

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 or Commission). 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.

The National Energy Board (NEB) of Canada, *inter alia*, issues licenses for the export of natural gas pursuant to the National Energy Board Act. RSC 1970 c N-6 Part VI. In passing upon natural gas export applications, the NEB primarily determines whether: (1) the quantity of gas to be exported is surplus to Canadian needs, and (2) the price is just and reasonable.

I. IMPORTS FROM CANADA

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

1. Imports

On December 15, 1983, the Commission conditionally extended authorization to Northwest Alaskan Pipeline Company (Northwest Alaskan) to continue to import up to 300,000 Mcf per day of Canadian natural gas at Kingsgate, British Columbia for delivery into the western leg of the ANGTS and 800,000 Mcf per day of Canadian gas at Monchy, Saskatchewan for delivery into the eastern leg of the ANGTS through October 31, 1992.¹ The authorization is conditioned upon 3 events: (1) renegotiation of contracts to make the gas marketable, (2) submission of contract amendments to the FERC and (3) issuance of final regulatory approvals by the FERC and the NEB.

On the same day the Commission approved modifications to Northwest Alaskan's tariff which implement a settlement of take-or-pay obligations for imported Canadian gas.² The settlement will cost U.S. companies approximately \$84 million but relieve them of exposure to potential take-or-pay liability in excess of \$1 billion.

2. Certificated Cost Estimate and Rate Base Determinations

On February 18, 1983,³ the Commission revised three aspects of a previous September 21, 1982 order⁴ which established the Certificate Cost Estimate (CCE) for

¹25 FERC ¶ 61,384 (1983).

²25 FERC ¶ 61,389 (1983).

³22 FERC ¶ 61,175 (1983).

⁴20 FERC ¶ 61,321 (1982).

the Alaska segment of the ANGTS. Revisions were made which: (1) allows the Federal Inspector to substitute taxes actually paid for the tax component in the CCE, (2) allows for the inclusion of \$93.23 million in the CCE to reflect the purchase of Alyeska data and (3) adopts a labor inflation index for labor expenditures so that labor inflation will not affect the rate of return element in the IROR. As a result, the CCE was revised to \$6.996 billion.

In July 1983, an additional \$28 million was added to the CCE, consisting of estimated expenditures of \$25 million for affirmative actions costs plus \$3 million for normal contingencies.⁵ The Commission deferred determination of a CCE cost component for highway repair and maintenance pending negotiation and submission of a comprehensive agreement between the State of Alaska and Alaskan Northwest. The Commission also found it inappropriate to include a cost component in the CCE for socio-economic mitigation.

On May 9, 1983,⁶ the Commission approved in part and disallowed in part expenditures by Northern Border Pipeline Company (Northern Border) for the period through December 31, 1979. In adopting most of the recommendations made by the Office of the Chief Accountant, the Commission held that Northern Border had not met the burden of proof necessary to demonstrate how its expenditures, in support of the Arctic Gas Alaskan proposal for the portion of the pipeline in Alaska, had contributed or will contribute to the lower 48 eastern leg facilities. Therefore, it disallowed recovery of these costs in rate base. The Commission also disallowed the recovery of certain expenditures for booklet printing and press kits on the ground that their primary use was for lobbying-type activities. The Commission, however, agreed with Northern Border that it need not record deferred income taxes prior to the commencement of operations.

On the same day, May 9, 1983,⁷ the Commission denied reconsideration of its June 1, 1982 order⁸ disallowing recovery by Alaskan Northwest of expenditures of Canadian Arctic Gas Study Limited for inclusion in the rate base of the Alaska segment of the ANGTS.

On September 7, 1983 (rehearing denied October 21, 1983), the Office of the Federal Inspector for the ANGTS approved \$1,018,076,654 for the inclusion of Northern Border's rate base for costs incurred during the period January 1, 1980 through March 31, 1982.

3. Shipper Tracking

The Commission in July 1983 amended its rules by adding provisions establishing a cost-recovery mechanism for the shippers of Alaska natural gas through the ANGTS.⁹ The final rule establishes the conditions for a permanent tariff provision by which a shipper may flow through its ANGTS transportation costs to its jurisdictional customers by means of periodic rate adjustment filing.

B. Canadian Imports

On January 28, 1983 the ERA issued DOE/ERA Opinion and Order No. 48-A,¹⁰ denying the petition for rehearing of DOE/ERA Opinion and Order No. 48

⁵24 FERC ¶ 61,093 (1983).

⁶23 FERC ¶ 61,213 (1983).

⁷23 FERC ¶ 61,212 (1983).

⁸19 FERC ¶ 61,218 (1982).

⁹FERC Statutes and Regulations ¶ 30,475 (1983).

¹⁰Order Denying Petition for Rehearing and Clarifying DOE/ERA Opinion and Order No. 48, DOE/ERA Opinion and Order No. 48-A, ERA Docket No. 82-09-NG (January 28, 1983).

filed by Valero Transmission Company and Delhi Gas Pipeline Corporation. Northern Natural Gas Company (Northern Natural) had been authorized to increase imports from Consolidated Natural Gas Ltd. from 200,000 Mcf/day to 300,000 Mcf/day during the 1982-83 winter. On rehearing the ERA clarified that Northern Natural was only authorized to utilize the increased volumes for general system supply to existing customers and not to sell the increased volumes off-system.

Northern Natural had filed with the Commission on July 16, 1982 for authorization to increase by up to 100,000 Mcf/day its authorized imports of natural gas from Canada through March 31, 1983. On January 27, 1983 the Commission set for hearing Northern Natural's request for winter flexibility, and consolidated that proceeding with related applications.¹¹ Subsequently, on April 6, 1983 the Commission issued an order dismissing the applications and terminating the proceedings.¹² According to the order, this action was justified as a result of Northern Natural's withdrawal of its application, which became effective by operation of law on February 23, 1983.

Also on April 6, 1983, the Commission dismissed the application of New England States Pipeline Co. to construct a pipeline between Maine and Rhode Island.¹³ The pipeline was designed to transport volumes of natural gas imported from Canada. However, the NEB did not authorize the export of gas for the project; accordingly, the Commission dismissed the application as moot.

On May 5, 1983 the Commission authorized Midwestern Gas Transmission Company (Midwestern) to abandon a sale of up to 26,668 Mcf per day of imported natural gas to Tennessee Gas Pipeline Company, along with related facilities and transportation services.¹⁴ According to Midwestern, it desired to utilize this imported natural gas for its own customers' needs. The Commission noted that any such plan would require an appropriate authorization from the Commission.

Transcontinental Gas Pipe Line Corporation (Transco) was authorized by the Commission to import up to 75,000 Mcf per day from Sulpetro Ltd. on July 15, 1983.¹⁵ The authorization, which had previously been granted by the ERA¹⁶ was for a period of two years, commencing November 1, 1983. The authorization permits Transco to continue imports which commenced in 1980 and were to expire on October 31, 1983. The other issues in the proceeding were consolidated with the applications in the *Boundary Gas* case.¹⁷ The order was qualified by noting that approval of the application would not preclude Commission review of the prudence of the purchases in future PGA proceedings. In addition, the take-or-pay provision was reduced in the new contract from 90 percent to 75 percent.

The ERA, in DOE/ERA Opinion and Order No. 51, granted a petition amending the existing Canadian natural gas import authorization previously issued to Vermont Gas Systems, Inc., a Delaware corporation, so as to substitute for that company Vermont Gas Systems, Inc., a Vermont corporation, as the successor in interest pursuant to a merger.¹⁸ The Commission also issued an order amending the import authorizations and transferring the presidential permit to the Vermont corporation.¹⁹

¹¹ 22 FERC ¶ 61,065 (1983). The FERC had previously deferred action on the matter pending action by the ERA. See 20 FERC ¶ 61,197 and ¶ 61,199 (1982).

¹² 23 FERC ¶ 61,022 (1983).

¹³ 23 FERC ¶ 61,023 (1983); 23 FERC ¶ 61, 231 (1983).

¹⁴ 23 FERC ¶ 61,180 (1983).

¹⁵ 24 FERC ¶ 61,070 (1983).

¹⁶ DOE/ERA Opinion and Order No. 46 (September 16, 1982).

¹⁷ See also 24 FERC ¶ 61,003 (1983); 24 FERC ¶ 61,376 (1983).

¹⁸ Order Amending Orders Authorizing Importation of Natural Gas From Canada, DOE/ERA Opinion and Order No. 51, ERA Docket No. 83-05-NG (September 23, 1983).

¹⁹ 24 FERC ¶ 61,366 (September 23, 1983).

On October 4, 1983 the ERA issued DOE/ERA Opinion and Order No. 52, approving an amendment to the import authorization of Inter-City Minnesota Pipelines Ltd (Inter-City).²⁰ The ERA authorized an increase in the volumes imported from Canada and then exported for use in Canada, and the removal of all daily limits on the amounts imported and exported. The authorization is designed to provide Inter-City with operational flexibility without altering the amount of natural gas available for sale in the United States.

C. Canadian Gas Export Omnibus Hearing

In January 1983 the NEB authorized new exports of 11.5 trillion cubic feet (Tcf) of Western Canadian natural gas.²¹ This represents less than half of the 25.2 Tcf requested for exports by the applicants. Over a twelve-year period (1985-1996), the additional gas volumes authorized for export to United States markets total approximately 9.2 Tcf. The NEB also authorized 2.3 Tcf for export as liquefied natural gas (LNG) by Dome Petroleum Ltd. to Japan over a fifteen-year period (1986-2001).

The following companies were authorized to import the additional volumes from Canada: Algonquin Gas Transmission Company, Boundary Gas, Inc., ANR Pipeline Company (formerly Michigan Wisconsin Pipe Line Company), Midwestern Gas Transmission Company, The Montana Power Company, Natural Gas Pipeline Company of America, Northwest Alaskan Pipeline Company, Northern Natural Gas Company, Northwest Pipeline Corporation, Pacific Gas Transmission Company, Tennessee Gas Pipeline Company, a division of Tenneco Inc., Texas Eastern Transmission Corporation, Texas Gas Transmission Corporation and Transcontinental Gas Pipe Line Corporation.²²

In determining the surplus of Canadian gas for export markets, the NEB used the new, more flexible procedure established in Phase I of the proceedings.²³ The NEB found a surplus of 13.9 Tcf that could be licensed through the year 2000. However, due to the pattern of surplus deliverability and the estimated commencement dates of exports, the NEB authorized exports of only 11.5 Tcf.

A critical assumption made by the NEB in determining the need for Canadian gas in U.S. markets was that, in real terms, world oil prices during the term of

²⁰ Order Approving Amendment of Authorization to Import and Export Canadian Natural Gas by Inter-City Minnesota Pipelines Ltd., DOE/ERA Opinion and Order No. 52, ERA Docket No. 82-15-NG (October 4, 1983).

²¹ In the Matter of Phase II — the License Phase and Phase III — The Surplus Phase of the Gas Export Omnibus Hearing, 1982 and In the Matter of Applications Under Part VI of the National Energy Board Act of Alberta and Southern Gas Co. Ltd., *et al.* Phase I of the Hearing related to (i) whether any changes should be made to the conditions of existing natural gas export licenses issued by the NEB, (ii) whether the existing NEB protection procedures for licensed volumes should be changed, (iii) review of the procedure used by the NEB in the past to determine the availability of surplus natural gas for export, and (iv) consideration of other issues related to the terms and conditions of existing and future NEB licenses. In May 1982, the NEB released its decision on Phase I; the Phase I decision is not discussed in this report.

²² NEB Reasons for Decisions In the Matter of Phase II and Phase III, at 83, provides details of volumes and import points.

²³ Prior to the establishment of the new procedure, the NEB determination of the exportable surplus was based upon meeting each of three tests: Current Reserves, Current Deliverability, and Future Deliverability. The new procedure uses a revised Reserves Formula, which differs from the old test by setting aside the maximum quantities exportable under existing licenses, and a Deliverability Appraisal, which combines the two prior deliverability tests and estimates future deliverability based on (i) established reserves, (ii) future reserve additions, (iii) estimated Canadian requirements, and (iv) estimated exports under existing licenses in light of present market conditions.

exports would range between 1981 prices and 20 percent below the 1981 level. It was also assumed for this purpose that the export price would remain at \$4.94 per MMBtu in nominal terms, until it is at parity with seventy percent (70%) of the U.S. crude oil cost at refineries.

The NEB reviewed the supply/demand projections for gas in various regional markets in the U.S. and concluded that although the market opportunity for Canadian gas in the United States was not very encouraging in the short term, the U.S. market offered substantial opportunity to Canada for expanded exports over the longer term, especially in certain regions.

In allocating the surplus between various export delivery points, the NEB took into consideration (i) the cost of transportation to new markets, (ii) availability of existing pipeline capacity, (iii) expansion of existing facilities versus building of new pipeline systems, both in Canada and the U.S., and (iv) optimal net cost-benefit to Canada including maximization of net back to Canadian producers.

In revising the contractual arrangements under the export contracts, the NEB noted that generally these contracts contain high load factor terms and adequate take-or-pay levels ranging between 65 and 100 percent. The NEB reviewed the differences between various take-or-pay provisions, ranging from those that provide payment of full export price for take-or-pay volumes with limited make-up and refund rights to those that provide for payments for take-or-pay volumes at reduced price with liberal rights of make-up and refunds. The NEB found the varied provisions under different contracts generally satisfactory but pointed out that in its view the contracts with "high load factor and take-or-pay at the official export price with no refund provisions most closely exemplify the ideals of sound contract design."

II. CANADIAN AND MEXICAN BORDER PRICE DEVELOPMENTS

On January 18, 1983, the ERA held a hearing and received both written and oral comments from numerous parties with respect to natural gas imports from Canada.²⁴ The ERA requested and received comments on pricing systems which would serve as alternatives to a uniform border price and which would result in competitive prices. Most comments reflected a view that the then-effective Canadian and Mexican import rate of \$4.94 MMBtu was too high and that existing minimum "take-or-pay" provisions in import contracts should be reduced. Many comments recommended a flexible pricing system which would reflect current market conditions and which would be negotiated on a case-by-case basis by the parties involved rather than a new uniform pricing formula.

In January 1983,²⁵ during the course of approving an additional 11.5 Tcf of natural gas for export, the NEB reiterated its intention to emphasize the existence of reasonable take-or-pay provisions in assessing new applications. The NEB did note, however, that continuation of a uniform border price — while assumed for purposes of analysis — may not, in fact, prevail throughout the term of the approved exports. The NEB recognized that there will continue to be pressures in the future which may give rise to a reevaluation of not only the absolute level of export prices but also the continued appropriateness of a uniform border price.

On April 11, 1983, at a meeting of the Calgary (Alberta) Chamber of Commerce, Canadian Energy Minister Jean Chretien announced an 11 percent reduction in the uniform border price of natural gas from \$4.94 MMBtu to \$4.40 MMBtu effective

²⁴See Notice of Conference, 47 Fed. Reg. 57,756 (1982).

²⁵See *supra* note 21.

April 11, 1983.²⁶ This was the first change in the border price since April 1981, although the formula used by the NEB would have permitted increases during that period up to approximately \$6.00 MMBtu. The reduction reflected the decline in oil prices and was an attempt to prevent further declines in Canadian gas exports. Mr. Chretien indicated that Canadian gas would have to be competitive but also emphasized the need for secure long-term supplies.

In response to the lower Canadian border price, PEMEX agreed with Border Gas, Inc. that the price for Mexican gas should also be decreased to \$4.40 MMBtu. Accordingly, on April 28, 1983, Border Gas, Inc. filed a request for clarification of DOE/ERA Opinion and Order No. 31 issued April 21, 1981 in ERA Docket No. 81-23-NG to recognize and implement the reduction. The ERA informed Border Gas in a letter that they were authorized under DOE/ERA Opinion and Order No. 31 to pay the decreased price.²⁷

On July 6, 1983, Canadian Energy Minister Chretien announced a Volume Related Incentive Pricing (VRIP) Program which was designed to reduce the price of Canadian natural gas exports above a certain base level from \$4.40 MMBtu to \$3.40 MMBtu. Base volumes would continue to be sold at the uniform border price. The intent of the VRIP Program was to preserve and possibly increase Canada's market share in the United States. The VRIP Program would be in effect for the contract years ending October 31, 1983 and October 31, 1984, respectively. During the first year the incentive price would apply only after the entire base annual volume had been exported. During the second year exporters could offer the incentive price on a monthly basis, provided that over the course of the year only those volumes in excess of the annual base volume would be sold at the incentive price. For the purpose of the VRIP Program, base volumes were defined as the lesser of (1) 50% of the annual license quantity of the license grouping, where each license grouping basically includes those licenses issued to an exporter authorizing delivery to a particular U.S. customer, or (2) the actual quantity exported during the period November 1, 1981 - October 31, 1982, provided that gas was flowing during that twelve month period under all the contracts contained in a license grouping.

On November 1, 1983, Canadian Energy Minister Chretien announced a modification in the administration of the VRIP Program for the period November 1, 1983 - October 31, 1984. The modification would permit the sale of some gas at the incentive price each month, subject to the following guidelines and federal government approval: (1) there is a reasonable opportunity to sell more than the annual base quantity during the program period; (2) there is a reasonable opportunity for making greater sales than under the annual system; (3) the proportion of base volumes for each month is reasonable in light of recent historical performance; and (4) the exporter and U.S. importers contractually agree that payment deficiencies that may arise from the monthly application of VRIP are settled between the parties not less frequently than on a quarterly basis.

On September 7, 1983, the ERA convened a three day informal conference to obtain views on how it can bring about more flexible natural gas import arrangements which are based on buyer-seller negotiations and which are responsive to market conditions.²⁸ The conference was called to consider revised market-oriented criteria for authorizing natural gas imports. The comments

²⁶ Privy Council Order No. TC 1985-1056 (April 11, 1983).

²⁷ 48 Federal Register 23,883 (May 27, 1983). The FERC likewise authorized the importation of Canadian gas at the reduced price in a number of orders. *See, e.g.*, 23 FERC ¶ 61,379 (1983).

²⁸ *See* Solicitation of Public Comments and Announcements of Public Conference, 48 Fed. Reg. 34,501 (1983).

generally called for an emphasis on direct buyer-seller negotiations to work out arrangements suited to individual circumstances rather than a uniform application of rigid criteria in all cases.

On November 18, 1983, Congress adopted a conference report on the State Department's appropriations authorization (H.R. 2915) for the fiscal years 1984 and 1985. The bill contains an amendment which expresses the sense of Congress that the U.S. "move immediately to promote lower prices and fair market conditions for imported natural gas."²⁹ The amendment further stated that it was in the interest of the United States to continue to import natural gas, but urged prompt and immediate attention by all parties involved to the need to establish natural gas prices and terms fair to all parties.³⁰

III. LNG IMPORTS AND EXPORTS

A. *Trunkline LNG Company*

On January 28, 1983 Chief Administrative Law Judge Curtis Wagner, Jr. issued a Recommended Decision in *Trunkline LNG Company* (*Trunkline LNG*).³¹ The proceeding, conducted jointly by the Commission and the ERA, was instituted in October 1982³² pursuant to various protests to *Trunkline LNG's* importation of LNG from Algeria. In 1977, *Trunkline LNG* had been authorized to import up to 165 Bcf annually of LNG from Algeria;³³ deliveries of the LNG began in September 1982. The ALJ concluded that neither the ERA nor the Commission have the authority to revoke or suspend an import authorization absent a violation of the terms and conditions of that authorization. Accordingly, because: (1) no violation occurred, (2) Algeria was not shown to be an unreliable supplier of LNG, and (3) the LNG was needed by the pipelines supplied by *Trunkline LNG*, Judge Wagner recommended that the complaints be dismissed.

On February 25, 1983 the ERA issued Opinion No. 50,³⁴ denying the complaints and requests to suspend or revoke the authorization of *Trunkline LNG* to import the LNG, finding that there was insufficient evidence to warrant such suspension or revocation. The ERA stated that the record did not support a finding that *Trunkline LNG* had violated the terms of the existing import authorization, that there had been a fundamental change in circumstances since 1977, or that other public interest considerations justified such an action. The ERA deferred a decision on the reasonableness of the price of the LNG for at least six months, due to the uncertainties on issues such as possible legislative changes, volatile world oil prices, and a reevaluation of United States import policy by the Department of Energy.

The Commission also concluded that there was no fundamental change in circumstances which would warrant revocation or suspension of the authorization in an order issued February 28, 1983.³⁵ The Commission assumed without deciding that it had the authority to revoke or modify an existing import authorization in an appropriate case. Since an insufficient showing had been made, the complaints were

²⁹ H.R. 2915 98th Cong., 1st Sess., 129 Cong. Rec. H 10249 (daily ed. Nov. 17, 1983).

³⁰ *Id.* See also, Joint Explanatory Statement of the Committee of Conference, 129 Cong. Rec. H 10,253 (daily ed. Nov. 17, 1983).

³¹ 22 FERC ¶ 63,028 (1983).

³² 21 FERC ¶ 61,041 (1982).

³³ 58 FPC 726, 2935 (1977).

³⁴ DOE/ERA Opinion and Order No. 50, ERA Docket No. 82-12-LNG (February 25, 1983).

³⁵ 22 FERC ¶ 61,245 (1983).

dismissed. The Commission urged Trunkline LNG to renegotiate the contract price, so as to bring that price into line with current economic conditions.³⁶

On July 18, 1983 the Commission issued an Order to Show Cause why the authorization granted to Trunkline LNG had not been violated and should not be revoked.³⁷ According to the Commission, the failure of Trunkline LNG and Sonatrach (the Algerian national oil and gas company) to renegotiate the price of the LNG "with dispatch" might constitute a violation of the authorization, thereby justifying its revocation. The ERA likewise reopened the proceeding on September 23, 1983 to consider the reasonableness of the LNG price (the issue deferred in Opinion No. 50) in light of the contract amendment. Comments were received by the ERA on October 26, 1983.

On December 12, 1983, before either the ERA or the Commission acted further in the matter, Trunkline LNG temporarily suspended purchasing LNG from Sonatrach for an indefinite period. As a result of that suspension of purchases, Trunkline Gas Company on December 28, 1983 received the approval of the Commission to reduce its jurisdictional rates by 88.34 cents per dekatherm, effective January 2, 1985.³⁸

B. Consolidated System LNG Company

On November 9, 1982 Consolidated System LNG Company (Consolidated LNG) filed a request in Docket No. CP83-75-000 to abandon the Cove Point, Maryland liquefied natural gas facilities which it jointly owned with Columbia LNG Corporation (Columbia LNG). The facilities had been certificated to permit importation of natural gas from Algeria.³⁹ Deliveries began in March 1978 and have been interrupted since April 1980 as a result of a price dispute. On August 1, 1983 the Commission issued an Order to Show Cause to Columbia LNG and Southern Energy Company (Southern Energy), directing them to demonstrate why they should not be required to abandon the facilities used to import LNG from Algeria.⁴⁰

Both Columbia LNG and Southern Energy argued that abandonment of the facilities was inappropriate, in answers filed on September 30, 1983. Both companies argued that the facilities are required by the present or future public convenience and necessity under Section 7 of the Natural Gas Act, and are used and useful under Section 4 of the Act. Negotiations were assertedly continuing over the possibility of resuming deliveries to Cove Point and Elba Island — both Columbia LNG and Southern Energy claim that they eventually intend to resume importing LNG, thereby making abandonment inappropriate. The respondents further stated that were abandonment ordered, reactivation of the facilities in the future might be impossible. Finally, Columbia LNG argued that the Commission lacked the

³⁶ Both the ERA and the Commission subsequently granted rehearing to permit reconsideration of the issues.

³⁷ 24 FERC ¶ 61,077 (1983).

³⁸ Trunkline Gas Company, Docket No. TA84-1-3-001 (Letter Order issued December 28, 1983).

³⁹ Opinion No. 622, 47 FPC 1625 (1972); Opinion No. 622-A, 48 FPC 723; Opinion No. 786, 57 FPC 354 (1977). These opinions also authorized the construction and operation of liquefied natural gas facilities of Southern Energy Company at Elba Island, Georgia. In a related matter, the FERC on December 29, 1983 issued Opinion No. 202 in Columbia Gas Transmission Corporation, 25 FERC ¶ 61,460 (1983), holding that Columbia Gas Transmission Corporation and Consolidated Gas Supply Corporation acted imprudently by failing to either demand deliveries from the LNG companies under the Tariff or to demand billing under the minimum bill when it became apparent that the usual levels of deliveries would not be maintained. Commissioner Sheldon dissented from this finding of imprudence. The proceedings involving Southern Natural Gas Company were severed for a separate decision by the Commission.

⁴⁰ 24 FERC ¶ 61,198 (1983).

authority to order the abandonment of facilities when the certificate holder neither sought nor desired such an abandonment.

C. *Pacific Alaska LNG Company*

On October 4, 1983 the Commission issued an order in Pacific Alaska LNG Company (Pacific Alaska),⁴¹ terminating the proceedings in that docket. Pacific Alaska had applied to build a terminal near point Conception, California to receive LNG from Indonesia and Alaska. This LNG would be regassified and sold to Southern California Gas Company and Pacific Gas and Electric Company. Because of questions concerning the safety of the location of the facilities, the United States Court of Appeals for the District of Columbia Circuit remanded the case to the Commission for consideration of new seismic evidence.⁴² In an initial decision dated June 23, 1982,⁴³ an administrative law judge had found the proposed terminal site to be seismically suitable for safe construction and operation. Subsequently, on December 9, 1982 the applicants informed the Commission that they were not prepared to proceed with the project. In its October 4 order, the Commission affirmed the initial decision of the law judge on the seismic issues. The proceedings were then terminated, pending the renewal of the application.

IV. SUMMARY OF RECENT IMPORT-EXPORT DATA

In July 1983, the Energy Information Administration (EIA) published a report on the level of imports and exports of natural gas for calendar year 1982.⁴⁴ This report is based on data filed with the EIA on Form FPC-14.

The combined volumes of U.S. natural gas imports for 1982 were 933.4 Bcf, an increase of 3.3 percent from 1981 imports of 903.9 Bcf. The 1982 total included 783.4 Bcf of pipeline imports from Canada (up 2.8 percent from the 1981 volume of 762.1 Bcf), and 94.8 Bcf of pipeline imports from Mexico (a decrease of 9.7 percent from the 1981 total of Mexico (a decrease of 9.7 percent from the 1981 total of 105.0 Bcf). Imports of LNG from Algeria increased from 36.8 Bcf in 1981 to 55.1 Bcf in 1982.

U.S. exports of natural gas decreased by 12.9 percent from 59.4 Bcf in 1981 to 51.7 Bcf in 1982. Exports of LNG from Southern Alaska to Japan decreased from 55.9 Bcf in 1981 to 49.9 Bcf in 1982.

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⁴¹ 25 FERC ¶ 61,005 (1983).

⁴² Order issued in *Hollister Ranch Owners' Association v. Department of Energy*, D.C. Cir. No. 78-2207 (April 17, 1980). On June 10, 1983, the D.C. Circuit remanded to the ERA various other issues in the same proceeding. Imports of LNG from Indonesia had been authorized in DOE/ERA Opinion and Order Nos. 1, 2, 6 and 8.

⁴³ 19 FERC ¶ 63,086 (1982).

⁴⁴ Dillard, *Nat'l Gas Monthly*, July 1983, at XXXIII-XXXV.