

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

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WISCONSIN GAS COMPANY)	FE DOCKET NO. 93-145-NG
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ORDER GRANTING LONG-TERM AUTHORIZATION
TO IMPORT NATURAL GAS FROM CANADA

DOE/FE ORDER NO. 901

DECEMBER 30, 1993

I. DESCRIPTION OF REQUEST

On December 17, 1993, Wisconsin Gas Company (Wisconsin Gas) 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/} and DOE Delegation Order Nos. 0204-111 and

0204-127, requesting authorization to import up to 89,411 Mcf per day of natural gas from Canada beginning on the date of this authorization and continuing through November 1, 2003. Wisconsin Gas and its parent corporation, WICOR, Inc., are Wisconsin corporations with their offices located in Milwaukee, Wisconsin. Wisconsin Gas is a public utility which distributes and sells natural gas to markets in Wisconsin.

The gas would be imported from Western Gas Marketing Limited (WGML) pursuant to a ten-year gas purchase contract dated October 20, 1993.^{2/} The point of delivery into the United

States would be at the international boundary near Emerson, Manitoba. Transportation from Emerson, Manitoba, for 70,425 Mcf per day of this gas would be provided by Viking Gas Transmission Company to Marshfield, Wisconsin, and then by ANR Pipeline Company (ANR) to Wisconsin Gas' distribution system.

Transportation from Emerson, Manitoba, for the remaining 18,986 Mcf per day of the contracted volumes would be provided by Great Lakes Gas Transmission Limited Partnership to Crystal Falls,

1/ 15 U.S.C. § 717b.

2/ Wisconsin Gas has been importing gas pursuant to this contract with WGML under its blanket import authorization granted

by DOE/FE Order No. 847 on September 30, 1993 (1 FE □ 70,851).

Michigan, and then by ANR to Wisconsin Gas' distribution system. No new pipeline facilities would be constructed.

The gas supply contract between Wisconsin Gas and WGML provides for payment of a total price comprised of a monthly commodity charge per MMBtu delivered, a monthly demand charge (mostly covering Canadian transportation costs), and a gas inventory charge. The commodity charge would be calculated by adding a base price, set at \$1.82/MMBtu,^{3/} to a composite of

specified spot prices as published in Inside FERC's Gas Market

Report (IFGMR) and the IFGMR Louisiana and Southwest Spot Index

Prices for April, 1993. The formula for calculating the commodity charge is subject to renegotiation and arbitration if the parties are unable to agree on a revised formula. Beginning in the 1994/95 contract year, either party may, once every two years, request redetermination of the commodity charge. Also, Wisconsin Gas has a one-time right to require renegotiation of any or all of the pricing and purchase commitment terms of the contract, with such renegotiated terms to be effective November 1, 2000. Additionally, the contract provides that Wisconsin Gas may have to pay WGML a minimum take deficiency charge of \$0.05/Mcf if it nominates less than 20 percent of the maximum daily contract quantity of 89,411 Mcf for delivery on any day.

II. FINDING

The application filed by Wisconsin Gas has been evaluated to determine if the proposed import arrangement meets the public

3/ References herein are to U.S. dollars.

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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 authorization sought by Wisconsin Gas 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

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

A. Wisconsin Gas Company (Wisconsin Gas) is authorized to import from Canada up to 89,411 Mcf per day of natural gas purchased from Western Gas Marketing Limited, beginning on the date of this authorization through October 31, 2003. Wisconsin Gas shall import this gas near Emerson, Manitoba, pursuant to the contract with WGML filed in this proceeding.

B. Within two weeks after deliveries begin, Wisconsin Gas 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 imports of natural gas authorized in Ordering Paragraph A above occurred.

C. With respect to the natural gas imports authorized by this Order, Wisconsin Gas shall file with the Office of Fuels Programs, within 30 days following each calendar quarter, quarterly reports showing by month the total volume (in Mcf) imported under the contract with WGML, and the average purchase price per MMBtu paid to WGML at the international border. The price information for a particular month shall list separately (on a per unit (MMBtu) basis) the demand charge, commodity charge, and gas inventory charge. Also, the reports shall itemize separately any minimum take deficiency payments made by Wisconsin Gas during a particular calendar quarter.

D. The first quarterly report required by Ordering Paragraph C of this Order is due not later than April 30, 1994, and should cover the period from the date of this Order, until the end of the first calendar quarter, March 31, 1994.

Issued in Washington, D.C., on December 30, 1993.

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