

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

_____)
WESTCOAST GAS SERVICES INC.) FE DOCKET NO. 94-78-NG
_____)

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

DOE/FE ORDER NO. 996

OCTOBER 31, 1994

I. DESCRIPTION OF REQUEST

On September 27, 1994, Westcoast Gas Services Inc. (Westcoast) 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 Westcoast to import at Monchy, Saskatchewan, up to 1,209 Mcf per day of gas over a period of nine years through September 19, 2003. Westcoast, a Canadian corporation with its principal office in Calgary, Alberta, is a marketer of natural gas throughout North America. Westcoast will purchase this imported gas from several Canadian producers and sell it to Cibola Corporation (Cibola). Cibola, a gas marketing company located in Omaha, Nebraska, will resell the gas to the City of Duluth, Minnesota. The gas would be imported into the United States through the pipeline facilities of Northern Border Pipeline Company.

Cibola has entered into a letter agreement and gas sales contract with Westcoast signed October 21, 1994. The period of the import arrangement would be from the first date of deliveries on November 1, 1994, through September 19, 2003. The contract provides for a market-based commodity price which will be determined monthly based on the spot market price of gas delivered to Northern Natural Gas Company at Ventura, Iowa, as published in Inside FERC's Gas Market Report. For volumes

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

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delivered each month, Cibola would pay Westcoast a unit price equal to the spot price at Ventura, Iowa, minus \$0.15 per MMBtu.

II. FINDING _____

The application filed by Westcoast 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 Westcoast 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. Westcoast Gas Services Inc. (Westcoast) is authorized to import up to 1,209 Mcf per day of natural gas from Canada for sale to Cibola Corporation (Cibola). Westcoast shall import this gas near Monchy, Saskatchewan, pursuant to the terms of its letter of agreement and gas sales contract with Cibola signed on October 21, 1994, filed in this proceeding.

B. The term of this import authorization shall extend from November 1, 1994, through September 19, 2003.

C. Within two weeks after deliveries begin, Westcoast 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, Westcoast shall file with OFP, within 30 days following each calendar quarter, quarterly reports showing by month the total volume (in Mcf) imported and the average purchase price per MMBtu paid at the international border.

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 31, 1994.

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