

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

MONTANA POWER COMPANY)
_____)

FE DOCKET NO. 92-130-NG

ORDER GRANTING LONG-TERM AUTHORIZATION
TO EXPORT NATURAL GAS TO CANADA
AND TERMINATING EXISTING AUTHORIZATION

DOE/FE ORDER NO. 759

DECEMBER 22, 1992

I. BACKGROUND

On October 26, 1992, Montana Power Company (MPC) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA),^{1/} for authorization to export to Canada up to 475 Mcf of natural gas per day and up to 173,375 Mcf annually. The initial term of the proposed authorization would begin on the date of the first delivery through October 13, 1994, under a gas supply contract between MPC and Canadian Western Natural Gas Company Limited (Canadian Western), with automatic extensions on a month to month basis until the parties agree to cancel the contract. The volumes would be exported at the U.S./Canada border near Sweetgrass, Montana.

MPC, a Montana corporation with its principal place of business in Butte, Montana, is a public utility which supplies natural gas to consumers in western Montana. Since 1966, MPC has been authorized to export up to 120,000 Mcf of gas annually to Canada under an order issued by the Federal Power Commission (FPC),^{2/} as amended by DOE/ERA Opinion and Order No. 41.3/

The authorization proposed herein would supersede the FPC order, as amended. The supply contract with Canadian Western dated September 3, 1992, modifies the pricing structure of the original export arrangement by adopting, by reference, the rate provisions from MPC's Rate Schedule ST-FUGC-1 on file with the Montana Public Service Commission (MPSC). This pricing arrangement is

- 1/ 15 U.S.C. 717b. _
- 2/ 35 FPC 94 (January 18, 1966). _
- 3/ 1 ERA 70,546 (April 28, 1982). _

based upon the agreement of the parties, negotiated at arms length, and approved by the MPSC.

II. FINDING _____

The application filed by MPC has been evaluated to determine if the proposed export arrangement meets the public interest requirements of section 3 of the Natural Gas Act, as amended by section 201 of the Energy Policy Act of 1992 (Pub. L. No. 102-486). Under section 3(c), the export of natural gas to a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas is deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought by MPC to export natural gas to Canada, a nation with which a free trade agreement is in effect, meets the section 3(c) criterion and, therefore, is consistent with the public interest.

ORDER

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

A. Montana Power Company (MPC) is authorized to export up to 475 Mcf per day, and up to 173,375 Mcf per year, of natural gas to Canada, at Sweetgrass, Montana, for an initial term beginning on the date of first delivery through October 13, 1994, consistent with the terms of the gas purchase contract between MPC and Canadian Western Natural Gas Company Limited (Canadian Western) dated September 3, 1992, on file in this docket. The authorization shall be automatically extended from month to month

until the date the parties terminate the contract.

B. The export authorization granted to MPC by the Federal Power Commission on January 18, 1966, as amended by DOE/ERA Opinion and Order No. 41, is hereby terminated.

C. Within two weeks after deliveries begin, MPC shall notify the Office of Fuels Programs (OFP), Fossil Energy, Room 3F-056, FE-50, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585, in writing, of the date that the first export delivery of natural gas authorized in Ordering Paragraph A above occurred.

D. With respect to the natural gas exports authorized by this Order, MPC shall file with OFP, within 30 days following each calendar quarter, quarterly reports indicating whether export sales have been made. If no exports have been made, a report of "no activity" for that calendar quarter must be filed. If exports occur, MPC must report total monthly export volumes in Mcf and the average sales price per MMBtu at the international border. MPC shall notify OFP, in writing, within two weeks after its gas contract with Canadian Western terminates.

E. The first quarterly report required by Ordering Paragraph D of this Order is due not later than January 30, 1993, and should cover the period from the date of this Order until the end of the current calendar quarter, December 31, 1992.

Issued in Washington, D.C., on December 22, 1992.

Charles F. Vacek

Deputy Assistant Secretary
for Fuels Programs
Office of Fossil Energy