

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

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NORTHERN NATURAL GAS COMPANY ) )  
 ) )  
GREAT PLAINS NATURAL GAS ) )  
COMPANY ) )  
 ) )  
INTERSTATE POWER COMPANY ) )  
 ) )  
IOWA ELECTRIC LIGHT AND POWER ) )  
COMPANY ) )  
 ) )  
MADISON GAS AND ELECTRIC ) )  
COMPANY ) )  
 ) )  
METROPOLITAN UTILITIES DISTRICT ) )  
 ) )  
MIDWEST GAS COMPANY ) FE DOCKET NO. 93-113-NG  
 ) )  
MINNEGASCO, DIVISION OF ARKLA, ) )  
INC. ) )  
 ) )  
NORTHERN ILLINOIS GAS COMPANY ) )  
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NORTHERN MINNESOTA UTILITIES ) )  
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) ) )  
NORTHERN STATES POWER COMPANY ) )  
(MINNESOTA) ) )  
 ) )  
NORTHERN STATES POWER COMPANY ) )  
(WISCONSIN) ) )  
) ) )  
) ) )  
NORTHWESTERN PUBLIC SERVICE ) )  
COMPANY ) )  
 ) )  
PEOPLES NATURAL GAS COMPANY, ) )  
DIVISION OF UTILICORP UNITED, ) )  
INC. ) )  
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ORDER GRANTING AUTHORIZATIONS TO IMPORT NATURAL  
GAS FROM CANADA AND VACATING PRIOR AUTHORIZATION

DOE/FE ORDER NO. 873

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OCTOBER 29, 1993

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I. DESCRIPTION OF REQUEST

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On October 19, 1993, Northern Natural Gas Company (Northern) and thirteen other parties filed a joint application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA)<sup>1/</sup> and DOE Delegation

Order Nos. 0204-111 and 0204-127, to have a natural gas import authorization held by Northern reassigned. In DOE/FE Opinion and Order No. 465, issued December 20, 1990, Northern was authorized to import up to 100,000 Mcf of gas per day on a firm basis through October 31, 2001, under a contract dated November 1, 1989, with Unigas Corporation (Unigas).<sup>2/</sup> The gas is imported

at the U.S./Canada border near Monchy, Saskatchewan, and used for Northern's system supply. Northern is restructuring the gas supply arrangement so it can comply with the unbundling requirements of Order 636, the pipeline services restructuring rule issued by the Federal Energy Regulatory Commission (FERC).<sup>3/</sup> Northern states that with the effectiveness of its

restructuring, it will for all practical purposes no longer have a firm natural gas merchant role. Further, Northern maintains

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1/ 15 U.S.C. § 717b.

2/ 1 FE § 70,393.

3/ Pipeline Service Obligations and Revisions to Regulations

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Governing Self-Implementing Transportation; and Regulation of

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Natural Gas Pipelines After Partial Wellhead Decontrol, Order No.

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636, 57 Fed. Reg. 13267 (April 16, 1992), FERC Statutes and  
Regulations □ 30,939 (April 8, 1992), order on reh'g, Order No.

636-A, 57 Fed. Reg. 36128 (August 12, 1992), FERC Statutes and  
Regulations □ 30,950 (August 3, 1992), order on reh'g, Order No.

636-B, 57 Fed. Reg. 57911 (December 8, 1992), 61 FERC □ 61,272  
November 27, 1992), rehearing denied, 62 FERC □ 61,007  
(January 8, 1993).

that the reassignment of the import authorization would reduce it's costs associated with the Order 636 transition.

Under the restructuring, Northern has assigned its contractual rights to the total gas supply sold to Northern by Unigas to fourteen parties. The fourteen parties taking assignment of the Unigas contract are Coastal Gas Marketing Company ("Coastal"); Great Plains Natural Gas Company; Interstate Power Company; Iowa Electric Light and Power Company; Madison Gas and Electric Company; Metropolitan Utilities District; Midwest Gas Company; Minnegasco, Division of Arkla, Inc.; Northern Illinois Gas Company; Northern Minnesota Utilities; Northern States Power Company (Minnesota); Northern States Power Company (Wisconsin); Northwestern Public Service Company; and Peoples Natural Gas Company, Division of Utilicorp United, Inc. Coastal would import the Canadian gas related to its portion of its assigned Unigas contract volumes under its blanket import authorization granted on July 10, 1992, in DOE/FE Opinion and Order No. 644.4/ Most of the assignees listed above were

previously served by Northern in its merchant role. By order issued July 16, 1993, FERC approved Northern's restructured services effective November 1, 1993.5/

As indicated above, the gas sales contract was originally entered into by Northern and Unigas on November 1, 1989. The contract was amended April 1, 1992, to reduce the maximum daily

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4/ 1 FE □ 70,608.

5/ Northern Natural Gas Company, 64 FERC □ 61,073.

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contract volume from 100,000 Mcf per day to 60,000 Mcf per day effective November 1, 1992, and to implement new pricing terms. Further, on August 2, 1993, Northern notified Unigas that it is reducing its obligation to purchase gas volumes under the contract to zero effective November 1, 1994. Thus, the remaining term of the contract effectively ends October 31, 1994.

Under the amended contract, the assignees must nominate 60 percent of their base contract quantity or pay an additional charge for deficiencies below the 60 percent take level. For base volumes delivered each month, the assignees would pay Unigas a demand charge (covering costs for Canadian pipeline transportation) and a commodity charge based on a percentage of published pricing reports at the higher of: (1) a composite price equal to the arithmetic average of the prices for spot gas delivered to four midwestern interstate pipelines, or (2) the arithmetic average price of the maximum and minimum prices for Alberta gas plus two cents per MMBtu. The point of title transfer remains at the interconnection of the pipeline facilities of Foothills Pipe Lines (Yukon) Ltd. and Northern Border Pipeline Company near Monchy, Saskatchewan.

The 60,000 Mcf per day of Canadian gas supply for the remaining year of Northern's contract with Unigas would be assigned as follows:

Customer	Volume (Mcf/day)
Coastal Gas Marketing Company	5,170
Great Plains Natural Gas Company	314

Interstate Power Company	1,072
Iowa Electric Light and Power Company	2,763
Madison Gas and Electric Company	989
Metropolitan Utilities District	7,500
Midwest Gas Company	6,536
Minnegasco, Division of Arkla, Inc.	14,928
Northern Illinois Gas Company	3,848
Northern Minnesota Utilities	476
Northern States Power Company (Minnesota)	6,347
Northern States Power Company (Wisconsin)	1,182
Northwestern Public Service Company	949
Peoples Natural Gas Company, Division of Utilicorp United, Inc.	7,926
TOTAL	<u>60,000</u>

## II. FINDING

This joint application has been evaluated to determine if the proposed import arrangement meets the public interest requirement of section 3 of the NGA, as amended by section 201 of the Energy Policy Act of 1992 (Pub. L. 102-486). Under section 3(c), the importation of natural gas from 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 authority requested in this proceeding to import natural gas from 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

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Pursuant to section 3 of the Natural Gas Act, it is ordered that:

A. Great Plains Natural Gas Company is authorized to import from Canada up to 314 Mcf of natural gas per day during the period November 1, 1993, through October 31, 1994.

B. Interstate Power Company is authorized to import from Canada up to 1,072 Mcf of natural gas per day during the period November 1, 1993, through October 31, 1994.

C. Iowa Electric Light and Power Company is authorized to import from Canada up to 2,763 Mcf of natural gas per day during the period November 1, 1993, through October 31, 1994.

D. Madison Gas and Electric Company is authorized to import from Canada up to 989 Mcf of natural gas per day during the period November 1, 1993, through October 31, 1994.

E. Metropolitan Utilities District is authorized to import from Canada up to 7,500 Mcf of natural gas per day during the period November 1, 1993, through October 31, 1994.

F. Midwest Gas Company is authorized to import from Canada up to 6,536 Mcf of natural gas per day during the period November 1, 1993, through October 31, 1994.

G. Minnegasco, Division of Arkla, Inc. is authorized to import from Canada up to 14,928 Mcf of natural gas per day during the period November 1, 1993, through October 31, 1994.

H. Northern Illinois Gas Company is authorized to import from Canada up to 3,848 Mcf of natural gas per day during the period November 1, 1993, through October 31, 1994.

I. Northern Minnesota Utilities is authorized to import from Canada up to 476 Mcf of natural gas per day during the period November 1, 1993, through October 31, 1994.

J. Northern States Power Company (Minnesota) is authorized to import from Canada up to 6,347 Mcf of natural gas per day during the period November 1, 1993, through October 31, 1994.

K. Northern States Power Company (Wisconsin) is authorized to import from Canada up to 1,182 Mcf of natural gas per day during the period November 1, 1993, through October 31, 1994.

L. Northwestern Public Service Company is authorized to import from Canada up to 949 Mcf of natural gas per day during the period November 1, 1993, through October 31, 1994.

M. Peoples Natural Gas Company, Division of Utilicorp United, Inc. is authorized to import from Canada up to 7,926 Mcf of natural gas per day during the period November 1, 1993, through October 31, 1994.

N. The natural gas volumes authorized in Ordering Paragraphs A through M shall be imported at the border of the United States and Canada near Monchy, Saskatchewan, consistent with the provisions of the contract dated November 1, 1989, between Northern Natural Gas Company (Northern) and Unigas Corporation (Unigas), as amended, which was filed with the Office of Fuels Programs (OFP), Fossil Energy.

O. Northern shall file with OFP copies of the Assignment and Novation Agreements under which Northern transfers its remaining rights under the Unigas contract to the importers listed above within two weeks after Northern receives fully executed copies of such documents.

P. Northern's authority to import natural gas from Canada pursuant to DOE/FE Opinion and Order No. 465, issued December 20, 1990, is vacated in its entirety, effective November 1, 1993, the date the reassignments take effect.

Q. Within two weeks after deliveries begin, each importer identified in Ordering Paragraphs A through M shall provide written notification to OFP, Room 3F-056, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585, of the date that its first import of natural gas authorized by this Order occurred. Furthermore, each importer at this time shall identify the person who will be responsible for filing quarterly reports pursuant to the following Ordering Paragraphs R and S.

R. With respect to the natural gas imports authorized by this Order, each importer shall file with OFP, within 30 days following each calendar quarter, quarterly reports showing by month the total volume (in Mcf) that it imported and the average purchase price per MMBtu paid at the international border. If no imports have been made, a report of "no activity" for that calendar quarter must be filed. The price information for a particular month shall list separately (on a per unit (MMBtu) basis) the demand charge and commodity charge. Also, the reports

shall itemize separately any minimum take deficiency payments made during a particular calendar quarter.

S. The first quarterly reports required by Ordering Paragraph R of this Order are due not later than January 30, 1994, and should cover the period from November 1, 1993, until the end of the fourth calendar quarter, December 31, 1993.

Issued in Washington, D.C., on October 29, 1993.

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Anthony J. Como  
Director  
Office of Coal & Electricity  
Office of Fuels Programs  
Office of Fossil Energy