

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

_____)	
WISCONSIN PUBLIC SERVICE)	FE DOCKET NO. 94-30-NG
CORPORATION)	
_____)	

ORDER GRANTING LONG-TERM AUTHORIZATION
TO IMPORT NATURAL GAS FROM CANADA

DOE/FE ORDER NO. 946

MAY 3, 1994

I. DESCRIPTION OF REQUEST

On March 31, 1994, Wisconsin Public Service Corporation (WPSC) 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 7,991 Mcf per day of natural gas from Canada through October 31, 1997. WPSC, a Wisconsin corporation, is a public utility which serves natural gas and electricity customers in the Green Bay, Wisconsin area. The gas is being imported from ProGas Limited (ProGas) pursuant to a contract between WPSC and ProGas which became effective November 1, 1993.^{2/} The point of delivery into the United States for this gas is at the international boundary near Emerson, Manitoba. Transportation from Emerson, Manitoba, is provided by Viking Gas Transmission Company, and then by ANR Pipeline Company (ANR) to WPSC's distribution system. No new pipeline facilities are necessary for the delivery of this gas.

The contract between WPSC and ProGas 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 is calculated by adding a base price of \$1.80/MMBtu (U.S.) to a composite of spot gas prices from Louisiana and Oklahoma, as

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

2/ Since November 1, 1993, WPSC has been importing this gas

from ProGas under its blanket authorization granted by DOE/FE
Order No. 321 on June 19, 1989 (1 FE 70,230).

published in Inside FERC's Gas Market Report. The formula for

calculating the commodity charge is subject to renegotiation and arbitration if the parties are unable to agree on a revised formula. ProGas has the right to market gas not taken by WPSC to other purchasers, and WPSC would then receive a credit toward its monthly demand charge. Additionally, the contract provides that WPSC may have to pay ProGas a minimum take deficiency charge. Each year, WPSC elects a minimum annual quantity of gas to be purchased from ProGas, termed its annual purchase obligation. The annual purchase obligation may be any increment of 10 percent between 50 percent and 100 percent of WPSC's maximum daily contract quantity (MDCQ) multiplied by the number of days in the year. WPSC would pay ProGas \$0.10/Mcf for the deficient volumes if it purchases less than its elected annual purchase obligation. However, it would have one year to make up any shortfall in purchases before being assessed the deficiency charge. The contract also provides that the commodity charge WPSC pays would be reduced by one percent for volumes purchased above WPSC's elected annual purchase obligation.

II. FINDING _____

The application filed by WPSC 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 WPSC 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 Public Service Corporation (WPSC) is authorized to import from Canada up to 7,991 Mcf per day of natural gas purchased from ProGas Limited (ProGas) beginning on the date of this authorization through October 31, 1997. WPSC shall import this gas near Emerson, Manitoba, pursuant to the terms of the contract between WPSC and ProGas filed in this proceeding.

B. Within two weeks after deliveries begin, WPSC 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, WPSC 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 from ProGas

and the average purchase price per MMBtu paid to ProGas 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 WPSC during a particular calendar quarter.

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

Issued in Washington, D.C., on May 3, 1994.

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