

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
ECONOMIC REGULATORY ADMINISTRATION

MIDWESTERN GAS TRANSMISSION)
COMPANY)
_____)

Docket No. 77-004-NG
(CP77-458)

DECISION AND ORDER
AUTHORIZING IMPORTATION
OF
NATURAL GAS

On June 23, 1977, Midwestern Gas Transmission Company (Midwestern), P.O. Box 2511, Houston, Texas 77002, applied for Federal Power Commission (FPC) authorization to import, pursuant to Section 3 of the Natural Gas Act, up to an additional 26,668 Mcf per day of natural gas from Canada. This import application, Docket No. CP77-458, is closely interrelated with five other applications that are currently pending before the Federal Energy Regulatory Commission (FERC) in Dockets No. CP77-459, CP77-520, CI77-567, CI77-796, and CP78-16.

The Secretary of Energy has jurisdiction over this matter pursuant to the Department of Energy Organization Act. Docket No. CP77-458 was transferred to the Secretary in a DOE final rule of October 1, 1977 (42 FR 55534, October 17, 1977). ^{1/} Also on October 1, 1977, the Secretary issued DOE delegation Order No. 0204-4 (42 FR 60726, November 29, 1977) which delegated to the Administrator, Economic Regulatory Administration, the authority to decide this matter.

^{1/} Although subsection 100.1(b)(16)(i)(B) of the DOE final rule of October 1, 1977 refers to "Docket No. CP77-458, et al.," Docket No. CP77-458 had never been formally consolidated with any other of the five above enumerated FPC dockets, and none of those five dockets was ever transferred to the Secretary. The inclusion of the phrase "et al." in the subsection was premised on the (erroneous) assumption the FPC (prior to October 1, 1977) had issued an order consolidating several of those dockets. Thus, the phrase "et al." in subsection 100.1(b)(16)(i)(B) is a misnomer, and has no practical effect.

The Midwestern application in Docket No. CP77-458 was noticed by the FPC on June 28, 1977. Petitions to intervene were filed by the Central Illinois Gas Company, the Northern Indiana Public Service Company, and jointly by the Northern States Power Company (Minnesota) and the Northern States Power Company (Wisconsin). No protests were filed. None of the above petitioners objected in any way to this application, and none requested a hearing. These petitions to intervene are hereby granted.

Midwestern proposes to import the natural gas at a point on the United States-Canadian boundary near Emerson, Manitoba, where Midwestern's pipeline system interconnects with the facilities of TransCanada Pipelines Limited (TransCanada). Midwestern proposes to purchase the gas from TransCanada, which has Canadian government authorization to sell and export the volumes. The imported gas would be delivered by Midwestern to Northern Natural Gas Company and, by displacement, would be exchanged for gas delivered into the Tennessee Gas Pipeline Company (Tennessee) system. Thus, the imported gas is being purchased from Midwestern by Tennessee. Midwestern states that, as fully explained in its applications, the cost of this gas to Tennessee will be between \$2.67 and \$2.72 per Mcf, of which \$2.16 will be the rate paid to TransCanada by Midwestern and the balance will be for compression and transportation charges. Midwestern states that its own customers will bear none of the expense of this import, nor will its supply be curtailed or otherwise affected should these imported volumes cease or be interrupted, nor will Midwestern's present import authorization be reduced or otherwise affected.

The Tennessee system is in curtailment, and it now appears this import supply will be used as general system supply for a pipeline which FERC reports is one of the six most heavily curtailed interstate pipelines. The \$2.16 per Mcf rate to be paid by Midwestern to TransCanada is the current border rate paid by all U.S. importers for Canadian gas. This rate compares favorably with the cost of substitute gas supplies. Thus, if the application is approved, an additional new supply of gas will be available to the U.S. market at the currently accepted Canadian border price.

For these reasons, and based on a careful review of the record, ERA finds that the application of Midwestern in Docket No. CP77-458 to import up to 26,668 Mcf/d of additional gas is not inconsistent with the public interest at the import rate of \$2.16 per Mcf. Accordingly, the import is authorized. It is authorized on the condition that neither the rates nor curtailment status of Midwestern's customers will be in any way affected adversely by this import.

THEREFORE, it is hereby decided and ordered that the application by Midwestern in Docket No. CP77-458 to import an additional 26,668 Mcf per day at a border price of \$2.16 per Mcf is approved, subject to the condition stated above. This authorization is a final administrative action for this docket for all purposes, including without limitation the purposes of Section 19 of the Natural Gas Act.

Issued in Washington, D.C., March 15, 1978.



David J. Bardin
Administrator

Economic Regulatory Administration