

1980-Happy New Year!!

Official Newspaper of Mercer County

20¢ Per Copy

26 Pages

BEULAH BEACON

Beulah, North Dakota

Mercer County

Thursday, January 3, 1980

Volume 10 Number 37



Ray Eisenbels, Beulah electrician, took advantage of the spring-like weather to enjoy a tour on his three-wheeler. The weather has been beautiful, so nice that some people have petitioned to have the Bowl Games moved to sunny North Dakota. Major concerns about the fine weather are a lack of snow cover to protect grass cover and to provide moisture for spring planting.

FERC Interventions Throttle 1980 ANG Progress Outlook

After receiving what appeared to be a "green light" last month, a proposed coal gasification plant near Beulah, faces a new potential hurdle.

In petitions filed last Friday, the Federal Energy Regulatory Commission has been asked to rehear its decision to approve a financing plant for the \$1.2 million project.

Filing the petitions were the state public service commissions of New York and Michigan; the Office of Consumers Council in Ohio, a state agency representing consumers in rate cases; and the General Motors Corp. of Detroit, Mich.

The plant, which would convert coal into synthetic natural gas, has been proposed by a consortium, known as Great Plains Gasification Associates, of five major pipeline companies that serve about one-third of the nation's natural gas consumers.

Included in the consortium are Peoples Gas Company of Chicago; Columbia Gas System Inc. of Willmington, Del.; Tenneco and Transco Companies Inc., both of Houston; and American Natural Resources Co. of Detroit and its subsidiary ANG Coal Gasification Co. of Bismarck.

"We are not in a position to comment until our attorneys and the partnership companies have a chance to review the specifics (of the petitions) in detail," ANG director Joel Melarvie of Bismarck said Thursday.

In November, the FERC voted to classify the Great Plains plant as a "research and development demonstration project," which would give the

Finally, the New York PSC said the commission failed "to limit the debt cost (of the project) to the prime rate or lower." It said the commission's decision to allow a 13 per cent return on equity was "extremely generous in light of the relative absence of risk imposed upon the sponsors."

The Michigan PSC also objected to FERC's approval of the consortium's plan to "finance the project through a surcharge during construction."

What makes the surcharge "particularly inappropriate," a Michigan PSC spokesman said, is that the project poses "very few benefits to the rate payers in Michigan." He said the "technology (for coal gasification) is proven." Moreover, "Michigan consumers will receive a very insignificant amount of gas from the project, certainly not enough to warrant paying a surcharge."

"Once the plant becomes used and useful, the cost of gas should include the costs of construction, but not until then," he said.

The Michigan PSC also said the FERC, in its order, "failed to adequately consider elements necessary to make the project monitoring system an effective safeguard." The commission itself is to monitor the project's costs and the "prudence with which the plant is being built."

It also requested the commission to "clarify and restrict the language, of its order designating the project as a research and development demon-

Samuels said the council is opposed to the consortium's proposed surcharge against consumers while the plant is being built. In fact, the council argues that if the plant is indeed a demonstration project, its costs should not be borne by consumers even after the plant is built. Samuels said the council feels gas from the gasification plant "should be priced on an incremental basis and not just rolled into (overall natural gas) rates."

The council also feels the 13 per cent rate of return on equity approved by the commission is excessive. Previously, the council argued that an overall rate of return "around 10 per cent would not be excessive."

The attorney handling the rehearing petition for General Motors could not be reached for comment on the specifics of that company's brief. In the past, however, General Motors has opposed planned surcharges and customer-supported financing for the gasification project. GM is a major natural gas customer.

Generally, the FERC's November order approving its financing plan pleased the consortium. But even the consortium has petitioned for modification and clarification of that order.

"We asked that the specific language be made more clear as to passing the costs of the project on to consumers through existing tariffs," Melarvie said. "We just want to make sure the language is acceptable to the partnership companies. We don't want the language to be ambiguous."