

Cited as "1 ERA Para. 70,536"

Midwestern Gas Transmission Company (ERA Docket No. 81-28-NG), October 26, 1981

DOE/ERA Opinion and Order No. 36

Opinion and Order Amending Authorizations To Import Natural Gas from Canada, And Granting Interventions

[Opinion and Order]

I. Background

By an order issued on August 9, 1979, by the Economic Regulatory Administration (ERA) of the Department of Energy (DOE) in ERA Docket No. 79-04-NG, ERA authorized Midwestern Gas Transmission Company (Midwestern) to import on a best efforts basis through October 31, 1980, up to 114 Bcf of natural gas purchased from TransCanada PipeLines Limited (TransCanada). DOE/ERA Opinion and Order No. 20, issued on October 16, 1980, in ERA Docket No. 80-17-NG, extended that authorization through October 31, 1981.

On June 23, 1981, Midwestern filed an application requesting ERA to extend its authorization through October 31, 1982, in order to permit it to import the remaining volumes already authorized but not yet taken.^{1/} Midwestern states in its application that it has imported approximately 57 Bcf of the 114 Bcf previously authorized. Midwestern further states that it will continue to purchase gas from TransCanada at the international border price established by the Canadian National Energy Board (currently U.S. \$4.94 per MMBtu) under a contract with no take-or-pay requirements. Midwestern also states that it will continue to resell the imported volumes to Tennessee Gas Pipeline Company, a Division of Tenneco, Inc. (Tennessee), Northern Natural Gas Company (Northern) Division of InterNorth, Inc., and Natural Gas Pipeline Company of America (Natural).

In support of its present application, Midwestern states that the requested one-year extension of its authorization is not inconsistent with the public interest because it will permit the delivery of volumes already authorized but not yet taken. Midwestern states that the absence of take-or-pay requirements under its existing authorization has permitted it to import and resell gas in accordance with its customers' needs, thereby giving them the flexibility to meet unusually heavy winter demand. Midwestern further states that the proposed import will not impair Midwestern's ability to render

authorized natural gas service at reasonable rates to its customers. Finally, Midwestern notes that since the proposed import would use only existing transportation facilities, no new construction would be required to implement it.

II. Intervenors

Petitions for intervention were filed by TransCanada (on August 20, 1981), Great Lakes Gas Transmission Company (Great Lakes, on August 21, 1981), Northern (on August 24, 1981), Boundary Gas, Inc, (Boundary, on August 25, 1981), and Tennessee (on August 31, 1981). Since the notice of application published by ERA set August 24, 1981 as the last day for filing petitions for intervention, the petitions of Boundary and Tennessee were filed out of time. As these petitioners assert, the late filings did not delay the proceeding, prejudice the rights of any of the parties thereto or otherwise adversely affect the issuance of a timely decision in this docket. In the absence of any objections, we are granting all petitions for intervention.

TransCanada expressed support for the application, as did Great Lakes 2/ and Tennessee. There were no expressions of opposition to the application, and there was no request for a hearing.

III. Decision

Upon review of Midwestern's application, we have determined that Midwestern's importation of natural gas from Canada for an additional year is not inconsistent with the public interest and should be authorized. 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. Additionally, the absence of any take-or-pay or minimum bill contractual provisions in connection with this import, as well as the short-term nature of the requested authorization, distinguishes these volumes from others which might raise issues relating to such provisions or to security of supply.

In Opinion and Order No. 29,^{3/} we determined that the present border price of U.S. \$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 U.S. \$4.94 per MMBtu, as requested by Midwestern, 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 authorization previously granted to Midwestern Gas Transmission Company in Ordering Paragraph (A) of the Order Amending Authorization to Import Natural Gas from Canada, issued October 16, 1980, is hereby amended to change the expiration date "October 31, 1981" to "October 31, 1982."

B. Pursuant to Section 3 of the Natural Gas Act, Midwestern Gas Transmission Company is hereby authorized to import the volumes authorized in Paragraph A above at a unit price not to exceed U.S. \$4.94 per MMBtu (U.S. \$4.60 per GJ).

C. The petitions for leave to intervene filed by TransCanada PipeLines Limited, Great Lakes Gas Transmission Company, Northern Natural Gas Company, Division of InterNorth, Inc., Boundary Gas Inc., and Tennessee Gas Pipeline Company, a Division of Tenneco Inc., are hereby granted, subject to such rules of practice and procedure as may be in effect, provided that their participation 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 intervenors shall not be construed as recognition by ERA that they might be aggrieved because of any order issued by ERA in this proceeding.

Issued in Washington D.C., October 26, 1981.

--Footnotes--

1/ Notice of receipt of the application was published at 46 FR 40256 (August 7, 1981).

2/ Great Lakes has an agreement with Midwestern to transport certain volumes which are the subject of the requested import authorization from the point of importation on the U.S. Canadian border to a point of interconnection with the facilities of Northern near Carlton, Minnesota and with Michigan Wisconsin Pipe Line Company (Michigan Wisconsin) near Fortune Lake, Michigan, and there to deliver the volumes to Michigan Wisconsin for the account of Midwestern.

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

Appendix
Official Service List
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ERA Docket No. 81-28-NG

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