

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

SEMCO ENERGY SERVICES, INC.

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FE DOCKET NO. 94-41-NG

ORDER GRANTING BLANKET AUTHORIZATION TO
EXPORT NATURAL GAS TO CANADA

DOE/FE ORDER NO. 956

JUNE 9, 1994

I. DESCRIPTION OF REQUEST _____

On May 6, 1994, SEMCO Energy Services, Inc. (SEMCO) 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 blanket authorization to export up to 800 Bcf of natural gas to Canada. The term of the authorization would be for a period of two years beginning on the date of the first delivery. SEMCO, a wholly-owned subsidiary of Southeastern Michigan Gas Enterprises, is a Michigan corporation with its principal place of business in Port Huron, Michigan. SEMCO proposes to export this gas under spot and short-term transactions, either on its own behalf or as the agent for others. SEMCO states that some of the exported gas may be transported through Canada and subsequently imported back into the United States under its existing blanket import authorization^{2/} for sale in Michigan or elsewhere on the domestic spot market. The requested export authorization does not involve the construction of new pipeline facilities.

II. FINDING _____

The application filed by SEMCO has been evaluated to determine if the proposed export 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 export of natural gas to a nation with

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

2/ SEMCO Energy Services, Inc., DOE/FE Order No. 643, 1 FE

70,606 (June 30, 1992).

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 SEMCO 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. This blanket order authorizes transactions under contracts with terms of no longer than two years.

ORDER

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

A. SEMCO Energy Services, Inc. (SEMCO) is authorized to export up to 800 Bcf of natural gas to Canada over a two-year term beginning on the date of the first delivery. This natural gas may be exported at any point on the border of the United States and Canada.

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

C. With respect to the natural gas exports authorized by this Order, SEMCO shall file with the OFP, within 30 days following each calendar quarter, quarterly reports indicating

whether exports of natural gas have been made. Quarterly reports must be filed whether or not initial deliveries have begun. If no exports have been made, a report of "no activity" for that calendar quarter must be filed. If exports have occurred, SEMCO must report monthly total volumes in Mcf and the average sales price per MMBtu at the international border. The reports shall also provide the details of each export transaction, including: (1) the name of the seller(s); (2) the name of the purchaser(s); (3) the estimated or actual duration of the agreement(s); (4) the name of the U.S. transporter(s); (5) the point(s) of exit; (6) the geographic market(s) served; and (7) whether the sales are being made on an interruptible or firm basis.

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 June 9, 1994.

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