

Cited as "1 ERA Para. 70,507"

Inter-City Minnesota Pipelines Ltd., Inc. (ERA Docket No. 80-01-NG), Great Lakes Gas Transmission Company (ERA Docket No. 80-02-NG), Montana Power Company (ERA Docket Nos. 79-16-NG and 80-03-NG), Michigan Wisconsin Pipe Line Company (ERA Docket No. 80-04-NG), Northwest Pipeline Corporation (ERA Docket No. 80-05-NG), Midwestern Gas Transmission Company (ERA Docket No. 80-06-NG), Pacific Gas Transmission Company (ERA Docket No. 80-07-NG), Northern Natural Gas Company (ERA Docket No. 78-002-NG), Columbia Gas Transmission Corporation (ERA Docket No. 79-30-NG), St. Lawrence Gas Company, Inc. (ERA Docket No. 80-09-NG) and Vermont Gas Systems, Inc. (ERA Docket No. 80-10-NG). April 23, 1980.

Order Granting Interventions, Authorizing an Interim Price Increase for Two Additional Applications, Extending the Comment Period in Consolidated Proceedings Pursuant to DOE/ERA Opinion and Order No. 14, and Granting Rehearing for Purposes of Further Consideration

[Opinion and Order]

On February 16, 1980, the Economic Regulatory Administration (ERA) of the Department of Energy (DOE) issued DOE/ERA Opinion and Order No. 14, entitled "Order Authorizing on an Interim Basis the Importation of Canadian Natural Gas at the Newly-Established Border Price and Denying Applications to Import New Volumes of Canadian Natural Gas" (henceforth, "Opinion 14," or "Order"). The Order was issued pursuant to applications submitted to ERA by the following:

Inter-City Minnesota Pipelines Ltd., Inc. (ERA Docket No. 80-01-NG); Great Lakes Gas Transmission Company (ERA Docket No. 80-02-NG); Montana Power Company (ERA Docket Nos. 79-16-NG and 80-03-NG); Michigan Wisconsin Pipe Line Company (ERA Docket No. 80-04-NG); Northwest Pipeline Corporation (ERA Docket No. 80-05-NG); Midwestern Gas Transmission Company (ERA Docket No. 80-06-NG); Pacific Gas Transmission Company (ERA Docket No. 80-07-NG); Northern Natural Gas Company (ERA Docket No. 78-002-NG); and Columbia Gas Transmission Corporation (ERA Docket No. 79-30-NG).

This order grants all timely filed petitions for intervention in the proceedings which were the subject of Opinion 14 as well as several which were untimely filed. Appendix I lists the interveners. In addition, it provides the official service list for the consolidated proceeding established by Opinion 14. This order also extends the interim price approval to two applicants which have now filed for such approval in the manner required by Opinion 14, grants

petitions for rehearing to two applicants denied approval and extends the common period for further proceedings pursuant to Opinion 14.

I. Petitions to Intervene

One of the applicants which received interim price approval in Opinion 14, Inter-City Minnesota Pipelines, Ltd. (Inter-City), has protested several petitions to intervene on the ground that the petitioners have no direct connection with Inter-City's service area.¹ For purposes of conducting the overall price review, however, the only practicable means of developing an adequate administrative record is to consider an intervention in any one docket to be an intervention in all dockets which are the subject of these proceedings. The effect of Opinion 14 is to consolidate, for purpose of further review, all dockets in which applicants were granted interim price approval. Since the docket involving Inter-City falls within that category, any intervener demonstrating an interest in the outcome of the overall price review will be permitted to participate. We are therefore granting the petitions opposed by Inter-City, subject to the conditions contained in ordering paragraph A.

II. Additional Interim Import Authorization

This order also adds two dockets for consideration as part of the overall review which ERA is conducting.

Opinion 14 noted that two intrastate gas distribution companies, St. Lawrence Gas Company, Inc. (St. Lawrence) and Vermont Gas Systems, Inc. (Vermont), are entirely dependent on Canadian natural gas imports for both their base load and peaking supplies; yet neither filed an application with ERA for authorization to import at the proposed price of \$4.47 per MMBtu. The two companies were granted temporary authorization to pay the newly established border price until May 15, 1980, but only if applications were filed with ERA on or before March 1, 1980.

St. Lawrence and Vermont, having filed their respective applications on February 26, 1980, have satisfied the condition established by Opinion 14 and are therefore authorized to continue to import natural gas from Canada at the current border price through May 15, 1980, as set forth in ordering paragraph B. The dockets to which their applications have been assigned are, for St. Lawrence, ERA Docket No. 80-09-NG, and for Vermont, ERA Docket No. 80-10-NG. These two dockets may appropriately be grouped with ERA Docket Nos. 80-01-NG through 80-07-NG.

III. Petitions for Rehearing of Denial of Authorization to Import

Opinion 14 denied applications to import new volumes of natural gas to Montana Power Company (Docket No. 79-16-NG), Columbia Gas Transmission Company (Docket No. 79-30-NG), and Northern Natural Gas Company (Docket No. 78-002-NG). In all three cases, the applications were denied without prejudice to refiling at such time as the Canadian established border price might be consistent with alternate fuel prices. On March 17, 1980, Montana and Columbia filed applications for rehearing of ERA's denial of their respective applications.

Columbia and Montana raised issues which, inter alia, concern the need for Canadian natural gas imports and the price at which such gas should be permitted to enter the U.S. Columbia also raised issues as to whether the grounds on which ERA issued its summary denial of authorization were consistent with the ERA's previous policies and with that of its predecessor agency. Since the further proceedings to be conducted pursuant to Opinion 14 will consider the need for Canadian gas, as well as the appropriate import price, the petitions for rehearing filed by Columbia and Montana are granted for the purpose of further consideration. The merits of their arguments will be considered subsequent to the completion of the further proceedings scheduled under Opinion 14.

In addition, on April 14, 1980, Columbia refiled its initial application, stating that the \$4.47 border price today is consistent with alternate fuel prices. As support for its assertion, Columbia cited the "Statement of Principles on Canadian Gas Export Pricing" (Statement) prepared by the Minister of Energy, Mines, and Resources of Canada, which sets out a mechanism for Canada's determination of its export price. The Statement and two letters exchanged between the Minister of Energy of Canada and the Secretary of Energy of the United States (Secretary) are attached as Appendix II.

Columbia asserts that the issuance by the Canadians of the price determination mechanism and the Secretary's response is a finding that the price calculated pursuant to the mechanism is consistent with the prices of relevant alternate fuels and hence reasonable. However, the Secretary's letter specifically states that our agreement with the development of an orderly, systematic mechanism for determining prices to be sought by the Canadian exporters does not, in any way, bind the ERA in terms of its regulatory responsibilities. Each price calculation resulting from operation of the mechanism will still be subjected by ERA to the alternate fuel test, and an authorization to pay each of the increased prices will still be required.

IV. Request for Comments on New Developments

In light of the issuance of the Canadian pricing mechanism and its relevance of this recent development to the overall pricing issue, ERA requests that the parties provide further written comments on the Statement and its implications for matters being considered in connection with our overall price review. Because the Statement was recently issued, it is appropriate to extend the date for submission of comments to May 1, 1980.

Moreover, we are aware that some or all of the import contracts contain "take or pay" or "minimum bill" clauses. Obviously, the existence of "take or pay" or "minimum bill" clauses are relevant to our review of the extent to which importers are dependent on Canadian natural gas. We order, therefore, that each of the applicants in these consolidated proceedings also submit a detailed description of any "take or pay," "minimum bill" or any other similar obligations in their import contracts, by May 1, 1980.

Order

For the reasons set forth above, ERA hereby orders that:

A. The petitions for leave to intervene, as set forth in Appendix I, are hereby granted in this consolidated proceeding (ERA Docket Nos. 80-01-NG, et al.), subject to such rules of practice and procedure as may be in effect, provided that the participation of all interveners shall be limited to matters affecting asserted rights and interests specifically set forth in their petitions for leave to intervene and that the admission of such interveners shall not be construed as recognition by ERA that they might be aggrieved because of any order issued by ERA in this proceeding.

B. Pursuant to authority under Section 3 of the Natural Gas Act, St. Lawrence Natural Gas Company and Vermont Gas Systems, Inc. are hereby granted interim authorization to import previously authorized volumes of natural gas from Canada at a price no higher than U.S. \$4.47 per MMBtu (U.S. \$4.17 per GJ) retroactive to February 17, 1980, and extending through May 15, 1980.

C. The subject areas and schedules for submission of comments and responses to comments established in DOE/ERA Opinion and Order 14, at pages 9 and 10, are hereby modified as follows:

1. The parties are specifically requested to address, in addition to the six matters for comment set forth in Opinion 14, the Statement of Principles attached as Appendix II of this order.

2. The Applicants shall submit a detailed description of any "take or pay," "minimum bill" or any other similar obligations in their respective import contracts.

3. The comments and information referred to in ordering paragraph C. 1. and 2. shall be filed no later than May 1, 1980.

D. The applications for rehearing of Columbia Gas Transmission Corporation, in ERA Docket No. 79-30-NG, and of Montana Power Company, in ERA Docket No. 79-16-NG, are hereby granted for the purpose of further consideration.

Issued in Washington, D.C., on April 23, 1980.

--Footnote--

1/ On March 13, 1980, Inter-City submitted a request that the petition to intervene in Docket Nos. 80-01-NG, et al., of Consolidated Edison Company of New York, Inc. be denied; on March 25, 1980, Inter-City submitted a request for denial of the petitions to intervene of Pacific Interstate Transmission Company, Southern California Gas Company, Brooklyn Union Gas Company, Michigan Consolidated Gas Company, and Columbia Gas Transmission Corporation.

Appendix I

OFFICIAL SERVICE LIST

ERA DOCKET NOS. 80-01, et al.

Applicants

Represented by:

Inter-City Minnesota Pipeline Limited Takeo Hirose, Inter-City Minnesota
Pipeline Ltd., 1700 444 St. Mary
Avenue, Winnipeg, Canada R3C 3T7
Mary Baluss, Steptoe & Johnson,
1250 Connecticut Ave., N.W.,
Washington, D.C. 20036

Great Lakes Gas Transmission Company John M. Rady, Narinder Kathuria,
Great Lakes Gas Transmission Co.,
2100 Buhl Building, Detroit,
Michigan 48226
James D. McKinney, Jr., William R.

Mapes, Jr., Ross, Marsh & Foster,
730 - 15th St., N.W., Washington,
D.C. 20005

The Montana Power Company Jeffrey V. Essman,
The Montana Power Company,
40 East Broadway, Butte, Montana
59701
Belnap, McCarthy, Spencer, Sweeney
& Harkaway,
1750 Pennsylvania Ave., N.W.,
Washington, D.C. 20006

Michigan Wisconsin Pipe Line Company W. Arthur Batten, Senior Vice
President,
Michigan Wisconsin Pipe Line Co.,
One Woodward Avenue, Detroit,
Michigan 48226
William W. Brackett,
Daniel F. Collins,
Brackett & Collins, P.C.,
1899 L Street, N.W., Washington,
D.C. 20036

Interveners Representatives

Algonquin Gas Transmission Company, Boston Mr. W.D. Jaques, Vice
President, Algonquin Gas
Transmission Co.,
1284 Soldiers Field Road, Boston,
Massachusetts 02135
McGee & Ketcham,
1019 Nineteenth Street, N.W.,
Washington, D.C. 20036

Associated Natural Gas Company, Mr. L.T. McSpadden,
Blytheville, Arkansas President, Associated Natural Gas
Co.,
405 West Park Street, Blytheville,
Arkansas 72315
J. Richard Tiano, Esq., John R.
Schaeffgen, Jr., Esq.,
Stephen G. Kozey, Esq., Reid &

Priest, 1111 19th Street, N.W.,
Washington, D.C. 20036
August L. Griesedieck, Esq.,
Schlafly, Griesedieck, Ferrell &
Toft, 314 North Broadway,
St. Louis, Missouri 63102

Brooklyn Union Gas Company, James W. Dunlop, Vice President
Brooklyn, New York The Brooklyn Union Gas Co., 195
Montague Street, Brooklyn, New
York 11201
Michael W. Hall, Cullen and
Dykman, 1019 Nineteenth Street,
N.W., Washington, D.C. 20036

Buza, Mr. Arnold J., Mr. Arnold J. Buza,
Eau Claire, Wisconsin 2736 Birch Street, Eau Claire,
Wisconsin 54701

California Gas Producers Assoc., Henry F. Lippitt,
Los Angeles, California 2nd., Exec. Sec'y, California Gas
Producers Assoc., 262 Wilshire
Boulevard, Los Angeles, California
90017

California, State of, Janice E. Kerr, Esq., J. Calvin
and the Public Utilities Commission of Sumpson, Esq. Randolph W. Deutsch,
the State of California, Esq., Attorneys for the People of
San Francisco, California the State of California and the
Public Utilities Commission of
the State of California, 5066
State Building, San Francisco,
California 94102

Cascade Natural Gas Corporation, Mr. Robert B. Sheppard,
Seattle, Washington Senior Vice President,
Cascade Natural Gas Corporation,
P.O. Box 24464, Seattle,
Washington 98124
McGee & Ketcham, 1019 Nineteenth
St., N.W., Washington, D.C. 20036

City Gas Company, Antigo, Wisconsin Mr. Robert C. Rice, 733 5th

Avenue, Antigo, Wisconsin 54409
Bruce F. Kiely, Esq., Catherine C.
Wakelyn, Esq., Baker & Botts,
1701 Pennsylvania Ave., N.W.,
Washington, D.C. 20006

Chippewa Falls, City of, B. James Colbert, City
Chippewa Falls, Wisconsin Attorney, Chippewa Falls,
Wisconsin 54729

Colorado Interstate Gas Co., Kenneth M. O'Connell,
Colorado Springs, Colorado Vice President,
Colorado Interstate Gas Co.,
P.O. Box 1087, Colorado Springs,
Colorado 80944
Henry E. Brown, Vice President,
Secretary and General Counsel,
Colorado Interstate Gas Co.,
P.O. Box 1087, Colorado Springs,
Colorado 80944

Columbia Gas Transmission Corp., John M Hill, Esq.,
Charleston, West Virginia Giles D.H. Snyder, Esq.,
Stephen J. Small, Esq.,
Columbia Gas Transmission Corp.,
1700 MacCorkle Ave., S.E.,
Charleston, West Virginia 25314

Consolidated Edison Company Garrett E. Austin, Esq.,
of New York, Inc., Consolidated Edison Company
New York, N.Y. of New York, Inc.,
4 Irving Place, New York, New York
10001
William I. Harkaway, Esq.,
G. Douglas Essy, Esq.,
Belnap, McCarthy, Spencer, Sweeney
& Harkaway 1750 Pennsylvania Ave.,
N.W., Washington, D.C. 20006

CP National Corporation, John P. Vetromile, Vice
San Francisco, California President, Regulatory Relations &
Planning, CP National Corporation,
600 Stockton Street, San

Francisco, California 94108
Donald K. Danker, Debevoise &
Lieberman, 1200 Seventeenth St.,
N.W., Suite 700, Washington, D.C.
20036

Distrigas Corporation and Distrigas of
Massachusetts Corp., Boston, Massachusetts J. Alan MacKay, General Counsel,
Distrigas Corporation and
Distrigas of Massachusetts Corp.,
125 High Street, Boston,
Massachusetts 02110
Sherman S. Poland, Esq., Ross,
Marsh & Foster, 730 - 15th St.,
N.W., Washington, D.C, 20005

Eau Claire, City of
Eau Claire, Wisconsin
Frederick W. Fischer,
City Attorney, City Hall,
203 S. Farwell Street, Eau Claire,
Wisconsin 54701

Ellensburg, City of
Ellensburg, Washington
Robert H. Walker,
City Manager, 420 North Pearl St.,
Ellensburg, Washington, 98926

El Paso Algeria Corporation,
Houston, Texas
John B. Chapman, Esq.,
El Paso Algeria Corporation,
P.O. Box 1593, Houston, Texas
77001
Mr. Robert N. Harbor, El Paso
Natural Gas Co., 310 Suffridge
Building, 1775 K Street, N.W.,
Washington, D.C. 20006

Foothills Pipe Lines (Yukon) Ltd.,
Calgary, Alberta, Canada
George W. McHenry, Jr.,
McHenry & Staffier, 1300
Nineteenth St., N.W.,
Washington, D.C. 20036
Robert L. Pierce, Foothills Pipe
Lines (Yukon) Ltd., 1600 Bow
Valley Square II, 205 Fifth
Avenue, SW, Calgary, Alberta
Canada T2P 2W4

Georgia-Pacific Corporation,
Portland, Oregon

John T. Ferguson, II,
Legislative Counsel, Georgia
-Pacific Corporation,
1875 Eye St., N.W. #470,
Washington, D.C. 20006

Great Plains Natural Gas Company,
Omaha, Nebraska

Donald R. Stuart,
President, Great Plains Natural
Gas Co., 235 West Main Street,
Marshall, Minnesota 56258
Peyton G. Bowman, III, Brian J.
McManus, Reid & Priest, 1111 19th
St., N.W., Washington, D.C. 20036
Robert H. Berkshire, 2080 South
90th St., Suite 3, Omaha, Nebraska
68124

Illinois Power Company,
Decatur, Illinois

Mr. L. L. Idleman,
Mr. E. A. Deardorff, Illinois
Power Company, 500 South 27th
Street, Decatur, Illinois 62525

Inter-City Gas, Limited, Inc.,
Cloquet, Minnesota

Fred K. Little,
Vice President--General Counsel,
Inter-City Gas, Limited, Inc.,
1004 Cloquet Avenue, Cloquet,
Minnesota 55720
George B. Mickum, III, Mary E.
Baluss, Steptoe & Johnson, 1250
Connecticut Ave., N.W.,
Washington, D.C. 20036

Intermountain Gas Company,
Boise, Idaho

Mr. Reed Penning,
Vice President, Intermountain Gas
Company, 555 South Cole Road,
Boise, Idaho 83707
J. Richard Tiano, Esq., John R.
Schaeffgen, Jr., Esq.,
Stephen G. Kozey, Esq., Reid &
Priest, 1111 19th St., N.W.,
Washington, D.C. 20036
Eugene C. Thomas, Esq., Maffatt,
Thomas, Barrett & Blanton,

P.O. Box 829, Boise, Idaho 83701

Iowa-Illinois Gas and Electric Co., Edward J. Hartman, General
Davenport, Iowa Counsel, Iowa-Illinois Gas and
Electric Co., 206 East Second
Street, P.O. Box 4350, Davenport,
Iowa 52808
W.C. Morrison, Superintendent,
Governmental Relations Division,
Iowa-Illinois Gas and Electric
Co., 206 East Second Street,
P.O. Box 4350, Davenport, Iowa
52808

Iowa Southern Utilities Co., C. R. S. Anderson,
Centerville, Iowa Vice President & Secretary, Iowa
Southern Utilities Co., 300
Sheridan Avenue, Centerville, Iowa
52544
Stephen W. Southwick, Attorney,
Iowa Southern Utilities Co.,
300 Sheridan Avenue, Centerville,
Iowa 52544

Lake Park, City of Lowell Johnson,
Lake Park, Minnesota City of Lake Park, Lake Park,
Minnesota 56554

Lyons Gas Company, Inc., Mr. John Webster,
Bryan, Ohio Vice President, Lyons Gas Company,
Inc., 200 West High Street, Bryan,
Ohio 43506
J. Richard Tiano, Esq., John R.
Schaeffgen, Jr., Esq.,
Stephen G. Kozey, Esq., Reid &
Priest, 1111 19th St., N.W.,
Washington, D.C. 20036

Madison Gas & Electric Co., Donald J. Helfrecht, President,
Madison, Wisconsin Madison Gas and Electric Company,
P.O. Box 1231, Madison, Wisconsin
53701
Bruce F. Kiely, Catherine C.

Wakelyn, Baker & Botts,
1701 Pennsylvania Ave., N.W.,
Washington, D.C. 20006

Michigan Consolidated Gas Co., W. K. McCrackin, Vice President,
Detroit, Michigan Michigan Consolidated Gas Co.,

One Woodward Avenue Detroit,
Michigan 48226

Eugene R. Elrod, Esq., Sidley &
Austin, 1730 Pennsylvania Ave.,
N.W., Washington, D.C. 20006

Michigan Gas Utilities,
Monroe, Michigan

Mr. Harry F. Borchert,
Michigan Gas Utilities Co.,
899 South Telegraph Road, Monroe,
Michigan 48161

J. Richard Tiano, Esq., John R.
Schaeffgen, Jr., Esq.,
Stephen G. Kozey, Esq., Reid &
Priest, 1111 19th St., N.W.,
Washington, D.C. 20036

Michigan, State of,
and the Michigan Public
Service Commission,
Lansing, Michigan

Frank J. Kelly, Attorney General,
Arthur E. D'Hondt, Assistant
Attorney General,
Public Service Division, Suite 11,
1000 Long Boulevard, Lansing,
Michigan 48910

James Woodruff, Joel Sharkey,
Michigan Public Service
Commission, Gas Division,
P.O. Box 30221, Lansing, Michigan
48909
Ronald D. Eastman, Jeffrey D.
Komarow, Cadwalader, Wickersham &
Taft, Suite 700, 1333 New
Hampshire Ave., N.W., Washington,
D.C. 20036

Minnesota Public Service Commission, Jean E. Heilman,
St. Paul, Minnesota Assistant Attorney General, 720
American Center Building, 150 East
Kellogg Boulevard, St. Paul,

Minnesota 55101
Stuart Mitchell, Minnesota Public
Service Commission, 7th Floor,
American Center Building, 160 East
Kellogg Boulevard, St. Paul,
Minnesota 55101

Montana Public Service Commission, Eileen E. Shore, Esquire,
Helena, Montana Attorney for the Montana Power,
Service Commission, 1227 Eleventh
Avenue, Helena, Montana 59601

Mountain Fuel Supply Company, Ray G. Groussman,
Salt Lake City, Utah General Counsel, Mountain Fuel
Supply Company, 180 East First
South St., Salt Lake City, Utah
84139
George J. Meiburger, Esq.,
Gallagher, Boland, Meiburger and
Brosnan, 821 Fifteenth Street,
N.W., Washington, D.C. 20005

North Central Public Service Co., G. J. O'Brien, Secretary,
Division of Donovan Companies, Inc., North Central Public Service Co.,
St. Paul, Minnesota 55116 1080 Montreal Avenue, St. Paul,
Minnesota 55116
Ned Willis, Attorney At Law,
Willis and Sackett, P.O. Box 310,
Perry, Iowa 50220

North Dakota Public Service Commission, Ray H. Walton,
Bismarck, North Dakota Chief Commerce Counsel, North
Dakota Public Service Commission,
Bismarck, North Dakota 58505

Northern Indiana Public Service Co., Thomas R. Howarth, Vice President,
Hammond, Indiana Northern Indiana Public Service
Co., 5265 Hohman Avenue, Hammond,
Indiana 46325
Peter L. Hatton, Eichhorn,
Eichhorn & Link, 5243 Hohman
Avenue, Hammond, Indiana 46320

Northern States Power Company
(Minnesota) and Northern States
Power Company (Wisconsin)

R. E. Pile, Vice President,
Gas Planning and Supply,
Northern States Power Company,
325 Rice Street, St. Paul,
Minnesota 55117
J. P. Moore, Jr., Attorney,
Northern States Power Company,
414 Nicollet Mall - 5th Floor,
Minneapolis, Minnesota 55401
R.G. Morgan, P.C. Kissel,
O'Connor and Hannan, Suite 800,
1919 Pennsylvania Ave., N.W.,
Washington, D.C. 20006

Northwest Alaskan Pipeline Co.,
Salt Lake City, Utah

Mr. William J. Grealis,
Mr. Ronald M. Johnson, Akin, Gump,
Hauer & Feld, Suite 400, 1333 New
Hampshire Ave., N.W., Washington,
D.C. 20036
Mr. Darrell B. MacKay, Vice
President, Regulatory,
Environmental and Civic Affairs,
Northwest Alaskan Pipeline Co.,
1801 K Street, N.W., Suite 901,
Washington, D.C. 20006

Northwest Natural Gas Co.,
Portland, Oregon

Robert M. Johnson, Esq.,
Northwest Natural Gas Co., Suite
1900, 200 South Market St.,
Portland, Oregon 97201
Justin R. Wolf, Esq., Suite 302,
1625 K St., N.W., Washington, D.C.
20006

Oregon, Public Utility

John H. Socolofsky, Commissioner
of Salem, Oregon Assistant
Attorney General of Counsel for
the Public Utility Commissioner of
Oregon, Department of Justice, 100
State Office Building, Salem,
Oregon 97310

Pacific Gas and Electric Co.,

Robert Ohlbach, Associate General

San Francisco, California

Counsel, Daniel E. Gibson,
Assistant General Counsel,
Robert B. McLennan, Attorney,
Pacific Gas & Electric Co.,
77 Beale St., 31st Floor, San
Francisco, California 94106

Pacific Interstate Transmission Co.
and Southern California Gas Co.,
Los Angeles, California

Leslie E. LoBaugh, Jr.,
Attorney at Law, P. O. Box 60043,
Terminal Annex, Los Angeles,
California 90060
W.R. Ware, Regulatory Affairs,
Southern California Gas Co.,
P.O. Box 3249, Terminal Annex, Los
Angeles, California 90051

Pan-Alberta Gas Ltd.,
Calgary, Alberta, Canada

George W. McHenry, Jr.,
McHenry & Staffier, 1300
Nineteenth St., N.W.,
Washington, D.C. 20036
S.G. Trueman, Pan-Alberta Gas
Ltd., 350 Bow Valley Square II,
202 Sixth Avenue, S.W.,
Calgary, Alberta, Canada

Panhandle Eastern Pipe Line Co.,
Houston, Texas

Farmer, Shibley, McGuinn,
and Flood, 1120 Connecticut Ave.,
N.W., Washington, D.C. 20036
J.T. Kennedy, Senior Vice
President, Panhandle Eastern Pipe
Line Co., P.O. Box 1642, Houston,
Texas 77001
Harry S. Welch, Senior Vice
President and General Counsel,
Panhandle Eastern Pipe Line.,
P.O. Box 1642, Houston, Texas
77001
Robert W. Reed, Senior Attorney,
Panhandle Eastern Pipe Line Co.,
P.O. Box 1348, Kansas City,
Missouri 64141

The Peoples Gas Light and Coke Co.

Joseph P. Thomas, Vice President,

and North Shore Gas Co., Chicago, Illinois The Peoples Gas Light & Coke Co.,

North Shore Gas Company, 122 South
Michigan Avenue, Chicago, Illinois
60603

Joseph M. Wells, Paul E.
Goldstein, Thomas M. Patrick,
Emmitt C. House, Suite 1825, 122
South Michigan, Chicago, Illinois
F.L. Scott, Suite 414,
1120 Connecticut Ave., N.W.,
Washington, D.C. 20036

Peoples Natural Gas Division of
Northern Natural Gas Co.,
Council Bluffs, Iowa

Lloyd R. Sharp, Vice President,
Peoples Natural Gas Co.,
25 Main Place, Council Bluffs,
Iowa 51501

Craig J. Fecker, Attorney, Peoples
Natural Gas Division of Northern
Natural Gas Company, 2223 Dodge
Street, Omaha, Nebraska 68102

Perham, Minnesota

Sandy L. DiBrito, City Manager,
138 West Main Street, Perham,
Minnesota 56573

Process Gas Consumers Group

Edward J. Grenier, Jr., Esq.,
Richard P. Noland, Esq., Robert W.
Clark III, Esq., David A. Gross,
Esq., Sutherland, Asbill &
Brennan, 1666 K St., N.W.,
Washington, D.C. 20006

Southwest Gas Corporation,
Las Vegas, Nevada

Wm. W. Bedwell, Bedwell & Rudolph,
1120 19th St., N.W., Suite 312,
Washington, D.C. 20036
Robert L. Muirhead, Vice
President/Gas Supply and
Utilization, Southwest Gas
Corporation, P.O. Box 15015, Las
Vegas, Nevada 89114

Stephen, City of Stephen, Minnesota

Mayor, L.C. Sundahl,
Stephen, Minnesota 56757

Tennessee Gas Pipeline Co.,
A Division of Tenneco Inc.,
Houston, Texas 77001

Michael R. Wallter, Vice President
and General Counsel, L. R.
Pankonien, Associate General
Counsel, Tennessee Gas
Transmission Co., P.O. Box 2511,
Houston, Texas 77001
Dale A. Wright, Terrence J.
Collins, Michael J. McDanold,
Littman, Richter, Wright &
Talisman, P.C., 1050 17th St.,
N.W., Suite 600, Washington, D.C.
20036
Tennessee Gas Pipeline Co., Suite
2202, 490 L'Enfant Plaza East,
S.W., Washington, D.C. 20024

TransCanada Pipelines Limited,
Toronto, Ontario, Canada

L. H. Pilon,
Associate General Counsel,
TransCanada Pipelines Limited,
Commerce Court West, Toronto,
Ontario, Canada M5L 1C2
Paul H. Keck, Esq., Scott A.
Harman, Esq., Morgan, Lewis &
Bockius, 1800 M St., N.W.,
Washington, D.C. 20036

Utah Gas Service Company,
Denver, Colorado

John E. Jones, President,
Utah Gas Service Company, 2334
East Third Avenue, Denver,
Colorado 80206

Washington Natural Gas Company,
Seattle, Washington

Robert R. Golliver,
President, Washington Natural Gas
Co., 815 Mercer Street,
Seattle, Washington 98111
Thomas F. Brosnan, Esq., Frank X.
Kelly, Esq., Gallagher, Boland,
Meiburger and Brosnan,
821 Fifteenth St., N.W.,
Washington, D.C. 20005
Marion V. Larson, Esq., Cartano,
Botzer & Chapman, 1300 IBM
Building, Seattle, Washington

98101

Washington Utilities and Transportation Commission, Olympia, Washington
Slade Gorton, Attorney General,
Robert E. Simpson, Assistant
Attorney General, Temple of
Justice, Olympia, Washington 98504

Washington Water Power Company,
Spokane, Washington
Jeremiah P. Buckley, Secretary,
The Washington Water Power Co.,
East 1411 Mission Avenue,
Spokane, Washington 99202
Robert L. Simpson, Esquire,
Paine, Lowe, Coffin, Herman &
O'Kelly, 1400 Washington Trust
Financial Center, Spokane,
Washington 99204

Wisconsin Fuel and Light Company
Harry K. Wrench, Jr., President,
Wisconsin Fuel and Light Co., P.O.
Box 768, Manitowoc, Wisconsin
54220
Bruce F. Kiely, Catherine C.
Wakelyn, Baker & Botts, 1701
Pennsylvania Ave., N.W.,
Washington, D.C. 20006

Wisconsin Natural Gas Company,
Milwaukee, Wisconsin
Robert H. Gorske, Esq.,
Vice President and General
Counsel, Dan L. Sanford, Esq., 231
West Michigan St., Milwaukee,
Wisconsin 53201
George W. Bomier, Vice President
and General Manager, Wisconsin
Natural Gas Company, 233 Lake
Avenue, Racine, Wisconsin 53401
Bruce Kiely, Esq., Baker & Botts,
1701 Pennsylvania Ave., N.W.,
Washington, D.C. 20006

Wisconsin Power and Light Company,
Madison, Wisconsin
George Gilbert,
Wisconsin Power and Light Co., 222
West Washington Avenue, Madison,
Wisconsin 53703

Griffin G. Dorschel, Brynelson,
Herrick, Gehl & Bucaida,
P.O. Box 1767, Madison, Wisconsin
53701
Bruce F. Kiely, Esquire, Baker &
Botts, 1701 Pennsylvania Avenue,
N.W., Washington, D.C. 20006

Wisconsin Public Service Commission, Philip J. Mause, Esq.,
Madison, Wisconsin Kadison, Pfaelzer, Woodard, Quinn
& Rossi, 1010 Wisconsin Ave.,
N.W., Suite 810, Washington, D.C.
20007
Steve Schur, Esq., General
Counsel, Wisconsin Public Service
Commission, Hill Farms State
Office Building, 4802 Sheboygan
Avenue, Madison, Wisconsin 53702

Wisconsin Public Service Corporation, Harold J. Van Groll, Vice
Green Bay, Wisconsin President-Operations, Wisconsin
Public Service Corp. P.O. Box 700,
Green Bay, Wisconsin 54305
Bruce F. Kiely, Esquire, Baker &
Botts, 1701 Pennsylvania Ave.,
N.W., Washington, D.C. 20006

U.S. Releases Exchange of Letters with Canada on Gas Export Pricing

Secretary of Energy Charles W. Duncan, Jr., today released the texts of the exchange of letters with Canada's Minister of Energy, Mines and Resources, the Honorable Marc Lalonde, on gas export pricing. The letters follow the meeting held in Ottawa on March 24.

"The meeting was a major step forward in U.S.-Canada energy relations," Secretary Duncan said.

The Honorable Marc Lalonde
Minister of Energy, Mines and Resources
Ottawa, Ontario K1A0E4
Canada

Dear Mr. Minister:

Your letter concerning Canada's new gas pricing policy is in accordance with my understanding of our discussions yesterday in Ottawa. Implementation of this system should substantially improve the price predictability and market stability associated with our importation of Canadian natural gas, particularly in terms of the competitive relationship between Canadian gas export prices and alternative fuel prices.

As I know you are aware, under U.S. law the importation of natural gas into the U.S. is subject to regulatory review and approval by the Economic Regulatory Administration and the Federal Energy Regulatory Commission. However, to the extent that the pricing mechanism which you described meets our regulatory requirements, as a matter of policy, I would support this mechanism for the pricing of Canadian natural gas.

Like you, I appreciated the opportunity for us to meet and discuss a broad range of energy issues. The progress we made was important, and I look forward to a frequent continuation of this dialogue.

Sincerely,
C.W. Duncan, Jr.

Dear Mr. Duncan,

I have pleasure in enclosing the Statement of Principles on Canadian gas export pricing which we discussed at our March 24 meeting in Ottawa.

I understand from our conversations that the application of these principles is acceptable to you as a method of adjusting the price of our natural gas exports, commencing April 1, 1980.

Should implementation of this method result in export-price increases occurring in two consecutive months or more than twice in any six-month period, I would readily agree to discussion between our respective officials in the context of the Canada-United States energy consultative mechanism.

I would certainly hope that the understanding we have reached on this important matter will lead to the expeditious and favourable regulatory treatment of current and future applications for the import of Canadian gas to the United States.

I am pleased that our first meeting was a productive one and I am looking forward to continuing an effective working relationship with you.

Yours sincerely,
Marc Lalonde

Statement of Principles on Canadian Gas Export Pricing

1. The export price shall be calculated according to the following substitution value formula:

A) F.O.B. price of Canadian oil imports, as measured by the Petroleum Compensation Board in U.S. dollars per barrel, divided by 5.796 to convert to U.S. dollars per MMBTU.

Less

B) An adjustment factor which shall be determined from time to time by the Governor in Council. The adjustment factor shall not be less than U.S. \$0.22, which is the transportation adjustment implicit in the existing U.S. \$4.47 border price. (See Annex 1)

Plus

C) The weighted average transportation cost of export gas as determined by the National Energy Board. (See Annex 2)

Equals

D) The export price at the international border (see Annex 2 for a sample calculation).

2. The export price shall be measured monthly. If the substitution value calculation indicates a change in the export price of less than U.S. \$0.15, the export price shall not be changed. If the substitution value indicates a change in the export price greater than U.S. \$0.15 the export price shall be changed in the following way:

A) The United States would be notified of the change before the 15th of the month.

B) The change shall become effective 90 days after the measurement date (i.e. 75 days after the notification date).

3. The process in (2) above shall commence 1 April 1980, the effective date of the first export price change would thus be July 1, 1980. The adjustment

factor for the April measurement shall be U.S. \$0.22.

ANNEX 1

DERIVATION OF THE ADJUSTMENT FACTOR

	DLRS US/BBL	DLRS US/MMBTU
Ocean Freight ...	1.15	
Ocean Loss16	
Pipeline Toll (Portland to Montreal)40	
Pipeline Toll (Montreal to Toronto)...	.14	
Equals:		
Oil transportation charge to Toronto ...	1.85	.32
Less:		
Gas Transportation charge, Toronto to Alberta border54
Equals:		
Adjustment factor ...		-.22

ANNEX 2

SUBSTITUTION VALUE CALCULATION, 1 JANUARY 1980

	DLRS US/BBL	DLRS US/MMBTU
1. F.O.B. Oil Price ...	26.24	4.53
Less		
2. Adjustment Factor...		.22
Plus		
3. Average Transportation Cost to U.S. Border16
Equals		
4. Export Price...		4.47

