

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

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CITY OF DULUTH, MINNESOTA )  
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FE DOCKET NO. 99-27-NG

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

DOE/FE ORDER NO. 1484

MAY 20, 1999

## I. DESCRIPTION OF REQUEST

On April 4, 1999, ProGas U.S.A., Inc. (ProGas U.S.A.) filed an application with the Office of Fossil Energy (FE) 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, as agent for the City of Duluth, Minnesota (Duluth), requesting authorization for Duluth to import natural gas from Canada. Duluth would import up to 6,120 MMBtu<sup>2/</sup> per day of natural gas, and gas required for pipeline transportation, from November 1, 1999, through October 31, 2009. Duluth, a municipal corporation that owns and operates natural gas distribution facilities, provides natural gas to industrial, commercial, and residential customers. It will be the importer of record and ultimately responsible for the import of this gas. ProGas U.S.A., as agent for Duluth, is responsible for the procurement and administration of the proposed import authorization, including filing all reports required by DOE with respect to sales transactions made pursuant to the authorization. ProGas U.S.A., a Delaware corporation with its principal place of business in Calgary, Alberta, Canada, is beneficially owned by ProGas Limited, a private Canadian corporation. ProGas U.S.A. primarily purchases natural gas from ProGas Limited and resells the supplies directly to end-users and others throughout the United States.

The imports will take place under a gas sales agreement between Duluth and ProGas Limited dated June 23, 1998. ProGas Limited will act as agent for Duluth in matters related to the operation and management of the firm transportation capacity held and paid for by Duluth on pipeline systems in Canada and the United States. Duluth will take delivery of the gas from ProGas Limited at the Empress, Alberta, interconnection between the pipeline facilities of TransCanada PipeLines Limited (TCPL) and Nova Corporation of Alberta (NOVA), and has

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<sup>1/</sup> 15 U.S.C. § 717b.

<sup>2/</sup> One MMBtu is equal to approximately one Mcf of natural gas.

arranged downstream pipeline transportation on TCPL and Great Lakes Gas Transmission Company (GLGT). The gas will be imported at the international border near Noyes, Minnesota, and then will be transported by GLGT. No new pipeline facilities would be constructed. The gas sales contract between Duluth and ProGas Limited provides that Duluth will pay a price that will be adjusted monthly based on an index quoted in Canadian Enerdata Ltd.'s *Canadian Gas Price Reporter* under the category "Alberta Spot Price." Duluth will also pay the transportation charges assessed by NOVA and a premium of \$0.03 (U.S.) per MMBtu on the volumes taken.

## II. FINDING

The application filed by ProGas U.S.A., on behalf of Duluth, 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 import 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 Duluth 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. The City of Duluth (Duluth), Minnesota, is authorized to import up to 6,120 MMBtu (approximately 6,120 Mcf) per day of natural gas from Canada beginning November 1, 1999, through October 31, 2009. This gas will be imported at Noyes, Minnesota, consistent with the terms and conditions of the gas sales agreement between Duluth and ProGas Limited dated June 23, 1998.

B. With respect to the natural gas imports authorized by this Order, ProGas U.S.A., as agent for Duluth, will file with the Office of Natural Gas & Petroleum Import & Export Activities, within 30 days following each calendar quarter, quarterly reports indicating whether imports of natural gas have been made by Duluth. Quarterly reports must be filed whether or not initial deliveries have begun. If no imports of natural gas have been made, a report of "no activity" for that calendar quarter must be filed. If imports have occurred, ProGas U.S.A. must report total monthly volumes in Mcf and the average purchase price of gas per MMBtu (in U.S. dollars) delivered at the international border. The monthly price information will itemize separately the premium charged per MMBtu by ProGas Limited on the volumes taken by Duluth and any management fees.

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

D. The first quarterly report required by Ordering Paragraph B of this Order is due not later than January 30, 2000, and should cover the period from November 1, 1999, until the end of the fourth calendar quarter, December 31, 1999.

Issued in Washington, D.C., on May 20, 1999.

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