

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

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UTILICORP UNITED, INC. ) FE DOCKET NO. 93-149-NG  
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ORDER GRANTING LONG-TERM AUTHORIZATION  
TO IMPORT NATURAL GAS FROM CANADA

DOE/FE ORDER NO. 916

JANUARY 26, 1994

I. DESCRIPTION OF REQUEST

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On December 22, 1993, as supplemented on January 25, 1994, UtiliCorp United, Inc. (UtiliCorp), d/b/a Michigan Gas Utilities (MGU), filed an 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, requesting authorization to import up to 7,241 Mcf per day of natural gas from Canada for a ten-year period ending November 1, 2003. UtiliCorp is a Delaware corporation which has its corporate offices in Kansas City, Missouri. MGU, an operating division of UtiliCorp, is a local distribution company, with its principal place of business in Monroe, Michigan. The gas would be imported from Western Gas Marketing Limited (WGML) pursuant to a gas purchase contract which was executed October 26, 1993, and became effective November 1, 1993,<sup>2/</sup> subject to the parties receiving approval from Canadian and U.S. government authorities. The point of delivery into the United States would be at the international boundary near Emerson, Manitoba. Transportation from Emerson, Manitoba, would be provided by Viking Gas Transmission Company (up to 6,610 Mcf/d) and Great Lakes Gas Transmission L.P. (up to 631 Mcf/d), and then by ANR to MGU's distribution system. No new pipeline facilities would be constructed.

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1/ 15 U.S.C. 717b.

2/ Due to ANR Pipeline Company's (ANR) restructuring under Order No. 636, approved by the Federal Energy Regulatory Commission and

effective on November 1, 1993, ANR has assigned its contract rights to previous gas sales customers, including MGU.

The contract between UtiliCorp 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 derived from a composite index of spot gas prices for domestic volumes received into ANR's pipeline system in Louisiana and Oklahoma, as published in Inside FERC's

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Gas Market Report. Beginning November 1, 1995, either party may,

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once every two years, request redetermination of the commodity charge. The formula for calculating the commodity charge is subject to renegotiation and arbitration if the parties are unable to agree on a revised formula. UtiliCorp 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 UtiliCorp 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 7,241 Mcf for delivery on any day.

## II. FINDING

The application filed by UtiliCorp 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 authorization sought by UtiliCorp 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. UtiliCorp United, Inc. (UtiliCorp), d/b/a Michigan Gas Utilities, is authorized to import from Canada up to 7,241 Mcf per day of natural gas purchased from Western Gas Marketing Limited (WGML) beginning on the date of this Order, and continuing until November 1, 2003. UtiliCorp shall import this gas near Emerson, Manitoba, pursuant to the terms of its gas purchase contract with WGML dated October 26, 1993, filed in this proceeding.

B. Within two weeks after deliveries begin, UtiliCorp 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, UtiliCorp 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 UtiliCorp 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 January 26, 1994.

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