UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

	)	
ANR PIPELINE COMPANY	)	Docket No. CP20-1-000

ABBREVIATED APPLICATION OF ANR PIPELINE COMPANY
FOR AMENDMENT TO
CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY
AND FOR ABANDONMENT AUTHORITY

Pursuant to sections 7(b) and 7(c) of the Natural Gas Act ("NGA"), 15 U.S.C. §§ 717f(b) and 717f(c), as amended, and Subpart A of the regulations of the Federal Energy Regulatory Commission ("Commission"), 18 C.F.R. Sections 157.5 *et seq.*, ANR Pipeline Company ("ANR") hereby submits this abbreviated application ("Application") for the authority necessary to implement the acquisition and transition of ownership to ANR of certain natural gas storage assets currently leased by ANR from its affiliate, Mid Michigan Gas Storage Company ("Mid Michigan" or "MM") at the Austin, Goodwell, Lincoln-Freeman, Loreed, and Reed City storage fields ("Leased Fields"), all located in central Michigan ("Transition").[1] The Transition is the result of Mid Michigan's intent to divest itself of the storage assets it owns and currently leases to ANR at the Leased Fields.

[1] Incidental to the leased storage assets at the Leased Fields, the proposed Transition also includes two minor laterals currently leased by ANR from Mid Michigan. These laterals are identified and described in Exhibit T, attached hereto.

Specifically, ANR requests authority pursuant to section 7(b) and section 7(c) of the NGA as applicable to 1) amend the applicable certificates of public convenience and necessity to a) abandon the existing lease arrangements with Mid Michigan to remove Mid Michigan as owner and lessor, and b) change ANR from lessee to owner of the subject assets acquired from Mid Michigan, and 2) establish a new interim lease arrangement with Mid Michigan, specific to the Mid Michigan-owned base gas in the Leased Fields. The Leased Fields are currently operated by ANR in providing its jurisdictional natural gas storage and transportation service. Additionally, ANR has installed and owns related certificated storage facilities at the Leased Fields and owns quantities of base gas in the Leased Fields.

The leased assets and the quantity of base gas under the existing leases that are the subject of the proposed Transition are necessary for ANR to continue to provide its jurisdictional storage and transportation services. The proposed Transition will ultimately allow ANR to have ownership and direct control over all the leased storage facilities and base gas necessary for ongoing provision of its jurisdictional storage and transportation services, thus ensuring stability for ANR and its customers. In order to implement the proposed Transition as soon as possible, ANR respectfully requests that the Commission grant the authority requested herein by February 29, 2020.

In support of this Application, ANR states as follows:

I.

GENERAL INFORMATION

The exact legal name of ANR is ANR Pipeline Company. ANR is a corporation organized and existing under the laws of the State of Delaware with its principal place of business located at 700 Louisiana Street, Houston, Texas 77002-2700. ANR is indirectly wholly owned by TransCanada PipeLine USA Ltd. ANR operates approximately 9,400 miles of interstate pipeline extending from Texas and Oklahoma, as well as the producing areas in the Gulf Coast, to points in Wisconsin and Michigan. ANR provides storage, transportation, and various capacity related services on an open access basis to qualifying shippers.

The names, titles, and mailing addresses of the persons to whom correspondence and communications concerning this Application are to be addressed are as follows:

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II.

BACKGROUND AND REASON FOR PROPOSAL

ANR operates ten natural gas storage fields, all located in the state of Michigan, of which five are owned by ANR and five are leased from Mid Michigan.[2] These fields are operated by ANR in interstate commerce pursuant to certificate authority issued by either the Federal Power Commission ("FPC") or the Commission. The current combined working capacity of these fields is approximately 135 Bcf, of which 81 Bcf, or 60% of the combined total, is attributable to the five Leased Fields that are the subject of the instant filing. Additionally, ANR holds storage capacity of approximately 69 Bcf pursuant to storage agreements with two of its affiliated companies, ANR Storage Company and Blue Lake Gas Storage Company.

ANR has provided interstate natural gas storage services since the 1940's. These services and associated facilities, both leased and owned, have evolved through the years to meet the changing regulatory framework within which the industry operates and to meet changing market requirements. In the early 1990's, ANR enhanced the efficiency of its storage services to its customers and improved the deliverability of selected storage

[2] Michigan Consolidated Gas Company ("Michigan Consolidated") and Michigan Wisconsin Pipe Line Company ("Michigan Wisconsin"), predecessors to Mid Michigan and ANR respectively, were the joint applicants to the original certificate applications that proposed to develop and lease the subject storage facilities in the Leased Fields, with Michigan Consolidated as the owner/lessor of these fields and Michigan Wisconsin as the lessee. In regard to the lessor's jurisdictional status, the FPC issued an order on February 3, 1955 in Docket No. G-6507 confirming that Michigan Consolidated was exempt from the provisions of the Natural Gas Act. *Michigan Consolidated Gas Co.*, 14 F.P.C. 535 (1955); see also *ANR Pipeline Co.,* 33 FERC ¶ 61,131, 61,292 n.1 (1985). In 1981, Michigan Consolidated was sold to and became a wholly-owned subsidiary of Primark Corporation and, in 1988, was spun-off to MCN Corporation. The Leased Fields were transferred from Michigan Consolidated to Primark Storage Leasing Corporation. In 1996, American Natural Resources, then the parent company of ANR, purchased the stock of Primark Storage Leasing Corporation and its storage fields and renamed the entity Mid Michigan Gas Storage Company. Mid Michigan is currently indirectly wholly owned by TransCanada PipeLine USA Ltd.

fields through the implementation of various techniques that included horizontal drilling, installation of larger diameter gathering lines, and reduction of bottlenecks through efforts such as removal of flow-restricting small diameter tubing from wells. ANR also reclassified working capacity to base gas in 1997 following Order 636. Later, as a result of these enhancements and of ANR's assessment of the then-current market demand, ANR was authorized in Docket No. CP98-547[3] to abandon several less efficient, higher cost storage fields. The low efficiency of the abandoned fields was due in large part to the disproportionately large volumes of base gas required to support storage operations relative to the low working gas capacity and low deliverability rates provided by those fields.

In 2004, ANR was authorized in Docket No. CP04-79[4] to undertake several capacity revisions and facility modifications to better align its storage portfolio with market demand for more efficient, higher deliverability storage service. This 2004 storage realignment project, which included the abandonment of the Capac Storage Field as well as base gas capacity-to-working gas capacity conversions at several other fields, resulted in a net reduction in both working capacity and late season deliverability, but yielded an increase in average late season deliverability available for the remaining working capacity in ANR's storage portfolio.

In 2006, ANR was authorized in Docket No. CP06-358[5] to modify storage field parameters to better optimize its storage field operations. This project, known as the 2007 Storage Enhancement Project, revised and realigned capacity and deliverability to meet

[3] *ANR Pipeline Co.*, 85 FERC ¶ 62,044 (1998).
[4] *ANR Pipeline Co.*, 108 FERC ¶ 61,179 (2004).
[5] *ANR Pipeline Co.*, 117 FERC ¶ 61,228 (2006).

market demand through facility modifications and increases to working gas capacity via base gas capacity-to-working gas capacity conversions at the Winfield, Lincoln-Freeman, Goodwell and Reed City storage fields.

In 2013, in response to indications of interest from some customers for more flexible injection service than was then allowable under its existing tariff, ANR developed, proposed and, upon Commission acceptance, implemented revisions to its tariff to allow for such injection flexibility as part of its storage services.[6] A number of ANR customers subsequently contracted for storage service incorporating such injection flexibility.

Most recently, in 2014, ANR was authorized in Docket No. CP14-487[7] to revise certain certificated capacity and deliverability parameters at eight of its ten storage fields to shift late season deliverability requirements to fields with more robust and more flexible late season withdrawal capability. This project, known as the 2014 Storage Realignment, resulted in a better operational alignment of working capacity, late season inventory management and withdrawal flexibility with late season demand, by shifting working capacity from fields with lesser late season deliverability and reliability to fields with better late season deliverability and reliability.

The enhancements and modifications described above have been undertaken by ANR and recognized by the Commission in consideration of the combined operational capabilities and performance of the Leased Fields together with the ANR-owned fields operated as a total integrated storage complex. These proceedings demonstrate ANR's

[6] *See* Changes in FERC Gas Tariff, *ANR Pipeline Co.*, Docket No. RP13-873-000 (filed May 1, 2013); Letter Order, *ANR Pipeline Co.*, Docket No. RP13-873-000 (issued May 16, 2013) (accepting filing); Change in FERC Gas Tariff, *ANR Pipeline Co.*, Docket No. RP14-316-000 (filed Dec. 20, 2013); Letter Order, *ANR Pipeline Co.*, Docket No. RP14-316-000 (issued Jan. 10, 2014) (accepting filing).
[7] *ANR Pipeline Co.*, 149 FERC ¶ 62,132 (2014).

responsiveness to changing conditions and circumstances to ensure optimal and reliable storage service to its customers. The instant proposal similarly is in response to a recent change in circumstances affecting ANR's total storage complex.

Mid Michigan intends to divest itself of the storage assets it currently owns and leases to ANR in the Leased Fields. Mid Michigan periodically evaluates its assets and overall business model to ensure that it is realizing revenue that is commensurate with the value of the assets. As such, Mid Michigan has recently determined that it is interested in selling the storage assets it owns and leases to ANR in the Leased Fields. Mid Michigan has evaluated two categories of assets that it owns and leases to ANR in those fields:

- Facilities (wells, reservoirs, surface facilities, pipelines, land, rights-of-way and subsurface storage and mineral rights, etc.)

  Mid Michigan has leased the facilities to ANR for decades, turning over the day-to-day operational responsibility for those facilities to ANR in ANR's role as operator of the Leased Fields. Mid Michigan has not made any new investments in the leased facilities for over 30 years. As operator, ANR has replaced worn out equipment, added facilities and made enhancements such that it has a substantial ownership investment in facilities in the Leased Fields whose operational value is inextricably linked with the facilities leased from Mid Michigan. Stated another way, the value of the facilities and enhancements added by ANR is low without the related facilities leased from Mid Michigan, and vice-versa.

  Mid Michigan collects a lease fee from ANR that is based on a typical cost of service calculation. Mid Michigan's depreciable facilities have a net book value of zero, and the book value of the non-depreciable land assets is approximately $1.6

million. Although modest, Mid Michigan believes the portion of the lease fee associated with the facilities fairly represents the value of Mid Michigan's facilities. As previously stated, this is because of the inherent linkage of value between the ANR facilities and the leased facilities. Mid Michigan concludes that it is not likely to realize much, if any, incremental value for its facilities in the open market without the co-existence and co-operation of the ANR-owned facilities.

- Base Gas

The value of the Mid Michigan-owned base gas is substantially different from the facilities in that it could potentially be sold in the open market at a higher price than is included in the cost of service calculation for ANR's lease payment. The weighted average book value of the base gas is $0.191/dth, while the market value is currently nominally $2.00/dth. As such, Mid Michigan concludes that it is not realizing revenue through the lease payments received from ANR that is commensurate with the current value of its base gas.

Further, Mid Michigan has indicated that the divesture will include the facilities and base gas currently under lease to ANR at all five Leased Fields in a "package deal" and that it does not desire partial divestiture of, for example, one or two fields.

ANR has evaluated its options. As indicated above, ANR operates its storage complex on an integrated basis, with the Leased Fields contributing a significant share of the capacity and deliverability to the pool of storage assets, as illustrated by the following table.

	Certificated Working Gas MMcf	Certificated Base Gas MMcf	Certificated Total Gas MMcf	Certificated Max Deliverability MMcf/d
Leased Fields				
Austin	7,000	16,068	23,068	864
Goodwell	21,300	10,396	31,696	400
Lincoln & Freeman	18,500	17,223	35,723	400
Loreed	19,000	23,210	42,210	860
Reed City	15,200	13,712	28,912	312
Subtotal	81,000	80,609	161,609	2,836
ANR-Owned Fields				
Central Charlton	14,100	4,900	19,000	220
Cold Springs 1	15,330	4,500	19,830	200
Muttonville	8,200	5,214	13,414	450
South Chester 15	14,600	4,855	19,455	212
Winfield	1,900	8,529	10,429	100
Subtotal	54,130	27,998	82,128	1,182
Total	135,130	108,607	243,737	4,018

The leased facilities and quantities of base gas under the leases are necessary for ANR to continue to meet its current storage and transportation service commitments. The Leased Fields provide a certificated maximum daily withdrawal quantity of 2,836 MMcf/d and ANR's design day utilizes 1,132 MMcf/d of withdrawal capacity from these fields. ANR is currently sold out of storage design day withdrawal capacity and has been sold out numerous times in recent years. Without the certificated working gas capacity and deliverability provided by the Leased Fields, ANR would have significantly less certificated storage capacity that it could make available to the market.

The cost to ANR of acquiring the leased facilities at net book value and of transitioning to ANR ownership of an equivalent quantity of base gas would be significantly lower than the cost to develop new greenfield storage fields to replace the leased capacity. The infrastructure to operate these leased fields as part of ANR's FERC-

regulated assets is already present and will not pose any threat of degradation of service if purchased. ANR concludes that it requires these leased storage and other assets to provide its jurisdictional storage and transportation services. ANR proposes to acquire the necessary facilities directly from Mid Michigan and to become owner of an equivalent volume of base gas as that which is currently owned by and leased from Mid Michigan, in order to continue providing such services.

Accordingly, ANR and Mid Michigan have negotiated a path forward for the arms-length disposition of the Leased Fields by Mid Michigan that protects the interests of both parties and reaches a reasonable financial compromise. That path includes the termination of the existing lease arrangements, the acquisition of the leased storage facilities by ANR, and an interim lease arrangement that provides for the systematic transition to ANR ownership of base gas over time, all as more fully described below.

III.

DESCRIPTION OF PROPOSED ACTIONS

Under the proposed Transition, ANR will acquire from Mid Michigan and own the leased storage assets at the Leased Fields. This will be accomplished through the following actions:

Abandonment of Lease Arrangements and Sale and Acquisition of Facilities

ANR and Mid Michigan will terminate and nullify any and all existing lease arrangements between the parties, including but not limited to any related financial obligations and lease fee payments, at the Leased Fields. A listing of the relevant contracts and other agreements is provided herein as Exhibit U. The parties will enter into

an agreement for the sale by Mid Michigan and the acquisition by ANR at net book value of the storage reservoirs, land, wells, appurtenant facilities and all other surface and subsurface facilities and/or assets at each field, as described in Exhibit R attached hereto.

Certificate Amendments

ANR proposes to amend the applicable certificates of public convenience and necessity, pursuant to section 7(b) and section 7(c) of the NGA, to 1) abandon the lease arrangements with Mid Michigan to remove Mid Michigan as owner and lessor and 2) change ANR from lessee to owner, as detailed below.

Austin Storage Field

The Austin Storage Field ("Austin") is a depleted oil reservoir that was discovered in 1933 and converted to natural gas storage in 1941. ANR holds a lease on the entire Austin reservoir and operates it in interstate commerce pursuant to FPC authorization granted in FPC Docket No. G-1156.[8] At the present time, authorized total storage capacity is 23.1Bcf, of which working gas capacity is 7.0 Bcf and base gas capacity is 16.1Bcf.[9] Approximately 6.2 Bcf of the base gas is owned by Mid Michigan.

ANR proposes in the instant filing to amend the certificate order issued in Docket No. G-1156 at the Austin field to remove Mid Michigan as owner and lessor, and to change ANR from lessee to owner of the storage reservoirs, land, wells, subsurface storage and mineral rights and appurtenant facilities acquired from Mid Michigan, as described in Exhibit R attached hereto. The change in ownership of these facilities would

[8] *Michigan-Wisconsin Pipe Line Co.*, 9 F.P.C. 127 (1950).
[9] *ANR Pipeline Co.*, 65 FERC ¶ 61,280 (1993).

not affect ANR's maximum deliverability of 864 MMcf/d from the Austin field or the maximum capacity or maximum stabilized field pressure.

Goodwell Storage Field

The Goodwell Storage Field ("Goodwell") is a depleted gas reservoir that was discovered in 1943 and converted to a natural gas storage field in 1948. ANR holds a lease on the entire Goodwell reservoir and operates it in interstate commerce pursuant to FPC authorization granted in FPC Docket No. G-1156.[10] At the present time, authorized total storage capacity is 31.7 Bcf, of which working gas capacity is 21.3 Bcf and base gas capacity is 10.4 Bcf.[11] Approximately 2.9 Bcf of the Goodwell base gas is owned by Mid Michigan.

ANR proposes in the instant filing to amend the certificate order issued in Docket No. G-1156 at the Goodwell field to remove Mid Michigan as owner and lessor, and to change ANR from lessee to owner of the storage reservoirs, land, wells, subsurface storage and mineral rights and appurtenant facilities acquired from Mid Michigan, as described in Exhibit R attached hereto. The change in ownership of these facilities would not affect ANR's maximum deliverability of 400 MMcf/d from the Goodwell field or the maximum capacity or the maximum stabilized field pressure.

Lincoln-Freeman Storage Field

The Lincoln-Freeman Storage Field ("Lincoln-Freeman") is a depleted gas reservoir discovered in 1938. During the 1950's, development of the field as a natural

[10] *Michigan-Wisconsin Pipe Line Co.*, 9 F.P.C. 127 (1950).
[11] *ANR Pipeline Co.,* 149 FERC ¶ 62,132 (2014).

gas storage facility initially focused on the Lincoln portion of the field. Later in the 1970's, development began in the Freeman portion. ANR holds a lease on the entire Lincoln-Freeman reservoir and operates it in interstate commerce pursuant to FPC authorization granted in FPC Docket No. G-1302.[12] At the present time, authorized total storage capacity is 35.7 Bcf, of which working gas capacity is 18.5 Bcf and base gas capacity is 17.2 Bcf.[13] Approximately 10.6 Bcf of the Lincoln-Freeman base gas is owned by Mid Michigan.

ANR proposes in the instant filing to amend the certificate order issued in Docket No. G-1302 at the Lincoln-Freeman field to remove Mid Michigan as owner and lessor, and to change ANR from lessee to owner of the storage reservoirs, land, wells, subsurface storage and mineral rights and appurtenant facilities acquired from Mid Michigan, as described in Exhibit R attached hereto. The change in ownership of these facilities would not affect ANR's maximum deliverability of 400 MMcf/d from the Lincoln-Freeman field or the maximum capacity or the maximum stabilized field pressure.

Loreed Storage Field

The Loreed Storage Field ("Loreed") is a depleted oil reservoir that was discovered in 1940 and converted to natural gas storage in 1962. Under Docket No. CP66-208, on May 24, 1966, the FPC authorized ANR to lease the field and to construct and operate Loreed.[14] At the present time, authorized total storage capacity is 42.2 Bcf, of which

[12] *Michigan-Wisconsin Pipe Line Co.*, 9 F.P.C. 152 (1950).
[13] *ANR Pipeline Co.*, 149 FERC ¶ 62,132 (2014).
[14] *Michigan Wisconsin Pipe Line Co.*, 35 F.P.C. 777 (1966).

working gas capacity is 19.0 Bcf and base gas capacity is 23.2 Bcf.[15] Approximately 7.2 Bcf of the Loreed base gas is owned by Mid Michigan.

ANR proposes in the instant filing to amend the certificate order issued in Docket No. CP66-208 at the Loreed field to remove Mid Michigan as owner and lessor, and to change ANR from lessee to owner of the storage reservoirs, land, wells, subsurface storage and mineral rights and appurtenant facilities acquired from Mid Michigan, as described in Exhibit R attached hereto. The change in ownership of these facilities would not affect ANR's maximum deliverability of 860 MMcf/d from the Loreed field or the maximum capacity or maximum stabilized field pressure.

Reed City Storage Field

The Reed City Storage Field ("Reed City") is a depleted gas reservoir that was discovered in 1940, and converted to a natural gas storage field in 1947. ANR holds a lease on the entire Reed City reservoir and operates it in interstate commerce pursuant to FPC authorization granted in FPC Docket No. G-1302.[16] At the present time, authorized total storage capacity is 28.9 Bcf, of which working gas capacity is 15.2 Bcf and base gas capacity is 13.7 Bcf.[17] Approximately 7.6 Bcf of the Reed City base gas is owned by Mid Michigan.

ANR proposes in the instant filing to amend the certificate order issued in Docket No. G-1302 at the Reed City field to remove Mid Michigan as owner and lessor, and to change ANR from lessee to owner of the storage reservoirs, land, wells, subsurface

[15] *ANR Pipeline Co.,* 149 FERC ¶ 62,132 (2014).
[16] *Michigan-Wisconsin Pipe Line Co.*, 9 F.P.C. 152 (1950).
[17] *ANR Pipeline Co.,* 149 FERC ¶ 62,132 (2014).

storage and mineral rights and appurtenant facilities acquired from Mid Michigan, as described in Exhibit R attached hereto. The change in ownership of these facilities would not affect ANR's maximum deliverability of 312 MMcf/d from the Reed City field or the maximum capacity or maximum stabilized field pressure.

Interim Lease Arrangement for Mid Michigan-owned Base Gas

Mid Michigan will sell the 34.5 Bcf of base gas it owns in the Leased Fields on the open market. Because Mid Michigan recognizes the contribution that this base gas plays in ANR's operation of the storage fields, it has entered into an interim lease arrangement with ANR specific to the Mid Michigan-owned base gas, whereby Mid Michigan will continue to own and ANR will continue to utilize the Mid Michigan-owned base gas for an interim, transitional period. This arrangement will allow for the pre-determined systematic purchase by ANR of base gas over a defined period of time in increments to replace the base gas owned by Mid Michigan. ANR will periodically hold an open season indicating its need and desire to purchase a designated quantity of base gas and its criteria for evaluating any offers received. Market participants, which would include Mid Michigan, will post their offer of base gas quantity, price, and any other criteria required by the open season. ANR will evaluate the offers and make its award based on the criteria included with its open season notice. This arrangement will provide a transparent, arms-length mechanism for the purchase of base gas by ANR. The interim lease arrangement is included herein as part of Exhibit R for Commission approval.

With each incremental purchase of base gas by ANR, whether from Mid Michigan or another market participant through the open season, the quantity of Mid Michigan-

owned base gas covered by the interim lease will decrease over time until that quantity reaches zero. ANR requests authority, pursuant to section 7(c) of the NGA, to establish the new interim lease arrangement with Mid Michigan, specific to the Mid Michigan-owned base gas in the Leased Fields, to provide for the systematic reduction in the quantity of base gas leased by ANR. ANR further requests, pursuant to section 7(b) and section 7(c) of the NGA, that with each incremental base gas transaction, the applicable certificate of public convenience and necessity be deemed amended such that ANR is owner of the replacement base gas quantity comprising the transaction. ANR will file with the Commission a notification of the relevant specifics of each transaction as it occurs and will specify in the notification the ownership status of the leased base gas in each field as the leased base gas quantity incrementally declines and the quantity of replacement base gas purchased and owned by ANR incrementally increases.

IV.

THE PUBLIC CONVENIENCE AND NECESSITY WOULD BE SERVED BY ISSUANCE OF THE REQUESTED AUTHORIZATION

ANR submits that the proposed Transition is in the public convenience and necessity. The actions proposed at the five Leased Fields described above will ultimately allow ANR to have ownership and direct control over all of the facilities and base gas necessary for its jurisdictional storage and transportation services, thus ensuring operational, commercial and regulatory stability for ANR and its customers. There will be no degradation of service to customers as a result of the Transition. The facilities will continue to be operated under Commission jurisdiction. There will be no changes to the

certificated physical parameters of the subject storage fields. The Transition will eliminate financial obligations and lease fee payments to Mid Michigan. The proposed actions would not have any deleterious effect on ANR's ability to meet storage service obligations under existing firm storage contracts.

Under Section 7(b) of the Natural Gas Act, the Commission evaluates an application to abandon gas pipeline facilities based on whether "the present or future public convenience or necessity" permits abandonment.[18] For purposes of Section 7(b) abandonments, the core of the "public convenience and necessity" test is a balancing of various considerations.[19] The Commission considers multiple factors, including "the needs of the natural gas system and the public markets it serves, the environmental effects of its decision, the economic effect on the pipelines and their customers and the presumption in favor of continued service."[20] The Commission "weighs the claimed benefits of the abandonment against any detriments."[21]

Further, the Commission "examines abandonment applications on a case-by-case basis. In deciding whether a proposed abandonment is warranted, the Commission considers all relevant factors, but the criteria vary as the circumstances of the abandonment proposal vary."[22] As the Commission has noted,

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[18] 15 U.S.C. 717f(b) (2006).
[19] *See, e.g., ANR Pipeline Co.*, 117 FERC ¶ 61,228 at P 30 (2006) ("Balancing the public benefits against the adverse effects of this [abandonment] proposal, we find that approval of ANR's proposal is required by the public convenience and necessity"); *see also Turtle Bayou Gas Storage Co., LLC*, 135 FERC ¶ 61,233 (2011) ("The Commission will approve an application for a certificate of public convenience and necessity only if the public benefits from a proposed project outweigh any adverse effects").
[20] *Equitrans L.P.*, 135 FERC ¶ 62,006, P 3 (2011); *see also Transcontinental Gas Pipe Line Corp. v. Federal Power Commission*, 488 F.2d 1325, 1329-30 (D.C. Cir. 1973).
[21] *Southern Natural Gas Co.*, 126 FERC ¶ 61,246, P 27 (2009).
[22] *Tennessee Gas Pipeline Co., L.L.C.*, 143 FERC ¶ 61,196, P 44 (2013) ("*Tennessee*"); *see, e.g., Panhandle Eastern Pipe Line Co.*, 141 FERC ¶ 61,119, P 11 (2012);*Transcontinental Gas Pipe Line Corp. v. FPC*, 488 F.2d 1325, 1328 (D.C. Cir. 1973).

> The requirement that the public interest not be disserved by an abandonment does not mean that abandonment is prohibited if there is harm to any narrow interest. Rather, the Commission takes a broad view in abandonment proceedings and evaluates abandonment proposals against the benefits to the market as a whole.[23]

In its 1999 Policy Statement, the Commission explained that, in deciding whether to grant a certificate of public convenience and necessity, it balances the public benefits against the adverse consequences.[24] Under the Policy Statement, the threshold requirement for existing pipelines is that the pipeline must be prepared to financially support the requested authorization without relying on subsidization from existing customers.[25] The next step is to determine whether the applicant has eliminated or minimized potential adverse effects of the project.[26]

ANR submits that the Transition proposed herein is in the public interest because it, *inter alia*, will ultimately give ANR ownership and direct control over previously leased facilities and base gas quantities necessary for its jurisdictional storage and transportation services, thus ensuring stability and reliability for ANR and its customers. The Commission has determined that it is not a subsidy under the Certificate Policy Statement for existing customers to pay for projects to replace existing capacity in order to improve the reliability or flexibility of existing service[27]; thus, ANR submits that its proposal does

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[23] *Tennessee*, 143 FERC ¶ 61,196 at PP 43-44 (*citing Southern Natural Gas Co.*, 50 FERC ¶ 61,081, 61,222 (1990)); *see also Consol. Edison Co.* v. *FERC*, 823 F.2d 630, 643-44 (D.C. Cir. 1987) ("We agree with FERC that the 'public convenience or necessity' language of the NGA's abandonment provision envisions agency policy-making to fit the regulatory climate.") (citation omitted).
[24] *Certification of New Interstate Natural Gas Pipeline Facilities* (Policy Statement), 88 FERC ¶ 61,227 (1999); *Order Clarifying Statement of Policy*, 90 FERC ¶ 61,128 (2000); *Order Further Clarifying Statement of Policy*, 92 FERC ¶ 61,094 (2000).
[25] Policy Statement, 88 FERC at P 61,745.
[26] *Id.*
[27] *Columbia Gas Transmission, LLC,* 166 FERC ¶ 61,037 at P 21 (2019); *Columbia Gas Transmission*, LLC, 156 FERC ¶ 61,125 at P 15 (citing *Kern River Gas Transmission Co.*, 153 FERC ¶ 61,302, at P 12 (2015); *National Fuel Gas Supply Corp.*, 150 FERC ¶ 61,162, at P 15 (2015).

not result in subsidies by existing customers because it is replacing the facilities that are under the abandoned lease arrangements, and that are needed to preserve the current level of service to its existing customers, by acquiring those facilities. The leased facilities and quantities of base gas under the leases are necessary for ANR to continue to meet its current storage and transportation service commitments. The cost to acquire the leased facilities at net book value and to transition the ownership of the associated base gas to ANR is significantly lower than the cost to develop new greenfield storage fields to replace the leased capacity. No physical facilities are proposed to be abandoned, but rather the removal or abandonment of Mid Michigan as owner and lessor of the leased facilities is proposed. The Transition would neither impose any adverse impact upon customers, nor result in any degradation of any level of service subscribed to by ANR's existing customers; all existing contractual commitments would continue to be met. The Transition would not create an immediate increase in tariff rates. Further, as discussed in Section V, *infra*, implementation of the Transition would not cause any adverse environmental impact.

For these reasons, and consistent with existing Commission precedent discussed above, ANR submits that the requested Transition is fully consistent with the public convenience and necessity standard set forth in NGA Section 7.

V.

ENVIRONMENTAL MATTERS

In the instant filing ANR does not propose or require any earth disturbance to effectuate proposed actions and does not propose to perform any construction or removal

of equipment in connection with this proposal. Therefore, in accordance with 18 C.F.R. §§ 380.3, ANR has not included an environmental report and submits that the instant Application is excluded from the preparation of an environmental assessment or an environmental impact statement.

VI.

TABLE OF EXHIBITS

This abbreviated Application is being filed pursuant to 18 C.F.R. § 157.7 of the Commission's regulations. ANR respectfully submits that an abbreviated application is justified given the nature of the request. The information presented herein provides a full and complete understanding of ANR's proposal and its effect upon ANR's operations.

The following is a list showing the exhibits filed with this abbreviated Application in compliance with 18 C.F.R. §§ 157.14, 157.16, and 157.18 of the Commission's regulations, except that, as stated below, certain of the exhibits and documents are omitted as not applicable or for reasons otherwise stated:

Section 7(c) (18 C.F.R. § 157.14)

Exhibit A **Articles of Incorporation**
Submitted herewith.

Exhibit B **State Authorization**
Submitted herewith.

Exhibit C **Company Officials**
Submitted herewith.

Exhibit D **Subsidiaries and Affiliation**
Submitted herewith.

Exhibit E **Other Pending Applications and Filings**
Omitted. There are no other applications or filings pending before the Commission that directly or significantly affect, or are directly or significantly affected by, this Application.

Exhibit F **Location of Facilities**
Submitted herewith.

Exhibit F-1 **Environmental Report**
Omitted. No facility construction is proposed by this Application.

Exhibits G, G-I, G-II **Flow Diagrams Reflecting Design Capabilities, Flow Diagrams Reflecting Maximum Capabilities, Flow Diagram Data**
Omitted. No facility construction or changes to facilities are proposed by this Application.

Exhibit H **Total Gas Supply Data**
Omitted. Gas supply data is not relevant to the instant Application.

Exhibit I **Market Data**
Omitted. Market data is not relevant to the instant Application.

Exhibit J **Federal Authorizations**
Omitted. No other federal authorizations are required to implement this proposal.

Exhibit K **Cost of Facilities**
Omitted. The cost of facilities is included with Exhibit S, attached hereto.

Exhibit L **Financing**
Omitted. No facility construction is proposed by this Application and no financing is required for the acquired facilities.

Exhibit M **Construction, Operation and Management**
Omitted. No facility construction is proposed by this Application. The existing facilities will continue to be operated and managed by ANR employees.

Exhibit N **Revenues – Expenses – Income**
Omitted. No expansions or changes to facilities are proposed by this Application.

Exhibit O **Depreciation and Depletion**
Omitted. No facility construction or changes in existing rates are proposed by this Application.

Exhibit P **Tariff**
Omitted. No changes to existing tariff or new rates are proposed by this Application.

Exhibits Related to Acquisitions (18 C.F.R. § 157.16)

Exhibit Q **Effect of Acquisition on Existing Contracts and Tariffs**
Omitted. This is no effect on existing contracts and tariffs by this proposal.

Exhibit R **Acquisition Contracts**
Submitted herewith in Volume 2 as **"Privileged & Confidential – Do Not Release"**.

Exhibit S **Accounting**
Submitted herewith.

Section 7(b) (18 C.F.R. § 157.18)

Exhibit T **Related Applications**
Submitted herewith.

Exhibit U **Contracts and Other Agreements**
Submitted herewith. ANR has attached a comprehensive detailed listing of all contracts and agreements pertaining directly or indirectly to the proposed abandonment described herein. Due to the voluminous number of contracts and agreements and the burdensome size of the filing that would result, ANR hereby requests a waiver of the requirement to provide a conformed copy of each contract and agreement along with this Application.

Exhibit V **Flow Diagram Showing Daily Design Capacity and Reflecting Operation of ANR's System After Abandonment**
Omitted. The proposal will not affect the current daily design capacity or operation of ANR's system.

Exhibit W **Impact on customers whose service will be terminated**
Omitted. The proposal will not result in the termination of service to any current ANR customers.

Exhibit X **Effect on Tariff**
Omitted. The proposal will have no effect on ANR's current tariff.

Exhibit Y **Accounting Treatment of Abandonment**
Omitted. The lease arrangements proposed to be abandoned are operating leases; as such, there are no capital assets on ANR's books to retire with the termination of the lease arrangements.

Exhibit Z **Location of Facilities**
Omitted. This information is provided herein in Exhibit F.

Exhibit Z-1 **Leased Storage Fields –**

Geological and Operational Information
Submitted herewith in Volume 2 as "**Privileged & Confidential – Do Not Release".**

Structural, Isopach, and Isobaric Maps
Submitted herewith in Volume 3 as **"Critical Energy Infrastructure Information (CEII) – Do Not Release".**

VII.

REQUEST FOR SHORTENED PROCEDURE AND WAIVER

ANR requests that this Application be expeditiously considered under the shortened procedure provided for in Rule 802 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.802. Accordingly, ANR requests that the intermediate decision procedure be omitted. If this Application is disposed of by the Commission pursuant to Rule 802, then, for such purposes, ANR waives oral hearing and opportunity for filing exceptions to the decision of the Commission.

Further, ANR requests waiver of any other Commission regulations, to the extent necessary, to implement the proposed actions, as described herein, effective February 29, 2020. In particular, ANR requests waiver of any Commission regulation, to the extent necessary, in order to allow the transition of ownership to ANR of certain natural gas

storage assets currently leased by ANR from Mid Michigan at the storage fields described herein.

VIII.

FORM OF NOTICE

In accordance with Section 157.6(a)(7) of the Commission's regulations, 18 C.F.R. § 157.6(a)(7), a form of notice suitable for publication in the Federal Register is attached.

IX.

CONCLUSION

WHEREFORE, for the foregoing reasons, ANR respectfully requests that the Commission grant to ANR, pursuant to sections 7(b) and 7(c) of the NGA as applicable, an order authorizing and approving the requested authority to 1) amend the applicable certificates of public convenience and necessity to a) abandon the existing lease arrangements with Mid Michigan to remove Mid Michigan as owner and lessor, and b) change ANR from lessee to owner of the subject assets acquired from Mid Michigan, and 2) establish the new interim lease arrangement with Mid Michigan, specific to the Mid Michigan-owned base gas in the Leased Fields, all as set forth in this Application, effective February 29, 2020.

Respectfully submitted,

ANR Pipeline Company

/s/ Sorana Linder

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Sorana Linder
Director, Modernization & Certificates
832.320.5209