

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

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WISCONSIN GAS COMPANY)	FE DOCKET NO. 94-82-NG
_____)	

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

DOE/FE ORDER NO. 987

OCTOBER 14, 1994

I. DESCRIPTION OF REQUEST

On October 5, 1994, 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 natural gas from Canada. The authorization would allow Wisconsin Gas to import up to 1,924 Mcf per day of gas from Western Gas Marketing Limited (WGML) beginning November 1, 1994, through November 1, 2004. Wisconsin Gas, a Wisconsin public utility, is a subsidiary of WICOR, Inc. Both companies' principal place of business is Milwaukee, Wisconsin.

The gas would be imported from WGML pursuant to a ten-year gas sales contract dated August 15, 1994. 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 Great Lakes Gas Transmission Limited Partnership to Crystal Falls, Michigan, and then by ANR Pipeline Company (ANR) to Wisconsin Gas' distribution system. No new pipeline facilities would be constructed.

The contract price has three components: (1) a monthly demand charge (covering demand charges for transportation in Canada plus WGML's operating, marketing, and administration charge of \$0.032/ per Mcf); (2) a monthly commodity charge; and

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

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

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(3) a gas inventory charge equal to three percent of the commodity charge multiplied by the 1,924 Mcf maximum daily contract quantity (MDQ) and the number of days in the particular month. The commodity charge will be determined each month by adjusting a base price of \$1.82 per MMBtu by an index reflecting the cost of spot gas delivered to ANR in Louisiana and Oklahoma as published in McGraw Hill's Inside F.E.R.C.'s Gas Market

Report. Wisconsin Gas would also pay a deficiency charge if it takes less than 20 percent of the MDQ on any day. Shortfalls would be priced at \$.05 per MMBtu.

Beginning November 1, 1995, and every other year thereafter, either party may request renegotiation of the provisions for determining the commodity charge, with binding arbitration if the parties do not reach agreement. Additionally, Wisconsin Gas has a one-time right to require renegotiation of any or all of the pricing and purchase commitment terms of the contract. The renegotiated terms would be effective November 1, 1997.

II. FINDING

The application filed by Wisconsin Gas has been evaluated to determine if the proposed import arrangement meets the public interest requirements 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 up to 1,924 Mcf per day of Canadian natural gas purchased from Western Gas Marketing Limited (WGML). Wisconsin Gas shall import this gas near Emerson, Manitoba, pursuant to the terms of the gas sales contract between Wisconsin Gas and WGML dated August 15, 1994, filed in this proceeding.

B. The term of this import authorization shall begin November 1, 1994, and continue through November 1, 2004.

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

D. With respect to the natural gas imports authorized by this Order, Wisconsin Gas shall file with OFP, within 30 days following each calendar quarter, quarterly reports showing by month the total volume (in Mcf) imported from WGML and the

average purchase price per MMBtu paid at the international

border. The price information for a particular month shall list separately (on a per unit [MMBtu] basis) the gas demand charge, the gas commodity charge, and the gas inventory charge. The reports shall also itemize separately any minimum take deficiency payments made by Wisconsin Gas during a particular calendar quarter.

E. The first quarterly report required by Ordering Paragraph D is due not later than January 30, 1995, and should cover the period from November 1, 1994, until the end of the fourth calendar quarter, December 31, 1994.

Issued in Washington, D.C., on October 14, 1994.

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