

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

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WESTCOAST POWER INC. ) FE DOCKET NO. 94-55-NG  
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ORDER GRANTING LONG-TERM AUTHORIZATION TO  
IMPORT AND EXPORT NATURAL GAS FROM AND TO CANADA

DOE/FE ORDER NO. 969

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AUGUST 18, 1994

I. DESCRIPTION OF REQUEST

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On July 28, 1994, Centra Gas Ontario Inc. (Centra Ontario)<sup>1/</sup> and Westcoast Power Inc. (Westcoast Power) jointly 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>2/</sup> and DOE Delegation Order Nos. 0204-111 and 0204-127, to (1) reduce Centra Ontario's presently authorized import and export volumes by 8,246 MMcf per year and, contemporaneously, (2) transfer Centra Ontario's authority to import and export the deducted volumes to Westcoast Power. Centra Ontario, a Canadian corporation with its principal place of business in North York, Ontario, is a natural gas distribution company which serves customers in northwestern, northern, and eastern Ontario. Westcoast Power, a Canadian corporation with its principal place of business in Vancouver, British Columbia, was founded to develop natural gas-fired power generation projects. Westcoast Power is an affiliate of Centra Ontario, and both companies are subsidiaries of Westcoast Energy Inc.

Under DOE/FE Opinion and Order No. 439 (Order 439), as amended by DOE/FE Order No. 439-A (Order 439-A), Centra Ontario is authorized to import up to 10,220 MMcf per year of natural gas from Canada, and, subsequently, to export the same volume back to Canada as part of an arrangement to supply gas to a cogeneration facility at Fort Frances, Ontario, during the period November 1, 1990,

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1/ Formerly named ICG Utilities (Ontario) Ltd.

2/ 15 U.S.C. 717b.

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through October 31, 2005.<sup>3/</sup> The gas is purchased from various Canadian suppliers in western Canada and imported into the United States near Sprague, Manitoba. From that point, the gas is transported in the United States by Centra Pipelines Minnesota Inc. for a short distance through the State of Minnesota, and then exported back to Canada near Baudette, Minnesota. The Canadian gas imported into and then exported from the United States is used by Centra Ontario to supply the requirements of the cogeneration facility and as system supply in the Fort Frances area.

According to the applicants, in approving the construction and operation of the Fort Frances cogeneration facility, the Canadian Government and the Ontario Energy Board ordered Centra Ontario to separate the cogeneration plant from Centra Ontario's other utility operations and, in so doing, transfer its ownership and operation to a legally and financially-separate entity on or before December 31, 1994. To comply with this ruling, Centra Ontario will transfer all the assets and liabilities of the cogeneration project, including gas supply arrangements and

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3/ Centra Ontario's predecessor, ICG Utilities (Ontario) Ltd.

was originally granted authorization in DOE/FE Opinion and Order No. 332 (Order 332) to import and export up to 8,267 MMcf per year. See ICG Utilities (Ontario) Ltd., 1 FE 70,253,

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(September 12, 1989). Order 439 amended the previous import/export authorization issued in Order 332 by increasing the volumes of gas authorized for import and subsequent export from 8,267 MMcf per year to 10,220 MMcf per year. See ICG Utilities

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(Ontario) Ltd., 1 FE 70,365 (October 24, 1990). Order 439-A,

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issued August 15, 1994, amended Order 439 to reflect the corporate name change of ICG Utilities (Ontario) Ltd. to Centra Ontario. This order is not yet published.

transportation contracts, to its affiliate, Westcoast Power, on December 31, 1994.

The purpose of their joint application is to restructure the existing import/export authorization to assist Centra Ontario in complying with the order of the Ontario government authorities concerning the ownership and operation of the cogeneration facility. To accomplish this, Centra Ontario proposes to amend and divide its existing authorization so that Centra Ontario will now import and export 1,974 MMcf per year of gas for system supply and Westcoast Power will import and export 8,246 MMcf per year to be used at the Fort Frances cogeneration plant. Just as in the arrangement approved by Order 439, this is merely a transportation arrangement for moving gas from one point in Canada to another point in Canada via a pipeline that crosses the State of Minnesota for a short distance. There will be no sale of gas in the United States. Centra Ontario and Westcoast Power request that DOE make the restructuring of the import/export authorization effective December 31, 1994.

## II. FINDING \_\_\_\_\_

The application filed by Centra Ontario and Westcoast Power has been evaluated to determine if the proposed import/export arrangements meet 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 import or export of natural gas from or to 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 authorizations sought by Centra Ontario and Westcoast Power to import and export natural gas from and to Canada, a nation with which a free trade agreement is in effect, meet the section 3(c) criterion and, therefore, are consistent with the public interest. Rather than amend Centra Ontario's current authorization and simultaneously transfer a share of the import/export volumes to Westcoast Power, we will issue new authorizations to each company which supersede and cancel Order 439, effective December 31, 1994. Centra Ontario will receive its authorization separately in DOE/FE Order No. 968 which is identical to this order except for the annual quantity of gas that may be imported and exported.4/

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ORDER

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

A. Westcoast Power Inc. (Westcoast Power) is authorized to import from Canada near Sprague, Manitoba, up to 8,246 MMcf per year of natural gas, and, subsequently, export the same volume back to Canada near Baudette, Minnesota, beginning December 31, 1994, through October 31, 2005.

B. Within two weeks after deliveries begin, Westcoast Power shall provide written notification to the Office of Fuels Programs, Fossil Energy, FE-50, Forrestal Building, 1000

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4/ DOE/FE Order No. 968 is not yet published.

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Independence Avenue, S.W., Washington, D.C. 20585, of the date of initial deliveries of natural gas imported and exported under Ordering Paragraph A above.

C. With respect to the imports/exports authorized by this Order, Westcoast Power shall file, within 30 days following each calendar quarter, quarterly reports indicating whether imports and exports of natural gas have been made, and, if so, showing by month the total volume imported and exported in Mcf. If no imports and exports have been made, a report of "no activity" for that calendar quarter must be filed.

D. The first quarterly report required by Ordering Paragraph C of this Order is due not later than April 30, 1995, and should cover the first calendar quarter of 1995.

Issued in Washington, D.C., on August 18, 1993.

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