

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

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CONSUMERS POWER COMPANY )  
\_\_\_\_\_) FE DOCKET NO. 95-44-NG

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

DOE/FE ORDER NO. 1068

JUNE 30, 1995

I. DESCRIPTION OF REQUEST

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On June 2, 1995, Consumers Power Company (CPCo) 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>1/</sup> and DOE Delegation Order Nos. 0204-111 and 0204-127, requesting authorization to import a combined total of up to 28,000 Mcf per day of Canadian natural gas for a term extending through May 31, 1997. Consumers Power imports these volumes under two similar gas sales agreements, each dated June 1, 1994, with Norcen Energy Resources Limited (Norcen) and North Canadian Oils (NCO).<sup>2/</sup> Each agreement provides for firm delivery of 14,000 Mcf of Canadian natural gas per day. CPCo, a Michigan natural gas and electric utility with its principal place of business in Jackson, Michigan, is a wholly-owned subsidiary of CMS Energy Corporation. The point of delivery into the United States for this gas is at the international border near Emerson, Manitoba. Transportation from Emerson is provided by Great Lakes Transmission Corporation and ANR Pipeline Company to negotiated points of receipt into the Consumers Power distribution and/or storage systems. The requested authorization does not involve the construction of new pipeline facilities.

Each contract provides for a firm price of \$2.10 (U.S.) per MMBtu through May 31, 1996, increasing to \$2.20 (U.S.)

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1/ 15 U.S.C. b. —

2/ Consumers Power is currently importing these volumes under

its blanket authorization granted by DOE/FE Order No. 962 on July 8, 1994 (1 FE 70,993).

per MMBtu from June 1, 1996 through May 31, 1997. Norcen and NCO are responsible for the cost of transportation to the international border. CPCo is liable to pay for gas not taken at the applicable contract price. However, if either Norcen or NCO is unable to deliver the daily contract quantity, each is liable to pay CPCo the difference between what CPCo must pay for replacement gas and the applicable contract price.

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

The application filed by CPCo 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 CPCo 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. This blanket order authorizes transactions under contracts with terms of no longer than two years.

## ORDER

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

A. Consumers Power Company (CPCo) is authorized to import from Canada up to 14,000 Mcf per day of natural gas purchased from Norcen Energy Resources Limited (Norcen) beginning on the date of this Order, and continuing through May 31, 1997, pursuant to the terms of the contract between CPCo and Norcen dated June 1, 1994, filed in this proceeding.

B. CPCo is also authorized to import from Canada up to 14,000 Mcf per day of natural gas purchased from North Canadian Oils (NCO) beginning on the date of this Order, and continuing through May 31, 1997, pursuant to the terms of the contract between CPCo and NCO dated June 1, 1994, filed in this proceeding.

C. CPCo shall import this gas at the international border near Emerson, Manitoba, pursuant to the terms of both contracts filed in this proceeding.

D. Within two weeks after deliveries begin, CPCo shall provide written notification to the Office of Fuels Programs (OFP), Fossil Energy, Room 3F-056, FE-50, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585, of the date that the first import delivery of natural gas authorized in Ordering Paragraphs A and B above occurred.

E. With respect to the natural gas imports authorized by this Order, CPCo shall file with OFP, within 30 days following

each calendar quarter, quarterly reports showing by month the total volume (in Mcf) imported from Norcen and NCO and the average purchase price per MMBtu paid to Norcen and NCO at the international border.

D. The first quarterly report required by Ordering Paragraph C of this Order is due not later than October 30, 1995, and should cover the period from the date of this Order until the end of the third calendar quarter, September 30, 1995.

Issued in Washington, D.C., on June 30, 1995.

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