

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

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NORTHERN NATURAL GAS COMPANY) FE DOCKET NO. 92-68-NG
_____)

ORDER GRANTING LONG-TERM AUTHORIZATION TO
EXPORT AND IMPORT NATURAL GAS AND
GRANTING INTERVENTION

DOE/FE OPINION AND ORDER NO. 680

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OCTOBER 9, 1992
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I. BACKGROUND

On June 8, 1992, Northern Natural Gas Company (Northern), filed an application with the Office of Fossil Energy (FE) of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA) and DOE Delegation Order Nos. 0204-111 and 0204-127, for authorization to export and import up to 60,000 Mcf per day of domestic natural gas to and from Canada. The term of the proposed export/import would begin November 1, 1992, and continue through December 31, 1997. This gas would be purchased from more than 30 producers with reserves in the Tiger Ridge and Sherard areas of north-central Montana.

Under a previous order issued by the Federal Power Commission (FPC) on May 11, 1972, which expires October 31, 1992, Northern is authorized to export to Canada at the Montana-Saskatchewan border near Willow Creek, Saskatchewan, up to 150,000 Mcf per day of Tiger Ridge gas.^{1/} The exported domestic gas is transported across Canada to the Manitoba-Minnesota border near Emerson, Manitoba where it is reimported by Northern and sold to customers on the north end of its transmission system. Northern operates a mainline system extending from the Texas Panhandle area to the northern parts of Wisconsin and Minnesota. None of the Montana gas is consumed or stored in Canada.

By its application in this docket, Northern seeks to continue obtaining Montana gas for its north-end market.

1/ See FPC Opinion No. 618, 47 FPC 1202 (1972) rehearing denied

FPC Opinion No. 618-A, 48 FPC 22 (July 7, 1972).

Although the quantity of gas Northern now proposes to export and import is a reduction in the previously authorized volumes, the route by which the gas would be delivered is the same. The gas would be exported near Willow Creek, Saskatchewan, through Northern's pipeline interconnection with the facilities of Many Islands Pipe Lines (Canada) Limited (MIP). MIP would then transport the gas to an interconnection with TransCanada PipeLines Limited (TransCanada) at Herbert, Saskatchewan, where the gas would be delivered to TransCanada for the account of Many Island Natural Gas (Canada) Limited (MING). MING would forward the gas on TransCanada to TransCanada's interconnection with Great Lakes Gas Transmission Limited Partnership (Great Lakes) at the international border near Emerson, Manitoba, where it would be imported by Northern. From the border, Great Lakes would transport the gas for Northern to a point of interconnection with Northern's system at Carlton, Minnesota.

Currently, Northern has a buy/sell agreement with MING whereby Northern sells the gas it purchases in Montana to MING at the international border and MING resells the gas back to Northern at Emerson. All Canadian transportation is held by MING. Northern reimburses MING for all transportation charges and a cost of service for handling the gas. Under the new import/export arrangement proposed by Northern, Northern would retain title to the gas through Canada.

In support of its application, Northern states that this export and import arrangement is the only way that natural gas

from the Montana producing areas can physically reach its north-end market. Northern also states that this arrangement would benefit Montana producers as it would continue to give them a market for their gas through December 1997 under the supply contracts with Northern.

A notice of the application was issued August 6, 1992, inviting protests, motions to intervene, notices of intervention, and comments to be filed by September 14, 1992.^{2/} Motions to intervene without comment were filed by Great Lakes, Midwest Gas, and Norfolk Energy, Inc. This order grants intervention to these movants.

II. DECISION

The application filed by Northern has been evaluated to determine if the proposed export and import arrangement meets the public interest requirements of section 3 of the NGA. Under section 3, an import or export must be authorized unless there is a finding that it "will not be consistent with the public interest."^{3/} With regard to imports, this determination is guided by DOE's natural gas import policy guidelines.^{4/} Under these guidelines, the competitiveness of an import in the markets served is the primary consideration for meeting the public interest test. When natural gas export applications are reviewed, domestic need for the gas to be exported is considered,

^{2/} 57 FR 36400, August 13, 1992.

3/ 15 U.S.C. 717b. _

4/ 49 FR 6684, February 22, 1984. _

as well as any other issues determined to be appropriate in a particular case. Since the natural gas is to be exported and imported solely as part of Northern's system supply, and will not be sold or stored in Canada, DOE believes that the only potential impact, if any, would be from Northern's transportation arrangements.

According to the application, Montana gas would be exported and imported to facilitate its transportation and delivery for resale to Northern's system supply customers in its north-end market. No domestic supplies would be sold or stored in Canada and the arrangement does not involve imports of Canadian gas for consumption in the United States. For this reason, as emphasized in the August 13, 1992, Federal Register notice of Northern's

application, the public interest inquiry focuses on the impact of the transportation, i.e., the movement of the gas through the pipeline facilities of MIP, TransCanada, MING, and Great Lakes, and on the availability of gas in U.S. markets served by those pipeline facilities.

Based on the record before it at this time, DOE finds that granting Northern import and export authorization to enable the delivery of Montana gas into Minnesota is not inconsistent with the public interest. There is no evidence in the record that the proposed export/import arrangement would have any adverse effect on gas availability in domestic markets served by pipelines involved in the Northern project. No customers of any of these

pipelines has opposed the project or complained that they would

be adversely affected by capacity-related interruption of service or for any other reason.

After taking into consideration all of the information in the record of this proceeding, I find that authorizing Northern to export up to 60,000 Mcf of Montana gas per day to Canada and subsequently import the same gas from Canada beginning November 1, 1992, through December 31, 1997, as part of a transportation arrangement, is not inconsistent with the public interest.^{5/}

ORDER

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

A. Northern Natural Gas Company (Northern) is authorized from November 1, 1992, through December 31, 1997, to export to Canada near Willow Creek, Saskatchewan up to 60,000 Mcf of natural gas per day produced in the State of Montana and subsequently import the same natural gas into the United States near Emerson, Manitoba.

B. Within two weeks after deliveries begin, Northern shall provide written notification to the Office of Fuels Programs, Fossil Energy, Room 3F-056, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585, of the date that the first

^{5/} Because the proposed export/import of natural gas will use existing facilities, DOE has determined that granting this application is not a major Federal action significantly affecting the quality of the human environment within the meaning of the

— — National Environmental Policy Act (42 U.S.C. 4321, et seq.) and

— — therefore neither an environmental impact statement nor
environmental assessment is required. See 40 CFR 1508.4 and

— — 57 FR 15122 (April 24, 1992).

delivery of natural gas authorized in Ordering Paragraph A above occurred.

C. Northern shall file with the Office of Fuels Programs, with 30 days following each calendar quarter, quarterly reports showing by month, the total volume of natural gas exports and imports in Mcf. If no exports and imports have been made, a report of "no activity" for that calendar quarter must be filed. Failure to file quarterly reports may result in termination of this authorization.

D. The motions to intervene, as set forth in this Opinion and Order, are hereby granted, provided that participation of the intervenor shall be limited to matters specifically set forth in the motions 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.

E. The first quarterly report required by paragraph D of this order is due not later than January 30, 1993, and should cover the period from the effective date of this order until the end of the fourth calendar quarter on December 31, 1992.

Issued in Washington, D.C., on October 9, 1992.

Charles F. Vacek
Deputy Assistant Secretary
for Fuels Programs

Office of Fossil Energy