

ORDER GRANTING BLANKET AUTHORIZATION TO
IMPORT AND EXPORT NATURAL GAS, INCLUDING LIQUEFIED
NATURAL GAS, AND VACATING EXISTING AUTHORIZATION
TO IMPORT AND EXPORT NATURAL GAS

DOE/FE OPINION AND ORDER NO. 568

DECEMBER 31, 1991

I. BACKGROUND

On August 14, 1991, Panhandle Trading Company (PTC) 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 authority to import and export natural gas, including liquefied natural gas (LNG). PTC proposes to import up to 50 billion cubic feet (Bcf) and export up to 50 Bcf of gas and LNG annually, over a two-year period beginning on the date of the first delivery. This gas would be imported from any foreign country, but exported only to Canada and Mexico. PTC proposes to use existing U.S. pipeline and LNG facilities for the transportation of the volumes to be imported and exported, and states that it will submit quarterly reports detailing each transaction.

PTC, a Delaware corporation with its principal place of business in Houston, Texas, is a wholly owned subsidiary of Panhandle Eastern Corporation. PTC currently holds a two-year blanket authorization to import up to 100 Bcf, and to export up to 100 Bcf of natural gas, including LNG, from and to Canada that was granted October 24, 1989, in DOE/FE Opinion and Order No. 341 (Order 341). 1/ PTC has yet to use this authorization. PTC intends the requested authorization to supersede its existing import and export authorization and, therefore, Order 341 would be vacated upon approval of the requested import/export authorization.

1/ 1 FE 70,254.

Under the import authority sought, PTC contemplates purchasing natural gas from a variety of foreign suppliers and reselling those supplies to various purchasers, including local distribution companies, pipelines, and commercial and industrial end-users. Under the export authority sought, PTC proposes to acquire natural gas from a variety of domestic suppliers and resell the gas to spot-market purchasers in Canada and Mexico, including local distribution companies, pipelines, municipalities and end-users. PTC would import and export this gas and LNG on its own behalf as well as on the behalf of others.

A notice of the application was issued on November 20, 1991, inviting protests, motions to intervene, notices of intervention, and comments to be filed by December 30, 1991. 2/ No interventions or comments were received.

II. DECISION _____

The application filed by PTC has been evaluated to determine if the proposed import/export arrangement meets the public interest requirements of section 3 of the NGA. Under section 3, imports and exports must be authorized unless there is a finding that they "will not be consistent with the public interest." 3/ With regard to imports, this determination is guided by DOE's natural gas import policy guidelines. 4/ Under these guidelines, the competitiveness of an import in the markets served is the

2/ 56 FR 61002, November 29, 1991.

3/ 15 U.S.C. Sec. 717b.

4/ 49 FR 6684, February 22, 1984.

primary consideration for meeting the public interest test. In reviewing natural gas export applications, the domestic need for the gas to be exported is considered, and any other issues determined to be appropriate in a particular case. PTC's import/export proposal, as set forth in the application, is consistent with section 3 of the NGA and DOE's international gas trade policy. The authorization sought, similar to other blanket arrangements approved by DOE, 5/ would provide PTC with blanket import/export approval, within prescribed limits, to negotiate and transact individual, spot and short-term purchase arrangements without further regulatory action. The fact that each spot purchase will be voluntarily negotiated and market-responsive, as asserted in PTC's application, provides assurance that the transactions will be competitive with other natural gas supplies available to PTC.

After taking into consideration all of the information in the record of this proceeding, I find that authorizing PTC to import up to 100 Bcf and export up to 100 Bcf of natural gas and LNG, under contracts with terms of two years or less, is not inconsistent with the public interest. 6/ This authorization will

5/ See, e.g., Portland General Electric Co., 1 FE 70,455

(June 3, 1991); Cascade Natural Gas Corporation, 1 FE 70,457

(June 18, 1991); Northern Natural Gas Company, 1 FE 70,460

(June 24, 1991); and North America Resources Company, 1 FE

70,461 (June 24, 1991).

6/ Because the proposed imports and exports of gas will use existing facilities, DOE has determined that granting this application is not a major Federal action significantly affecting
(continued...)

be granted for a period of two years beginning on the date of the first delivery of either the import or export. Consistent with DOE's current policy and practice in similar blanket arrangements, there is no restriction on the daily and annual volumes that may be imported and exported. This maximizes the flexibility of spot market importers/exporters to provide gas supplies to meet customer demand.

ORDER

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

A. Panhandle Trading Company (PTC) is authorized to import up to 100 Bcf and export up to 100 Bcf of natural gas, including liquefied natural gas (LNG), over a two-year term beginning on the date of the first import or export. These volumes may be imported from any foreign country, but exported solely to Canada and Mexico.

B. This natural gas may be imported and exported at any point on the international border which does not require the construction of new pipeline or LNG processing facilities.

C. Within two weeks after deliveries begin, shall notify the Office of Fuels Programs, Fossil Energy, Room 3F-056, Forrestal Building, 1000 Independence Avenue, S.W., Washington,

6/ (...continued)

the quality of the human environment within the meaning of the National Environmental Policy Act (42 U.S.C. 4321, et seq.) and

therefore an environmental impact statement or environmental

assessment is not required. See 40 CFR Sec. 1508.4 and 54 FR
12474 (March 27, 1989).

D.C. 20585, in writing the date that the first import or export of natural gas or LNG authorized in Ordering Paragraph A above occurs.

D. With respect to the imports and exports authorized by this Order, PTC shall file with the Office of Fuels Programs, within 30 days following each calendar quarter, quarterly reports indicating whether sales of imported and/or exported natural gas or LNG have been made, and if so, giving, by month, the total volume of the imports and/or exports in Mcf and the average purchase price per MMBtu at the international border. The reports shall also provide the details of each import and export transaction, including: (1) the country of origin for the imports; (2) the names of the sellers and the purchasers, including those other than PTC; (3) estimated or actual duration of the agreements; (4) transporters; (5) points of entry or exit, (6) geographic markets served; and, if applicable, (7) the per unit (MMBtu) demand/commodity/reservation charge breakdown of the price, any special contract price adjustment clauses, and any take-or-pay or make-up provisions. If no imports or exports have been made, a report of "no activity" for that calendar quarter must be filed. Failure to file quarterly reports may result in termination of this authorization.

E. The first quarterly report required by paragraph D of this order is due not later than April 30, 1992, and should cover the period from the date of this order until the end of the current calendar quarter ending March 31, 1991.

F. PTC's authorization to import and export natural gas, including LNG, from and to Canada, granted in DOE/FE Opinion and Order No. 341, is hereby vacated.

Issued in Washington, D.C., on December 31, 1991.

Clifford P. Tomaszewski
Acting Deputy Assistant Secretary
for Fuels Programs
Office of Fossil Energy