UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

NORTHERN STATES POWER COMPANY (MINNESOTA)	FE DOCKET NO. 94-58-NG

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

DOE/FE ORDER NO. 971

AUGUST 31, 1994

I. DESCRIPTION OF REQUEST

On August 12, 1994, Northern States Power Company (Minnesota) [NSP(MN)] 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 up to 19,422 Mcf per day of natural gas from Canada through October 31, 2003. NSP(MN), a Minnesota corporation, is a public utility which serves natural gas and electricity customers in the States of Minnesota, North Dakota, and South Dakota. The gas would be imported from Western Gas Marketing Limited (WGML) pursuant to a gas sales agreement between NSP(MN) and WGML which was dated October 30, 1993, and made effective November 1, 1993. NSP(MN) would use the imported volumes as a source of system supply to meet the needs of its residential, commercial, and industrial sales customers. However, NSP(MN) states that it may, at some future date, use some of the imported volumes to support off-system sales. The point of delivery into the United States for this gas will be at the international boundary near Emerson, Manitoba. Transportation from Emerson, Manitoba, will be provided by Northern Natural Gas Company (Northern) to NSP(MN)'s distribution system in Minnesota and North Dakota. No new pipeline facilities would be constructed.

The contract between NSP(MN) and WGML provides for payment of a total price comprised of a monthly demand charge (covering

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

costs for transportation on Nova Corporation of Alberta and TransCanada PipeLines Limited in Canada), a commodity charge, and a gas inventory charge. The commodity charge would be based on a formula which reflects the spot price for gas delivered in Kansas, Texas, and Oklahoma as published in Inside FERC's Gas Market Report. The four U.S. pipeline systems comprising the formula are ANR Pipeline Company, Natural Gas Pipeline Company of America, Panhandle Eastern Pipeline Company, and Northern Natural Gas Company. There is a summer commodity charge for April through October and a winter commodity charge for November through March. The gas inventory charge is 4 percent of the monthly commodity charge multiplied by the 19,422 Mcf maximum daily contract quantity (MDQ) and the number of days in the particular month. NSP(MN) would also pay a deficiency charge if it takes less than 75 percent of the MDQ on an annual basis. Shortfalls would be priced at 25 percent of the average annual commodity charge. The contract may be renegotiated each year with respect to the method for determining the monthly commodity charge, with binding arbitration if the parties are unable to agree on a new formula.

II. FINDING

The application filed by NSP(MN) 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 NSP(MN) 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. Northern States Power Company (Minnesota) [NSP(MN)] is authorized to import from Canada up to 19,422 Mcf per day of natural gas purchased from Western Gas Marketing Limited (WGML) beginning on the date of this Order and continuing through October 31, 2003. NSP(MN) shall import this gas near Emerson, Manitoba, pursuant to the terms of the contract between NSP(MN) and WGML dated October 30, 1993, filed in this proceeding. To the extent any portion of the authorized daily import volumes below 100% is surplus to the general system needs of NSP(MN), it may be marketed by NSP(MN) to off-system buyers in the United States.

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

C. With respect to the natural gas imports authorized by this Order, NSP(MN) shall file with the Office of Fuels Programs, 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 to WGML at the international border. The price information for a particular month shall list separately (on a per unit [MMBtu] basis) the demand charge, commodity charge, and gas inventory charge. The reports shall also itemize separately any minimum take deficiency payments made by NSP(MN) during a particular calendar quarter. Additionally, the reports shall provide the names of the buyers, market area, volumes, resale price per MMBtu, and, if applicable, the per unit demand/commodity charge breakdown for gas resold by NSP(MN) to off-system purchasers.

D. The first quarterly report required by Ordering Paragraph C of this Order is due not later than October 30, 1994, and should cover the period from the date of this Order until the end of the third calendar quarter, September 30, 1994.

Issued in Washington, D.C., on August 31, 1994.

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