

Cited as "1 ERA Para. 70,559"

Midwestern Gas Transmission Company, Great Lakes Gas Transmission Company
(ERA Docket No. 83-08-NG), January 20, 1984

DOE/ERA Opinion and Order No. 54

Order Granting Amendments to Authorizations to Import Natural Gas from
Canada

I. Background

On December 1, 1983, the Midwestern Gas Transmission Company (Midwestern) and the Great Lakes Gas Transmission Company (Great Lakes) jointly applied to the Economic Regulatory Administration (ERA) of the Department of Energy (DOE), pursuant to section 3 of the Natural Gas Act, to amend their previously granted authorizations to import certain volumes of natural gas purchased from TransCanada PipeLines Limited (TransCanada). The amendments would extend the term of those authorizations through October 31, 1984.

Specifically, Midwestern asks the ERA to extend until October 31, 1984, its previously granted authorization to import up to 114 Bcf of natural gas that was authorized to be imported on a best efforts basis through October 31, 1983. Concurrently, Great Lakes requests the ERA to extend until October 31, 1984, its previously granted authorization to import up to 18 Bcf of natural gas that was authorized to be imported through October 31, 1983, which is to be sold to Midwestern, and to import additional volumes as necessary for company use in transporting these volumes for Midwestern.

Midwestern was issued an order on August 9, 1979, in ERA Docket No. 79-04-NG,^{1/} which authorized it to import on a best efforts basis through October 31, 1980, up to 114 Bcf of natural gas purchased from TransCanada. DOE/ERA Opinion and Order No. 20, issued October 16, 1980, in ERA Docket No. 80-17-NG,^{2/} extended that authorization through October 31, 1981. DOE/ERA Opinion and Order No. 36, issued October 26, 1981, in ERA Docket No. 81-28-NG,^{3/} extended that authorization through October 31, 1982. DOE/ERA Opinion and Order No. 47, issued November 1, 1982, in ERA Docket No. 82-14-NG,^{4/} further extended that authorization through October 31, 1983.

Great Lakes was issued an order on July 11, 1979, in ERA Docket No. 78-011-NG,^{5/} which authorized it to import on an interruptible basis through October 31, 1980, up to 18 Bcf of natural gas purchased from TransCanada.

DOE/ERA Opinion and Order No. 21 (Order 21), issued October 20, 1980, in ERA Docket No. 80-16-NG,6/ extended that authorization through October 31, 1981. DOE/ERA Opinion and Order No. 35, issued October 23, 1981, in ERA Docket No. 81-27-NG,7/ extended that authorization through October 31, 1982. DOE/ERA Opinion and Order No.47, issued November 1, 1982, in ERA Docket No. 82-14-NG,8/ further extended that authorization through October 31, 1983. Order 21 and subsequent orders also authorized Great Lakes to import additional volumes, as necessary, for company use in providing transportation services for the volumes sold to Midwestern.

The applicants state that, to date, they have collectively imported approximately 67 Bcf of the 132 Bcf of natural gas previously approved for importation. The requested extension of these authorizations will allow them to import the remaining volumes which they have not taken. Applicants will continue to purchase such volumes from TransCanada and will utilize existing facilities. The price of these volumes would remain at the international border price, which is currently U.S. \$4.40 per MMBtu.

Midwestern will purchase the natural gas under a contract with TransCanada, as amended November 1, 1983, which has no take-or-pay requirements, and intends to resell any imported volumes taken under the extended authorization pursuant to the terms of its contract with Tennessee Gas Pipeline Company (Tennessee), a division of Tenneco Inc., as amended October 28, 1983. Great Lakes will purchase the natural gas it imports under its contract with TransCanada, as amended October 31, 1983, which also has no take-or-pay requirements, and intends to sell and transport any imported volumes taken under the extended authorization pursuant to the terms of its contracts with Midwestern, as amended October 28, 1983, for resale to Tennessee on the basis of need.

In support of their application, the applicants assert that the availability of this supply, with no requirement to take any volumes of gas, provides Tennessee with the "flexibility to meet unusually heavy weather demand or to cope with emergency conditions which might interrupt normal sources of supply or impair their system operations." The applicants further state that the proposed importation, transportation and sale of natural gas will not in any way impair their ability to render authorized natural gas services at reasonable rates, and that therefore it will not be inconsistent with the public interest.

II. Interventions and Comment

Midwestern and Great Lakes requested that the ERA expeditiously approve

its application to ensure that these import volumes will be available to Tennessee during the 1983-84 winter season. The ERA agreed to consider the application on an expedited basis. The ERA issued a notice of the application on December 29, 1983 (49 FR 654, January 5, 1984), which limited the intervention period to 15 days. The notice invited protests or petitions to intervene, which were to be filed by January 20, 1984. We received no protests or petitions to intervene.

III. Decision

The ERA has evaluated the joint application of Midwestern and Great Lakes according to the standard established by section 3 of the Natural Gas Act and the criteria set forth in DOE delegation Order No. 0204-54,9/ taking into consideration information in the record of this proceeding. The ERA has concluded that this application for importation is not inconsistent with the public interest for the following reasons. The requested amendments involve previously authorized volumes and applicants will utilize existing facilities to import gas taken under the extended authorizations.^{10/} The volumes will be imported, if available, on an interruptible basis, and only to the extent that Tennessee needs such gas. Moreover, applicants will incur no take-or-pay or minimum bill obligations in connection with this import. Finally, the availability of the gas to Tennessee will provide flexibility to meet its customers' winter peaking needs.

In view of the above considerations, we have determined that extending our previous authorizations through October 31, 1984, as requested by Great Lakes and 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, pursuant to section 3 of the Natural Gas Act, the ERA hereby orders that:

A. The import authorization previously granted to Midwestern Gas Transmission Company (Midwestern) in Ordering Paragraph A of DOE/ERA Opinion and Order No. 47, issued November 1, 1982, is hereby amended by deleting the expiration date "October 31, 1983," and substituting "October 31, 1984."

B. The import authorization previously granted to Great Lakes Gas Transmission Company (Great Lakes) in Ordering Paragraph B of DOE/ERA Opinion and Order No. 47, issued November 1, 1982, is hereby amended by deleting the expiration date "October 31, 1983," and substituting "October

31, 1984." This authorization includes such additional volumes to be used by Great Lakes as are necessary to transport the authorized volumes to Midwestern.

C. Midwestern and Great Lakes are hereby authorized to import the volumes authorized in Ordering Paragraphs A and B above at a unit price not to exceed U.S. \$4.40 per MMBtu.

Issued in Washington, D. C., January 20, 1984.

--Footnotes--

1/ This Order is unpublished.

2/ 1 ERA Para. 70519, Federal Energy Guidelines.

3/ 1 ERA Para. 70536, Federal Energy Guidelines.

4/ 1 ERA Para. 70541, Federal Energy Guidelines.

5/ This Order is unpublished.

6/ 1 ERA Para. 70520, Federal Energy Guidelines.

7/ 1 ERA Para. 70535, Federal Energy Guidelines.

8/ 1 ERA Para. 70541, Federal Energy Guidelines.

9/ 44 FR 56735 (October 2, 1979).

10/ The DOE has determined that, because existing pipeline facilities will be used, extending our previous authorizations is not a Federal action significantly affecting the quality of the environment within the meaning of the National Environmental Policy Act (42 U.S.C. 4321, et seq.) and therefore an environmental impact statement or environmental assessment is not required.