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April 20, 2015

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

Re: *ANR Pipeline Company*, Docket No. RP13-743-000, *et al.*

Dear Secretary Bose:

Pursuant to Rule 602 of the Commission's Rules of Practice and Procedure, ANR Pipeline Company ("ANR") hereby files the enclosed Offer of Settlement, Explanatory Statement and Stipulation and Agreement ("Settlement") to resolve the issues set for hearing in Docket Nos. RP13-743, RP14-650, RP15-138 and RP15-139. The Settlement is broadly supported by the active parties participating in the settlement proceedings held before the Honorable David H. Coffman. At the time of this filing, however, ANR cannot represent that the Settlement is unopposed.

Pursuant to Rule 602(f)(2) of the Commission's Rules of Procedure, initial comments on the Settlement are due on May 11, 2015, and reply comments are due on May 21, 2015.

ANR requests the Commission to approve the Settlement without condition or modification. ANR also requests that the Commission grant any waivers or authorizations necessary to allow the Settlement to be implemented pursuant to its terms.

Sincerely,

Howard L. Nelson

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cc: All Parties in Docket Nos. RP13-743, RP14-650, RP15-138 and RP15-139.

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

ANR Pipeline Company,	)	Docket Nos. RP13-743-000
	)	RP13-743-001
	)	RP13-743-002
	)	RP14-650-000
	)	RP15-139-000
)	
Great Lakes Gas Transmission)	
Limited Partnership	)	RP15-138-000

**OFFER OF SETTLEMENT
AND EXPLANATORY STATEMENT**

ANR Pipeline Company (“ANR”), pursuant to Rule 602 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission”), 18 C.F.R. § 385.602 (2014), hereby submits this Offer of Settlement and Stipulation and Agreement (“Stipulation”), together with an accompanying Explanatory Statement. For the reasons set forth herein, ANR respectfully requests the Commission to expeditiously approve the attached Stipulation as a just and reasonable resolution of the matters and issues raised in the captioned proceedings.¹

In support hereof, ANR states as follows:

I. BACKGROUND

On March 28, 2013, ANR made its annual filing under the Deferred Transportation Cost Adjustment (“DTCA”) provisions of its tariff for the cost recovery period of May 2013 through April 2014. In this filing, ANR included costs associated with a contract it entered into with Great Lakes, Contract No. FT17593, for service under

¹ At this time, ANR cannot represent that the settlement will be uncontested. If the settlement is uncontested, ANR requests that it be approved as fair and reasonable.

Part 284 of the Commission's regulations. ANR stated that the costs incurred under this contract were eligible to be recovered under the DTCA tracker because Contract No. FT17593 was a replacement contract for a Part 157 exchange agreement entered into between ANR and Great Lakes in 1970 known as the X-1 Agreement. Several Parties protested ANR's recovery of the costs incurred under Contract No. FT17593.

In an order dated April 29, 2013, the Commission found that Contract No. FT17593 was not a replacement contract within the meaning of ANR's tariff and the settlement in Docket No. RP94-43, which was incorporated into Section 6.26 of ANR's tariff ("April 2013 Order").² Thus, the Commission found that the costs incurred under this contract could not be recovered under the DTCA tracker. On May 14, 2013, ANR filed tariff revisions to comply with the April 2013 Order and to remove from the DTCA the costs associated with Contract No. FT17593. The Commission accepted these tariff revisions by letter order dated June 24, 2013. ANR sought rehearing of the April 2013 Order.

On March 30, 2014, ANR made its annual filing under the DTCA provisions of its tariff for the cost recovery period of May 2014 through April 2015. Because the April 2013 Order was pending rehearing, ANR filed primary tariff records that included the costs incurred under Contract No. FT17593 in the calculation of the DTCA surcharge, and removed those costs from the DTCA surcharge in alternative tariff records. In an order dated April 30, 2014, the Commission rejected the primary tariff records subject to

² *ANR Pipeline Company*, 143 FERC ¶ 61,073 (2013).

the outcome of Docket No. RP13-743-000, and accepted the alternate tariff records (“April 2014 Order”).³

On May 14, 2014, the Commission issued its order on rehearing in Docket No. RP13-743-002 (“Rehearing Order”).⁴ In this order, the Commission found the evidence of what the parties to a prior settlement intended by the phrase “contract replacement” in the DTCA provisions of ANR’s tariff was ambiguous, and established a hearing and settlement procedures to resolve the issue. The Rehearing Order discussed a number of the issues to be explored in the hearing.

Pursuant to the Rehearing Order, Administrative Law Judge David H. Coffman was designated as the Settlement Judge. Beginning with a settlement conference held before Judge Coffman on June 12, 2014, the parties and the Commission Trial Staff (“Commission Staff”) met on numerous occasions to discuss settlement. Pursuant to these conferences, ANR provided data and other information sought by the parties to facilitate the settlement discussions. At both formal settlement conferences before Judge Coffman and in meetings and phone conferences, the parties exchanged settlement offers and counter-offers and progressed toward reaching a resolution of the issues set for hearing in the Rehearing Order.

On November 3, 2014, Great Lakes made a filing in Docket No. RP15-138-000 to remove references in its tariff to individually certificated Part 157 service agreements with ANR under Rate Schedules T-8, T-9 and T-10 (the “T Agreements”) to reflect the

³ *ANR Pipeline Company*, 147 FERC ¶ 61,077 (2014).

⁴ *ANR Pipeline Company*, 147 FERC ¶ 61,124 (2014).

conversion of the T Agreements to Part 284 service under Section 157.217(a) of the Commission's regulations. ANR made a filing the same day in Docket No. RP15-139-000 to eliminate the corresponding rate schedules from its tariff. Several parties protested the Great Lakes and ANR filings as not in conformance with Section 157.217(a) of the Commission's regulations.

In an order dated December 3, 2014, the Commission found that the Great Lakes and ANR filings were not routine in the circumstances presented. The Commission consolidated the filings in Docket Nos. RP15-138-000 and RP15-139-000 with the ongoing proceedings in Docket Nos. RP13-743-002, *et al.*, suspended the effectiveness of the tariff records in both dockets for the maximum statutory period, and set them for hearing ("Conversion Order").⁵ On January 2, 2015, ANR and Great Lakes sought rehearing of the Conversion Order. On February 2, 2015, the Commission granted these rehearing requests to permit additional time for further consideration.

Subsequent to the Conversion Order, the parties and Commission Staff incorporated the issues raised by the Conversion Order into their settlement discussions. On February 6, 2015, the parties reached an agreement in principle. The attached Stipulation and Agreement submitted with this Offer of Settlement represents the written memorialization of such agreement in principle.

⁵ *ANR Pipeline Company*, 149 FERC ¶ 61,200 (2014).

II. EXPLANATORY STATEMENT

The various provisions of the Stipulation, and the Articles included therein, offered in settlement of the above-described proceedings are summarized below. In the event of any conflict between this Explanatory Statement and the Stipulation, the provisions of the latter shall govern.

ARTICLE I is an introduction briefly describing the factual background and procedural history of these proceedings.

ARTICLE II describes the agreement as to the recovery of DTCA costs for four cost recovery periods: (1) the May 2013 through April 2014 period covered by Docket No. RP13-743-000; (2) the May 2014 through April 2015 period covered by Docket No. RP14-650-000; (3) the May 2015 through April 2016 period covered by Docket No. RP15-785-000; and (4) all periods subsequent to April 2016 during the term of the settlement. For the first two past periods, the agreement reflects a specific amount of Qualifying Transportation Costs (“QTC”) eligible for recovery under the DTCA mechanism. For the May 2015 through April 2016 period, which is covered by ANR’s recent DTCA filing in Docket No. RP15-785-000,⁶ the agreement provides for the recovery of the lower of a stated amount or actual QTC. For all subsequent periods, the agreement provides for the recovery of the lower of a stated amount or actual QTC, provided that if the actual QTC is lower than the stated amount, the cost reduction will be shared, with eighty (80) percent of the difference between these two amounts assigned to ANR’s customers and twenty (20) percent of the difference assigned to ANR.

⁶ ANR made its annual DTCA filing in this docket on March 31, 2015.

ARTICLE III provides for the abandonment effective as of May 3, 2015, of the Part 157 T Agreements that were the subject of the Conversion Order, and specifies that the services previously provided under such agreements will be provided thereafter under contracts authorized under Part 284 of the Commission's regulations. This section also states that Supporting/Non-Contesting Parties will not oppose Appendix A, which specifies the payments that ANR will make to Great Lakes for service during the November 1, 2014 through May 3, 2015 suspension period specified in the Conversion Order, provided that Appendix A does not change the QTC eligible for recovery by ANR.

ARTICLE IV includes a rate moratorium prohibiting ANR from placing new base rates resulting from a general Section 4 rate case into effect before May 1, 2016.

ARTICLE V addresses increases in DTCA costs resulting from contract replacements, conversions or amendments during the term of the settlement. This section provides that if the inclusion of such cost increases results in an increase in total QTC from the prior year, such cost increases shall not be recoverable through the DTCA mechanism unless the cost of such contract replacement, amendment or conversion associated with the increase is lower than any functionally comparable alternative and within the cost levels agreed to in Article II.

ARTICLE VI specifies how the DTCA costs agreed to in the settlement will be recovered from ANR's shippers. Article 6.1 specifies how revised surcharges based on the agreed-to DTCA costs for the first two Historic Periods will be calculated, and how the amounts owed based on the revised surcharges will be invoiced and paid. Article 6.2 provides for the calculation of revised surcharges and collection of amounts due for the

period commencing on May 1, 2015 and ending on the Effective Date of the Settlement (the “RP15 Period”). It is contemplated that the Settlement will be approved during the collection period covered by Docket No. RP15-785-000. Thus, for the period between May 1, 2015 and the Effective Date of the Settlement, invoices will be adjusted to reflect the difference between the amounts agreed to in the Settlement and the amounts collected or credited pursuant to the tariff records accepted by the Commission and the DTCA in effect during this period. Revised surcharges for the Historic and RP15 Periods are set forth in Appendix B. Article 6.3 provides that for all periods during the Settlement after the end of the RP15 Period, the settled amount of eligible costs will be used to calculate DTCA surcharges.

ARTICLE VII provides for ANR and the parties to meet at least annually to discuss a long-term plan for the services needed to meet ANR’s service obligations and for ANR to provide annually to the Supporting/Non-Contesting Parties a cost and revenue report in a format similar to that provided in Appendix C.

ARTICLE VIII governs the term of the Settlement. Article 8.1 states that the term of the Settlement ends when new base rates for the ANR system go into effect pursuant to either a Section 4 or Section 5 proceeding. Article 8.2 provides that ANR has the option to propose an Account No. 858 tracker in a Section 4 rate case, that parties have the right to protest, oppose or comment on such proposal, and that ANR will not assert in such a case that an Account No. 858 tracker mechanism is a settled practice on its system.

ARTICLE IX addresses Supporting/Non-Contesting Parties and Contesting Parties. Article 9.1 specifies how a party becomes either a Supporting/Non-Contesting Party or Contesting Party depending on the comments it files on the Offer of Settlement.

Article 9.2 states that a Supporting/Non Contesting Party is bound by an order approving the Stipulation without condition or modification and that such party can seek rehearing or judicial review to remove a modification or condition without becoming a Contesting Party, in which event such Party is bound by the outcome of review. Article 9.3 states that an ANR or Great Lakes shipper that is neither a Party nor a Contesting Party is deemed to support or not oppose the Settlement. If the Settlement is contested, Article 9.4 allows the Commission to either approve the Settlement over the objection of a Contesting Party or sever the Contesting Party consistent with applicable law. If a Contesting Party is severed, such Party cannot join the Settlement without ANR's agreement, and the rights and obligations of Supporting/Non-Contesting Parties shall not be affected by the outcome of subsequent litigation between ANR and the Contesting Party.

Articles 9.5 and 9.6 specify the rights of ANR and Contesting Parties in the event the Commission issues an order that includes a condition or modification that materially and adversely affects either ANR or a Supporting/Non-Contesting Party. These sections provide time periods for the parties to determine whether they can agree to modify the Settlement to address such condition or modification, absent which agreement ANR can withdraw the Settlement and a Supporting/Non-Contesting Party could become a Contesting Party.

ARTICLE X provides the conditions that must occur for the Settlement to become effective and specifies the Effective Date of the Settlement, which is the first day of the month following the date of a Commission order approving the Settlement without any material modification or condition unacceptable to ANR. This section also waives

compliance with certain enumerated requirements to the extent necessary to effectuate the Settlement.

ARTICLE XI provides for three specific reservations: (1) the Settlement does not resolve or make any determination as to whether any of the Successor Agreements or Contract No. FT17593 are contract replacements within the meaning of Section 6.26 of the GT&C of ANR's tariff; (2) the change in contract status of the T Agreements to Part 284 Agreements may not be cited or relied upon by ANR for the proposition that the Commission's Section 157.217 conversion requirements have been complied with, or that the Commission's legal requirements concerning the abandonment of Part 157 contracts under Section 7(b) of the NGA have been met, or to support any cost, rate, or service proposal; and (3) nothing in the Settlement shall preclude or adversely affect the ability of the Commission or the Parties to challenge the level of costs incurred by ANR, or the prudence of ANR's incurring such costs in ANR's next general Section 4 or Section 5 rate case prospectively from the date rates take effect in such proceeding, which challenge shall be governed by the just and reasonable standard.

ARTICLE XII includes a number of general reservations addressing (1) the privilege afforded non-approved settlements under Rule 602 of the Commission's regulations; (2) a limitation of the Stipulation to the specific matters referenced therein; (3) the ability of ANR and Great Lakes to file for new or changes to facilities, services or rates, subject to specified limitations consistent with the Settlement; and (4) a representation that no provision in the Settlement constitutes a settled practice.

ARTICLE XIII includes miscellaneous customary provisions addressing (1) the conditions under which requests for rehearing and/or clarification, and answers thereto, will be withdrawn; (2) the termination of the proceedings; (3) the non-severability of the Stipulation's provisions; (4) the standard of review for requested changes to the Settlement, which shall be the most stringent standard permissible under applicable law; (5) the fact that no party should be construed as the drafter of the Stipulation; (6) the Stipulation as the entire agreement; (7) a requirement that waivers and amendments be in writing; (8) the privileged nature of settlement discussions; (9) the binding nature of the Stipulation on successors and assigns; and (10) the actions authorized through approval of the Settlement.

III. INFORMATION TO BE PROVIDED WITH SETTLEMENT AGREEMENTS

In accordance with the "Notice to the Public: Information to be Provided with Settlement Agreements" issued by the Chief Judge on October 23, 2003, ANR provides the following responses to the five questions posed in the notice.

1. What are the issues underlying the Settlement and what are the major implications?

The Stipulation resolves issues set for hearing in the Rehearing and Conversion Orders, including (1) the level of costs that are eligible for recovery under ANR's DTCA mechanism for the period commencing in May 2013 and continuing until the Effective Date of a rate change pursuant to either Section 4 or 5 when the Settlement terminates and (2) the abandonment of the T Agreements subject to certain reservations relating to cost issues that may arise after the Settlement expires. The settlement does not have any major implications beyond those described herein.

2. Whether any of the issues raise policy implications?

The Stipulation and the issues resolved do not raise policy implications.

3. Whether other pending cases may be affected?

No other pending cases are affected by the Stipulation.

4. Whether the settlement involves issues of first impression, or if there are any previous reversals on the issues involved?

The settlement does not involve any issues of first impression.

5. Whether the proceeding is subject to the just and reasonable standard or whether there is *Mobile-Sierra* language making it the standard, *i.e.*, applicable standard of review?

Article 13.4 of the Stipulation provides that the standard for review for any proposed changes to the Settlement shall be the most stringent standard permissible under applicable law. This standard furthers the parties' desire to achieve finality with respect to the issues being settled, and at the same time recognizes that the appropriate standard may depend on the circumstances surrounding potential future requests to modify the Settlement, including the nature of the party seeking such a change and the applicable law at the time of such request.

IV. REQUEST FOR EXPEDITIOUS APPROVAL

ANR submits that the Stipulation is in the public interest, and should be promptly approved. The Stipulation filed herewith is the result of comprehensive discussions and negotiations, and it enjoys the support of all of the active parties with the possible exception of one party. The Stipulation reflects a reasonable balance of interests in that shippers have agreed to pay for a portion of the costs incurred by ANR under its DTCA

mechanism and ANR agreed to forego recovery of a portion of such costs through this mechanism. It also provides for the abandonment of certain Part 157 Agreements and preserves the parties' rights to litigate cost issues that may be argued to arise from such abandonments after the Settlement expires.

For the foregoing reasons, ANR respectfully requests that the Commission approve the Stipulation at the earliest possible date. It is further requested that the Stipulation be approved without any condition or modification because any such change or modification may result in either the withdrawal of the Settlement or parties contesting the Settlement. ANR further asks the Commission to grant such waivers, approvals and permissions with respect to the requirements of the Commission's orders and regulations to the extent necessary to effectuate all of the provisions of the Offer of Settlement contained in the Stipulation.

V. CONCLUSION

WHEREFORE, ANR respectfully asks that the Commission issue an order approving this Offer of Settlement.

Respectfully submitted,

Howard L. Nelson

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April 20, 2015

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

ANR Pipeline Company,	)	Docket Nos. RP13-743-000
	)	RP13-743-001
	)	RP13-743-002
	)	RP14-650-000
	)	RP15-139-000
)	
Great Lakes Gas Transmission Limited Partnership	)	RP15-138-000

STIPULATION AND AGREEMENT
(April 20, 2015)

Pursuant to Rule 602 of the Commission’s Rules of Practice and Procedure, 18 C.F.R. § 385.602 (2014), ANR Pipeline Company (“ANR”), and the Supporting/Non-Contesting Parties as defined in Article IX hereby submit for approval this Stipulation and Agreement (“Stipulation” or “Settlement”) in the captioned proceedings. For purposes of this Stipulation, Great Lakes Gas Transmission Limited Partnership (“Great Lakes”) and the intervenors in the above-captioned dockets are referred to collectively as “Parties” and individually as a “Party”.

This Stipulation implements a black box resolution of the issues described below regarding ANR’s recovery of Qualifying Transportation Costs (“QTC”) under the Deferred Transportation Cost Adjustment (“DTCA”) provisions in Section 6.26 of the General Terms and Conditions (“GT&C”) of ANR’s FERC Gas Tariff and provides for, *inter alia*, the abandonment of service under certain individually certificated

transportation agreements entered into between ANR and Great Lakes Gas Transmission Limited Partnership (“Great Lakes”) under Part 157 of the Commission’s regulations.

ARTICLE I
PROCEDURAL HISTORY

1.1. On March 28, 2013, ANR made its annual filing under the DTCA provisions of its tariff for the cost recovery period of May 2013 through April 2014. In this filing, ANR included costs associated with a contract it entered into with Great Lakes, Contract No. FT17593, for service under Part 284 of the Commission’s regulations. ANR stated that the costs incurred under this contract were eligible to be recovered under the DTCA tracker because Contract No. FT17593 was a replacement contract for a Part 157 exchange agreement entered into between ANR and Great Lakes in 1970 known as the X-1 Agreement. Several Parties protested ANR’s recovery of the costs incurred under Contract No. FT17593. In an order dated April 29, 2013, the Commission found that Contract No. FT17593 was not a replacement contract within the meaning of ANR’s tariff and the settlement in Docket No. RP94-43, which was incorporated into Section 6.26 of ANR’s tariff (“April 2013 Order”).¹ Thus, the Commission found that the costs incurred under this contract could not be recovered under the DTCA tracker. On May 14, 2013, ANR filed tariff revisions to comply with the April 2013 Order and to remove from the DTCA the costs associated with Contract No. FT17593. The Commission accepted these tariff revisions by letter order dated June 24, 2013. ANR sought rehearing of the April 2013 Order.

¹ *ANR Pipeline Company*, 143 FERC ¶ 61,073 (2013).

1.2. On March 30, 2014, ANR made its annual filing under the DTCA provisions of its tariff for the cost recovery period of May 2014 through April 2015. Because the April 2013 Order was pending rehearing, ANR filed primary tariff records that included the costs incurred under Contract No. FT17593 in the calculation of the DTCA surcharge, and removed those costs from the DTCA surcharge in alternative tariff records. In an order dated April 30, 2014, the Commission rejected the primary tariff records subject to the outcome of Docket No. RP13-743-000, and accepted the alternate tariff records (“April 2014 Order”).²

1.3. On May 14, 2014, the Commission issued its order on rehearing in Docket No. RP13-743-002 (“Rehearing Order”).³ In this order, the Commission found the evidence of what the parties to a prior settlement intended by the phrase “contract replacement” in the DTCA provisions of ANR’s tariff was ambiguous, and established a hearing and settlement procedures to resolve the issue. The Rehearing Order discussed a number of the issues to be explored in the hearing.

1.4 On November 3, 2014, Great Lakes in Docket No. RP15-138-000 made a filing to remove references in its tariff to individually certificated Part 157 service agreements with ANR under Rate Schedules T-8, T-9 and T-10 (the “T Agreements”) to reflect the conversion of the T Agreements to Part 284 service under Section 157.217(a) of the Commission’s regulations. ANR made a filing the same day in Docket No. RP15-139-000 to eliminate the corresponding rate schedules from its tariff. Several parties

² *ANR Pipeline Company*, 147 FERC ¶ 61,077 (2014).

³ *ANR Pipeline Company*, 147 FERC ¶ 61,124 (2014).

protested the Great Lakes and ANR filings as not in conformance with Section 157.217(a) of the Commission's regulations. In an order dated December 3, 2014, the Commission found that the Great Lakes and ANR filings were not routine in the circumstances presented. The Commission consolidated the filings in Docket Nos. RP15-138-000 and RP15-139-000 with the ongoing proceedings in Docket Nos. RP13-743-002, *et al.*, suspended the effectiveness of the tariff records in both dockets for the maximum statutory period, and set them for hearing ("Conversion Order").⁴ On January 2, 2015, ANR and Great Lakes sought rehearing of the Conversion Order. On February 2, 2015, the Commission granted these rehearing requests to permit additional time for further consideration.

1.5 Pursuant to the Rehearing and Conversion Orders, ANR, the Parties and the Commission Trial Staff ("Commission Staff") met on numerous occasions to discuss settlement, which discussions culminated in this Stipulation.

ARTICLE II

ANR RECOVERY OF QUALIFYING TRANSPORTATION COSTS

2.1 For the cost recovery period May 2013 through April 2014, ANR and the Parties agree that the QTC eligible for recovery under Section 6.26 of the GT&C of ANR's tariff shall be \$40,700,000.

2.2 For the cost recovery period May 2014 through April 2015, ANR and the Parties agree that the QTC eligible for recovery under Section 6.26 of the GT&C of ANR's tariff shall be \$47,700,000.

⁴ *ANR Pipeline Company*, 149 FERC ¶ 61,200 (2014).

2.3 For the cost recovery period May 2015 through April 2016, ANR and the Parties agree that the QTC eligible for recovery under Section 6.26 of the GT&C of ANR's tariff shall be \$55,000,000; provided, however, that if the actual QTC fall below \$55,000,000, then such actual QTC shall be used to determine the surcharge or credit under the DTCA.

2.4 For the cost recovery period May 2016 through April 2017, and each subsequent twelve month period during the term of this Settlement, ANR and the Parties agree that the QTC eligible for recovery under Section 6.26 of the GT&C of ANR's tariff shall be \$56,000,000; provided, however, that if the actual QTC fall below \$56,000,000 in any such period, the QTC that will be used to determine the surcharge or credit under the DTCA shall be the actual QTC plus twenty percent (20%) of the difference between actual QTC and \$56,000,000.

ARTICLE III **ABANDONMENT**

3.1 Effective May 3, 2015 and thereafter, the T Agreements shall be deemed extinguished and services thereunder deemed abandoned for purposes of Section 7(b) of the Natural Gas Act ("NGA"), and the services previously provided under the T Agreements shall thereafter be provided pursuant to transportation contracts which shall be deemed authorized under Part 284 of the Commission's regulations ("Successor Agreements"). Great Lakes and ANR agree that notwithstanding the May 3, 2015 effective date for the Successor Agreements, payments by ANR to Great Lakes for service during the period of November 1, 2014 through May 3, 2015 shall be made in accordance with the agreement attached to this Stipulation as Appendix A. The

Supporting/Non-Contesting Parties agree not to oppose the agreement reflected in Appendix A provided that it does not change the QTC eligible for recovery by ANR, as specified in Article II and ANR shall not pass through to its customers costs associated with its payments under the agreement, except to the extent such costs are deemed to be included in QTC recoverable under Article II.

ARTICLE IV
ANR RATE MORATORIUM

4.1 ANR shall not place new base rates resulting from a general Section 4 rate case into effect before May 1, 2016.

ARTICLE V
FUTURE CONTRACT REPLACEMENTS OR AMENDMENTS

5.1 ANR shall not be entitled to recover through the DTCA provision of its tariff an increase in the costs of any contract replacement, contract conversion or contract amendment relating to Account No. 858 agreements set forth on Schedule I-4 of the rate case filed by ANR on November 1, 1993, as adjusted by its compliance filing dated April 7, 1994, to the extent the inclusion of any such cost increase results in an increase in the total QTC in comparison to the total QTC in the prior year's DTCA filing; provided, however, that, subject to Article II, the increased costs of any such contract replacement, conversion or amended contract may be recoverable through the DTCA provisions of ANR's tariff if the cost of such contract replacement, conversion or amended contract with the increase is at or lower than any functionally comparable alternative that exists for ANR to receive the service provided by that contract; and provided further that nothing in this Settlement is intended to waive, nor shall be construed as waiving, the rights of any Party to challenge the inclusion of such increased costs on any grounds

other than such recovery is precluded by this Settlement, including, but not limited to, the grounds that the contract is not a valid replacement, conversion or amended contract.

ARTICLE VI
CALCULATION AND COLLECTION OF SETTLEMENT COSTS

6.1 ANR shall calculate revised demand and commodity surcharges for the May 1, 2013 - April 30, 2014 and May 1, 2014 - April 30 2015 periods covered by Docket Nos. RP13-743-000 and RP14-650-000, respectively (collectively, the “Historic Periods”), based on the amount of QTC specified in Article II for such periods. The revised surcharges will include carrying charges as specified in Section 6.26 of the GT&C of ANR’s tariff. The revised surcharges for the Historic Periods are shown in Appendix B. Within forty-five (45) days of the Effective Date, ANR shall send each shipper subject to such DTCA surcharges during any portion of such Historic Periods an invoice showing the revised surcharges for the Historic Periods and the amount owed over the Historic Periods. The amount owed for each individual contract shall be the difference between the amount charged or credited based on the commodity and reservation charges previously in effect and what would have been charged or credited if this Settlement had been in place at the time of the original invoicing. Shippers shall have thirty (30) days after receipt to pay this invoice. No interest shall be assessed for the time value of money from the time these surcharges would have been paid had they been accepted in Docket Nos. RP13-743-000 and RP14-650-000 to the time an invoice showing the revised surcharges is due. If the invoice is not paid within thirty (30) days after the date of the invoice, interest shall accrue thereafter pursuant to Section 6.17 of the GT&C of ANR’s tariff.

6.2 For the collection period beginning on May 1, 2015 and ending thirty (30) days after the Effective Date specified in Article X (the “RP15 Period”), ANR shall calculate revised surcharges in the same manner as stated in Article 6.1 by including the amount of QTC specified in Article II for such period. The revised surcharges for the RP15 Period are shown in Appendix B. Within forty-five (45) days of the Effective Date, ANR shall send each shipper subject to such DTCA surcharges during this RP15 Period an invoice showing the revised surcharges for such period and the amount owed over this period. The amount owed for each individual contract shall be the difference between the amount charged or credited based on the commodity and reservation charges previously in effect and what would have been charged or credited if this Settlement had been in place at the time of the original invoicing. Within ten (10) days after the Effective Date, ANR shall file to place the revised surcharge into effect as of the first day after the RP15 Period. The Parties agree not to oppose the filing of the revised surcharge on grounds other than it was not calculated in accordance with this Settlement. No interest shall be assessed for the time value of money from the time these surcharges would have been paid had they been accepted in ANR’s 2015 DTCA filing docket to the time an invoice showing the revised surcharges is due. If the invoice is not paid within thirty (30) days of the date of the invoice, interest shall accrue thereafter pursuant to Section 6.17 of the GT&C of ANR’s tariff

6.3 For all periods during the term of the Settlement (as established in Article 8.1) that are subsequent to the RP15 Period, ANR shall calculate DTCA surcharges in accordance with Article II of this Stipulation.

ARTICLE VII
DISCLOSURES AND MEETINGS

7.1 ANR and the Parties agree to meet and discuss, at least annually, a long term plan for the services needed to meet ANR's service obligations.

7.2 No later than thirty (30) days after ANR submits its annual FERC Form 2, ANR agrees to annually submit a cost and revenue type report, in a format similar to that shown in Appendix C, to the Supporting/Non-Contesting Parties and the Commission.

ARTICLE VIII
TERM

8.1. This Settlement shall continue in effect until new base rates for the ANR system go into effect pursuant to either (1) a filing by ANR of a general rate case under Section 4 of the NGA or (2) the filing of a complaint or the initiation by the Commission of an investigation of ANR's rates under Section 5 of the NGA, upon which date Section 6.26 of the GT&C of ANR's tariff and this Settlement, with the exception of Article 13.10, shall expire in their entirety.

8.2 Notwithstanding the expiration of Section 6.26 of the GT&C of ANR's tariff as provided in Article 8.1, (1) ANR shall have the option in any general Section 4 rate case to make a proposal for a tracker mechanism applicable to the collection of Account No. 858 costs, and (2) Parties retain the right to protest, comment on or oppose any such proposal. ANR will not assert in the Article 8.1 general Section 4 rate case that an Account 858 tracker mechanism is a settled practice on its system.

ARTICLE IX
SUPPORTING/NON-CONTESTING AND CONTESTING PARTIES

9.1 A Contesting Party shall be any Party which either: (1) on or before the date on which initial comments regarding this Stipulation are due to be filed with the Commission, files with the Commission and serves on the Parties to this proceeding a written notice stating that such Party elects to become a Contesting Party; or (2) does not explicitly make such an election to become a Contesting Party, but submits comments either opposing any part of this Stipulation or requesting any material modification or condition to the Stipulation that is not acceptable to ANR or any Supporting/Non-Contesting Party that files comments either (A) supporting the Stipulation, or (B) not opposing the Stipulation. Any other Party shall be deemed a Supporting/Non-Contesting Party.

9.2 A Supporting/Non-Contesting Party shall be bound by an order which approves this Stipulation without condition or modification. In addition to the rights provided by Articles 9.5 and 9.6, ANR or a Supporting/Non-Contesting Party may seek rehearing and judicial review to remove a condition imposed by the Commission on approval of this Stipulation or to restore a provision of this Stipulation that the Commission has rejected or modified. A Supporting/Non Contesting Party can seek such rehearing and review without becoming a Contesting Party, but agrees to be bound by the Settlement and the outcome of Commission and judicial review. Nothing in this Article 9.2 shall preclude ANR or any Party from protecting its interest with respect to any position which another Party takes on rehearing or judicial review.

9.3 Any ANR or Great Lakes shipper that is neither a Party nor a Contesting Party is deemed to support or not oppose the Settlement.

9.4 The Commission shall have the right to approve the Settlement over the objection of a Contesting Party or to sever a Contesting Party consistent with applicable law. If a Contesting Party is severed (1) such Contesting Party shall not be permitted to become a Supporting/Non-Contesting Party unless agreed to by ANR; and (2) the rights and obligations of Supporting/Non-Contesting Parties shall not be affected by the outcome of subsequent litigation between ANR and the Contesting Party.

9.5 Should the Commission issue an order approving the Stipulation with any condition or modification that materially and adversely affects ANR, and which is unacceptable to ANR, ANR shall have the right to withdraw the Settlement by giving the Supporting/Non-Contesting Parties and the Commission Staff notice of such determination within ten (10) days of such a Commission order. In such event, ANR and the Supporting/Non-Contesting Parties shall have twenty (20) days to determine whether the Settlement can be modified in a manner that would be acceptable to ANR and the Supporting/Non-Contesting Parties.

(a) If a revised Settlement is agreed to by ANR and the Supporting/Non-Contesting Parties, ANR shall file such revised Settlement with the Commission for approval.

(b) If a revised Settlement is not agreed to, ANR shall make a filing with the Commission to withdraw the Settlement and request that the proceedings be assigned to an Administrative Law Judge for hearing. In such event, the Settlement shall become null and void.

9.6 Should the Commission issue an order approving the Stipulation with any condition or modification that materially and adversely affects a Supporting/Non-Contesting Party, and which is unacceptable to such Supporting/Non-Contesting Party, such Supporting/Non-Contesting Party shall have the right to give notice to ANR, other Supporting/Non-Contesting Parties and the Commission Staff of such determination within ten (10) days of such a Commission order. In the event of such notice, ANR and the Supporting/Non-Contesting Parties shall have twenty (20) days to determine whether the Settlement can be modified in a manner that would be acceptable to ANR and the Supporting/Non-Contesting Parties.

(a) If a revised Settlement is agreed to by ANR and the Supporting/Non-Contesting Parties, ANR shall file such revised Settlement with the Commission for approval.

(b) If a revised Settlement is not agreed to, any Supporting/Non-Contesting Party that has provided notice of an unacceptable materially adverse condition or modification, may elect to become a Contesting Party by filing a request for rehearing with the Commission declaring Contesting Party status and explaining the material and adverse effect on it of the Commission's condition and/or modification.

ARTICLE X
CONDITIONS PRECEDENT AND EFFECTIVE DATE

10.1 Neither the Stipulation nor any of its provisions shall become effective unless and until all of the following shall have occurred:

(a) A Commission order shall have been issued approving the Stipulation without any material modification or material condition unacceptable to ANR.

(b) The Commission order referred to in (a) shall have waived compliance by ANR with the requirements of the Commission's Rules and Regulations, including but not limited to Parts 154, 157 and 284 thereof, to the extent necessary to effectuate all of the provisions of this Stipulation.

10.2 This Stipulation shall become effective on the first day of the month immediately following the date that a Commission order which satisfies Article 10.1 (the "Effective Date").

10.3 If the Commission, either on rehearing or on remand from a court of appeals, issues an order approving the Settlement that contains a condition or modification that materially and adversely affects either ANR or a Supporting/Non-Contesting Party, ANR and such Supporting/Non-Contesting Party at that time shall have the same rights specified in Articles 9.5 and 9.6, respectively.

ARTICLE XI **SPECIFIC RESERVATIONS**

11.1 This Settlement does not resolve or make any determination as to whether any of the Successor Agreements or Contract No. FT17593 are contract replacements within the meaning of Section 6.26 of the GT&C of ANR's tariff.

11.2 Subject to Article III reflecting the Parties' agreement that (1) the T Agreements are extinguished and the services provided thereunder are abandoned; and (2) the Successor Agreements are authorized under Part 284, this change in contract status may not be cited or relied upon by ANR or any other entity in any proceeding as an

example or precedent for the proposition that the Commission's Section 157.217 conversion requirements have been complied with, or that the Commission's legal requirements concerning the abandonment of Part 157 contracts under Section 7(b) of the NGA have been met, or to support any cost, rate, or service proposal.

11.3 With regard to costs incurred by ANR under the Successor Agreements, nothing in the Settlement shall preclude or adversely affect the ability of the Commission or the Parties to challenge the level of costs incurred by ANR, or the prudence of ANR's incurring such costs in a general Section 4 or Section 5 rate case referenced in Article 8.1 prospectively from the date rates take effect as the result of the aforementioned general Section 4 or Section 5 proceeding. The just and reasonable standard shall apply to any Commission challenge of cost levels associated with the Successor Agreements in a Section 4 or Section 5 rate case. Prior to the effectiveness of rates in either a general Section 4 or a Section 5 rate case referenced in Article 8.1, the amounts specified in Article II shall be the QTC used to calculate the surcharge or credit under Section 6.26 of the GT&C of ANR's tariff.

ARTICLE XII

GENERAL RESERVATIONS

12.1 This Stipulation is submitted pursuant to Rule 602 of the Commission's Rules of Practice and Procedure, and unless and until it becomes effective under Article X hereof, shall be privileged and of no effect. Unless and until it becomes effective, this Stipulation shall be a "non-approved offer of settlement" within the meaning of Rule 602(e) of the Commission's Rules of Practice and Procedure, except to the extent necessary to enable ANR and the Parties to seek rehearing and appeal of a Commission order that does not approve the Stipulation as proposed.

12.2 The provisions of this Stipulation are limited to the specific matters referred to herein. ANR and the Parties reserve any claim or right which they may otherwise have with respect to any matters not expressly provided for in the Stipulation.

12.3 Nothing precludes either ANR or Great Lakes during the term of this Settlement from filing for new, or changes to, facilities, services or rates, provided such filings do not result in an increase in the DTCA charges eligible for recovery as specified in Article II; provided, however, that ANR shall not propose a different mechanism for the recovery of Account No. 858 costs during the term of the Settlement. Parties may not argue that the Settlement precludes ANR or Great Lakes from making such filings, but may otherwise take any position on such filings, provided such position does not advocate changes to the Settlement with respect to DTCA charges.

12.4 It is specifically understood and agreed that no participant herein (including without limitation ANR, the Commission Staff, any Supporting/Non-Contesting Party and any intervenor) shall be deemed or construed to establish any precedent, principle or established practice respecting any ANR cost, rate, contract or term or condition of service, or the conversion of Part 157 to Part 284 service, or is to be prejudiced or bound thereby in any way (except as specifically provided herein) in any other proceeding. Nothing in this Stipulation shall be deemed to create a settled practice within the meaning of the decision of the U.S. Court of Appeals for the District of Columbia Circuit in *Public Service Commission of New York v. FERC*, 642 F.2d 1335 (1980), to establish precedent, or to affect or shift the burden of proof on any issue in any proceeding.

ARTICLE XIII
MISCELLANEOUS

13.1 Within ten (10) days of a final and non-appealable order approving the Settlement without any modification or adverse condition not acceptable to either ANR or Great Lakes, ANR and Great Lakes shall withdraw their requests for rehearing and/or clarification of the Conversion Order, and all answers to these requests for rehearing and/or clarification shall also be deemed withdrawn once ANR and Great Lakes have withdrawn their requests for rehearing and/or clarification.

13.2 As of the Effective Date of this Stipulation, the proceedings before the Settlement Judge and the hearing established by the Rehearing and Conversion Orders shall be terminated. The proceedings in Docket Nos. RP13-743, RP14-650, RP15-138 and RP15-139 shall be deemed closed.

13.3 The various provisions of this Stipulation are not severable. None of the provisions shall become operative unless and until (1) the Commission issues an order approving this Stipulation as to all of its terms and conditions without modification or condition, or (2) ANR and the Supporting/Non-Contesting Parties agree to be bound by a Stipulation as conditioned or modified by the Commission, as provided for in Article X.

13.4 To the extent the Commission considers any changes to the terms of this Settlement during the term of this Settlement, the standard of review for such changes shall be the most stringent standard permissible under applicable law.

13.5 This Stipulation has been negotiated and drafted through a collaborative process. No Party shall be deemed the drafter of this Settlement, and this Settlement shall not be construed against any Party as the drafter.

13.6. This Agreement, including any attachments, constitutes the entire agreement among ANR and the Parties with regard to the matters addressed in this docket.

13.7 No provision of the Agreement may be waived except through a writing signed by an authorized representative of ANR or the waiving Party. Waiver of any provision of this Agreement shall not be deemed to waive any other provision. This Agreement may be amended only by written agreement of ANR and the Supporting/Non-Contesting Parties.

13.8 The discussions between ANR and the Parties that have resulted in this Settlement have been conducted on the explicit understanding, pursuant to Rule 602 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 386.602 (2014), that all offers of settlement and communications relating thereto shall be privileged and confidential, shall be without prejudice to the position of ANR or any Party presenting any such offer or participating in any such discussion, and are not to be used in any manner in conjunction with these proceedings, any other proceeding, or otherwise, except to the extent necessary to enforce its terms.

13.9 This Stipulation is binding upon and for the benefit of ANR and the Parties and their successors and assigns.

13.10 Approval of the Stipulation grants all authority, and waives any regulation or order, to the extent necessary to:

A. Permanently cease performance of and terminate any obligation associated with the T Agreements under NGA Section 7, Part 157 of the Commission's regulations and any other purported source of such obligation or performance (e.g., statutory, regulation, contractual);

B. Provide the service under the Successor Agreements, as specified in the Part 284 Agreements, pursuant to NGA Section 7, the NGPA, and Part 284 of the Commission's regulations.

C. Implement the tariff changes that are the subject of Docket Nos. RP15-138 and RP15-139, as well as those included in Appendix B, in accordance with the Stipulation; and

D. Implement Appendix A hereto.

END OF STIPULATION AND AGREEMENT

APPENDIX A

APPENDIX A

**AGREEMENT BETWEEN
GREAT LAKES GAS TRANSMISSION LIMITED PARTNERSHIP
AND
ANR PIPELINE COMPANY
IN SETTLEMENT OF PROCEEDINGS**

This Agreement (“Agreement”) dated and effective as of April 20, 2015 is between Great Lakes Gas Transmission Limited Partnership (“Great Lakes”) and ANR Pipeline Company (“ANR”) (each of whom sometimes referred to herein individually as a “Party” and collectively as the “Parties”).

RECITALS

WHEREAS, during 1979 and 1980, the Federal Energy Regulatory Commission (the “Commission”) authorized Great Lakes to provide transportation service to ANR under individually certificated Part 157 transportation Rate Schedules T-8, T-9, and T-10 (the “T Service”), and Great Lakes provided such service; and

WHEREAS, on April 29, 2013, Great Lakes provided ANR 12-months’ notice that Great Lakes intended to terminate the T Service contracts (the “T Service Contracts”); and

WHEREAS, on October 14, 2014, ANR notified Great Lakes of its desire to change the T Service to Part 284 service under Rate Schedule FT of Great Lakes’ Volume 1 Tariff, in accordance with Section 157.217(a) of the Commission’s regulations;¹ and

WHEREAS, the transportation rates for the T Service are different than the transportation rates for the aforementioned Part 284 service; and

WHEREAS, on November 3, 2014, ANR and Great Lakes respectively submitted to the Commission for filing and acceptance updated tariff provisions relating to Great Lakes’ proposed

¹ 18 C.F.R. Section 154.217 (2014).

conversion of the T Service to the aforementioned Part 284 service, effective November 1, 2014²; and

WHEREAS, on December 3, 2014, in response to various interventions and protests of both ANR's and Great Lakes' November 3, 2014 filings, the Commission issued an Order Accepting and Suspending Tariff Records, Subject to Refund, Establishing Hearing, and Consolidating Proceedings for Hearing (the "December 3 Order") which consolidated the aforementioned dockets, RP15-138-000 and RP15-139-000, with several other dockets involving ANR and various intervenors (collectively, the "Proceeding"); and

WHEREAS, Great Lakes and ANR each filed requests for clarification and rehearing of the December 3 Order, which remain pending before the Commission, asserting, *inter alia*, that the aforementioned Part 284 service was effective November 1, 2014 and challenging various additional aspects of the December 3 Order; and

WHEREAS, the effective date of the aforementioned Part 284 service and its corresponding transportation rates remains unclear; and

WHEREAS, Great Lakes asserts that ANR owes to Great Lakes the charges corresponding with the aforementioned Part 284 service agreements for firm transportation service that Great Lakes contends were in effect after the November 1, 2014 effective date; and

WHEREAS, ANR asserts that it owes to Great Lakes no more than the charges corresponding with the T Service Contracts for transportation service prior to May 3, 2015; and

WHEREAS, resolution of the instant issues will avoid potentially months of contentious litigation, out of pocket costs and distraction of management of Great Lakes and ANR from other issues; and

² Great Lakes' filing was subsequently assigned to Docket No. RP15-138-000; ANR's filing was assigned Docket No. RP15-139.

WHEREAS, in order to settle the Proceeding, ANR and Great Lakes are proposing to establish, along with various intervenors in the Proceeding, that the aforementioned Part 284 service became effective May 3, 2015; and

WHEREAS, Great Lakes and ANR also wish to resolve any potential dispute regarding the amount ANR owes to Great Lakes for the Part 284 firm transportation agreements between November 1, 2014 and May 3, 2015 (the "Interim Period"); and

WHEREAS, ANR has been paying Great Lakes 100% of the charges arising under the T Service Contracts in accordance with the payment provisions, procedures and timeframes set forth in the T Service Contracts and Great Lakes' FERC Gas Tariff (its "Tariff"), and intends to continue to do for the entirety of the Interim Period.

NOW, THEREFORE, in consideration of the premises and the mutual promises and covenants hereinafter set forth, the sufficiency of which is hereby acknowledged by the Parties, the Parties agree as follows:

I. A. Within 30 days of the date when the settlement of the Proceeding in Docket Nos. RP13-743-000 *et al.* (the "Settlement") becomes final and non-appealable, ANR will pay Great Lakes 100% of the difference between (a) the rates applicable to Part 284 service pursuant to Great Lakes Contract Nos. 18138, 18139, 18147 and 18150 (the "Part 284 Contracts") performed during the Interim Period, and (b) rates applicable to service pursuant to the T Service Contracts performed during the Interim Period.

B. If the obligation identified in Article I. A. above is not paid within 60 days of the Settlement's Effective Date, interest will accrue thereon in accordance with FERC's regulations, beginning with the 61st day after the Settlement's Effective Date. If the obligation identified in Article I.A. above is paid within 60 days of the Settlement's Effective Date, no interest or carrying charge will be levied on the amounts due under Article I.A.

II. Once the Commission order approving the Settlement in the Proceeding has become final and non-appealable, payments referenced in Article I A shall constitute accord and satisfaction, effectuating as a result a full settlement and release, of any and all claim(s) by ANR against Great Lakes, and/or by Great Lakes against ANR, arising from firm transportation service provided by Great Lakes to ANR under either the T Service Contracts or the Part 284 Contracts during the Interim Period, save routine billing and collection adjustments.

III. Payment and service obligations relating to firm transportation service provided by Great Lakes to ANR on and after May 3, 2015 shall be governed by the terms, provisions, procedures and timeframes set forth in the (i) Part 284 Contracts, (ii) relevant tariff provisions, (iii) Settlement, and (iv) orders relating to the foregoing, rather than those related to the T Service Contracts. If the Settlement Effective Date has not occurred by May 3, 2015, the Part 284 Contracts shall be deemed to be in effect, subject to refund, which refund condition shall cease upon the Settlement's Effective Date.

IV. If the Commission issues a final and non-appealable order denying the Settlement, or if the Settlement is not approved without condition or modification acceptable to both Parties, this Agreement shall be rendered null and void and of no effect *ab initio*, and the effectiveness of the T and Part 284 Contracts both during the Interim Period and thereafter, including service and payment obligations thereunder, shall be subject to further agreement between the Parties and orders of FERC.

For Great Lakes Gas Transmission Limited Partnership

By: [Signature]

Title: Corporate Secretary

By: [Signature]

Title: Dean Ferguson
President

Legal
CS
4-20-15
Date

For ANR Pipeline Company

By: [Signature]

Title: Vice President

By: Lauri Newton

Title: V.P. V.S. Law

Legal
CS
4/20/15
Date

APPENDIX B

Appendix B

ANR Pipeline Company

Pro Forma

Marked Tariff

Tariff Section	Version	Effective Date
Part 4.17 – Deferred Transportation Cost Adjustment	v.3.2.1	May 1, 2013
Part 4.17 – Deferred Transportation Cost Adjustment	v.5.0.0	May 1, 2014
Part 4.17 – Deferred Transportation Cost Adjustment	v.6.0.0	May 1, 2015
Part 6.26 - Deferred Transportation Cost Adjustment Provision	v.1.0 0	May 1, 2013

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

PRO FORMA

PART 4.17 4.17 - Statement of Rates
 Deferred Transportation Cost Adjustment
 v.3.2.1 Superseding v.3.2.0

STATEMENT OF DEFERRED TRANSPORTATION COST ADJUSTMENT (1)

RATE SCHEDULE		RATE ADJUSTMENTS PER DTH (2)
<u>MAINLINE - ACCESS RATE ADJUSTMENTS FOR ETS, FTS-1, FTS-2, FTS-4, FTS-4L AND ITS SERVICES</u>		
FTS-1, FTS-4, FTS-4L & ETS	Reservation	(\$0.0900)00
	Commodity	(\$0.0002)0
FTS-2	Reservation	(\$0.0590)00
	Commodity	(\$0.0042)00
ITS	Commodity	(\$0.0032)00
<u>RATE ADJUSTMENTS FOR FTS-3 AND ITS-3 SERVICES</u>		
FTS-3	Deliverability	(\$0.0450)000
	Capacity	(\$0.0045)00
	Commodity	(\$0.0002)0
FTS-3 (Enhancement Service Option)	Deliverability	(\$0.0265)000
	Capacity	(\$0.0009)0
	Commodity	(\$0.0004)0
FTS-3 (2-Hour Notice Service Option)	Deliverability	(\$0.0255)000
	Capacity	(\$0.0008)0
	Commodity	(\$0.0003)0
ITS-3	Commodity	(\$0.0166)000
<u>RATE ADJUSTMENTS FOR MBS AND NNS SERVICES</u>		
MBS	Daily Delivery (All Segments)	(\$0.0027)00
	Capacity	(\$0.0005)0
	Commodity (All Segments)	(\$0.0004)0
	Overrun	(\$0.0055)00
NNS	Reservation	(\$0.1040)000
	Commodity	(\$0.0004)0
	Overrun	(\$0.0055)00
<u>RATE ADJUSTMENTS FOR IPLS AND IWS SERVICES</u>		
IPLS	Commodity	(\$0.0032)00
IWS	Commodity	(\$0.0032)00

RATE ADJUSTMENTS FOR STS,

Issued: Effective: May
 1, 2013

Docket No.
 Accepted:

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

PRO FORMA

PART 4.17 4.17 - Statement of Rates
 Deferred Transportation Cost Adjustment
 v.3.2.1 Superseding v.3.2.0

STS (ETS) & STS (FTS) SERVICES

STS (All Segments)	(\$0.0118)00 STS (ETS)
(All Segments)	(\$0.0092)00 STS (FTS)
(All Segments)	(\$0.0092)00

RATE ADJUSTMENTS FOR FSS AND DDS SERVICES

FSS Without Ratchets	Deliverability (\$0.0380)00 Capacity (\$0.0057)00 Commodity (\$0.0003)0
FSS With Ratchets	Deliverability (\$0.0300)00 Capacity (\$0.0057)00 Commodity (\$0.0003)0
DDS	Commodity (\$0.0013)00 -

- (1) Deferred Transportation Cost Adjustment pursuant to Section 6.26 of General Terms and Conditions of this Tariff.
- (2) Minimum rates per Dth continue to apply following application of rate adjustments.

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

PRO FORMA

PART 4.17 4.17 - Statement of Rates
 Deferred Transportation Cost Adjustment
 v.5.0.0 Superseding v.4.0.0

STATEMENT OF DEFERRED TRANSPORTATION COST ADJUSTMENT (1)

RATE SCHEDULE		RATE ADJUSTMENTS PER DTH (2)
<u>MAINLINE - ACCESS RATE ADJUSTMENTS FOR ETS, FTS-1, FTS-2, FTS-4, FTS-4L AND ITS SERVICES</u>		
FTS-1, FTS-4, FTS-4L & ETS	Reservation	(\$0.090) 80
	Commodity	(\$0.0001)
FTS-2	Reservation	(\$0.059) 3
	Commodity	(\$0.0014) 0
ITS	Commodity	(\$0.0034) 27
<u>RATE ADJUSTMENTS FOR FTS-3 AND ITS-3 SERVICES</u>		
FTS-3	Deliverability	(\$0.0450) 00
	Capacity	(\$0.0015) 3
	Commodity	(\$0.0001)
FTS-3 (Enhancement Service Option)	Deliverability	(\$0.0265) 35
	Capacity	(\$0.0009) 8
	Commodity	(\$0.0001)
FTS-3 (2-Hour Notice Service Option)	Deliverability	(\$0.0250) 10
	Capacity	(\$0.0008) 7
	Commodity	(\$0.0002)
ITS-3	Commodity	(\$0.0163) 43
<u>RATE ADJUSTMENTS FOR MBS AND NNS SERVICES</u>		
MBS	Daily Delivery (All Segments)	(\$0.0027) 3
	Capacity	(\$0.0005) 4
	Commodity (All Segments)	(\$0.0003)
	Overrun	(\$0.0053) 47
NNS	Reservation	(\$0.103) 089
	Commodity	(\$0.0003)
	Overrun	(\$0.0053) 47
<u>RATE ADJUSTMENTS FOR IPLS AND IWS SERVICES</u>		
IPLS	Commodity	(\$0.0034) 27
IWS	Commodity	(\$0.0034) 27

RATE ADJUSTMENTS FOR STS,

Issued: Effective: May
1, 2014

Docket No.
Accepted:

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

PRO FORMA

PART 4.17 4.17 - Statement of Rates
 Deferred Transportation Cost Adjustment
 v.5.0.0 Superseding v.4.0.0

STS (ETS) & STS (FTS) SERVICES

STS (All Segments)		(\$0.0146) <u>01</u> STS (ETS)
(All Segments)		(\$0.0094) <u>81</u> STS (FTS)
(All Segments)		(\$0.0094) <u>81</u>

RATE ADJUSTMENTS FOR FSS AND DDS SERVICES

FSS Without Ratchets	Deliverability	(\$0.037) <u>1</u> Capacity	(\$0.0056) <u>46</u>
	Commodity		(\$0.0002)
FSS With Ratchets	Deliverability	(\$0.030) <u>25</u> Capacity	(\$0.0056) <u>46</u>
	Commodity		(\$0.0002)
	Commodity		(\$0.0012) <u>0</u>
DDS			-

- (1) Deferred Transportation Cost Adjustment pursuant to Section 6.26 of General Terms and Conditions of this Tariff.
- (2) Minimum rates per Dth continue to apply following application of rate adjustments.

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

PART 4.17 4.17 - Statement of Rates
 PRO FORMA Deferred Transportation Cost Adjustment
 v.6.0.0 Superseding v.4.0.0

STATEMENT OF DEFERRED TRANSPORTATION COST ADJUSTMENT (1)

RATE SCHEDULE		RATE ADJUSTMENTS PER DTH (2)
<u>MAINLINE - ACCESS RATE ADJUSTMENTS FOR ETS, FTS-1, FTS-2, FTS-4, FTS-4L AND ITS SERVICES</u>		
FTS-1, FTS-4, FTS-4L & ETS	Reservation	(\$0.090) 150
	Commodity	(\$0.000) 2
FTS-2	Reservation	(\$0.059) 99
	Commodity	(\$0.001) 9
ITS	Commodity	(\$0.003) 51
<u>RATE ADJUSTMENTS FOR FTS-3 AND ITS-3 SERVICES</u>		
FTS-3	Deliverability	(\$0.045) 750
	Capacity	(\$0.001) 25
	Commodity	(\$0.000) 2
FTS-3 (Enhancement Service Option)	Deliverability	(\$0.026) 440
	Capacity	(\$0.000) 14
	Commodity	(\$0.000) 1
FTS-3 (2-Hour Notice Service Option)	Deliverability	(\$0.025) 425
	Capacity	(\$0.000) 14
	Commodity	(\$0.000) 4
ITS-3	Commodity	(\$0.016) 272
<u>RATE ADJUSTMENTS FOR MBS AND NNS SERVICES</u>		
MBS	Daily Delivery (All Segments)	(\$0.002) 46
	Capacity	(\$0.000) 8
	Commodity (All Segments)	(\$0.000) 5
	Overrun	(\$0.005) 90
NNS	Reservation	(\$0.103) 73
	Commodity	(\$0.000) 5
	Overrun	(\$0.005) 90
<u>RATE ADJUSTMENTS FOR IPLS AND IWS SERVICES</u>		
IPLS	Commodity	(\$0.003) 51
IWS	Commodity	(\$0.003) 51

RATE ADJUSTMENTS FOR STS,

Issued: Effective: May
 1, 2015

Docket No.
 Accepted:

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

PRO FORMA PART 4.17 4.17 - Statement of Rates
 Deferred Transportation Cost Adjustment
 v.6.0.0 Superseding v.4.0.0

STS (ETS) & STS (FTS) SERVICES

STS (All Segments)		(\$0.0146) <u>94</u> STS (ETS)
(All Segments)		(\$0.0094) <u>151</u> STS (FTS)
(All Segments)		(\$0.0094) <u>151</u>

RATE ADJUSTMENTS FOR FSS AND DDS SERVICES

FSS Without Ratchets	Deliverability (\$0.037) <u>63</u> Capacity (\$0.0056) <u>95</u> Commodity (\$0.0002) <u>4</u>	
FSS With Ratchets	Deliverability (\$0.030) <u>50</u> Capacity (\$0.0056) <u>95</u> Commodity (\$0.0002) <u>4</u>	
DDS	Commodity (\$0.0042) <u>21</u>	-

- (1) Deferred Transportation Cost Adjustment pursuant to Section 6.26 of General Terms and Conditions of this Tariff.
- (2) Minimum rates per Dth continue to apply following application of rate adjustments.

6.26 DEFERRED TRANSPORTATION COST ADJUSTMENT PROVISION

(a) Purpose. This section establishes the mechanism ("Deferred Transportation Cost Adjustment") for the passthrough by Transporter of the over/under recovery of costs related to FERC Account No. 858 capacity that Transporter is authorized pursuant to Commission orders to maintain or replace, as defined in Section 6.26(a)(1), below, ("Qualifying Transportation Costs"). The base rates and charges applicable to all Rate Schedules shall be adjusted, where applicable, by Transporter on an annual basis to reflect an adjustment of Qualifying Transportation Costs

(1) Qualifying Transportation Costs. As used in this Section 6.26, the term Qualifying Transportation Costs shall mean the fixed monthly charges and commodity costs which Transporter incurs for the transmission and compression of gas by others recorded in FERC Account No. 858, for service set forth on Schedule I-4 of the rate case filed by Transporter on November 1, 1993, as adjusted by compliance filing dated April 7, 1994, as further amended by the Stipulation and Agreement ("2015 Settlement") in Docket No. RP13-743, et al. Qualifying Transportation Costs shall include the costs of ~~any~~ contract amendments and contract replacements as specified in the 2015 Settlement. Qualifying Transportation Costs shall exclude: (a) Viking Transportation Costs and (b) the amortization of any Reverse Auction costs included on the Schedule I-4 referenced above and (c) any costs or credits for periods prior to the effectiveness of the rates set forth in Transporter's general rate case filing of November 1, 1993. This section shall not be construed to affect Transporter's right to recover transition costs as Transporter may incur in connection with its contracts with other pipelines providing transmission and compression services or otherwise, such rights being expressly reserved, subject to applicable Commission orders and regulations.

(2) Effective Date. Transporter shall file to place into effect on each May 1, beginning with May 1, 1995, a Deferred Transportation Cost Adjustment, provided, however, that such filings shall only be required to be made by Transporter to the extent that the level of Qualifying Transportation Costs varies by greater than ten percent (10%) from the level of such costs as of the effective date of the rates established by Transporter's settlement at Docket No. RP94-43-000; provided, further, that in the event that any Account No. 858 service provider increases or decreases its aggregate charges to Transporter by such ten percent (10%) level in any twelve (12) Month period, and subsequently refunds or surcharges any portion of those amounts, Transporter shall then credit or direct bill the refunded or surcharged amount, as the case may be, to shippers. Further, no change shall be made under the provisions hereof to any Rate Schedule unless the change in rates for such Rate Schedule is at least one cent per dth of MDQ for Reservation charges, or at least one mill for Commodity Charges. The change in commodity rates shall be computed to the

nearest 1/100th of one cent. In the event any such change is precluded by law from going into effect on such date, it shall be made effective as soon thereafter as permitted by law.

(3) Filing Procedure. At least thirty (30) Days prior to the May 1 effective date of each Deferred Transportation Cost Adjustment, Transporter shall file with the Federal Energy Regulatory Commission and post, as defined by Section 154.2(d) of the Commission's Regulations, the Deferred Transportation Cost Adjustment, together with supporting computations. Transporter shall be authorized to begin to collect such Deferred Transportation Cost Adjustment on the May 1 following such filing. Each such Deferred Transportation Cost Adjustment shall remain in effect for the subsequent twelve (12) Month period. Upon termination of this Section 6.26, Transporter is authorized to collect or refund amounts, as appropriate, in its Deferred Transportation Account, with carrying charges, as of such termination date. Transporter shall file to charge or credit such amounts over a twelve (12) Month period commencing with the first Month Transporter is able to effectuate a rate adjustment. Any Deferred Transportation Cost Adjustments which are in effect upon such termination date may continue until the end of the applicable twelve (12) Month recovery period. In each filing which Transporter shall make rate adjustments to its base tariff rates pursuant to this Section 6.26, Transporter shall include workpapers detailing the basis used to determine all transportation amounts, carrying charges, and rate calculations.

(b) Deferred Transportation Account.

Transporter shall maintain a Deferred Transportation Cost Account to record the Monthly difference between actual Qualifying Transportation Costs incurred and the amounts reflected in Transporter's base tariff rates for transportation costs, on an as-billed basis. For purposes of determining actual amounts recovered by Month, Transporter shall assume a one-twelfth recovery of the annual Qualifying Transportation Costs underlying its billed rates for such Month. Transporter shall adjust Qualifying Transportation Costs to exclude charges or credits for periods prior to January 9, 1995, and for the effect of any final rate determination of the November 1, 1993 rate case filing, to include an offset for amounts previously credited or refunded herein.

(c) Determination of Deferred Transportation Cost Adjustment.

The amount of each Deferred Transportation Cost Adjustment shall be equal to the balance in Transporter's Deferred Transportation Cost Account three (3) Months prior to the May 1 effective date, plus estimates for the subsequent three (3) Month period, plus carrying charges calculated pursuant to Section 6.26(e), below. The recovery period shall be over the twelve (12) Months beginning with each May 1

PRO FORMADeferred Transportation Cost Adjustment Provision
v.1.0.0 SupersedingPART 6.26
6.26 - GT&C

effective date. The Deferred Transportation Cost Adjustment applicable to each Rate Schedule shall be calculated by Transporter based upon the same rate design method and design volumes underlying its currently effective rates.

(d) Crediting of Refunds Received, Debiting of Surcharges.

Commencing with the effective date of this Section 6.26, Transporter shall credit all refunds received for its Qualifying Transportation Costs attributable to periods after the effective date hereof to its Deferred Transportation Cost Account. Commencing with the effective date of this Section 6.26, Transporter shall similarly charge for any retroactive surcharge or rate adjustments of eligible contracts defined under Qualifying Transportation Costs.

(e) Carrying Charges.

Each Month Transporter shall credit or debit its Deferred Transportation Account, as appropriate, with carrying charges. Carrying charges shall be computed by separate demand and commodity components. Carrying charges shall be calculated in a manner consistent with the procedures set forth in Section 154.501 of the Commission's Regulations.

(f) CenterPoint Transportation.

If Transporter accepts a certificate in Docket No. CP89-2195, et al. after the close of the test period in the rate case filed by Transporter on November 1, 1993, but prior to the filing of another general rate case, Transporter shall not adjust its rates in Docket No. RP94-43 to reflect the acquisition of the CenterPoint facilities. In addition, to the extent that the Schedule I-4 transportation costs underlying Transporter's then effective base tariff rates include transportation costs associated with such CenterPoint capacity, Transporter shall cease to recover such Account No. 858 costs concurrently with any adjustment for CenterPoint facility costs permitted by the Commission.

APPENDIX C

Appendix C
ANR Pipeline Company
Illustrative FERC Form No. 2 Analysis

No.	Description	References	YEAR
<u>Rate Base</u>			
1	Gas Plant in Service	p. 110; ln 2	\$ -
2	Accumulated Depreciation	p. 110; ln 5	-
Gas Stored - Base Gas			
3	Account 117.1 (Base)	p. 220; ln 5, col. B	-
4	Account 117.2 (System)	p. 220; ln 5, col. C	-
Working Capital			
5	Prepayments	p. 230a; ln 6	-
6	Material and Supplies	p. 111; ln 45	-
<u>Accumulated Deferred Income Tax</u>			
7	Account 190	p. 235; ln. 7, col. K	-
8	Account 282	p. 275; ln. 7, col. K	-
9	Account 283	p. 277; ln. 7, col. K	-
10	Regulatory Assets	p. 232; ln. 40, col. G	-
11	Regulatory Liabilities	p. 278; ln. 45, col. G	-
12	Total Rate Base		\$ -
<u>Capital Costs</u>			
13	Cost of Debt	p. 218a; col. D	-
14	Rate of Return on Equity		-
<u>Capitalization Ratio</u>			
15	Debt	p. 218a; col. C	-
16	Equity	p. 218a; col. C	-
17	Weighted Cost of Debt		-
18	Weighted Cost of Equity		-
19	Total Return		-
<u>Cost of Service</u>			
20	Return		\$ -
21	Composite Income Tax	p. 122	-
22	Other Taxes	p. 114; ln 14; col C	-
23	Depreciation	p. 337; ln 12; col H	-
O&M (Net of Gas Costs)			
24	Production & Gathering		-
25	Net Storage Cost		-
26	Net Transmission Costs	p. 323; ln. 201 (less ln. 184 and p. 331, line 5, col. C)	-
27	A&G Overhead	p. 325; ln. 270	-
28	Total Cost of Service		\$ -
<u>Transportation Revenues</u>			
30	ACA Revenues	p. 300; Ln. 10, col.D	\$ -
31	489.2 Revenues from Transportation of Gas of Others Through Transmission Facilities		-
32	Total Revenue		\$ -
33	Revenues Above/(Below) Indicated COS		\$ -
34	Estimated Return on Equity		-

Document Content(s)

ANRSettlement.PDF.....1-52