

Cited as "1 FE Para. 70,352"

Great Lakes Gas Transmission Limited Partnership; Great Lakes Gas Transmission Company (FE Docket No. 90-28-NG), September 24, 1990.

DOE/FE Opinion and Order No. 424

Order Reassigning Existing Authorizations to Import and Export Natural Gas and Granting Interventions

I. Background

On April 6, 1990, Great Lakes Transmission Limited Partnership (Great Lakes LP) and Great Lakes Gas Transmission Company (Great Lakes) filed a joint application with the Office of Fossil Energy (FE) of the Department of Energy (DOE) under section 3 of the Natural Gas Act (NGA) for authorization permitting Great Lakes LP to succeed to all of Great Lakes' existing authorizations to import and export natural gas effective on April 6, 1990, the first full day of operation after the date of formation of Great Lakes LP. Apart from this corporate structuring, no other change is proposed to Great Lakes' existing authorizations. The joint applicants also request the substitution of Great Lakes LP as applicant in any pending Great Lakes' request for section 3 authority. Great Lakes LP and Great Lakes are concurrently filing a related application with the Federal Energy Regulatory Commission (FERC) for authorization to allow Great Lakes LP to acquire and operate the facilities and to perform the natural gas transportation and sales services of Great Lakes, effective April 6, 1990.

Great Lakes, a Delaware corporation, is a natural gas transmission company engaged in the business of importing and exporting natural gas to and from Canada subject to the jurisdiction of DOE, and of purchasing, transporting and selling for resale, natural gas in interstate commerce subject to the jurisdiction of the FERC. Great Lakes is jointly owned in equal shares by TransCanada PipeLines USA, Ltd., a subsidiary of TransCanada PipeLines Ltd. (TransCanada), and Coastal Natural Gas Company, a subsidiary of the Coastal Corporation.

Great Lakes LP is comprised of TransCanada GL, Inc., a subsidiary of TransCanada PipeLines USA Ltd., and Coastal Great Lakes, Inc., a subsidiary of American Natural Resources Company, which, in turn, is a subsidiary of Coastal Natural Gas Company, as general partners, and Great Lakes as a limited partner. Great Lakes LP was formed for the purpose of: (1) acquiring the facilities and operations of Great Lakes; (2) acquiring the import and export

authorizations that are currently held by Great Lakes; (3) continuing the presently authorized services of transporting and selling for resale natural gas in interstate commerce; and (4) expanding the Great Lakes pipeline system so that it can better serve the public interest. Formation of Great Lakes, according to the application, "will facilitate the financing of current expansions and encourage further expansion of the pipeline system to better serve the public interest."

The Federal Power Commission (FPC), predecessor to the FERC, originally authorized Great Lakes to import and export natural gas from and to Canada in connection with three separate contracts with TransCanada. The point of importation is Emerson, Manitoba and the points of exportation are either Sault Ste. Marie, Ontario or St. Clair, Michigan. These authorizations and the related volumes have subsequently been amended by FERC, the Economic Regulatory Administration (ERA), and FE. Recent amendments largely result from and implement Great Lakes' unbundling of the sale of Canadian gas from transportation service.

Great Lakes is currently authorized by two DOE orders to import gas for resale, and to import and export gas under a transportation arrangement with TransCanada. First, DOE/FE Opinion and Order No. 416 (Order 416),^{1/} issued on August 8, 1990, in FE Docket No. 90-03-NG, amended earlier orders to authorize Great Lakes to import under different contracts the following volumes from TransCanada for resale: in Ordering Paragraph (B), a maximum of 27,709 Mcf of gas per day through October 31, 1991; in Ordering Paragraph (C), a maximum of 169,748 Mcf of gas per day through October 31, 1990; and in Ordering Paragraph (D), a maximum of 16,032,690 Mcf of gas annually, including compressor fuel and for other company uses, through October 31, 1991.

Second, DOE/ERA Opinion and Order No. 276-A (Order 276-A), issued April 25, 1990, in ERA Docket No. 88-56-NG, authorizes Great Lakes to import and export from and to Canada a maximum of 987,500 Mcf of gas per day through October 31, 2005, under a transportation arrangement with TransCanada.^{2/}

In addition, an application filed by Great Lakes on February 24, 1989, is pending in FE Docket No. 89-15-NG. DOE/FE Opinion and Order No. 343, issued October 25, 1989, conditionally authorized Great Lakes' request to increase the volumes imported and exported under a transportation arrangement with TransCanada up to a maximum of 1,405,000 Mcf per day.^{3/} The authorization was conditioned upon the entry of a final order after completion of environmental review of expanded pipeline facilities proposed by Great Lakes to transport the gas.^{4/}

The applicants assert that the authorization sought by their application does not seek a change in the terms and conditions of any of Great Lakes' existing import and export authorizations apart from the succession of Great Lakes LP as the holder of such authority.

The DOE issued a notice of the applications on July 5, 1990, inviting protests, motions to intervene, notices of intervention, and comments to be filed by July 27, 1990.⁵ Motions to intervene without comment or request for additional procedures were filed by ProGas Limited, Consumers Power Company (Consumers), and Michigan Consolidated Gas Company. Although Consumers' motion to intervene did not protest the application or request a hearing, it did question Great Lakes LP's proposed change: how such a change would encourage expansion of the Great Lakes pipeline system; and how such a change can result in Great Lakes and Great Lakes LP being better able to serve the public interest. In their August 14, 1990, answer, Great Lakes and Great Lakes LP stated that the questions raised by Consumers are addressed in the application and relate to financing system expansion and matters of corporate taxation. This order grants intervention to these movants.

II. Decision

This joint application has been reviewed pursuant to section 3 of the Natural Gas Act which requires DOE to approve an application unless it is demonstrated that the proposed arrangement(s) will not be consistent with the public interest. Orders 416 and 276-A concluded Great Lakes' imports for resale and import/export, respectively, were consistent with the public interest based on the records in those proceedings. The only change represented by this uncontested joint petition is the proposed transfer of authority from Great Lakes to Great Lakes LP. The contractual terms and conditions of the import and export arrangements upon which the section 3 determinations were based would remain the same, and there is no other information in the record of this proceeding to support or compel reexamination under section 3.

After taking into consideration all of the information in the above proceeding, I therefore find that authorizing Great Lakes LP to succeed to all of Great Lakes' existing authorizations to import and export natural gas and also authorizing Great Lakes LP to be substituted as applicant in Great Lakes' pending request for import and export authority is not inconsistent with the public interest.

ORDER

For the reasons set forth above, under section 3 of the Natural Gas Act, it is ordered that:

A. The import authorization granted to Great Lakes Gas Transmission Company (Great Lakes) as most recently amended by Ordering Paragraphs B, C, and D of DOE/FE Opinion and Order No. 416, in FE Docket No. 90-03-NG, is hereby transferred to Great Lakes Gas Transmission Limited Partnership (Great Lakes LP), effective on April 6, 1990, the first full day of operations after the date of formation of Great Lakes LP.

B. The import/export authorization granted to Great Lakes, as most recently amended by DOE/ERA Opinion and Order No. 276-A, in ERA Docket No. 88-56-NG, is hereby transferred to Great Lakes LP, effective on April 6, 1990, the first full day of operations after the date of formation of Great Lakes LP.

C. Great Lakes LP is hereby substituted as applicant in FE Docket No. 89-15-NG.

D. The motions to intervene, filed by Consumers Power Company, Michigan Consolidated Gas Company, and ProGas Limited as set forth in this Opinion and Order, are hereby granted, provided that participation of the intervenors shall be limited to matters specifically set forth in their motion to intervene and not herein specifically denied, and that the admission of such intervenors shall not be construed as recognition that they might be aggrieved because of any order issued in these proceedings.

Issued in Washington, D.C., on September 24, 1990.

--Footnotes--

1/ 1 FE Para. 70,342.

2/ 1 FE Para. 70,312.

3/ 1 FE Para. 70,256.

4/ DOE currently is reviewing the FEIS issued by FERC on June 15, 1990 (FERC/EIS-0057).

5/ 55 FR 28678, July 12, 1990.