Report of The Committee On Natural Gas Imports and Exports

THE AUTHORITY OF the Federal government to regulate the exportation or importation of natural gas is contained in Section 3 of the Natural Gas Act, 15 U.S.C. § 717(b). Section 3 provides that natural gas shall not be imported into or exported from the United States without receipt of prior approval that finds that such importation or exportation is in the public interest. Pursuant to the Department of Energy Organization Act, Section 3 authority is vested in the Secretary of Energy. The Secretary has in turn delegated the authority to both the Economic Regulatory Administration (ERA) and the Federal Energy Regulatory Commission (FERC). The particular authority of either the ERA or the FERC depends on the issue to be decided.

ERA is responsible for deciding whether the proposed import or export is not inconsistent with the public interest. This judgment is based upon various factors including security of supply, balance of payments, price of the import or export, national and regional needs for gas, and the eligibility of the purchasers and participants. If the decision is favorable, ERA may impose conditions on the import price, the escalation clauses or any other terms of the contract.

FERC in contrast is responsible for exercising all of the functions related to proposed imports or exports under Section 3 which either have not been delegated to ERA or which ERA chooses not to exercise. Also, all functions under Sections 4, 5 and 7 of the Natural Gas Act as they relate to import and export applications are the FERC's responsibility. Accordingly, FERC considers the site, construction and operation of particular facilities, and the place of entry of an import. FERC also has the authority to review the resale prices and the transportation prices under Section 4, 5, and 7 of the Natural Gas Act if the import will be transported or resold in interstate commerce. If FERC authorizes an import, it must include in its order any terms or conditions previously attached by the ERA.

The Secretary delegated all authority to decide Section 3 issues concerning the Alaskan Natural Gas Transportation System (ANGTS) to the FERC and, thus, ERA has no current role in that proceeding.

SIGNIFICANT NATURAL GAS IMPORT CASES

A. Canadian Imports

1. *Northwest Alaskan Pipeline Company, et al.,* Docket Nos. CP78-123, *et al.*

There were several significant developments in this project, relating primarily to the pre-building of portions of ANGTS in order to import Canadian gas to the U.S. pending the completion of the remaining portions of the pipeline system. The proposal at issue involves the export of gas by Pan-Alberta Gas, Ltd. for sale to Northwest Alaskan, the sponsor of the proposed Alaskan Pipeline, to be transported through a Western Leg to a termination point in California, and through an Eastern Leg to a point near Chicago, Illinois.

The feasibility of the pre-build scheme has depended upon authorization by the Canadian National Energy Board (NEB) of sufficient volumes of gas for export from Canada to support the project. On December 6, 1979, the NEB authorized only 1.8 Bcf of the 4.9 Bcf requested by Pan Alberta for export to the United States.[1] Pan Alberta has sought to sell Northwest Alaskan 800,000 Mcf/d at Monchy, Saskatchewan and 240,000 Mcf/d at Kingsgate, British Columbia over a 12-year period. The NEB approved the full amount of exports applied for in the first five years of the forecast period (1980 through 1984), but decreased the amounts by 25 percent each year through 1987. In other words, exports in 1985 would be at 75 percent, in 1986 at 50 percent, and in 1987 at 25 percent of the 1984 level. In response to the NEB's decision, the sponsors have announced that they would develop a new proposal intended to coordinate with the December 6, 1979 order.

On January 11, 1980, the FERC approved construction of a 160 mile portion of the Western Leg segment of the ANGTS between Kingsgate, British Columbia and Stanfield, Oregon, but its decision reflected the impact of the reduced export authorization by the NEB.[2] In its decision, the Commission refused to choose the route advocated by either the sponsors of the project or the Commission Staff and the California PUC, but, instead, authorized the construction of a partial loop from Kingsgate, British Columbia to Stanfield, Oregon which was common to both proposals. In authorizing the 160 mile looping line, the Commission acknowledged that there were risks associated with the pre-build proposal, but concluded that "acceptance of some risks are in order given the urgent national priority of the ANGTS in both the U.S. and Canada." The pre-building of the looping segment of the Western Leg of the ANGTS is supposed to make possible the commencement of deliveries of Canadian gas through the Western Leg in the fall of 1980.[3]

On January 4, 1980, the FERC granted a November 29, 1979 Staff motion to require Northern Border Pipeline Company to refile its certification cost estimates for the pre-building of the Eastern Leg of the ANGTS. The order directed Northern Border to conform its cost estimates to the format prescribed in the Commission's procedural order of September 6, 1979, in which the Commission set out procedures for the submission and examination of cost estimates by both Northern Border (for the Eastern

[1]The NEB decision also applied to nine other companies who sought to export gas to the United States. See discussion in next section.

[2]The Commission's January 11, 1980 order also determined that separate decisions would be issued with regard to the remaining segments of the Western and Eastern Legs of the ANGTS.

[3]On January 31, 1980, the FERC amended its January 11, 1980 order approving the pre-building of the 160 mile looping segment of the Western Leg to increase the pipe size from 36 to 42 inches in diameter. The Commission's order conforms to a decision by the Secretary of Energy based on an "optimistic" outlook for both Alaskan and Canadian volumes.

Leg) and Pacific Gas Transmission Company (for the Western Leg). Under conditions contained in the President's 1977 authorization of the ANGTS and the specific requirements established by the Commission in Order No. 31,[4] issued June 8, 1979 (RM78-12), the sponsors must submit a certification cost and schedule estimate based on 1978 or 1979 prices for comparison to the March, 1977 cost estimate upon which the President's conditional authorization of the ANGTS was based. The Commission must then determine whether these estimates materially or unreasonably exceed the estimates filed with the Commission in March 1977.

A decision on the pre-building of the Eastern Leg of the ANGTS is still pending. Meanwhile, Pan-Alberta Gas Ltd. has applied to the NEB to export an additional 850.4 Bcf to the U.S. between 1983 and 1987 to support both the Western and Eastern Leg segments of the pre-build project.

2. *Other Export Applications Determined by the NEB*

The NEB's order of December 6, 1979, authorizing the export of 3.75 Tcf of the 8.8 Tcf of gas requested for export from Canada to the United States, affected nine applicants for export authorization other than Pan-Alberta, Ltd., discussed above, as follows:

(1) Westcoast Gas Transmission Co. applied to extend the terms of two licenses to export gas for sale to Northwest Pipeline Corp. The NEB approved 224 Bcf of the 850 Bcf requested.
(2) Alberta and Southern Gas Co., Ltd. sought three or four-year extensions to two licenses covering sales to Pacific Gas Transmission Co. which are currently due to expire in October 1985 and October 1986. The NEB approved approximately 89 Bcf of the 730 Bcf sought.
(3) Progas Ltd. (a consortium of Alberta producers) applied to sell 300,000 Mcf/d in equal shares to Natural Gas Pipeline Co., Michigan Wisconsin Pipe Line Co., Tennessee Gas Pipeline Co. and Texas Eastern Transmission Corp. over an initial five year period beginning in November 1980. The NEB approved 601 Bcf of the 767 Bcf requested by Progas.
(4) TransCanada sought to extend to 1986 its authorization to export 223,000 Mcf/d under an existing license to Midwestern Gas Transmission Co. which expires in 1981. The NEB approved 385 Bcf of the 400 Bcf sought by TransCanada.
(5) The NEB approved 401 Bcf of the 511 Bcf sought by Consolidated Natural Gas Ltd. for transportation to Northern Natural Gas Co. over the 1980-1985 period.
(6) The NEB approved 85 Bcf of the 204 Bcf sought by Columbia Gas Development of Canada Ltd. for delivery to Columbia Gas Transmission Corp. at Sumas, Washington.

[4]Order No. 31 also determined (1) the structure of the initial tariffs to be applied to the transportation of Alaskan and Canadian gas; (2) the incentive rate of return mechanism and the values to be applied to the separate elements thereof; and, (3) the rate of return on equity to be applied once the system becomes operational.

(7) Canadian-Montana Pipeline Co. sought approval of an additional 207 Bcf under amendments and extensions of existing licenses and was granted 73 Bcf.

(8) The NEB approved 65 Bcf of the 66 Bcf sought to be exported by Sulpetro Ltd. for sale to Transcontinental Gas Pipe Line Corp. and Consolidated Gas Supply Corp. at a point near Niagara Falls. The license sought called for the export of 75,000 Mcf/d over a three year period.

(9) Finally, the NEB approved 25 Bcf of the 116.5 Bcf requested by Niagra Gas Transmission Ltd. for export and sale to St. Lawrence Gas Co. over the 1979-1995 period.

The NEB's order was based on a restrictive view of the surplus gas available for export, comparing estimated annual deliverability from estimated reserves with estimated annual Canadian requirements plus previously authorized exports. This method (Current Deliverability Test) resulted in a surplus of 4.5 Tcf for export. In calculating Canadian requirements, the NEB utilized a previously-published forecast rather than a recent forecast which had revised the earlier forecast downward, thus affording "a greater degree of protection" to future Canadian requirements.

Neither the ERA or the FERC had acted on the related import authorizations for these projects as of March 15, 1980. A number of the proposals are tied directly or indirectly to the pre-building of ANGTS and will be decided as part of that proceeding.

3. *ERA Opinion No. 14*

On February 16, 1980, the ERA issued Opinion No. 14 in which it rejected three new applications to import gas from Canada at the recently authorized export price of $4.47/MMBtu but granted seven applications to continue importation of flowing gas at the increased price on an interim basis. The three new imports which were denied were:

(1) Northern Natural Gas Co. (Docket No. 78-002-NG) to import approximately 10 Bcf annually by displacement from Union Gas Ltd. over the 1979-80 heating season;[5]

(2) Columbia Gas Transmission Corp. (Docket No. 79-30-NG) to import 41,000 Mcf/d over a 15-year period at a point near Emerson, Manitoba; and,

(3) Montana Power Co. (Docket No. 79-16-NG) to import about 1,068 Mcf/d over a 14-year period at the Alberta/Montana border.

In denying these applications, the ERA stated that there had been no showing of a "compelling immediate need" for the new Canadian supplies at the

[5]This project involves a December 1977 contract between Northern and Union Gas in which Northern agreed to purchase from Union volumes equivalent to the Btu content of SNG which Union had previously contracted to purchase from Petrosar Ltd. On January 15, 1980, the ERA in Opinion No. 13 granted Northern's application to import SNG at a price of $3.45/MMBtu plus storage for the 1979-80 heating season because that price compared favorably with the price of alternative fuels and the SNG would, in part, go towards displacing fuel oil. However, since no volumes have flowed under Opinion No. 13, ERA decided to treat Northern's request for a new price for the gas authorized in that Opinion as an application for approval to import new volumes.

$4.47/MMBtu price, but that this did not preclude a finding of need were the price "competitive with the price of residual fuel oil." The ERA acknowledged that the $4.47/MMBtu price may in the future become competitive with alternative fuel prices, and thus stated that denial of the applications was without prejudice to refiling if the Canadian price should become comparable to alternative fuel prices.

As noted above, however, the ERA approved on an interim basis seven applications for approval of the new Canadian price for gas already flowing. Approval was granted to (1) Inter-City Minnesota Pipelines Ltd. (Docket No. 80-01-NG); (2) Great Lakes Gas Transmission Co. (Docket No. 80-02-NG); (3) Montana Power Co. (Docket No. 80-03-NG); (4) Michigan Wisconsin Pipe Line Co. (Docket No. 80-04-NG); (5) Northwest Pipeline Corp. (Docket No. 80-05-NG); (6) Midwestern Gas Transmission Co. (Docket No. 80-06-NG); and, (7) Pacific Gas Transmission Co. (Docket No. 80-07-NG). In addition, gas currently being imported by St. Lawrence Gas Co. and Vermont Gas Co. will be subject to the increase although no separate applications were filed for the increase. Approximately 2.4 Bcf/d, or about 5 percent of the nation's total gas supply is associated with these projects.

In approving the price increase for the flowing gas, the ERA stated that it was seeking to "avoid serious hardships and dislocations that would occur if all Canadian gas supplies were to be terminated abruptly." It therefore authorized the price increase through May 15, 1980, and directed the applicants to file written comments by March 31, 1980 as to why the approval should be extended beyond May 15, 1980. Responses to the comments are due April 15, 1980.

ERA also determined that the Canadian price increase should be incrementally priced to the extent that the volumes of Canadian gas imported exceed the 1977 base year volumes. ERA commented that rolled-in treatment "would mask the true cost of the gas and would result, in effect, in a subsidization of the high-cost imported fuels" and would "impact negatively on our overall energy policy by sending to low priority users a false signal as to the true cost of these supplies. . . ."

4. *Other Canadian Price Increases*

The increase in the price of Canadian gas to $4.47/MMBtu was the fourth in less than one year. On April 30, 1979, the ERA authorized several pipelines[6] to amend their import authorizations to reflect an increase in the price of Canadian gas from $2.16/MMBtu to $2.30/MMBtu effective May 1, 1979. On August 10, 1979, the ERA again authorized several pipelines[7] to amend their import authorizations to reflect an increase from $2.30 to $2.80/MMBtu effective August 11, 1979. Finally, on November 2, 1979, the ERA authorized an amendment to import authorizations to reflect an increase from $2.80 to $3.45/MMBtu effective November 3, 1979.[8]

[6]Midwestern Gas Transmission Co., Great Lakes Gas Transmission Co., Inter-City Minnesota Pipelines Ltd., Michigan Wisconsin Pipe Line Co., Montana Power Co., and Northwest Pipeline Corp.

[7]See companies listed in footnote 6, *supra*. Inter-City was only authorized to reflect a price of $2.50/MMBtu.

[8]See companies listed in footnote 6, *supra*. Inter-City was authorized to reflect a price of $3.15/MMBtu.

5. *Midwestern Gas Tranmission Company*

On August 9, 1979, the ERA granted an application by Midwestern Gas Transmission Company in Docket No. 79-04-NG to import an additional 114 Bcf of gas at the rate of 350,000 Mcf/d from TransCanada under existing import authorizations. The volumes in question had been previously authorized for import but could not be imported because of daily and annual restrictions in TransCanada's export and Midwestern's import authorizations.

On September 25, 1979, the FERC approved Midwestern's corresponding application in Docket No. CP66-110, *et al.,* to sell 350,000 Mcf/d of gas to Tennessee Gas Pipeline Co., Northern Natural Gas Co., and Natural Gas Pipeline Co. of America until October 31, 1980. These volumes include the gas imported by TransCanada to Midwestern as well as volumes imported by Great Lakes from Canada for resale to Midwestern.

B. Mexican Imports

On December 29, 1979 the ERA issued Opinion No. 12 authorizing Border Gas, Inc., a consortium of six major pipelines,[9] to import 300 MMcf/d of natural gas from Mexico at a price of $3.625/MMBtu effective January 1, 1980. The six companies had entered into a contract with the Mexican state-owned oil company (PEMEX) on October 18, 1979 which provided for the sale of 300 MMcf/d of natural gas at the initial rate of $3.625/MMBtu. This agreement followed shortly after the U.S. and Mexico announced on September 21, 1979 that the countries had reached an agreement to import gas from Mexico to the U.S. at such rate.

In concluding that the initial price of $3.625/MMBtu was consistent with the public interest, the ERA noted that it fell within the range of prices for residual fuel oil, its principal alternative fuel, and also noted that strong economic and other ties with Mexico ensured a greater stability to the supply than previous LNG import applications. The initial price will be adjusted quarterly according to the percentage change in world crude oil prices pursuant to a specific agreed-upon formula.

Previously, on December 21, 1979, the FERC granted a related request by Border Gas to resell the gas to the six participating pipelines according to their respective entitlements. Initially, the gas will be delivered through existing facilities of Texas Eastern at a "secondary" point near Reynosa, Tamaulipas and Hidalgo, Texas. Texas Eastern will sell one-third of its own gas to Transwestern Pipeline Co. and will transport the remainder to delivery points on Texas Eastern's system for delivery to the other pipelines.

In January of 1980, United Gas Pipe Line Co., Natural Gas Pipeline Co. of America, and the State of Louisiana sought rehearing of a portion of Opinion No. 12 which had refused to grant a hearing on certain provisions of the Border Gas proposal which provide that volumes in excess of the 300,000

[9]The consortium consists of Tennessee Gas Pipeline Co. (37.5%), Texas Eastern Transmission Corp. (27.5%), El Paso Natural Gas Co. (15%), Transcontinental Gas Pipe Line Corp. (10%), Southern Natural Gas Co. (6-2/3%) and Florida Gas Transmission Co. (3-1/3%).

Mcf/d would be imported exclusively by Border Gas and resold only to the six pipeline members of Border Gas. The parties seeking rehearing claimed that an immediate hearing was necessary because the "exclusionary" arrangement would block other pipelines from participating in future Mexican imports.

Similar arguments were made during the pendancy of the FERC proceeding, but the FERC noted that the issue primarily involved Section 3, and thus declined to take any action on the issue pending ERA action on Border Gas's Section 3 request for import authorization. In similarly declining to resolve the issue, the ERA made it clear in Opinion No. 12 that its authorization of imports by Border Gas only extended to the initial 300,000 Mcf/d through existing facilities. Although declining to grant hearings on the importation or allocation of gas in excess of the 300,000 Mcf/d, it acknowledged that further development of the record would be required before the issue could be resolved. On February 29, 1980, the ERA issued Opinion No. 15 denying the applications for rehearing and reaffirming Opinion No. 12.

C. LNG Imports

1. *El Paso Eastern Company, et al.,* Docket No. 77-06-LNG

ERA, having granted applications for rehearing solely for purposes of further consideration of Opinion No. 4, in which ERA denied El Paso Eastern's proposed project for importation of Algerian LNG, called a conference on October 25, 1979, in order to define the issues to be addressed on rehearing. Those issues, as outlined by the parties, are (1) whether the question of need for the gas must be answered by looking beyond the needs of El Paso's distribution customers to regional and national need; (2) whether El Paso's contingency plan in the case of interruption of imports is sufficient; (3) whether deliveries from Algeria will be sufficiently secure.

On October 15, 1979, subsidiaries of El Paso Natural Gas Co. and Peoples Gas Co. (now Peoples Energy Corp.) announced the formation of La Salle Terminal Co., a partnership for the design, construction and operation of an LNG terminal at Matagorda Bay on the Texas Gulf Coast. That terminal would have the capability of handling up to 3 Bcf/d of imported LNG from Trinidad, Nigeria, and Algeria. On December 31, 1979 a subsidiary of American Natural Resources Co. joined the La Salle partnership. The agreement provides that El Paso will contribute 50% of total capital, while Peoples and American Natural each will contribute 25%.

2. *Pacific Indonesia LNG Company,* ERA Docket No. 77-001-LNG, FERC Nos. CP75-140, *et al.*

On September 26, 1979, ERA issued Opinion No. 8, an order on rehearing and final order regarding Pac Indonesia's proposal to import Indonesian LNG. ERA affirmed its earlier decisions in Opinion No. 1 (issued December 30, 1977) and Opinion No. 6 (issued April 24, 1979), wherein ERA found that the proposed importation was not inconsistent with the public interest since (1) the source of imported volumes is reliable and secure; (2) the impact on the balance of payments by the project will be less severe than if equivalent amounts of oil were imported; (3) the price is reasonable; (4) there is a regional need for the gas; and, (5) the direct purchase at full cost by state-regulated utilities is not inconsistent with the public interest. Additionally, ERA removed a condition previously imposed in Opinion No. 1, which provided that all necessary federal, state, and local approvals be obtained before facility operation was authorized. The effect of removal of that condition was to provide federal approval of the Oxnard terminal site if the applicants decided to use that site.

On the issue of the terminal site for imported Indonesian volumes, the Secretary of Energy and the FERC agreed to a rule providing that Pac Indonesia's proposal to construct the site at Point Conception, rather than at Oxnard, would be transferred to the FERC and consolidated with the Pac Alaska project for joint evidentiary hearings on the Point Conception site. That rule was modified on September 24, 1979, when the Secretary of Energy delegated full decisional responsibility to the FERC for approval of applications for construction and operation of facilities at any site but Oxnard.

On October 12, 1979, the FERC approved the location of the terminal facility at Point Conception. The FERC, however, rejected ERA's calculation of an initial rate based on first year unit cost. Instead, the FERC prescribed initial rates based on the applicant's best estimates of the average of the costs for the first three years and LNG throughput for that period.

On December 12, 1979, the FERC denied rehearing but modified its earlier order in certain respects. The FERC, *inter alia,* rejected the argument advanced by certain intervenors that the FERC, in approving the Pac Indonesia project, must make its own determination of the need for the gas since FERC's approval of the project involved a Section 7, rather than a Section 3, determination, and thus required a finding that the project was required by the public convenience and necessity. The FERC stated in response that DOE had delegated to ERA the exclusive jurisdiction to determine the need for the gas.

3. *Columbia LNG Corporation,* Docket No. ERA-78-004-LNG, FERC Docket No. CP78-425

Columbia LNG filed a notice of withdrawal of its application for import authorization of Iranian LNG on September 25, 1979. Columbia had proposed to import 300 MMcf/d over a 20 year period. The company stated as its reasons for withdrawal the instability of the Iranian government, the political situation, and the policy of the Iranian government regarding exports. Consolidated System LNG Company, also a participant in the project, withdrew on June 27, 1979.

4. *Columbia LNG Corporation, Consolidated System LNG Company, and Southern Energy Company,* ERA Docket Nos. 78-007-LNG and 79-14-LNG

An explosion at the Cove Point, Maryland LNG facility on October 6, 1979 resulted in a shutdown of the facility. The FERC approved a limited resumption of service on October 18, 1979. The FERC also provided for phased escalation of service, beginning at 150 MMcf/d and peaking at 400 MMcf/d, and approved interim construction and operation, subject to filing of a later application for permanent authorization. The order was further conditioned on the applicants obtaining the requisite federal, state, and local approval.

The applicants filed for permanent authorization for construction, installation of equipment, and resumption of service on November 6, 1979. The applicants requested, *inter alia,* authorization to increase the facility's sendout limit to 500 MMcf/d.

On November 9, 1979, as a result of the Cove Point accident, the project sponsors applied to both the FERC and ERA to change the point of importation of Algerian LNG from Cove Point to Elba Island, Georgia, for the period from November 1, 1979 to March 31, 1980. ERA, on January 15, 1980, issued an order granting temporary authorization to pay the increased transportation rates that resulted from the change in the point of importation.

ERA issued Opinion No. 11 in Docket No. 79-14-LNG on December 29, 1979, which authorized the adjustment of the base price to $1.94/ MMBtu f.o.b. Arzew, Algeria commencing January 1, 1980.[10] Although ERA expressed concern over certain features of the escalation clause, ERA concluded that the price of the resulting volumes would be competitive with available alternative fuels and the price increase would cut losses that Sonatrach potentially would suffer under the old contract.

ERA discussed five major issues in Opinion No. 11, as follows: (1) whether the contract amendment and the resultant higher prices were in the public interest; (2) whether there was a need for the supply; (3) whether direct sales to distributors should be required; (4) whether the gas should be incrementally priced at the burner tip; and, (5) whether the new contract will have a significant adverse impact on the U.S. balance of payments.

ERA regarded the issue of whether the original contract should be replaced with the new agreement as the threshold question. While no party disputed that Sonatrach legally could be held to the original agreement, ERA resolved that Sonatrach should be allowed to collect a price that reflects Sonatrach's actual costs, which costs significantly exceeded the estimates on which the price in the original agreement was based.

With respect to the public interest question regarding the base price and escalation formula, ERA concluded that the price and formula were reasonable, even though Sonatrach will more than recover its actual costs and a fair return, since the increase will not only cut Sonatrach's losses but will reflect the current value of LNG in the world market. ERA stated that, absent a change in price, deliveries under the contract would probably cease.

[10]On August 22, 1979, ERA approved an increase in the base price from $0.37/MMBtu to an Interim Price of $1.15/MMBtu (Opinion No. 7).

Regarding the issue of the escalator clause, ERA was forced to reconcile conflicting precedents in which ERA had approved in some instances and rejected in others the use of an escalator tied to competing fuels. ERA distinguished the present case on the grounds that it is an ongoing transaction as opposed to a new project and that other existing Algerian import projects have similar escalation clauses. Further, failure to approve the provision would jeopardize the substantial investment that has been made in the project.

ERA acknowledged that "dramatic changes" in the U.S. energy situation have impacted on the issue of need for the gas. ERA concluded that, in light of the insecure international energy supply situation, the volumes in question would be a secure and significant addition to U.S. supplies. While the applicants may not have shown an immediate need for the volumes in their systems, the total increase in supply will fulfill an overall national need.

ERA declined to impose a direct sales requirement but noted its presumption in favor of direct sales for new LNG projects. However, because of the substantial price increase, ERA did require that the imported volumes be incrementally priced in order to subject the LNG to a market test and allow more efficient allocation.

Lastly, ERA determined that, even at the higher price, a substantial balance of payment benefit to the U.S. would result from the importation of the LNG in place of petroleum.

Applications for rehearing of Opinion No. 11 by West Virginia Public Service Commission, General Motors, and the Consumer Federation of America are presently pending.

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