

Report of the Committee on Natural Gas Imports and Exports

Under section 3 of the Natural Gas Act, 15 U.S.C. § 717(b), natural gas may be exported from or imported into the United States upon a finding that the import or export is in the public interest. Pursuant to the Department of Energy Organization Act, 42 U.S.C. § 7151(a), section 3 authority is vested in the Secretary of Energy. With a few exceptions, the Secretary has in turn delegated that authority to both the Economic Regulatory Administration (ERA) and the Federal Energy Regulatory Commission (FERC). The ERA decides upon the merits of a proposed import or export by determining if it is consistent with the public interest, taking into account such factors as price, the security of supply, the effects on the U.S. balance of payments, compatibility with DOE regulations and the national and regional needs for gas. In contrast, the FERC exercises all section 3 authority over proposed imports or exports that has not been delegated to the ERA or that the ERA has chosen not to exercise. The FERC also has authority pursuant to sections 4, 5, and 7 of the Natural Gas Act to consider the site, construction and operation of particular facilities as well as the authority to review resale and transportation prices whenever the import is to be transported or resold in interstate commerce.

Since assumption of its natural gas review duties, the ERA has primarily applied FERC procedures to the exercise of its own import and export authority. On April 28, 1982, FERC issued a final rule¹ modifying its general rules of practice and procedure. On October 19, 1982,² the ERA by notice in the *Federal Register* responded that its procedures applicable to natural gas import and export proceedings will not be changed to conform with the new FERC rules or otherwise. The ERA stated that it will continue to conduct natural gas import and export proceedings in accordance with procedural rules of the former Federal Power Commission (FPC) (essentially the rules previously applicable to the FERC) in effect at the time of establishment of the Department of Energy (DOE) on October 1, 1977, until it finalizes its own procedural regulations. In August 1981,³ the ERA had proposed new administrative procedures regarding applications to import or export natural gas.

I. IMPORTS FROM OR THROUGH CANADA

A. *Alaska Natural Gas Transportation System (ANGTS)* *Northwest Alaskan Pipeline Company, et al., Docket No. CP78-123, et al.*

1. Gas Conditioning Plant To Be Included In ANGTS.

In January 1982,⁴ the FERC amended a conditional construction certificate granted in December 1977 to Alaskan Northwest Natural Gas Transportation Company (Alaska Northwest) to include within the certificate the gas conditioning plant to be built at Prudhoe Bay, thereby making that facility a portion of the rate base. The previous certificate had described the proposed Alaskan pipeline as

¹Revision of Rules of Practice and Procedure to Expedite Trial-Type Hearings, Docket No. RM76-22-000, Order No. 225, issued May 3, 1982, 47 Fed. Reg. 19014.

²Applicable Administrative Procedures for Natural Gas Import and Export Proceedings, Docket No. ER-R-81-05, issued October 19, 1982, 47 Fed. Reg. 46565 (1982).

³Import and Export of Natural Gas: New Administrative Procedures; Proposed Rule, Docket No. ERA-R-81-03, issued August 27, 1981, 46 Fed. Reg. 44696 (1981) (to be codified in 10 C.F.R. Parts 205 and 590).

⁴Alaska Northwest Natural Gas Transportation Company, Docket Nos. CP78-123, et al., Order Amending Conditional Certificate (issued January 4, 1982).

commencing at the discharge side of the gas plant facilities in the Prudhoe Bay field. The plant will now be considered as part of the Alaskan segment of ANGTS.

The amendment reflects recent federal legislation that waived several provisions of law that were thought to impeded private financing of the ANGTS. One of the waivers specifically provided for the inclusion of the gas conditioning plant in the approved transportation system. The waiver of law package was proposed to Congress by President Reagan pursuant to section 58(g) of the Alaska Natural Gas Transportation Act of 1976,⁵ and approved as a Joint Resolution by the Senate on November 29, 1981, and by the House on December 12, 1981.⁶

Prior to this action, Alaska Northwest had filed a supplement (CP80-435) to its pending application for a final certificate authorizing construction of the Alaskan segment so as to include the Prudhoe Bay conditioning facility.

2. FERC Disallows Rate Base Amount

On June 1, 1982,⁷ the FERC, upon recommendations by the Office of Chief Accountant, disallowed \$40.2 million out of \$130.1 million of expenditures made through December of 1979 and claimed by Alaska Natural Gas Transportation System Company for eventual inclusion in the rate base. The majority of the \$40.2 million disallowed, \$38.4 million, relates to prepartnership expenditures by current members of the Alaskan Northwest partnership who previously were members of the Canadian Arctic Gas Study, Ltd., an unsuccessful competing applicant to build an Alaskan pipeline. The remaining \$1.8 million disallowed included expenditures for lobbying and other public relations activities found not to qualify for rate base inclusion.

3. FERC Establishes Cost Estimates

In September 1982,⁸ the FERC issued an order establishing Certification Cost Estimate and Center Point values in order to implement the Incentive Rate of Return (IROR) mechanism adopted for the Alaskan pipeline segment of the ANGTS. The IROR mechanism was developed by the FERC pursuant to a financing condition in the President's decision approving the ANGTS.⁹ The condition required the FERC to establish a variable rate of return on equity to provide an incentive for project completion without cost overruns. The IROR allows for variations in the rate of return above or below a Center Rate of Return depending upon the extent to which actual project costs vary from expected project costs. The FERC approved a Certification Cost Estimate of \$6.93 billion (1980 dollars) and a Center Point of 1.1. The FERC stressed that these figures are only to implement the IROR and do not represent an actual cost estimate for the Alaskan pipeline segment of the ANGTS.

⁵Alaska Natural Gas Transportation Act, 15 U.S.C. § 719 (1976).

⁶S. J. Res. 115, 96th Cong., 2d Sess. (1981).

⁷Alaska Northwest Natural Gas Transportation Company, Docket Nos. CP78-123-000, *et al.*, Order Approving in Part and Disallowing in Part Expenditures Claimed for Inclusion in Rate Base.

⁸Alaskan Northwest Natural Gas Transportation Company, Docket No. CP80-435-000; Northwest Alaskan Pipeline Company, Docket No. CP78-123-000, *et al.*, Order Establishing Certification Cost Estimate and Center Point Value and Resolving Other Incentive Rate of Return Issues (issued Sept. 21, 1982).

⁹Decision and Report to Congress on the Alaska Natural Gas Transportation System (1977).

4. Proposed Tracking Charges

In October 1982,¹⁰ the FERC issued a notice of proposed rulemaking to establish terms and conditions for a permanent tariff provision whereby shippers of Alaskan natural gas through the ANGTS could flow through to their jurisdictional customers the jurisdictional portion of changes in their ANGTS charges by means of a periodic rate adjustment filing. This filing would be less comprehensive than general rate change filings under section 4(e) of the Natural Gas Act which otherwise would be required under the existing tariff to track such charges. The proposed rule also seeks to establish shipper tracking of charges from the Canadian segment of the ANGTS and charges incurred before the flow of gas through the ANGTS. The tariff provisions apply primarily to shippers seeking to recover charges incurred through the conditioning and transportation of Alaska natural gas through the ANGTS for sale in the contiguous 48 states, and for sale within Alaska to the extent that is within the FERC's jurisdiction.

5. ANGTS Completion Date Delay

In April 1982, the Northwest Alaskan Pipeline Company announced a two-year delay in the target completion date for the ANGTS due to difficulties in developing a financing plan.

6. Alternative Project for Alaska Gas

The Alaska Governor's Office has formed a task force to study the feasibility of an "all-Alaska" pipeline alternative to the current certificated proposal. This alternative would transport North Slope gas to the southern tidewater area, where it would be liquefied for transportation by ship to Pacific Rim markets.

B. Canadian Imports

In December 1981,¹¹ the ERA issued Opinion No. 35 granting Northwest Pipeline Corporation's application to extend the term of its import of Canadian Natural gas through October 31, 1987, at the approved Canadian border price, currently \$4.94/MMBtu. Northwest imports gas at Kingsgate, British Columbia, from Westgate Transmission Company, Ltd.

In March 1982,¹² the ERA issued Opinion No. 39 granting an application by Vermont Gas Systems, Inc., to increase periodically the volume of gas imported from TransCanada Pipelines, Ltd., at a point near Highgate Springs, Vermont, from 21,200 Mcf/d to 25,600 Mcf/d.

In May 1982,¹³ in Opinion No. 44, the ERA conditionally authorized Tennessee Gas Pipeline Company to import at the current border rate up to 300,000 Mcf/d from TransCanada Pipelines, Ltd., over a ten-year period effective the date

¹⁰Docket No. RM81-21-000, issued October 4, 1982, 47 Fed. Reg. 45021 (1982) (to be codified in 18 C.F.R. Part 154).

¹¹Order Authorizing Northwest Pipeline Company to Import Natural Gas from Canada, DOE/ERA Opinion and Order No. 38, DOE/ERA Docket No. 81-31-NG (issued Dec. 21, 1981).

¹²Order Authorizing Increased Importation of Natural Gas from Canada, DOE/ERA Opinion and Order No. 39, ERA Docket No. 81-31-NG (issued March 1, 1982).

¹³Conditional Order Authorizing Tennessee Gas Pipeline Company to Import Natural Gas from Canada and Denying Intervention, DOE/ERA Opinion No. 44, ERA Docket No. 82-24-NG (issued May 19, 1982).

deliveries begin, but in no event later than November 1, 1982. Tennessee plans to import the gas at the international border near Niagara Falls, New York. The import authorization is conditioned upon ERA review of any FERC environmental analysis of this project.

In August 1982,¹⁴ the ERA issued Opinion No. 45 granting an application by Boundary Gas, Inc., to import 185,000 Mcf/d from TransCanada Pipelines, Ltd., for a ten-year period commencing November 1, 1982, at the current border rate. The gas is to be imported at a point near Niagara Falls, Ontario. This application is related to pending applications in the FERC by Boundary to resell its gas to its 14 northeast United States distributor stockholders in proportion to their percentage of stock ownership.

In November 1982,¹⁵ the ERA issued Opinion No. 47 granting the joint application of Midwestern Gas Transmission Company and Great Lakes Gas Transmission Company to extend their current authorization to import gas from TransCanada Pipeline, Ltd. from October 31, 1982, until October 31, 1983. Midwestern was authorized to import up to 114 Bcf, and Great Lakes was authorized to import up to 18 Bcf. In the application, Midwestern and Great Lakes stated that they had imported only 67 Bcf of the total 132 Bcf previously approved and that the extension was necessary to allow them to make up the remaining volumes of gas.

In November 1982,¹⁶ the ERA issued Opinion No. 48, granting an application by Northern Natural Gas Company to increase imports from Consolidated Natural Gas, Ltd. from 200,000 Mcf/d to 300,000 Mcf/d during the 1982-1983 winter.

In Opinion No. 47, issued November 1, 1982,¹⁷ the ERA granted an extension of import authority to Midwestern Gas Transmission Company, Great Lakes Gas Transmission Company, and Michigan-Wisconsin Pipeline Company. In December 1982,¹⁸ the FERC extended through October 31, 1983, authorizations previously granted to these companies to transport and sell a total of 132 Bcf of the imported natural gas. The authorizations limit sales to volumes required to avoid operating problems or to meet unusually heavy winter demands from customers and is further limited only to those times when less expensive volumes are not available from traditional supply sources. This is the third one-year extension of this import authorization, first granted in September 1979.

C. Pending Applications

On January 11, 1982, the Natural Gas Pipeline Company filed an application in the ERA (81-02-NG) to import on a firm basis up to 100,000 Mcf/d from TransCanada Pipelines, Ltd., for a ten-year period commencing November 1, 1984, at the Canadian export price (currently \$4.94/MMBtu). The gas will be imported at a point near Emerson, Manitoba.

On January 15, 1982, Northwest Pipeline Corp. and a subsidiary company filed applications with the ERA (82-02-NG) and with the FERC (CP82-175-000)

¹⁴Order Conditionally Authorizing Boundary Gas, Inc. to Import Natural Gas from Canada, DOE/ERA Opinion and Order No. 45, ERA Docket No. 82-04-NG (issued Aug. 9, 1982).

¹⁵Order Granting Amendments to Authorizations to Import Natural Gas from Canada, and Granting Intervention, DOE/ERA Opinion and Order No. 47, ERA Docket No. 82-14-NG (issued Nov. 1, 1982).

¹⁶Order Amending Authorization of Northern Natural Gas Company, Division of Internorth, Inc. to Import Natural Gas from Canada, DOE/ERA Opinion and Order No. 48, ERA Docket No. 82-09-NG (issued Nov. 30, 1982).

¹⁷See footnote 15, *supra*.

¹⁸Midwestern Gas Transmission Company and Great Lakes Gas Transmission Company, Docket Nos. CP66-110-028 *et al.*, Findings and Order Amending Orders Authorizing Importation of Natural Gas and Issuing Certificates of Public Convenience and Necessity and Granting Intervention (issued Dec. 27, 1982).

requesting permission to raise currently authorized imports at the Sumas, Washington, border point up to 869,000 Mcf/d, an increase of 60,000 Mcf/d. Northwest also asked permission to transfer a portion of the import volumes from Sumas to the Kingsgate, British Columbia, border point during the period from November 1, 1985, through October 31, 1989.

On May 24, 1982, Texas Eastern Transmission Corp. and Transwestern Pipeline Company filed applications in the ERA (82-05-NG and 82-06-NG, respectively) to import additional gas from ProGas, Ltd., for a 20-year term ending October 31, 2002. The gas would be imported at the price prescribed by the Canadian government. Texas Eastern proposed to import 100,000 Mcf/d at a point near Niagara Falls, Ontario, or Emerson, Manitoba, and Transwestern proposed to import 66,000 Mcf/d at Kingsgate, British Columbia. Both proposed to purchase daily volumes in excess of the principal amounts on a best efforts basis.

On July 7, 1982, Texas Gas Transmission Corp. filed an application (CPP2-403-000) in both the ERA and the FERC to import up to 55,000 Mcf/d of Canadian gas beginning on or about November 1, 1982. The gas is to be purchased from Westcoast Transmission Company, Ltd., and Columbia Gas Development of Canada, Ltd., at the authorized border price, and will be imported at Monchy, Saskatchewan. On July 14, 1982, Texas Gas Transmission Corp. filed an application (CP82-418-000) in the FERC to import an additional 46,200 Mcf/d from the same parties at the current export price. Texas Gas has already received Canadian export authorization for all of the imports.

On July 14 and July 16, 1982, applications were filed in the FERC and the ERA to import Canadian gas at the current border price of \$4.94/MMBtu. Texas Eastern Transmission Corp. filed applications (82-07-NG and CP82-423-000) to import 100,000 Mcf/d, plus an additional 10% on a best efforts basis from ProGas, Ltd., for a 15-year term. Texas Gas Transmission Corp. filed applications (82-08-NG and CP82-419-000) to import 186,000 Mcf/d, also from ProGas, Ltd., for a 15-year term. Texas Eastern proposed to transport the gas from Niagara Falls, Ontario, to its pipeline in Pennsylvania through the proposed Trans-Niagara Pipeline. Texas Gas proposed to transport its additional gas by the Great Lakes Transmission Company and the Michigan-Wisconsin Pipe Line Company to its facilities at Slaughters, Kentucky.

On September 9, 1982, Tennessee Gas Pipeline filed applications in the FERC (CP82-470-000) and ERA (82-10-NG) to import up to 309,000 Mcf/d of additional volumes of Canadian gas at the international border near Niagara Falls, New York, or in part at Emerson, Manitoba. The gas would be purchased by Tennessee under long-term contracts with Canadian-Montana Pipeline Company, KannGaz Products, Ltd., and Ocelot Industries, Ltd., at the export price determined by the Canadian government, with deliveries starting November 1, 1984, from Canadian-Montana and KannGaz, and November 1, 1985 from Ocelot.

On November 29, 1982, Tennessee Gas Pipeline Company filed applications in the ERA (82-18-NG) and FERC (CP83-1-3-000) for authority to import 84 MMcf/d from Canadian-Montana Pipeline Company on a best effort's, interruptible basis, pending approval of Tennessee's application in the ERA (82-10-NG) and the FERC (CP82-470-000) to import a total of 309,000 Mcf/d from Canadian-Montana and two other producers. Deliveries under the interim agreement would occur at Niagara, New York, or at Tennessee's request, near Emerson, Manitoba. The price will be the current border price of \$4.94 per MMBtu.

Applications have also been filed recently in the ERA concerning more distant extensions of time to import previously authorized volumes of gas. Northern

Natural Gas Company (82-22-NG) filed to extend for two years, until October 31, 1989, import authority under a contract with Consolidated Natural Gas, Ltd. Pacific Gas Transmission Company (82-16-NG) filed to extend the term of its purchases under a 2 Bcf/d contract with Alberta and Southern Gas Company, Ltd. near Kingsgate, British Columbia, from October 31, 1985, until October 31, 2000. Pacific Gas also filed to extend imports from Alberta and Southern under two other contracts, in one case from November 1, 1985, until October 31, 1986 (increasing the daily contract quantity to 930,800 Mcf), and in the other from November 1, 1986, until October 31, 1987 (with an increase in daily contract quantity to 569,000 Mcf).

Pretrial briefs were recently filed by the FERC staff in proceedings involving pending applications by Boundary Gas, Inc. and Tennessee Gas Pipeline Company to import gas from TransCanada Pipelines, Ltd. The FERC urged replacement of the current 75% take-or-pay provision in the contract with a formula that would radically decrease the obligation to take as the price increases. The staff was concerned with ensuring that domestic customers had adequate protection from liability to take-or-pay for "uneconomic gas."

D. Trans-Niagara Pipeline Developments

On September 9, 1982, Transcontinental Gas Pipeline Corp. (Transco) filed an amendment with the FERC to announce an agreement between Transco and Tennessee Gas Pipeline Company (Tennessee) for a joint venture to construct large diameter pipeline facilities to transport all quantities of Canadian gas, approximately 2.5 Bcf/d, at Niagara Falls, New York, now pending approval. (FERC Docket No. CP82-125-004.) Both Transco and Tennessee had proposed to construct and operate pipelines from Niagara Falls in order to deliver imported Canadian gas. Transco stated that the proposed joint venture would largely supplant the facilities for which Transco had filed a separate application.

Transco had originally filed an application before the FERC on December 18, 1981, to construct and operate the Transco-Niagara Pipeline System. (Docket No. CP82-125.) Transco had proposed a 158-mile system from a point on the border near Niagara Falls extending to Transco's system at the Leidy storage field in Pennsylvania. On June 11, 1982, an amendment to the application was filed by Trans-Niagara Pipeline, a general partnership of Transco Canada Pipeline Company (an affiliate of Transcontinental Pipeline Corp.), TransCanada Pipeline Niagara, Ltd. (an affiliate of TransCanada Pipeline) and Texas Eastern Niagara, Inc. (an affiliate of Texas Eastern Transmission Corp.). Trans-Niagara Pipeline, as the proposed successor in interest to Transco-Niagara property, now planned to construct and operate the pipeline across the Niagara River to interconnect with the facilities of TransCanada, Transco and Texas Eastern, with capacity of 2.182 Bcf/d.

On August 9, 1982, Tennessee supplemented a pending application with the FERC with a proposal to construct a pipeline extending from Niagara Falls, New York, to East Aurora, New York.

Transco announced the joint facilities would be designed to provide capacity for all pending imports at Niagara Falls, approximately 1,100,000 Mcf/d for Transco, 1,000,000 Mcf/d for Tennessee (including 185,000 Mcf/d for Boundary Gas), 302,000 Mcf/d for Texas Eastern and 1,200 Mcf/d for Algonquin Gas.

On January 25, 1983, an application was filed in FERC (CP-83-170-000) to construct the Niagara Interstate Pipeline system.

II. CANADIAN AND MEXICAN BORDER PRICE DEVELOPMENTS

In January 1982¹⁹ the ERA issued Opinion No. 18-F, approving a joint offer of settlement proposed by El Paso Natural Gas Company and Compania Minera de Cananea S.A. The settlement offer was to resolve issues surrounding the ERA's Opinion No. 18,²⁰ granting El Paso's application to export up to 14,300 Mcf/d to Compania Minera on the condition that El Paso receive the price authorized by the ERA to be paid for gas imported from Mexico. The settlement delayed the imposition of the higher export price from October 19, 1980, until June 1, 1981, and provided that El Paso, on a voluntary basis, would credit the increased revenues due to the volumes sold at the authorized export price to its Account 191 for distribution to its ratepayers.

In April 1982,²¹ the ERA issued Order Nos. 40 and 41, approving amendments to the gas export contracts of Del Norte Natural Gas Company and Montana Power Company. The amendments provided that the price of the gas exported to Canada and Mexico be the same as the effective price authorized by the ERA for gas imported from those countries. The opinions also disposed of proceedings directing Del Norte and Montana Power to show cause why their current export authorizations should not be amended to provide price parity. Additionally, the ERA issued Opinion Nos. 42 and 43²² suspending consideration of similar show cause proceedings, instituted in November of 1980, involving Entex, Inc., and Valero Transmission Company because their exports have ceased.

On March 22, 1982, Flormex Energy Corp. filed applications in the ERA and FERC (respectively, 82-03-NG and CP82-251-000) to import 150 Mcf/d from PEMEX for distribution to unnamed domestic gas suppliers. On December 16, 1982, the ERA dismissed the application without prejudice. A week later, on December 23, 1982, FERC rejected a companion application by Flormex (CP82-251-000), also without prejudice. Both actions were based on the applicant's failure to respond fully to the agencies' requests for data. Flormex had arranged to purchase the gas from PE for a six-year period at three points on the international border, Eagle Pass, Laredo and Reynosa, Texas. In response to requests by the ERA and the FERC for contract documentation, Flormex replied that Mexican law did not permit PEMEX to formalize preliminary negotiations until Flormex had obtained an import license from the United States government.

On January 18, 1983, the ERA held a public conference to discuss natural gas imports from Canada and Mexico including pricing approaches more responsive to market prices. Specifically, the ERA sought comments on alternative pricing systems to a uniform border price that would permit natural gas to enter the country at competitive prices. The ERA acted in response to recent requests to renegotiate Canadian and Mexican import prices.

¹⁹Order Accepting Joint Offer of Settlement and Amending Authorization Granted in DOE/ERA Opinion and Order No. 18, DOE/ERA Opinion and Order No. 18-F, ERA Docket No. 78-15-NG (issued Jan. 25, 1982).

²⁰Order Authorizing the Export of Natural Gas to Mexico, DOE/ERA Opinion and Order No. 18, ERA Docket No. 78-15-NG (issued Aug. 21, 1980).

²¹Order Amending Authorization to Export, DOE/ERA Opinion and Order No. 40, ERA Docket No. 80-19-NG (issued April 28, 1982); Order Amending Authorization to Export, DOE/ERA Opinion and Order No. 41, ERA Docket No. 80-20-NG (issued April 28, 1982).

²²Order Suspending Order to Show Cause, DOE/ERA Opinion and Order No. 42, ERA Docket No. 80-21-NG (issued April 28, 1982).

III. LNG IMPORTS AND EXPORTS

In February 1982,²³ the FERC granted an application by Distrigas of Massachusetts Corp. (DOMAC) to sell to eight existing and two new customers approximately 1.7 trillion Btu of LNG imported from Sonatrach, scheduled to arrive in February 1982 at the Distrigas Everett, Massachusetts, LNG terminal. Subsequently, in March 1982,²⁴ the FERC granted a petition by DOMAC to amend the previous order to approve the sale of an additional 2.5 trillion Btu in March 1982. This was the first time since 1972, when the FERC approved the long-term import program of DOMAC's affiliate, Distrigas, that Sonatrach will deliver sufficient LNG to Distrigas, for resale to DOMAC, to enable DOMAC to sell the excess LNG.

On August 27, 1982, Distrigas Corp. applied to amend authorizations granted by the ERA and FERC on December 31, 1977, and November 28, 1978, respectively, which approved the import of 43.5 Bcf of LNG annually from Algeria over a 20-year period at an f.o.b. price of \$1.30/MMBtu. The proposed amendment would provide, *inter alia*, an increase in the f.o.b. price to \$4.44/MMBtu and a reduction in Distrigas' take or pay obligation from 17 cargo ships annually to 14 cargo ships annually.

On May 10, 1982, Phillips Petroleum Company and Marathon Oil Company filed an application in the ERA (82-04-LNG) to amend their 1967 authorization to export LNG to Japan. The amendment is to extend the basic agreement for an additional five years, through May 1, 1989. The amendment also seeks to establish a mechanism to deliver authorized amounts not delivered in the five contract years during subsequent years or during a maximum seven-month make-up period beginning June 1, 1989. In December 1982,²⁵ the ERA issued Opinion No. 49, granting the application.

In August 1982 Trunkline LNG Company announced that it had received from Sonatrach a shipping schedule for Algerian LNG to its Lake Charles, Louisiana, terminal, and also that it had agreed to a modification of the escalation formula governing the future prices of the LNG, f.o.b. Algeria. Although Trunkline had been authorized to receive LNG shipments beginning in 1980,²⁶ none had yet been imported.

In response to a number of protests and complaints, the FERC, in September 1982,²⁷ issued a show-cause order with respect to the recent Trunkline announcements. Noting the possibility of changed circumstances since the import was originally approved in 1977 and acknowledging the various protests to the new pricing formula, the Commission directed Trunkline LNG to show cause why the proposed deliveries and pricing formula are not in essence a new contract requiring new FERC approval, why the proposed deliveries would not be in violation of the

²³Distrigas of Massachusetts Corp., Docket No. CP82-136-000, Findings and Order After Statutory Hearing Issuing Certificate of Public Convenience and Necessity (issued February 1, 1982).

²⁴Distrigas of Massachusetts Corp., Docket No. CP82-136-002, Order Amending Order Issuing Certificate of Public Convenience and Necessity (issued March 5, 1982).

²⁵Order Amending Authorization of Philips Petroleum Company and Marathon Oil Company to Export LNG from Alaska, DOE/ERA Opinion and Order No. 49, ERA Docket No. 82-04-LNG (issued Dec. 14, 1982).

²⁶Opinion and Order on Proposal to Import Liquefied Natural Gas to the United States from Algeria, FPC Opinion No. 796, Docket No. CP77-221 (issued April 29, 1977).

²⁷Trunkline LNG Company, Docket Nos. CP74-138-003 and CP74-139-001; Trunkline Gas Company, Docket No. CP74-140-001; State of Michigan and Michigan Public Service Commission, Docket No. CP82-519-000; Association of Businesses Advocating Tariff Equity v. Trunkline LNG Company and Trunkline Gas Company, Docket No. CP82-517-000, Order to Show Cause Consolidating Proceedings and Describing Expedited Procedures (issued September 24, 1982).

Natural Gas Act or other applicable laws, and why the operation of the Lake Charles terminal facilities is still in the public convenience and necessity. Subsequently, in October 1982,²⁸ the FERC and ERA issued a joint order providing for joint hearings on an expedited schedule in proceedings pending in both agencies involving the import of LNG by Trunkline LNG. FERC's Chief ALJ Curtis Wagner presided at these hearings, which concluded on December 14, 1982, with the parties submitting briefs to both agencies on January 3, 1983.

In November 1982 Consolidated Natural Gas Company announced plans to withdraw from a project to import Algerian LNG through a terminal jointly owned with Columbia Gas Transmission Corp. at Cove Point, Maryland. Deliveries, which began in March 1978, were interrupted by Sonatrach in April 1980 over a price dispute and have not been resumed. On November 9, 1982, Consolidated officially filed with the FERC (CP83-75-000) to abandon the Cove Point, Maryland, LNG project.

On December 10, 1982, Pacific Indonesia LNG Company (CP75-140, *et al.* and 77-001-LNG) informed the FERC and ERA that it had agreed with Pertamina to extend its contract for the purchase of Indonesian LNG for an additional year to December 31, 1983. The Pacific Indonesia project involves importation of approximately 620,000 MMBtu/d equivalent of LNG from Pertamina to the proposed Point Conception, California, terminal, where the LNG will be regassified and then sold in equal shares to Southern California Gas Company and Pacific Gas & Electric.

IV. SUMMARY OF RECENT IMPORT-EXPORT DATA

In mid-October 1982 the Energy Information Administration (EIA) released a statistical abstract of U.S. imports and exports of natural gas for the year 1981 based on data filed in FPC Form 14.

During 1981, total U.S. natural gas imports were 903.9 Bcf, a decrease of 8.2% from 1980 imports of 984.8 Bcf. The 1981 total included 762.1 Bcf of pipeline imports from Canada (down 4.3% from the 1980 volume of 796.5 Bcf), 105.0 Bcf of pipeline imports from Mexico (up 2.5% from the 1980 total of 102.4 Bcf). Natural gas imports in 1981 were at their lowest level since 1970, and Canadian imports are at their lowest since 1969.

U.S. exports of natural gas rose by almost 22% from 48.7 Bcf in 1980 to 59.4 Bcf in 1981. The majority of this was LNG exports from Southern Alaska to Japan, which increased from 44.7 Bcf in 1980 to 55.9 Bcf in 1981.

²⁸Trunkline LNG Company, Docket No. CP74-138-003 and CP74-139-001; Trunkline Gas Company, Docket No. CP74-140-001, *et al.*, Joint Order Consolidating FERC Proceedings, Initiating ERA Proceedings, Setting Joint ERA/FERC Hearings, Denying Waivers, Motions, and Petitions, and Granting and Inviting Intervention (issued Oct. 28, 1982).

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