

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

TRISTATE PIPELINE, L.L.C.

FE DOCKET NO. 98-89-NG

ORDER GRANTING BLANKET AUTHORIZATION TO EXPORT
AND IMPORT NATURAL GAS TO AND FROM CANADA

DOE/FE ORDER NO. 1439

NOVEMBER 19, 1998

I. DESCRIPTION OF REQUEST

On November 9, 1998, TriState Pipeline, L.L.C. (TriState) 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, for blanket authorization to export up to 400 Bcf of natural gas to Canada and to import up to 100 Bcf from Canada. The term of this authorization would be for a period of two years beginning on the date of the first export or import, whichever occurs first.

TriState is a Michigan limited liability company with its principal place of business in Dearborn, Michigan. TriState is a combination of planned new pipeline, the installation of new compression, and the expansion, via pipeline looping, of existing pipeline facilities owned by Consumers Energy Company and Michigan Gas Storage Company. TriState would transport the gas from the Chicago Hub near Joliet, Illinois, the point at which TriState would receive the gas and the pipeline begins, across Illinois, northern Indiana, and Michigan to its proposed interconnection at the U.S.-Canada border near Marine City, Michigan, with its Canadian affiliate TriState-Canada. TriState-Canada would deliver the gas to the Dawn Hub in Dawn, Ontario. From that point the natural gas would be delivered to Canadian markets or imported back into the United States to serve markets in the Northeast.

TriState intends to export and import the gas under spot and short-term transactions, either on its own behalf or as the agent for others.

II. FINDING

The application filed by TriState has been evaluated to determine if the proposed export/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 import of natural gas and the 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 authorization sought by TriState to export and import natural gas to and 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

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

A. TriState Pipeline, L.L.C. (TriState) is authorized to export up to 400 Bcf of natural gas to Canada, and to import up to 100 Bcf of natural gas from Canada. The term of this authorization is for a period of two years beginning on the date of first export or import, whichever occurs first. This natural gas may be exported and imported at the U.S.-Canada International Boundary in the St. Clair River near Marine City, Michigan.

B. TriState shall provide written notification to the Office of Natural Gas & Petroleum Import and Export Activities of the date that its proposed pipeline facilities are available for service within 30 days of those facilities becoming operational.

C. TriState shall file with the Office of Natural Gas & Petroleum Import and Export Activities, on a semi-annual basis, written reports describing the progress of its proposed pipeline facilities. The reports shall be filed on October 1 and April 1 of each year, and shall include the status of construction of the planned facilities. The first of these reports shall be filed not later than April 1, 1999.

D. Within two weeks after deliveries begin, TriState shall provide written notification to the Office of Natural Gas &

Petroleum Import and Export Activities of the date that the first export or import of natural gas authorized in Ordering Paragraph A above occurred.

E. With respect to the natural gas exports and the natural gas imports authorized by this Order, TriState shall file with the Office of Natural Gas & Petroleum Import and Export Activities, within 30 days following each calendar quarter, quarterly reports indicating whether exports or imports have been made. Quarterly reports must be filed whether or not initial deliveries have begun. If no exports or imports have been made, a report of "no activity" for that calendar quarter must be filed. If exports or imports occur, TriState must report total monthly volumes in Mcf and the average purchase price of gas per MMBtu at the international border. The reports also shall provide the details of each export and import 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 of entry and exit; and (6) the geographic market(s) served (for imports, by State). For import transactions only, the report shall also include: (1) whether sales are being made on an interruptible or firm basis; and, if applicable, (2) the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price.

F. The notification and reports described in Ordering Paragraphs B, C, D, and E of this Order shall be filed with the Office of Natural Gas & Petroleum Import and Export Activities, Fossil Energy, Room 3E-042, FE-34, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585.

G. The first quarterly report required by Ordering Paragraph E of this Order is due not later than 30 days after the calendar quarter in which initial deliveries of natural gas commence.

Issued in Washington, D.C., on November 19, 1998.

John W. Glynn
Manager, Natural Gas Regulation
Office of Natural Gas & Petroleum
Import and Export Activities
Office of Fossil Energy

1. 1. 15 U.S.C. § 717b.