



October 1, 2019

Ms. Kimberly D. Bose, Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426

**ANR Pipeline Company**  
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Re: ANR Pipeline Company  
Change in FERC Gas Tariff  
Docket No. RP20-\_\_\_\_-000

Dear Ms. Bose:

Pursuant to Section 4 of the Natural Gas Act (“NGA”) and Part 154 of the Federal Energy Regulatory Commission’s (“FERC” or “Commission”) regulations,<sup>1</sup> ANR Pipeline Company (“ANR”) respectfully submits for filing and acceptance certain tariff sections<sup>2</sup> to be part of ANR’s FERC Gas Tariff, Third Revised Volume No. 1 (“Tariff”). ANR is proposing to update language within its Tariff to remove backhaul transactions from the listing of services exempt from both the Transporter’s Use (%) and EPC Charge. However, ANR is *not* proposing in the instant filing to revise the currently effective Transporter’s Use (%) and EPC Charge. ANR respectfully requests that the Commission accept the revised tariff sections included herein as Appendix A to become effective November 1, 2019.

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<sup>1</sup> 18 C.F.R. Part 154 (2019).

<sup>2</sup> Specifically, Part 4.18 – Statement of Rates, Transporter’s Use (%) (“Section 4.18”); Part 4.19 – Statement of Rates, EPC Charge (“Section 4.19”); and Part 6.1 – General Terms & Conditions, Definitions (“Section 6.1”).

## **Correspondence**

The names, titles, mailing addresses, and telephone numbers of those persons to whom correspondence and communications concerning this filing should be addressed are as follows:

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\* Persons designated for official service pursuant to Rule 2010.

## **Statement of the Nature, Reasons and Basis for Filing**

### *Background*

#### Transactional Throughput Methodology and Backhauls

Section 6.34 of ANR's Tariff provides that ANR shall file annually to revise the Transporter's Use (%) and the EPC Charge effective April 1 of each year. The re-determination of Transporter's Use (%)s and EPC Charges in each of these annual filings is based upon the "transactional throughput" methodology as agreed to between ANR and its shippers.<sup>3</sup> Under the "transactional throughput" methodology, the fuel *retained* from (or assessed to) shippers during the previous calendar year is used to determine the "transactional throughput."<sup>4</sup> The new Transporter's Use (%)s and EPC Charges are then calculated by dividing the actual fuel *used* by the sum of (1) the "transactional throughput" and (2) the actual fuel *used*.

Section 6.1.86 of ANR's Tariff defines "Transporter's Use (%)" and "EPC Charges," and exempts "Backhaul Transportation" from being assessed such fuel charges. As a result, ANR does not *retain* any Transporter's Use (%) from shippers who are considered to be transporting on a

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<sup>3</sup> See Section 6.1.86.

<sup>4</sup> See ANR Pipeline Company's 2019 Re-determination of Transporters Use (%) and EPC Charges ("2019 Fuel Filing") in Docket No. RP19-741-000, Appendix B, p. 9. Under the "transactional throughput" methodology, transactional throughput is derived using the following formula:  
Transactional Throughput = (Fuel Retained/Transmission Fuel Rate) – Fuel Retained.

backhaul basis, and thus, the derived “transactional throughput” does not include any derived backhaul “transactional throughput.”

ANR’s Tariff defines Backhaul as the “receipt and delivery of Gas which is accomplished by the Transporter’s delivery of Gas at Delivery Point(s) which are upstream from the Receipt Point(s) of Gas.”<sup>5</sup> While “upstream” is not explicitly defined within ANR’s Tariff, its meaning is clear by its usage throughout ANR’s Tariff. For example, the definition for “Southeast Southern Segment” is “all points *downstream* of the Eunice, LA compressor station site and *upstream* of the Madisonville, KY compressor station site.”<sup>6</sup> Therefore, backhaul transportation within the Southeast Southern Segment means transportation to points south of a given location, or put another way, transportation on a north-to-south basis. As a result, all transportation on ANR’s Southeast Leg, as well as its Southwest Leg, travelling on a north-to-south basis, is considered a backhaul under ANR’s Tariff.

#### Historical Flow Patterns

The north-to-south definition of “backhaul” within ANR’s Tariff is consistent with the historical uni-directional south-to-north flow on ANR’s system. Traditionally, gas supply from the Gulf of Mexico (*i.e.*, ANR’s Southeast Area) or from the Hugoton Field and Anadarko Basin (*i.e.*, ANR’s Southwest Area) was transported north along ANR’s Southeast and Southwest Legs, respectively, to the Michigan/Wisconsin market area (*i.e.*, ANR’s Zone 7). In other words, the gas physically flowed on a south-to-north basis, or, as understood within ANR’s Tariff, as a “forwardhaul.”

Because the physical flow of gas on a south-to-north basis required compression to deliver gas from the supply areas through the Southeast and Southwest Legs to the market area in ANR’s Zone 7, shippers transporting gas on this forwardhaul basis were assessed a Transporter’s Use (%). Alternatively, shippers transporting gas on the Southeast or Southwest Legs on a north-to-south basis did so as a backhaul by displacement, requiring no compression. As a result, such backhaul shippers were not assessed a Transporter’s Use (%).

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<sup>5</sup> ANR Tariff at Part 6.1.4 – GT&C, Definitions, Backhaul.

<sup>6</sup> ANR Tariff at Part 6.1.39(a) – GT&C, Definitions, Southeast Southern Segment.

### Changed Market Conditions

Market changes in the last decade have greatly affected the way shippers utilize ANR's system, particularly on ANR's Southeast Leg. The increased production of natural gas in the Marcellus Shale and the Appalachian region, as well as the development of liquefied natural gas export facilities on the Gulf Coast, have created an increased demand for north-to-south transportation on ANR's Southeast Leg. To meet this increased demand, ANR modified its Southeast Leg facilities to allow for the bi-directional flow of gas, and over time the traditional south-to-north flow direction has shifted to a predominantly north-to-south direction of flow.

As a consequence of this change in flow direction, ANR must now burn fuel to power the compression necessary for service on a north-to-south basis. However, as discussed above, shippers flowing on a north-to-south basis are considered backhaul shippers under ANR's current Tariff and are exempted from being assessed any Transporter's Use (%) or EPC Charges, which leads to an under-collection of gas required for fuel on the Southeast Leg. As such, shippers with contracts for service in the traditional south-to-north direction are being assessed Transporter's Use (%)s and EPC Charges to provide the fuel required for north-to-south shippers, essentially subsidizing the north-to-south shippers.

### Order on Tariff Records

On March 29, 2019, the Commission issued an order accepting, subject to refund, and suspending the proposed tariff records filed by ANR on February 28, 2019, to revise its Transporter's Use (%) and EPC Charges pursuant to Section 6.34 of ANR's Tariff.<sup>7</sup> In that proceeding, commenters contended that ANR is not correctly applying its fuel methodology, particularly with regard to flows on the Southeast leg of ANR's system. As a condition of the order, approval was subject to ANR filing revised tariff records that properly assess the Transporter's Use (%) and EPC Charges on the actual flow of gas on its system during the given period or a detailed explanation of how ANR's 2019 Fuel Filing is consistent with its currently effective Tariff.

On April 29, 2019, ANR submitted its response indicating that its 2019 Fuel Filing was consistent with its currently effective tariff, and until the Tariff is revised, ANR is prohibited from assessing

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<sup>7</sup> *ANR Pipeline Company*, 166 FERC ¶ 61,239 (2019).

Transporter's Use (%) and EPC Charges on north-to-south transportation. Further, ANR agreed that north-to-south transportation should logically be assessed Transporter's Use (%) and EPC Charges,<sup>8</sup> although ANR's 2016 Settlement prohibited such tariff revisions at that time.<sup>9</sup> Specifically, prior to August 1, 2019, ANR was prohibited from changing its currently effective Tariff by imposing a new fee or *other charge on existing service(s)*. As a result, ANR did not file tariff revisions assessing fuel on north-to-south shippers in the 2019 Fuel Filing proceeding. However, now that the prohibition on such tariff changes has terminated per the terms of the settlement, ANR is proposing herein to revise certain tariff sections to remove the exemption for backhaul shippers (*i.e.*, north-to-south shippers) from being assessed Transporter's Use (%)s and EPC Charges.<sup>10</sup>

#### *Instant Filing*

ANR proposes in the instant filing to revise Note 1 within both Sections 4.18 and 4.19 to remove Backhauls from the listing of services exempt from paying Transporter's Use (%) and EPC Charges. The currently effective exemptions for services performed within any Hub or for services under Rate Schedule IPLS are not affected by the revisions proposed herein. Additionally, ANR proposes to delete the statement that "no Transporter's Use (%) or EPC charge shall be assessed on Backhaul Transportation" from the definition for Transporter's Use (%) in Section 6.1.86.

These proposed revisions will allow ANR, in any future fuel filings, to apply Transporter's Use (%)s and EPC Charges to all shippers on its system, regardless of direction of flow. Such methodology will result in a more equitable application of Transporter's Use (%)'s and EPC Charges and will ensure that south-to-north shippers are not subsidizing north-to-south shippers on ANR's system.

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<sup>8</sup> Response of ANR Pipeline Company to March 29, 2019 Order in Docket No. RP19-741-000 at p. 4.

<sup>9</sup> See *ANR Pipeline Company*, 157 FERC ¶ 61,025 (2016) ("2016 Settlement").

<sup>10</sup> ANR notes that its Tariff does not allow the pipeline to propose a change to its Transporter's Use (%) or EPC Charges until the next annual Re-Determination of Transporter's Use (%) and EPC Charges filing in early 2020. Therefore, it was not imperative to submit the instant filing at the conclusion of the 2016 Settlement tariff change moratorium. The instant filing is being submitted well in advance of the next annual Re-Determination filing where new, bi-directional Transporter's Use (%) and EPC Charges will be proposed. ANR proposes to maintain the current fuel matrices as shown in Sections 4.18 and 4.19 until ANR makes its next annual fuel filing.

As noted above, ANR is *not* proposing in the instant filing to revise the currently effective Transporter's Use (%) and EPC Charges.<sup>11</sup> Since ANR's tariff does not provide for "out-of-cycle" fuel rate adjustments, ANR will adjust its fuel rates in its next annual Re-determination of Transporter's Use (%) and EPC Charges filing, which will be submitted at least 30 days prior to April 1, 2020, consistent with the revisions proposed herein.<sup>12</sup>

ANR's proposed revisions are consistent with Commission policy. The Commission presumes that all transactions require fuel.<sup>13</sup> However, the Commission has permitted pipelines to exempt certain transactions from being assessed fuel if the pipeline can demonstrate that such transactions *never* require fuel.<sup>14</sup> Although the Commission has permitted exemptions from paying fuel charges for shippers transporting gas on a backhaul basis by displacement, Commission policy does not require pipelines to offer such exemptions. Rather, the Commission recognizes that even displacement shippers receive a benefit from compression as a pipeline cannot physically delivery gas by displacement absent a corresponding forwardhaul transaction.<sup>15</sup>

### **Effective Date**

ANR requests that the Commission accept the revisions to remove Backhauls from the list of services exempt from being assessed a Transporter's Use (%) and/or an EPC Charge, proposed herein as Appendix A, to become effective November 1, 2019.

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<sup>11</sup> In addition, ANR proposes to maintain the current Transporter's Use (%) and EPC Charge matrices as shown in Sections 4.18 and 4.19 until ANR makes its next annual Re-determination of Transporter's Use (%) and EPC Charges filing.

<sup>12</sup> As a transitional measure, ANR anticipates that it will not derive transactional throughput in the next annual Re-Determination of Transporter's Use (%) and EPC Charges filing, but will utilize *actual* transactional throughput in the initial calculation of fuel rates without regard to the direction of flow. ANR anticipates that fuel calculations in subsequent filings will rely on derived transactional throughput consistent with current practice.

<sup>13</sup> *Texas Eastern Transmission, LP*, 144 FERC ¶ 61,039 (2013) at P 37. See also *El Paso Natural Gas Company*, 129 FERC ¶ 61,280 (2009) at P 26.

<sup>14</sup> *Id.* See also *Algonquin Gas Transmission, LLC* 144 FERC ¶ 61038 (2013) at P 39.

<sup>15</sup> *Id.* at P 42.

**Other Filings Which May Affect This Proceeding**

On April 29, 2019, in Docket No. RP19-741-000, ANR submitted its Response of ANR Pipeline Company to March 29, 2019 Order and the Request for Rehearing of ANR Pipeline Company. Both filings are pending before the Commission.

**Contents of Filing**

In accordance with Section 154.7 of the Commission’s regulations and Commission Order No. 714, ANR is submitting the following XML filing package, which includes:

- 1) This transmittal letter;
- 2) Clean versions of the revised tariff sections (Appendix A); and
- 3) Marked versions of the revised tariff sections (Appendix B).

**Certificate of Service**

As required by Sections 154.7(b) and 154.208 of the Commission’s regulations, copies of this filing are being served on all of ANR’s existing customers and interested state regulatory agencies. A copy of this letter, together with any attachments, is available during regular business hours for public inspection at ANR’s principal place of business.

Pursuant to Section 385.2005 of the Commission’s regulations, the undersigned has read this filing and knows its contents, and the contents are true as stated, to the best of his knowledge and belief. The undersigned possesses full power and authority to sign such filing.

Any questions regarding this filing may be directed to David A. Alonzo at (832) 320-5477.

Respectfully submitted,  
ANR PIPELINE COMPANY



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John A. Roscher  
Director, Rates & Tariffs

Enclosures

# Appendix A

## *ANR Pipeline Company FERC Gas Tariff, Third Revised Volume No. 1*

### Clean Tariff

<u>Tariff Sections</u>	<u>Version</u>
4.18 – Statement of Rates, Transporter’s Use (%)	v.12.0.0
4.19 – Statement of Rates, EPC Charge	v.10.0.0
6.1 – GT&C, Definitions	v.5.0.0

TRANSPORTER'S USE (%)

1. Transporter's Use (%) for all transmission Transportation Services in Volume Nos. 1 and 2:

		(PERCENTAGE)						
		SOUTHEAST			SOUTHWEST			NORTHERN
TO:		S.E. Area	Southern Segment	Central Segment	S.W. Area	Southern Segment	Central Segment	Segment
-----		(SE)	(ML-2)	(ML-3)	(SW)	(ML-5)	(ML-6)	(ML-7)
FROM:								
-----								
SOUTHEAST AREA (SE)		0.58	1.46	2.20	0.37	1.23	2.66	2.66
S.E. SOUTHERN SEGMENT (ML-2)		--	1.11	1.85	0.02	0.88	2.31	2.31
S.E. CENTRAL SEGMENT (ML-3)		--	--	0.97	0.00	0.00	1.43	1.43
SOUTHWEST AREA (SW)		2.38	3.26	4.00	1.25	2.11	3.54	4.00
S.W. SOUTHERN SEGMENT (ML-5)		1.36	2.24	2.98	--	1.09	2.52	2.98
S.W. CENTRAL SEGMENT (ML-6)		--	1.38	2.12	--	--	1.66	2.12
NORTHERN SEGMENT (ML-7)		--	--	0.69	--	--	0.69	0.69

NOTES:

1. (a) There will be no charge for Transporter's Use on services performed within any Hub or services under Rate Schedule IPLS.
- (b) The areas and segments listed above are defined in Section 6.1 of the General Terms and Conditions of this Tariff, and are illustrated on the system map in Section 3.
2. For Rate Schedules FSS, STS, MBS and DDS storage services, and variance quantities pursuant to Rate Schedules FTS-3 and ITS-3, Transporter's Use (%): 0.74%.
3. In the case of any Shipper that purchases Gas from a Pooler, the provisions of Rate Schedules PTS-1, PTS-2 and PTS-3 shall be applicable.
4. For services provided on the 12-mile lateral located between the Link Meter Station and the Corunna Interconnect Point in St. Clair, Michigan, Shippers will not be charged a Transporter's Use % but will be charged a lost and unaccounted (%) of: 0.23%.

EPC CHARGE

1. For all transmission Transportation Services in Volume Nos. 1 and 2:  
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		(DOLLARS PER DTH)						
		SOUTHEAST			SOUTHWEST			NORTHERN
TO:		S.E. Area	Southern Segment	Central Segment	S.W. Area	Southern Segment	Central Segment	Segment
FROM:		(SE)	(ML-2)	(ML-3)	(SW)	(ML-5)	(ML-6)	(ML-7)
	SOUTHEAST AREA (SE)	\$0.0000	\$0.0000	\$0.0000	\$0.0006	\$0.0006	\$0.0006	\$0.0006
	S.E. SOUTHERN SEGMENT (ML-2)	--	\$0.0000	\$0.0000	\$0.0006	\$0.0006	\$0.0006	\$0.0006
	S.E. CENTRAL SEGMENT (ML-3)	--	--	\$0.0000	\$0.0006	\$0.0006	\$0.0006	\$0.0006
	SOUTHWEST AREA (SW)	\$0.0006	\$0.0006	\$0.0006	\$0.0000	\$0.0000	\$0.0000	\$0.0006
	S.W. SOUTHERN SEGMENT (ML-5)	\$0.0006	\$0.0006	\$0.0006	--	\$0.0000	\$0.0000	\$0.0006
	S.W. CENTRAL SEGMENT (ML-6)	--	\$0.0006	\$0.0006	--	--	\$0.0000	\$0.0006
	NORTHERN SEGMENT (ML-7)	--	--	\$0.0006	--	--	\$0.0006	\$0.0006

2. For Rate Schedules FSS, STS, MBS and DDS storage services, and variance quantities pursuant to Rate Schedules FTS-3 and ITS-3, the applicable storage EPC Charge is \$0.0073.

NOTES:

- There will be no charge for Transporter's EPC on services performed within any Hub, services under Rate Schedule IPLS, or services provided on the 12-mile lateral located between the Link Meter Station and the Corunna Interconnect Point in St. Clair, Michigan.
- The areas and segments listed above are defined in Section 6.1 of the General Terms and Conditions of this Tariff, and are illustrated on the system map in Section 3.1.
- In the case of any Shipper that purchases Gas from a Pooler, the provisions of Rate Schedules PTS-1, PTS-2 and PTS-3 shall be applicable.

## 6.1 DEFINITIONS

1. The term "Agreement" shall mean the Service Agreement executed by the Shipper and Transporter and any exhibits, attachments and/or amendments thereto. Effective May 1, 1994, Shippers shall be required to execute a separate gathering service agreement in order to obtain service on any facilities in a Pooling Area not functionalized as transmission.
2. The term "Associated Liquefiabiles" shall mean that portion of Transporter's Gas stream that is extracted as liquid hydrocarbons at a processing plant.
3. The term "Associated Liquids" shall mean condensate (liquid hydrocarbons without free water) produced in conjunction with the production of Gas to be transported hereunder (the quantity shall not exceed 10 bbls per MMcf).
4. The term "Backhaul" shall mean the receipt and delivery of Gas which is accomplished by the Transporter's delivery of Gas at Delivery Point(s) which are upstream from the Receipt Point(s) of such Gas.
5. Unless otherwise agreed, the term "Base Maximum Daily Injection Quantity" ("Base MDIQ") shall mean the maximum quantity of Gas that Transporter is required to inject into Storage for the account of Shipper on a firm basis, and shall be equal to the MSQ divided by two hundred (200) for Rate Schedule FSS without ratchets and the MSQ divided by one hundred seventy-five (175) for Rate Schedule FSS with ratchets. Provided, further, that for Rate Schedule FSS with Flexible Entitlements and a Base MDWQ between 1/10 and 1/49 of its MSQ, the Base MDIQ shall be a mutually agreeable amount.
6. Unless otherwise agreed, the term "Base Maximum Daily Withdrawal Quantity" ("Base MDWQ") shall mean the maximum quantity of Gas that Transporter is required to withdraw from Storage for a Shipper, and shall be at least one-two hundred and thirteenth (1/213) but not more than one tenth (1/10) of the MSQ.
7. The term "Burner Tip Actual" ("BTA") shall mean quantities of Gas that have been electronically measured at the point of actual consumption for Rate Schedule FTS-3, ITS-3 and MBS Shippers and submitted via electronic measurement system to Transporter; provided, however, that if deliveries at the point of actual consumption include commingled deliveries from another supply source, the Shipper or Shipper's designee must identify the quantity attributable to each supply source, subject to verification of same by the intervening downstream transporter, including Transporter's deliveries within four (4) hours after the close of the applicable Day.

8. The term "Business Day" shall mean Monday through Friday, excluding Federal Banking Holidays for transactions in the United States, and similar holidays for transactions in Canada and Mexico.
9. The term "BTA Stand-Alone Option" shall mean service to a Notice Service Shipper that has elected and qualified to have deliveries allocated on a BTA basis and agreed to the installation of flow control facilities at the point of consumption.
10. The term "BTU" shall mean one (1) British thermal unit, the amount of heat required to raise the temperature of one (1) pound of water one (1) degree Fahrenheit at sixty (60) degrees Fahrenheit, and is the International Btu. The reporting basis for BTU is 14.73 psia at 60 degrees F (101.325 kPa at 15 degrees C) and dry; and for gigacalorie it is 1.035646 Kg/cm<sup>2</sup> at 15.6 degrees C, and dry.

For purposes of this term, and the term Mcf in Section 6.1(45) below, NAESB WGQ takes no position on the basis upon which transactions are communicated to trading partners and/or regulatory agencies, as applicable, nor does NAESB WGQ state whether transactions may take place between parties on a volumetric basis.

11. The term "Cashout" shall mean the monetary settlement of quantities of Gas owed to or by Transporter or third parties, as further described in Section 6.15 of these General Terms and Conditions.
12. The term "Cashout Price" shall mean the price determined pursuant to Section 6.15 of these General Terms and Conditions.
13. The term "Catalog Receipt Point(s)" shall mean any eligible Transmission Receipt Point(s) located in a Pooling Area.
14. The term "Central Clock Time" or "CCT" shall mean Central Standard Time ("CST") except when Daylight Savings Time is in effect, when it shall mean one hour in advance of CST. All times referenced in this Tariff shall be in CCT.
15. The term "Commission" shall mean the Federal Energy Regulatory Commission or any successor regulatory authority.
16. The term "Confirmed Price" shall mean the Transportation rate inclusive of all applicable fees and surcharges agreed upon by Transporter and Shipper.
17. The term "Cycling Fuel" shall mean the quantity of Gas equal to Transporter's Use (%) for Rate Schedule FSS times the quantity of Working Storage Gas in excess of twenty percent (20%) of Shipper's MSQ at the end of the Winter Period.

18. The term "Day" shall mean a period of consecutive hours, beginning at 9:00 a.m., and ending on the following 9:00 a.m.
19. The term "DDS Maximum Daily Injection Quantity" shall mean one thirtieth (1/30) of the Maximum Storage Quantity.
20. The term "DDS Maximum Daily Withdrawal Quantity" shall mean (a) the Working Storage Gas as of the last Day of the prior Service Month divided by the number of Days in the current Service Month or, if applicable, (b) the Working Storage Gas divided by the number of remaining Days in the Service Month as of the date that Transporter notifies Shipper that it must withdraw all of its Working Storage Gas within forty-five (45) Days.
21. The term "Dekatherm" (or "Dth") shall mean the quantity of heat energy which is equivalent to one (1) million (1,000,000) BTU; thus the term MDth shall mean one (1) thousand (1,000) Dth. The conversion factor between Dth and gigajoule, the standard measure of heat energy in Canada, is 1.055056 gigajoules per Dth. The conversion factor between Dth and gigacalorie, the standard measure of heat energy in Mexico, is 0.251996 gigacalories per Dth.
22. The term "Delivery Point" shall mean either (a) a Headstation, (b) the Point of Injection/Withdrawal, or (c) a point on Transporter's Pipeline System that Shipper and Transporter shall agree upon, where Gas exits facilities owned by Transporter, and is metered.
23. The term "Delivery Point MDQ" shall mean the greatest number of Dekatherms that Transporter is obligated to deliver to or on behalf of Shipper on any Day at the applicable Primary Delivery Point.
24. The term "Delivery Point Operator" shall mean the party that is responsible for operating the facilities that are immediately downstream of the applicable Delivery Point.
25. The term "Designated Storage Account" shall mean any Agreement pursuant to Rate Schedule FSS that is designated by the Shipper pursuant to Rate Schedule NNS, for which quantities are to be allocated under Rate Schedule NNS for debiting and crediting.
26. The term "Hydrocarbon Dewpoint" shall mean cricondenthem, the highest temperature at which the hydrocarbon vapor-liquid equilibrium may be present. The Hydrocarbon Dewpoint (cricondenthem) calculations are performed using the Peng-Robinson equation of state.

27. The term "HDP Segment(s)" shall have the meaning as defined in Section 6.13 paragraph 3.
28. The term "HDP Problem(s)" shall mean actual or anticipated operational problems on Transporter's system specifically related to actual or anticipated hydrocarbon liquid fallout.
29. The term "Extreme Condition Situation" shall mean that (a) on any portion of Transporter's Pipeline System throughput approaches capacity, or (b) weather conditions exist, or (c) operating pressures on an affected portion of Transporter's Pipeline System are significantly less than or greater than normal operating pressures, such that Transporter's ability to receive or deliver quantities of Gas in accordance with its service obligations is impaired.
30. The term "Electronic Communication" shall mean the transmission of information via Transporter's Internet site, electronic delivery mechanism prescribed by NAESB or other mutually agreed communication methodologies used to transmit and receive information, including communication by telephone.
31. The term "Electronic Delivery Mechanism" or "EDM" shall mean the Electronic Communication methodology used to transmit and receive data related to gas transactions. Transporter and Shipper shall designate an electronic "site" at which Shippers and Transporter may exchange data electronically. All data provided at such site shall be considered as being delivered to the appropriate party. Transporter's use and implementation of EDM shall conform to all appropriate NAESB standards.
32. The term "Equivalent Quantities" shall mean a quantity of Gas containing an amount of Dekatherms equal to the amount of Dekatherms received by Transporter for the account of Shipper at the Receipt Point(s) reduced, where applicable, by the Dekatherms removed for Transporter's Use, third party use, and treatment and processing of Shipper's Gas, all as attributable to Transportation of Shipper's Gas.
33. The term "Flash Gas" shall mean gaseous hydrocarbons that either vaporize or are vaporized (including flare and vent gas) from liquefied hydrocarbons within facilities located onshore.
34. The term "Gas" shall mean natural gas, including gas cap gas, casinghead gas produced with crude oil, gas from gas wells, gas from condensate wells, Associated Liquefiables and synthetic natural gas, or any mixture of these gases meeting the quality standards under Section 6.13 of these General Terms and Conditions.

35. The term "Gas Delivered Hereunder" shall mean the quantities of Gas allocated to Shipper by Transporter, as determined in accordance with the provisions of Section 6.14 of these General Terms and Conditions.
36. The term "GEMS<sup>™</sup>" shall mean Transporter's electronic communication system which shall be available to any Shipper.
37. The term "Headstation" shall mean (a) Transporter's compressor station located at Eunice, Louisiana; (b) Transporter's compressor station located at Greensburg, Kansas; or (c) subject to operational feasibility, any single Delivery Point in a Pooling Area.
38. The term "Hub" shall mean (a) all interconnections with other transporters or storage service providers and Transporter, located between Transporter's compressor station at Sandwich, Illinois and the Crown Point, Indiana interconnect point (the ANR Joliet Hub), (b) all interconnections with other transporters or storage service providers and Transporter, located between Transporter's meter station at Glen Karn, Ohio and the terminus of the Lebanon Lateral in Ohio (the ANR Lebanon Hub), or (c) subject to operational or administrative feasibility, any other geographic region encompassing Transporter's facilities.
39. The term "Mainline Area Facilities" shall mean those facilities of Transporter which are not Southwest Area Facilities or Southeast Area Facilities of Transporter, and shall comprise Mainline Segments. Set forth below are the Mainline Segment location definitions:
  - (a) **SOUTHEAST SOUTHERN SEGMENT:** all points downstream of the Eunice, LA compressor station site and upstream of the Madisonville, KY compressor station site.
  - (b) **SOUTHEAST CENTRAL SEGMENT:** all points downstream of and including the Madisonville, KY compressor station site and upstream of and including the Defiance, OH compressor station site.
  - (c) **SOUTHWEST SOUTHERN SEGMENT:** all points downstream of the Greensburg, KS compressor station site and upstream of the Maitland, MO compressor station site.
  - (d) **SOUTHWEST CENTRAL SEGMENT:** all points downstream of and including the Maitland, MO compressor station site and upstream of and including the Sandwich, IL compressor station site.
  - (e) **NORTHERN SEGMENT:** all points downstream of the Sandwich, IL and the Defiance, OH compressor station sites.

Any Transportation from a Point of Injection/Withdrawal to a Delivery Point in the Northern Segment shall not involve the use of any other Mainline Area Facilities.

40. The term "Maximum Daily Injection Quantity" shall mean:
- (a) The Base Maximum Daily Injection Quantity if the Working Storage Gas is less than or equal to ninety percent (90%) of the MSQ; or
  - (b) Eighty percent (80%) of the Base Maximum Daily Injection Quantity if the Working Storage Gas is greater than ninety percent (90%) and less than one hundred percent (100%) of the MSQ; or
  - (c) The lesser of (1) the otherwise applicable Maximum Daily Injection Quantity or (2) the difference between the Maximum Storage Quantity and the Working Storage Gas.
41. The term "Maximum Daily Quantity" ("MDQ") shall mean the greatest number of Dekatherms that Transporter is obligated to deliver to or on behalf of Shipper on any Day.
42. The term "Maximum Daily Withdrawal Quantity" shall mean:
- (a) One hundred percent (100%) of the Base MDWQ if the Working Storage Gas is greater than twenty percent (20%) of the Maximum Storage Quantity; or
  - (b) Ninety percent (90%) of the Base MDWQ if the Working Storage Gas is greater than fifteen (15%) and less than or equal to twenty percent (20%) of the Maximum Storage Quantity; or
  - (c) Eighty percent (80%) of the Base MDWQ if the Working Storage Gas is greater than ten percent (10%) and less than or equal to fifteen percent (15%) of the Maximum Storage Quantity; or
  - (d) Seventy percent (70%) of the Base MDWQ if the Working Storage Gas is greater than five percent (5%) and less than or equal to ten percent (10%) of the Maximum Storage Quantity; or
  - (e) Sixty percent (60%) of the Base MDWQ if the Working Storage Gas is less than or equal to five percent (5%) of the Maximum Storage Quantity; or
  - (f) The lesser of the otherwise applicable Maximum Daily Withdrawal Quantity and the remaining Working Storage Gas.

43. The term "Maximum Storage Quantity" ("MSQ") shall mean the greatest number of Dekatherms that Transporter is obligated to store on behalf of Shipper.
44. The term "Maximum Transportation Quantity" shall mean the maximum quantity of Gas that Transporter is obligated to transport on any Day on behalf of Shipper from the applicable supply area.
45. The term "Mcf" shall mean one (1) thousand (1,000) cubic feet of Gas; the term MMcf shall mean one (1) million (1,000,000) cubic feet of Gas. The reporting basis for gas volumes measured in cubic feet is (at standard conditions) 14.73 psia at 60 degrees F, and dry. For cubic meters, the reporting basis is 101.325 kPa at 15 degrees C, and dry.
46. The term "Month" shall mean the period beginning on the first Day of a calendar Month and ending at the same hour on the first Day of the next succeeding calendar Month.
47. The term "Negotiated Rate" shall mean a rate or rate formula for computing a rate for service under a single rate schedule under which, for some portion of the contract term, one or more of the individual rate components may exceed the maximum charge, or be less than the minimum charge, for such component of the applicable tariff rate as set forth in Transporter's Schedule of Rates in Sections 4.1 through 4.17, 4.20 and in Section 5.19. A Negotiated Rate must be mutually agreed upon by Transporter and Shipper, and may be based on a rate design other than straight fixed-variable.
48. The term "Net Present Value" ("NPV") shall mean the discounted cash flow of expected revenues per Dekatherm of the applicable service for a term of up to twenty (20) years, using the interest rate set forth in Section 154.67(c)(2) of the Commission's Regulations.
49. The term "Nomination Route" shall mean the route used to transport Gas from the nominated Receipt Point to the nominated Delivery Point.
50. The term "No-Notice Service" shall mean service available under Rate Schedules NNS, STS and MBS.
51. The term "North American Energy Standards Board" or "NAESB" shall mean the private, consensus standards developer whose wholesale natural gas standards are developed by representatives from all segments of the natural gas industry.
52. The term "Notice Service" shall mean all Transportation Services provided by Transporter other than No-Notice Services.

53. The term "Pipeline Condensate" shall mean the hydrocarbons in a liquid state which condense out of the Transporter's facilities (Pipeline Condensate Reduction ("PCR") shall be measured in Dekatherms.)
54. The term "Plant Thermal Reduction" or "PTR" shall mean the quantity of Dekatherms removed at a processing plant and allocated in accordance with the procedures set forth in Section 6.5.2(b) of these General Terms and Conditions.
55. The term "Point of Injection/Withdrawal" shall mean Transporter's storage facilities.
56. The term "Pooler" shall mean a Shipper under Rate Schedules PTS-1, PTS-2 and PTS-3 that delivers Gas only at the Headstation to other Shippers utilizing Transporter's Mainline Area Facilities.
57. The term "Pooling Agreement" shall mean an Agreement entered into by a Pooler with Transporter.
58. The term "Pooling Area" shall mean, as to any Headstation, Transporter's facilities located upstream of that Headstation.
59. The term "Primary Delivery Point(s)" shall mean the Delivery Point(s) as specified in the Agreement.
60. The term "Primary Receipt Point(s)" shall mean the Receipt Point(s) as specified in the Agreement.
61. The term "Primary Point(s)" shall mean the Primary Delivery Point(s) and/or Primary Receipt Point(s).
62. The term "Primary Route" shall mean the shortest distance along contiguous ANR-owned transmission facilities deemed to transport Gas from the Primary Receipt Point to the Primary Delivery Point, and shall be deemed to include points of interconnection with the facilities of third parties, but shall not include transmission laterals unless the affected Shipper's Primary Receipt or Delivery Points are along any such laterals.
63. The term "Receipt Point" shall mean either (a) a Headstation, (b) the Point of Injection/Withdrawal, or (c) a point on Transporter's Pipeline System that Transporter and Shipper shall agree upon, where Gas enters facilities owned by Transporter, and is metered.
64. The term "Receipt Point MDQ" shall mean the greatest number of Dekatherms that Transporter is obligated to receive for or on behalf of Shipper on any Day at the applicable Primary Receipt Point.

65. The term "Reput" shall mean the reinstatement of a capacity release transaction that was recalled.
66. The term "Residue Gas" shall mean Transporter's Gas stream that has been reduced by PTR.
67. The term "Secondary Delivery Point" shall mean a Delivery Point that is not specified as a Primary Delivery Point.
68. The term "Secondary Receipt Point" shall mean a Receipt Point that is not specified as a Primary Receipt Point.
69. The term "Secondary Point(s)" shall mean the Secondary Delivery Point and/or the Secondary Receipt Point.
70. The term "Service Day" shall mean the Day during which Shipper receives Transportation Service pursuant to a nomination in accordance with Section 6.6 of these General Terms and Conditions.
71. The term "Service Month" shall mean the Month during which Shipper receives Transportation Services under this Tariff.
72. The term "Southeast Area Facilities" shall mean those facilities of Transporter which are located upstream or south of the Eunice, LA compressor station site property, including such site property of Transporter at Eunice, and Transporter's other facilities which are not directly connected.
73. The term "Southwest Area Facilities" shall mean those facilities of Transporter which are located upstream of the Greensburg, KS compressor station site property, including such site property of Transporter at Greensburg.
74. Unless otherwise agreed, the term "Storage Contract Year" shall mean a period of consecutive Months ending on March 31 for services of at least twelve (12) consecutive Months, and shall commence and end on the Days provided in the Service Agreement for services of less than twelve (12) consecutive Months.
75. The term "Summer Period" shall mean the period from April 1 of each calendar year through October 31 of such year.
76. The term "Swing Percentage" shall mean the percentage of quantities allocated at Delivery Points to each Shipper that will be excused from overrun charges or daily scheduling penalties, as applicable. The Swing Percentage shall be equal to ten percent (10%) of the Delivery Point nomination for such Shipper, unless Transporter

shall have posted on GEMS™ a notification that an Extreme Condition Situation exists. In such case, the Swing Percentage shall be equal to five percent (5%) of the Delivery Point nomination for such Shipper.

77. The terms "Tender Gas" and "Tender of Gas" shall mean that the delivering party is able and willing, and offers, to deliver Gas to the receiving party at the appropriate Receipt Point or Delivery Point.
78. The term "Term of Agreement" shall mean the period set forth in the applicable Agreement during which Shipper may take service under the Agreement and shall be any period of one Day or longer. A period must be for consecutive Days except that Transporter may agree to non-continuous periods for multiple year contracts on a not-unduly discriminatory basis.
79. The term "Transmission Delivery Point(s)" shall mean any Delivery Point which does not include any facilities functionalized as gathering.
80. The term "Transmission Receipt Point(s)" shall mean any Receipt Point which does not include any facilities functionalized as gathering.
81. The terms "Transportation" and "Transportation Service(s)" shall mean (a) storage or (b) transportation of Gas by either forward haul, exchange or Backhaul or any combination thereof which includes the use of facilities functionalized on Transporter's books as transmission and/or storage.
82. The term "Transporter" shall mean ANR Pipeline Company.
83. The term "Transporter's Pipeline System" shall mean those facilities of Transporter which are Mainline Area Facilities, Southwest Area Facilities or Southeast Area Facilities.
84. The term "Transporter's Use" shall mean the quantity of Gas required by Transporter for (1) compressor fuel and (2) lost-and-unaccounted for ("L&U") Gas for service under each Agreement, and shall be equal to the Transporter's Use (%) under each such Agreement times Receipt Point quantities tendered to Transporter.
85. The term "Transporter's EPC" shall mean the dollar amount required by Transporter to recover the cost of electric power purchased, including surcharges, by or for Transporter for use in the operation of electric powered compressor units, and shall be equal to the EPC Charge times Delivery Point quantities.
86. The term "Transporter's Use (%)" shall mean the applicable percentage of Transporter's Use, as specified in the Agreement, which shall be an allocable amount of Transporter's Use. The term "EPC Charge" shall mean the rates in \$ per Dth

applicable to Transporter's rate schedules, and shall be equal to an allocable amount of Transporter's EPC. The Transporter's Use (%) and the EPC Charge shall be calculated by Transporter by appropriate engineering principles and shall include consideration of the distance of Transportation. Except as otherwise noted herein and in Section 6.34 of these General Terms and Conditions, the determination of Transporter's Use (%) and EPC Charge in each of Transporter's annual redetermination filings, shall be based upon the transactional throughput methodology set forth in Transporter's December 4, 1997 filing in Docket No. TM97-2-48-001 as accepted by Order of the Commission dated December 31, 1997, as further amended in the December 26, 2001 Stipulation and Agreement in Docket No. RP01-259-000.

87. The term "Winter Period" shall mean the period from November 1 of each calendar year through March 31 of the following calendar year.
88. The term "Wire Transfer" shall mean payments made/effected by wire transfer (Fedwire, CHIPS, or Book Entry), or Automated Clearinghouse, or any other recognized electronic or automated payment mechanism that is agreed upon by Transporter in the future.
89. The term "Working Storage Gas" shall mean the quantity of Gas held in storage by Transporter for Shipper.
90. Capitalized terms not defined herein are defined pursuant to NAESB.

# Appendix B

*ANR Pipeline Company*  
*FERC Gas Tariff, Third Revised Volume No. 1*

## Marked Tariff

<u>Tariff Sections</u>	<u>Version</u>
4.18 – Statement of Rates, Transporter’s Use (%)	v.12.0.0
4.19 – Statement of Rates, EPC Charge	v.10.0.0
6.1 – GT&C, Definitions	v.5.0.0

TRANSPORTER'S USE (%)

1. Transporter's Use (%) for all transmission Transportation Services in Volume Nos. 1 and 2:

		(PERCENTAGE)						
		SOUTHEAST			SOUTHWEST			NORTHERN
TO:		S.E. Area	Southern Segment	Central Segment	S.W. Area	Southern Segment	Central Segment	Segment
-----		(SE)	(ML-2)	(ML-3)	(SW)	(ML-5)	(ML-6)	(ML-7)
FROM:								
-----								
SOUTHEAST AREA (SE)		0.58	1.46	2.20	0.37	1.23	2.66	2.66
S.E. SOUTHERN SEGMENT (ML-2)		--	1.11	1.85	0.02	0.88	2.31	2.31
S.E. CENTRAL SEGMENT (ML-3)		--	--	0.97	0.00	0.00	1.43	1.43
SOUTHWEST AREA (SW)		2.38	3.26	4.00	1.25	2.11	3.54	4.00
S.W. SOUTHERN SEGMENT (ML-5)		1.36	2.24	2.98	--	1.09	2.52	2.98
S.W. CENTRAL SEGMENT (ML-6)		--	1.38	2.12	--	--	1.66	2.12
NORTHERN SEGMENT (ML-7)		--	--	0.69	--	--	0.69	0.69

NOTES:

1. (a) There will be no charge for Transporter's Use on ~~Backhauls~~, services performed within any Hub, or services under Rate Schedule IPLS.
- (b) The areas and segments listed above are defined in Section 6.1 of the General Terms and Conditions of this Tariff, and are illustrated on the system map in Section 3.
2. For Rate Schedules FSS, STS, MBS and DDS storage services, and variance quantities pursuant to Rate Schedules FTS-3 and ITS-3, Transporter's Use (%): 0.74%.
3. In the case of any Shipper that purchases Gas from a Pooler, the provisions of Rate Schedules PTS-1, PTS-2 and PTS-3 shall be applicable.
4. For services provided on the 12-mile lateral located between the Link Meter Station and the Corunna Interconnect Point in St. Clair, Michigan, Shippers will not be charged a Transporter's Use % but will be charged a lost and unaccounted (%) of: 0.23%.

EPC CHARGE

1. For all transmission Transportation Services in Volume Nos. 1 and 2:

		(DOLLARS PER DTH)						
		SOUTHEAST			SOUTHWEST			NORTHERN
TO:		S.E. Area	Southern Segment	Central Segment	S.W. Area	Southern Segment	Central Segment	Segment
FROM:		(SE)	(ML-2)	(ML-3)	(SW)	(ML-5)	(ML-6)	(ML-7)
	SOUTHEAST AREA (SE)	\$0.0000	\$0.0000	\$0.0000	\$0.0006	\$0.0006	\$0.0006	\$0.0006
	S.E. SOUTHERN SEGMENT (ML-2)	--	\$0.0000	\$0.0000	\$0.0006	\$0.0006	\$0.0006	\$0.0006
	S.E. CENTRAL SEGMENT (ML-3)	--	--	\$0.0000	\$0.0006	\$0.0006	\$0.0006	\$0.0006
	SOUTHWEST AREA (SW)	\$0.0006	\$0.0006	\$0.0006	\$0.0000	\$0.0000	\$0.0000	\$0.0006
	S.W. SOUTHERN SEGMENT (ML-5)	\$0.0006	\$0.0006	\$0.0006	--	\$0.0000	\$0.0000	\$0.0006
	S.W. CENTRAL SEGMENT (ML-6)	--	\$0.0006	\$0.0006	--	--	\$0.0000	\$0.0006
	NORTHERN SEGMENT (ML-7)	--	--	\$0.0006	--	--	\$0.0006	\$0.0006

2. For Rate Schedules FSS, STS, MBS and DDS storage services, and variance quantities pursuant to Rate Schedules FTS-3 and ITS-3, the applicable storage EPC Charge is \$0.0073.

NOTES:

- There will be no charge for Transporter's EPC on ~~Backhauls~~, services performed within any Hub, services under Rate Schedule IPLS, or services provided on the 12-mile lateral located between the Link Meter Station and the Corunna Interconnect Point in St. Clair, Michigan.
- The areas and segments listed above are defined in Section 6.1 of the General Terms and Conditions of this Tariff, and are illustrated on the system map in Section 3.1.
- In the case of any Shipper that purchases Gas from a Pooler, the provisions of Rate Schedules PTS-1, PTS-2 and PTS-3 shall be applicable.

## 6.1 DEFINITIONS

1. The term "Agreement" shall mean the Service Agreement executed by the Shipper and Transporter and any exhibits, attachments and/or amendments thereto. Effective May 1, 1994, Shippers shall be required to execute a separate gathering service agreement in order to obtain service on any facilities in a Pooling Area not functionalized as transmission.
2. The term "Associated Liquefiabiles" shall mean that portion of Transporter's Gas stream that is extracted as liquid hydrocarbons at a processing plant.
3. The term "Associated Liquids" shall mean condensate (liquid hydrocarbons without free water) produced in conjunction with the production of Gas to be transported hereunder (the quantity shall not exceed 10 bbls per MMcf).
4. The term "Backhaul" shall mean the receipt and delivery of Gas which is accomplished by the Transporter's delivery of Gas at Delivery Point(s) which are upstream from the Receipt Point(s) of such Gas.
5. Unless otherwise agreed, the term "Base Maximum Daily Injection Quantity" ("Base MDIQ") shall mean the maximum quantity of Gas that Transporter is required to inject into Storage for the account of Shipper on a firm basis, and shall be equal to the MSQ divided by two hundred (200) for Rate Schedule FSS without ratchets and the MSQ divided by one hundred seventy-five (175) for Rate Schedule FSS with ratchets. Provided, further, that for Rate Schedule FSS with Flexible Entitlements and a Base MDWQ between 1/10 and 1/49 of its MSQ, the Base MDIQ shall be a mutually agreeable amount.
6. Unless otherwise agreed, the term "Base Maximum Daily Withdrawal Quantity" ("Base MDWQ") shall mean the maximum quantity of Gas that Transporter is required to withdraw from Storage for a Shipper, and shall be at least one-two hundred and thirteenth (1/213) but not more than one tenth (1/10) of the MSQ.
7. The term "Burner Tip Actual" ("BTA") shall mean quantities of Gas that have been electronically measured at the point of actual consumption for Rate Schedule FTS-3, ITS-3 and MBS Shippers and submitted via electronic measurement system to Transporter; provided, however, that if deliveries at the point of actual consumption include commingled deliveries from another supply source, the Shipper or Shipper's designee must identify the quantity attributable to each supply source, subject to verification of same by the intervening downstream transporter, including Transporter's deliveries within four (4) hours after the close of the applicable Day.

8. The term "Business Day" shall mean Monday through Friday, excluding Federal Banking Holidays for transactions in the United States, and similar holidays for transactions in Canada and Mexico.
9. The term "BTA Stand-Alone Option" shall mean service to a Notice Service Shipper that has elected and qualified to have deliveries allocated on a BTA basis and agreed to the installation of flow control facilities at the point of consumption.
10. The term "BTU" shall mean one (1) British thermal unit, the amount of heat required to raise the temperature of one (1) pound of water one (1) degree Fahrenheit at sixty (60) degrees Fahrenheit, and is the International Btu. The reporting basis for BTU is 14.73 psia at 60 degrees F (101.325 kPa at 15 degrees C) and dry; and for gigacalorie it is 1.035646 Kg/cm<sup>2</sup> at 15.6 degrees C, and dry.

For purposes of this term, and the term Mcf in Section 6.1(45) below, NAESB WGQ takes no position on the basis upon which transactions are communicated to trading partners and/or regulatory agencies, as applicable, nor does NAESB WGQ state whether transactions may take place between parties on a volumetric basis.

11. The term "Cashout" shall mean the monetary settlement of quantities of Gas owed to or by Transporter or third parties, as further described in Section 6.15 of these General Terms and Conditions.
12. The term "Cashout Price" shall mean the price determined pursuant to Section 6.15 of these General Terms and Conditions.
13. The term "Catalog Receipt Point(s)" shall mean any eligible Transmission Receipt Point(s) located in a Pooling Area.
14. The term "Central Clock Time" or "CCT" shall mean Central Standard Time ("CST") except when Daylight Savings Time is in effect, when it shall mean one hour in advance of CST. All times referenced in this Tariff shall be in CCT.
15. The term "Commission" shall mean the Federal Energy Regulatory Commission or any successor regulatory authority.
16. The term "Confirmed Price" shall mean the Transportation rate inclusive of all applicable fees and surcharges agreed upon by Transporter and Shipper.
17. The term "Cycling Fuel" shall mean the quantity of Gas equal to Transporter's Use (%) for Rate Schedule FSS times the quantity of Working Storage Gas in excess of twenty percent (20%) of Shipper's MSQ at the end of the Winter Period.

18. The term "Day" shall mean a period of consecutive hours, beginning at 9:00 a.m., and ending on the following 9:00 a.m.
19. The term "DDS Maximum Daily Injection Quantity" shall mean one thirtieth (1/30) of the Maximum Storage Quantity.
20. The term "DDS Maximum Daily Withdrawal Quantity" shall mean (a) the Working Storage Gas as of the last Day of the prior Service Month divided by the number of Days in the current Service Month or, if applicable, (b) the Working Storage Gas divided by the number of remaining Days in the Service Month as of the date that Transporter notifies Shipper that it must withdraw all of its Working Storage Gas within forty-five (45) Days.
21. The term "Dekatherm" (or "Dth") shall mean the quantity of heat energy which is equivalent to one (1) million (1,000,000) BTU; thus the term MDth shall mean one (1) thousand (1,000) Dth. The conversion factor between Dth and gigajoule, the standard measure of heat energy in Canada, is 1.055056 gigajoules per Dth. The conversion factor between Dth and gigacalorie, the standard measure of heat energy in Mexico, is 0.251996 gigacalories per Dth.
22. The term "Delivery Point" shall mean either (a) a Headstation, (b) the Point of Injection/Withdrawal, or (c) a point on Transporter's Pipeline System that Shipper and Transporter shall agree upon, where Gas exits facilities owned by Transporter, and is metered.
23. The term "Delivery Point MDQ" shall mean the greatest number of Dekatherms that Transporter is obligated to deliver to or on behalf of Shipper on any Day at the applicable Primary Delivery Point.
24. The term "Delivery Point Operator" shall mean the party that is responsible for operating the facilities that are immediately downstream of the applicable Delivery Point.
25. The term "Designated Storage Account" shall mean any Agreement pursuant to Rate Schedule FSS that is designated by the Shipper pursuant to Rate Schedule NNS, for which quantities are to be allocated under Rate Schedule NNS for debiting and crediting.
26. The term "Hydrocarbon Dewpoint" shall mean cricondentherm, the highest temperature at which the hydrocarbon vapor-liquid equilibrium may be present. The Hydrocarbon Dewpoint (cricondentherm) calculations are performed using the Peng-Robinson equation of state.

27. The term "HDP Segment(s)" shall have the meaning as defined in Section 6.13 paragraph 3.
28. The term "HDP Problem(s)" shall mean actual or anticipated operational problems on Transporter's system specifically related to actual or anticipated hydrocarbon liquid fallout.
29. The term "Extreme Condition Situation" shall mean that (a) on any portion of Transporter's Pipeline System throughput approaches capacity, or (b) weather conditions exist, or (c) operating pressures on an affected portion of Transporter's Pipeline System are significantly less than or greater than normal operating pressures, such that Transporter's ability to receive or deliver quantities of Gas in accordance with its service obligations is impaired.
30. The term "Electronic Communication" shall mean the transmission of information via Transporter's Internet site, electronic delivery mechanism prescribed by NAESB or other mutually agreed communication methodologies used to transmit and receive information, including communication by telephone.
31. The term "Electronic Delivery Mechanism" or "EDM" shall mean the Electronic Communication methodology used to transmit and receive data related to gas transactions. Transporter and Shipper shall designate an electronic "site" at which Shippers and Transporter may exchange data electronically. All data provided at such site shall be considered as being delivered to the appropriate party. Transporter's use and implementation of EDM shall conform to all appropriate NAESB standards.
32. The term "Equivalent Quantities" shall mean a quantity of Gas containing an amount of Dekatherms equal to the amount of Dekatherms received by Transporter for the account of Shipper at the Receipt Point(s) reduced, where applicable, by the Dekatherms removed for Transporter's Use, third party use, and treatment and processing of Shipper's Gas, all as attributable to Transportation of Shipper's Gas.
33. The term "Flash Gas" shall mean gaseous hydrocarbons that either vaporize or are vaporized (including flare and vent gas) from liquefied hydrocarbons within facilities located onshore.
34. The term "Gas" shall mean natural gas, including gas cap gas, casinghead gas produced with crude oil, gas from gas wells, gas from condensate wells, Associated Liquefiables and synthetic natural gas, or any mixture of these gases meeting the quality standards under Section 6.13 of these General Terms and Conditions.

35. The term "Gas Delivered Hereunder" shall mean the quantities of Gas allocated to Shipper by Transporter, as determined in accordance with the provisions of Section 6.14 of these General Terms and Conditions.
36. The term "GEMS<sup>™</sup>" shall mean Transporter's electronic communication system which shall be available to any Shipper.
37. The term "Headstation" shall mean (a) Transporter's compressor station located at Eunice, Louisiana; (b) Transporter's compressor station located at Greensburg, Kansas; or (c) subject to operational feasibility, any single Delivery Point in a Pooling Area.
38. The term "Hub" shall mean (a) all interconnections with other transporters or storage service providers and Transporter, located between Transporter's compressor station at Sandwich, Illinois and the Crown Point, Indiana interconnect point (the ANR Joliet Hub), (b) all interconnections with other transporters or storage service providers and Transporter, located between Transporter's meter station at Glen Karn, Ohio and the terminus of the Lebanon Lateral in Ohio (the ANR Lebanon Hub), or (c) subject to operational or administrative feasibility, any other geographic region encompassing Transporter's facilities.
39. The term "Mainline Area Facilities" shall mean those facilities of Transporter which are not Southwest Area Facilities or Southeast Area Facilities of Transporter, and shall comprise Mainline Segments. Set forth below are the Mainline Segment location definitions:
  - (a) **SOUTHEAST SOUTHERN SEGMENT:** all points downstream of the Eunice, LA compressor station site and upstream of the Madisonville, KY compressor station site.
  - (b) **SOUTHEAST CENTRAL SEGMENT:** all points downstream of and including the Madisonville, KY compressor station site and upstream of and including the Defiance, OH compressor station site.
  - (c) **SOUTHWEST SOUTHERN SEGMENT:** all points downstream of the Greensburg, KS compressor station site and upstream of the Maitland, MO compressor station site.
  - (d) **SOUTHWEST CENTRAL SEGMENT:** all points downstream of and including the Maitland, MO compressor station site and upstream of and including the Sandwich, IL compressor station site.
  - (e) **NORTHERN SEGMENT:** all points downstream of the Sandwich, IL and the Defiance, OH compressor station sites.

Any Transportation from a Point of Injection/Withdrawal to a Delivery Point in the Northern Segment shall not involve the use of any other Mainline Area Facilities.

40. The term "Maximum Daily Injection Quantity" shall mean:
- (a) The Base Maximum Daily Injection Quantity if the Working Storage Gas is less than or equal to ninety percent (90%) of the MSQ; or
  - (b) Eighty percent (80%) of the Base Maximum Daily Injection Quantity if the Working Storage Gas is greater than ninety percent (90%) and less than one hundred percent (100%) of the MSQ; or
  - (c) The lesser of (1) the otherwise applicable Maximum Daily Injection Quantity or (2) the difference between the Maximum Storage Quantity and the Working Storage Gas.
41. The term "Maximum Daily Quantity" ("MDQ") shall mean the greatest number of Dekatherms that Transporter is obligated to deliver to or on behalf of Shipper on any Day.
42. The term "Maximum Daily Withdrawal Quantity" shall mean:
- (a) One hundred percent (100%) of the Base MDWQ if the Working Storage Gas is greater than twenty percent (20%) of the Maximum Storage Quantity; or
  - (b) Ninety percent (90%) of the Base MDWQ if the Working Storage Gas is greater than fifteen (15%) and less than or equal to twenty percent (20%) of the Maximum Storage Quantity; or
  - (c) Eighty percent (80%) of the Base MDWQ if the Working Storage Gas is greater than ten percent (10%) and less than or equal to fifteen percent (15%) of the Maximum Storage Quantity; or
  - (d) Seventy percent (70%) of the Base MDWQ if the Working Storage Gas is greater than five percent (5%) and less than or equal to ten percent (10%) of the Maximum Storage Quantity; or
  - (e) Sixty percent (60%) of the Base MDWQ if the Working Storage Gas is less than or equal to five percent (5%) of the Maximum Storage Quantity; or
  - (f) The lesser of the otherwise applicable Maximum Daily Withdrawal Quantity and the remaining Working Storage Gas.

43. The term "Maximum Storage Quantity" ("MSQ") shall mean the greatest number of Dekatherms that Transporter is obligated to store on behalf of Shipper.
44. The term "Maximum Transportation Quantity" shall mean the maximum quantity of Gas that Transporter is obligated to transport on any Day on behalf of Shipper from the applicable supply area.
45. The term "Mcf" shall mean one (1) thousand (1,000) cubic feet of Gas; the term MMcf shall mean one (1) million (1,000,000) cubic feet of Gas. The reporting basis for gas volumes measured in cubic feet is (at standard conditions) 14.73 psia at 60 degrees F, and dry. For cubic meters, the reporting basis is 101.325 kPa at 15 degrees C, and dry.
46. The term "Month" shall mean the period beginning on the first Day of a calendar Month and ending at the same hour on the first Day of the next succeeding calendar Month.
47. The term "Negotiated Rate" shall mean a rate or rate formula for computing a rate for service under a single rate schedule under which, for some portion of the contract term, one or more of the individual rate components may exceed the maximum charge, or be less than the minimum charge, for such component of the applicable tariff rate as set forth in Transporter's Schedule of Rates in Sections 4.1 through 4.17, 4.20 and in Section 5.19. A Negotiated Rate must be mutually agreed upon by Transporter and Shipper, and may be based on a rate design other than straight fixed-variable.
48. The term "Net Present Value" ("NPV") shall mean the discounted cash flow of expected revenues per Dekatherm of the applicable service for a term of up to twenty (20) years, using the interest rate set forth in Section 154.67(c)(2) of the Commission's Regulations.
49. The term "Nomination Route" shall mean the route used to transport Gas from the nominated Receipt Point to the nominated Delivery Point.
50. The term "No-Notice Service" shall mean service available under Rate Schedules NNS, STS and MBS.
51. The term "North American Energy Standards Board" or "NAESB" shall mean the private, consensus standards developer whose wholesale natural gas standards are developed by representatives from all segments of the natural gas industry.
52. The term "Notice Service" shall mean all Transportation Services provided by Transporter other than No-Notice Services.

53. The term "Pipeline Condensate" shall mean the hydrocarbons in a liquid state which condense out of the Transporter's facilities (Pipeline Condensate Reduction ("PCR") shall be measured in Dekatherms.)
54. The term "Plant Thermal Reduction" or "PTR" shall mean the quantity of Dekatherms removed at a processing plant and allocated in accordance with the procedures set forth in Section 6.5.2(b) of these General Terms and Conditions.
55. The term "Point of Injection/Withdrawal" shall mean Transporter's storage facilities.
56. The term "Pooler" shall mean a Shipper under Rate Schedules PTS-1, PTS-2 and PTS-3 that delivers Gas only at the Headstation to other Shippers utilizing Transporter's Mainline Area Facilities.
57. The term "Pooling Agreement" shall mean an Agreement entered into by a Pooler with Transporter.
58. The term "Pooling Area" shall mean, as to any Headstation, Transporter's facilities located upstream of that Headstation.
59. The term "Primary Delivery Point(s)" shall mean the Delivery Point(s) as specified in the Agreement.
60. The term "Primary Receipt Point(s)" shall mean the Receipt Point(s) as specified in the Agreement.
61. The term "Primary Point(s)" shall mean the Primary Delivery Point(s) and/or Primary Receipt Point(s).
62. The term "Primary Route" shall mean the shortest distance along contiguous ANR-owned transmission facilities deemed to transport Gas from the Primary Receipt Point to the Primary Delivery Point, and shall be deemed to include points of interconnection with the facilities of third parties, but shall not include transmission laterals unless the affected Shipper's Primary Receipt or Delivery Points are along any such laterals.
63. The term "Receipt Point" shall mean either (a) a Headstation, (b) the Point of Injection/Withdrawal, or (c) a point on Transporter's Pipeline System that Transporter and Shipper shall agree upon, where Gas enters facilities owned by Transporter, and is metered.
64. The term "Receipt Point MDQ" shall mean the greatest number of Dekatherms that Transporter is obligated to receive for or on behalf of Shipper on any Day at the applicable Primary Receipt Point.

65. The term "Reput" shall mean the reinstatement of a capacity release transaction that was recalled.
66. The term "Residue Gas" shall mean Transporter's Gas stream that has been reduced by PTR.
67. The term "Secondary Delivery Point" shall mean a Delivery Point that is not specified as a Primary Delivery Point.
68. The term "Secondary Receipt Point" shall mean a Receipt Point that is not specified as a Primary Receipt Point.
69. The term "Secondary Point(s)" shall mean the Secondary Delivery Point and/or the Secondary Receipt Point.
70. The term "Service Day" shall mean the Day during which Shipper receives Transportation Service pursuant to a nomination in accordance with Section 6.6 of these General Terms and Conditions.
71. The term "Service Month" shall mean the Month during which Shipper receives Transportation Services under this Tariff.
72. The term "Southeast Area Facilities" shall mean those facilities of Transporter which are located upstream or south of the Eunice, LA compressor station site property, including such site property of Transporter at Eunice, and Transporter's other facilities which are not directly connected.
73. The term "Southwest Area Facilities" shall mean those facilities of Transporter which are located upstream of the Greensburg, KS compressor station site property, including such site property of Transporter at Greensburg.
74. Unless otherwise agreed, the term "Storage Contract Year" shall mean a period of consecutive Months ending on March 31 for services of at least twelve (12) consecutive Months, and shall commence and end on the Days provided in the Service Agreement for services of less than twelve (12) consecutive Months.
75. The term "Summer Period" shall mean the period from April 1 of each calendar year through October 31 of such year.
76. The term "Swing Percentage" shall mean the percentage of quantities allocated at Delivery Points to each Shipper that will be excused from overrun charges or daily scheduling penalties, as applicable. The Swing Percentage shall be equal to ten percent (10%) of the Delivery Point nomination for such Shipper, unless Transporter

shall have posted on GEMS™ a notification that an Extreme Condition Situation exists. In such case, the Swing Percentage shall be equal to five percent (5%) of the Delivery Point nomination for such Shipper.

77. The terms "Tender Gas" and "Tender of Gas" shall mean that the delivering party is able and willing, and offers, to deliver Gas to the receiving party at the appropriate Receipt Point or Delivery Point.
78. The term "Term of Agreement" shall mean the period set forth in the applicable Agreement during which Shipper may take service under the Agreement and shall be any period of one Day or longer. A period must be for consecutive Days except that Transporter may agree to non-continuous periods for multiple year contracts on a not-unduly discriminatory basis.
79. The term "Transmission Delivery Point(s)" shall mean any Delivery Point which does not include any facilities functionalized as gathering.
80. The term "Transmission Receipt Point(s)" shall mean any Receipt Point which does not include any facilities functionalized as gathering.
81. The terms "Transportation" and "Transportation Service(s)" shall mean (a) storage or (b) transportation of Gas by either forward haul, exchange or Backhaul or any combination thereof which includes the use of facilities functionalized on Transporter's books as transmission and/or storage.
82. The term "Transporter" shall mean ANR Pipeline Company.
83. The term "Transporter's Pipeline System" shall mean those facilities of Transporter which are Mainline Area Facilities, Southwest Area Facilities or Southeast Area Facilities.
84. The term "Transporter's Use" shall mean the quantity of Gas required by Transporter for (1) compressor fuel and (2) lost-and-unaccounted for ("L&U") Gas for service under each Agreement, and shall be equal to the Transporter's Use (%) under each such Agreement times Receipt Point quantities tendered to Transporter.
85. The term "Transporter's EPC" shall mean the dollar amount required by Transporter to recover the cost of electric power purchased, including surcharges, by or for Transporter for use in the operation of electric powered compressor units, and shall be equal to the EPC Charge times Delivery Point quantities.
86. The term "Transporter's Use (%)" shall mean the applicable percentage of Transporter's Use, as specified in the Agreement, which shall be an allocable amount of Transporter's Use. The term "EPC Charge" shall mean the rates in \$ per Dth

applicable to Transporter's rate schedules, and shall be equal to an allocable amount of Transporter's EPC. The Transporter's Use (%) and the EPC Charge shall be calculated by Transporter by appropriate engineering principles and shall include consideration of the distance of Transportation, ~~provided, however, that no Transporter's Use (%) or EPC Charge shall be assessed on Backhaul Transportation.~~ Except as otherwise noted herein and in Section 6.34 of these General Terms and Conditions, the determination of Transporter's Use (%) and EPC Charge in each of Transporter's annual redetermination filings, shall be based upon the transactional throughput methodology set forth in Transporter's December 4, 1997 filing in Docket No. TM97-2-48-001 as accepted by Order of the Commission dated December 31, 1997, as further amended in the December 26, 2001 Stipulation and Agreement in Docket No. RP01-259-000.

87. The term "Winter Period" shall mean the period from November 1 of each calendar year through March 31 of the following calendar year.
88. The term "Wire Transfer" shall mean payments made/effected by wire transfer (Fedwire, CHIPS, or Book Entry), or Automated Clearinghouse, or any other recognized electronic or automated payment mechanism that is agreed upon by Transporter in the future.
89. The term "Working Storage Gas" shall mean the quantity of Gas held in storage by Transporter for Shipper.
90. Capitalized terms not defined herein are defined pursuant to NAESB.