

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

THE MONTANA POWER COMPANY and THE MONTANA POWER GAS COMPANY

FE DOCKET NO. 91-39-NG

ORDER AMENDING LONG-TERM AUTHORIZATION

TO IMPORT NATURAL GAS FROM CANADA

DOE/FE ORDER NO. 538-A

On December 15, 1997, The Montana Power Company (Montana Power) and The Montana Power Gas Company (Montana Gas) filed jointly an application with the Office of Fossil Energy (FE) 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 that FE amend Montana Power's current authority to import natural gas into the United States from Canada. Montana Power's current authorization under DOE/FE Opinion and Order No. 538, issued October 23, 1991, provides for the importation from Canadian-Montana Pipe Line Company (CMPL) of up to 50,000 Mcf per day of Canadian natural gas through October 31, 2006.⁽²⁾

Montana Power is a Montana corporation with its principal place of business in Butte, Montana. Montana Gas also is a Montana corporation with its principal place of business in Butte, Montana. Montana Gas is a subsidiary of Entech, Inc., a subsidiary of The Montana Power Company Supply Division.

The application for amended authorization seeks to transfer the Montana Power import authorization to Montana Gas, effective November 1, 1997. The transfer is necessary to comply with regulatory actions taken by the Public Service Commission of Montana (PSC) to restructure the local natural gas distribution services and associated rates of Montana Power.

The contract underlying the importation of gas is dated January 1, 1996, between Montana Power and CMPL. The January 1, 1996, contract supersedes the October 30, 1984, contract, as amended, that was submitted in FE Docket No. 91-39-NG. The applicants assert in most respects the material provisions of the gas purchase contracts dated October 31, 1984, as amended, and January 1, 1996, are similar. Notably, however, the pricing provision of the January 1, 1996, contract changes the method of pricing the imported gas purchased under the arrangement from one based upon a fixed price to one based upon an index of spot prices.

In conjunction with Montana Gas becoming the purchaser of the imported gas, the contractual sales obligation will be transferred from CMPL to Canadian-Montana Gas Company Limited (CM Gas). CM Gas, currently a subsidiary of Montana Power, will become a subsidiary of Entech, Inc., under the corporate restructuring facilitated by the PSC.

Accordingly, pursuant to section 3 of the Natural Gas Act, the import authorization conferred by DOE/FE Order No. 538 is transferred from The Montana Power Company to The Montana Power Gas Company, effective November 1, 1997. Montana Gas shall be bound by all terms and conditions set forth in Order 538.

Issued in Washington, D.C., on January 08, 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.

2. 2/ 1 FE ¶ 70,486.