

Cited as "1 ERA Para. 70,535"

Great Lakes Gas Transmission Company (ERA Docket No. 81-27-NG), October 23, 1981

DOE/ERA Opinion and Order No. 35

Order Granting Amendment to Authorizations to Import Natural Gas from Canada, and Granting Intervention

[Opinion and Order]

I. Background

On June 23, 1981, Great Lakes Gas Transmission Company (Great Lakes) applied to the Economic Regulatory Administration (ERA) of the Department of Energy (DOE), pursuant to Section 3 of the Natural Gas Act, to amend its authorization to import certain volumes of natural gas from TransCanada Pipe Lines Limited (TransCanada) by extending the term of that authorization from November 1, 1981 to October 31, 1982.

Specifically, Great Lakes requests the ERA to extend until October 31, 1982, its authorization to import up to 18 Bcf of natural gas previously authorized to be imported through October 31, 1981, and to import "company use" volumes (fuel and lost and unaccounted for volumes) required to transport natural gas for the account of Midwestern Gas Transmission Company (Midwestern).<sup>1/</sup>

In DOE/ERA Opinion and Order No. 21, issued to Great Lakes on October 20, 1980, in ERA Docket No. 80-16-NG, we extended for one year an ERA order issued on July 11, 1979 in Docket No. 78-011-NG. The July 11, 1979 order approved an application by Great Lakes to amend authorizations issued by the Federal Power Commission (Commission) in Docket Nos. CP64-112, CP70-20, and CP71-223, involving, respectively, Gas Purchase Contract Nos. 1, 2, and 3 ("contracts") between Great Lakes and its Canadian supplier, TransCanada.<sup>2/</sup> In conjunction with the contracts, the Canadian National Energy Board (NEB) issued export licenses authorizing TransCanada to export, sell, and deliver the gas to Great Lakes. In addition to specifying total export volumes over the term of the licenses, the NEB licenses also imposed daily and annual volumetric restrictions. The corresponding import authorizations issued by the Commission imposed daily volumetric limitations as well.

In its application to ERA in Docket No. 78-011-NG, Great Lakes stated

that it had not been able to import 100 percent of its daily contract entitlement on each day during the initial term of its contract and therefore had to forego importation of significant quantities of gas which could not be made up because of the daily and annual volume restrictions. Therefore, on November 17, 1978, Great Lakes and TransCanada executed an Amending Agreement to the contracts which permitted the make up, through October 31, 1980, of the approximate volumes of gas, up to a maximum of 18 Bcf, authorized for export to Great Lakes, but which Great Lakes had been unable to take or to make up. The Amending Agreement also provided for the import of such additional company use volumes as might be necessary to accommodate the transportation of Canadian natural gas for the account of Midwestern, which had also requested ERA authorization to import volumes of additional gas which it was entitled to purchase.<sup>3/</sup> The Amending Agreement of 1978 was extended for one year by an agreement dated June 17, 1980 and approved by ERA in Opinion No. 21. A subsequent agreement, dated May 22, 1981, would extend the term another year to October 31, 1982. A copy of the most recent agreement was submitted by Great Lakes as part of its application in the present docket.

In its present application, Great Lakes seeks another one-year extension of ERA's authorizations in Docket Nos. 78-011-NG and 80-16-NG. Great Lakes requests the extension because it has been able to import only a portion of the 18 Bcf of additional gas authorized for import and will not be able to import the remainder before the current authorization expires on October 31, 1981. Similarly, because Midwestern has been able to import only a portion of the additional gas authorized in ERA Docket Nos. 79-04-NG and 80-17-NG, Great Lakes further requests ERA to grant a one-year extension of its authorization to import the company use volumes required to transport the Midwestern gas, subject to approval by ERA of a one-year extension of Midwestern's import authorization.

Great Lakes reports that, since issuance of ERA's order of July 11, 1979, it has imported and sold to Midwestern 8.6 Bcf of the 18 Bcf authorized. Great Lakes asserts that there is no likelihood that the remaining 9.4 Bcf can be imported by October 31, 1981. However, Great Lakes states that there may be a substantial need for these volumes during the 1981-1982 winter season and the period thereafter.

Great Lakes also points out that the additional gas which is the subject of this application is an interruptible supply not subject to take-or-pay or minimum bill obligations. Since the natural gas would be provided on an "as available" basis and taken on an "as needed" basis, Great Lakes has asserted that the availability of such gas would provide flexibility in meeting its needs during the forthcoming winter heating

season. The import volumes would be priced at the current Canadian border price of U.S. \$4.94 per MMBtu (U.S. \$4.60 per GJ).

## II. Comments

ERA issued a notice of receipt of Great Lakes' application on July 31, 1981 (46 FR 40255, August 7, 1981) with an invitation to submit any protests or petitions to intervene. On August 20, 1981, TransCanada filed a timely petition to intervene in support of Great Lakes' application. ERA has not received any requests for a hearing or any other comments, and in the absence of any objections, grants the petition of TransCanada to intervene in this proceeding.

## III. Decision

We agree with Great Lakes that an extension of our earlier authorization for an additional year is in the public interest. The volumes for which authorization is requested will be imported, if available, on an interruptible basis and thus only to the extent that there is a need for such gas in U.S. markets. The volumes requested are not in addition to those previously authorized. Additionally, the absence of any take-or-pay or minimum bill contractual provisions in connection with these volumes, as well as the short-term nature of the requested authorization, distinguishes this gas supply from others which might raise issues relating to such provisions or to security of supply.

In Opinion and Order No. 29,4/ we established that the present border price of \$4.94 per MMBtu, requested in this application, is a reasonable price, compared to the cost of alternate fuels in U.S. markets. Accordingly, we believe that the one-year extension of our previous authorization at a unit price of \$4.94, as requested by Great Lakes, is not inconsistent with the public interest within the meaning of Section 3 of the Natural Gas Act, and should be granted.

## Order

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

A. Pursuant to Section 3 of the Natural Gas Act, the import authorizations previously granted to Great Lakes Gas Transmission Company (Great Lakes) by ERA order of July 11, 1979, in Docket No. 78-011-NG and by DOE/ERA Opinion and Order No. 21, issued on October 20, 1981, in ERA Docket No. 80-16-NG, are hereby amended to permit Great Lakes to continue to import

until October 31, 1982 (1) the remaining portion of the 18 Bcf of natural gas previously authorized to be imported, and (2) such company use volumes as are necessary to provide transportation service for the account of Midwestern Gas Transmission Company (Midwestern), all as set forth in Great Lakes' application, at a price not to exceed U.S. \$4.94 per MMBtu (U.S. \$4.60 per GJ). The authorization for company use volumes is effective only for those volumes of natural gas which Midwestern shall be authorized to import by ERA in Docket No. 81-28-NG, and such authorization is therefore conditional on ERA approval of Midwestern's application in that docket.

B. The petition for leave to intervene filed by TransCanada PipeLines Limited is hereby granted, subject to such rules of practice and procedure as may be in effect, provided that the participation of such intervenor shall be limited to matters affecting asserted rights and interests specifically set forth in its petition for leave to intervene and that the admission of such intervenor shall not be construed as recognition by ERA that it might be aggrieved because of any order issued by ERA in this proceeding.

Issued in Washington, D.C. on October 23, 1981.

--Footnotes--

1/ Midwestern's application to extend its current import authorization for one year until October 31, 1982 is pending before ERA in Docket No. 81-28-NG.

2/ The contracts were dated, respectively, July 14, 1967, October 9, 1970, and June 11, 1971. The Commission orders were issued, respectively, June 20, 1967 (37 FPC 1070), April 30, 1970 (43 FPC 635), and June 1, 1971 (45 FPC 1037).

3/ Midwestern's application was approved by ERA in an order issued on August 9, 1979, in Docket No. 79-04-NG, and extended for one year by Opinion and Order No. 20, issued on October 16, 1980, in Docket No. 80-17-NG.

4/ Issued on March 27, 1981 in Pacific Gas Transmission Company, et al., (ERA Docket Nos. 81-01-NG, et al.).

Appendix

Official Service List  
Great Lakes Gas Transmission Company  
ERA Docket No. 81-27-NG

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