TransCanada
In business to deliver

December 12, 2007

Ms. Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Re: ANR Pipeline Company
Negotiated Rate Agreement
Docket No. RP99-301-___

Dear Ms. Bose:

Pursuant to Section 4 of the Natural Gas Act ("NGA") and Part 154 of the Regulations of the Federal Energy Regulatory Commission ("Commission"), 18 C.F.R. Part 154, ANR Pipeline Company ("ANR") hereby tenders for filing and acceptance an original and five (5) copies of one (1) Rate Schedule FTS-1 negotiated rate service agreement and one (1) Rate Schedule FSS negotiated rate service agreement ("Agreements") between ANR and City of Duluth ("Contract Nos. 113610 (FTS-1) and 113611 (FSS)"). ANR requests that the Commission approve the Agreements to be effective on April 1, 2008.

Statement of Nature, Reasons and Basis For the Filing

On May 28, 1999, in Docket No. RP99-301-000, the Commission approved, subject to conditions, ANR's proposed Section 30 of the General Terms and Conditions of ANR's FERC Gas Tariff, which authorized ANR to enter into negotiated rate agreements with its customers. ANR Pipeline Company, 87 FERC ¶ 61,241 (1999). ANR made its negotiated rate filing pursuant to the Commission's Policy Statement, which the Commission issued on January 31, 1996.[1] The Policy Statement requires pipelines, when implementing a negotiated rate contract, to file either the contract or tariff sheets identifying and describing the transaction. Northern Natural Gas Co., 77 FERC ¶ 61,035 at 61,138 (1996).

With regard to the requirements for negotiated rate filings, the Commission has also stated that, "in any pipeline filing of a negotiated rate agreement, any other agreement, understanding, negotiation or consideration linked to the agreement must be disclosed by the pipeline's filing." Columbia Gulf Transmission Company, 85 FERC ¶ 61,373, at 62,424 (1998). ANR advises that no undisclosed agreements, etc., are linked to the Agreement submitted herein.

[1] Statement of Policy on Alternatives to Traditional Cost-of-Service Ratemaking for Natural Gas Pipelines and Regulation of Negotiated Transportation Services of Natural Gas Pipelines, 74 FERC ¶ 61,076 (1996) ("Policy Statement").

ANR is filing the Agreements as negotiated rate agreements because the parties have agreed to fixed rates in each of the Agreements. The specific contract fixed rates are as follows: Contract No. 113610, a Fixed Monthly Reservation Rate of $.9885 per dth and the applicable Commodity Rate and Contract No. 113611, a Fixed Deliverability rate of $2.45 per dth per month for MDWQ, a Fixed Capacity rate of $0.40 per dth per month of MSQ divided by twelve, and the applicable Commodity rate for injection or withdrawal charges. Other than the aforementioned fixed rates, the Agreements do not contain any provision that is either non-conforming or materially deviates from the Form of Agreement in ANR's FERC Gas Tariff. ANR has elected to implement the negotiated rate agreements by filing the Agreements in accordance with Section 30.2 of the General Terms and Conditions of its Tariff. The Agreements provide all of the information required by Section 30 of ANR's Tariff: (1) the exact legal name of the Shipper; (2) the negotiated rate; (3) the applicable rate schedule; (4) receipt and delivery points; and (5) the contract quantities.

For the reasons stated below, ANR requests that the Commission accept and approve the negotiated rate effective April 1, 2008.

Material Enclosed

In accordance with 18 C.F.R. §154.7(a)(1), ANR states that the following items are included in this filing:

(1) The instant transmittal letter; and

(2) A paper copy of the subject negotiated rate service agreements.

Pursuant to 18 C.F.R. Section 385.2011 of the Commission's regulations, the undersigned states that the contents of the paper copies attached are true to the best of their knowledge and belief.

Service and Correspondence

The undersigned certifies that a copy of this filing has been mailed to each of ANR's customers and affected state regulatory commissions in accordance with Section 154.208 of the Commission's regulations. In addition, a copy of this filing is available for public inspection during regular business hours in ANR's office at 717 Texas Street, Houston, Texas 77002-2761.

The names, titles and mailing address of the persons to whom correspondence and communications concerning this filing should be directed are as follows:

M. Catharine Davis
Associate General Counsel
ANR Pipeline Company
717 Texas Street
Houston, Texas 77002-2761
Tel. (832) 320-5509
Fax (832) 320-5555
catharine_davis@transcanada.com

Robert D. Jackson
Director, Rates and Regulatory Affairs
ANR Pipeline Company
717 Texas Street
Houston, Texas 77002-2761
Tel. (832) 320-5487
Fax (832) 320-5555
robert_jackson@transcanada.com

Effective Date

ANR respectfully requests that the Commission grant all waivers of its regulations and ANR's FERC Gas Tariff necessary to accept this filing and approve the new agreements to be effective April 1, 2008.

Any questions regarding this filing may be directed to the undersigned at (832) 320-5503.

Respectfully submitted,

ANR PIPELINE COMPANY

Dean Ferguson
Vice President, Marketing and
Business Development

Date: August 24, 2007 **Contract No.: 113610**

FTS - 1 SERVICE AGREEMENT

This AGREEMENT is entered into by ANR PIPELINE COMPANY (Transporter) and CITY OF DULUTH (Shipper).

WHEREAS, Shipper has requested Transporter to transport Gas on its behalf and Transporter represents that it is willing to transport Gas under the terms and conditions of this Agreement.

NOW, THEREFORE, Transporter and Shipper agree that the terms below, together with the terms and conditions of Transporter's applicable Rate Schedule and General Terms and Conditions of Transporter's Tariff constitute the Transportation Service to be provided and the rights and obligations of Shipper and Transporter.

1. **AUTHORITY FOR TRANSPORTATION SERVICE:**
(284B = Section 311; 284G = Blanket)

   284G

2. **RATE SCHEDULE: Firm Transportation Service (FTS - 1)**

3. **CONTRACT QUANTITIES:**

   Primary Route- See Exhibit attached hereto

   Such contract quantities shall be reduced for scheduling purposes, but not for billing purposes, by the Contract Quantities that Shipper has released through Transporter's capacity release program for the period of any release.

4. **TERM OF AGREEMENT:**

   April 01, 2008 to March 31, 2013

5. **RATES:**

   Maximum rates, charges, and fees shall be applicable for the entitlements and quantities delivered pursuant to this Agreement unless Transporter and Shipper have agreed otherwise as referenced in the Further Agreement Section of this Agreement.

   It is further agreed that Transporter may seek authorization from the Commission and/or other appropriate body at any time and from time to time to change any rates,

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Date: August 24, 2007 **Contract No.: 113610**

charges or other provisions in the applicable Rate Schedule and General Terms and Conditions of Transporter's Tariff, and Transporter shall have the right to place such changes in effect in accordance with the Natural Gas Act. This Agreement shall be deemed to include such changes and any changes which become effective by operation of law and Commission order. Nothing contained herein shall be construed to deny Shipper any rights it may have under the Natural Gas Act, including the right to participate fully in rate or other proceedings by intervention or otherwise to contest increased rates in whole or in part.

6. **INCORPORATION BY REFERENCE:**

The provisions of Transporter's applicable Rate Schedule and the General Terms and Conditions of Transporter's Tariff are specifically incorporated herein by reference and made a part hereof.

7. **NOTICES:**

All notices can be given by telephone or other electronic means, however, such notices shall be confirmed in writing at the addresses below or through GEMS$_{tm}$. Shipper and Transporter may change the addresses below by written notice to the other without the necessity of amending this Agreement:

TRANSPORTER:

ANR PIPELINE COMPANY
717 TEXAS ST, SUITE 2500
HOUSTON, TX 77002
Attention: TRANSPORTATION SERVICES

SHIPPER:

CITY OF DULUTH
520 GARFIELD AVE
DULUTH, MN 55802
Attention: ~~PETE UPTON~~ Mike McLaughlin cdc 9/7/07.

Telephone: 218-730-~~4002~~ 4004
Fax: 218-723-3413

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INVOICES AND STATEMENTS:

CITY OF DULUTH
520 GARFIELD AVE
DULUTH, MN 55802
Attention: ~~PETE UPTON~~ Mike McLaughlin

Telephone: 218-730-~~4002~~ 4004
Fax: 218-723-3413

8. **FURTHER AGREEMENT:**

A. The rate for the Primary Route MDQ as listed in the attached Primary Route Exhibit and secondary receipts/deliveries as listed below shall be a Fixed Monthly Reservation Rate of $.9885 per dth and the applicable Commodity Rate. This rate shall be inclusive of any other fees or surcharges under Transporter's FERC Gas Tariff, not to exceed the total of Transporter's Maximum Reservation, Commodity and applicable surcharge rates. In addition, Shipper shall be charged any applicable ACA and Transporter's Use (Fuel %) and EPC Charge (Electric Power Cost) in accordance with Transporter's FERC Gas Tariff.

In addition, Shipper shall be entitled to secondary deliveries as listed below beginning each April 1 through April 30 for each year at the Primary Route rate and the applicable Commodity Rate.

Secondary Receipt(s): None
Secondary Delivery(ies): ANR Pipeline Storage (153808)

B. The mutually agreed upon rate for the use of any point not listed in Paragraph A above shall be ANR's Maximum Applicable Reservation and Maximum Applicable Commodity Rates under FTS-1 service. In addition, Shipper shall be charged ACA, Transporter's Use (Fuel %) and EPC Charge (Electric Power Cost) and any other fees or surcharges under Transporter's FERC Gas Tariff.

C. In addition, if one rate component which was at or below the applicable Maximum Rate at the time this discount agreement was executed subsequently exceeds the applicable Maximum Rate due to a change in Transporter's Maximum Rates so that such rate component must be adjusted downward to equal the new applicable Maximum Rate, then other rate components may be adjusted upward to achieve the

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agreed overall rate, as long as none of the resulting rate components exceeds the Maximum Rate applicable to that rate component. Such changes to rate components shall be applied prospectively, commencing with the date a Commission Order accepts revised tariff sheet rates. However, nothing contained herein shall be construed to alter a refund obligation under applicable law for any period during which rates that had been charged under a discount agreement exceeded rates, which ultimately are found to be just and reasonable.

D. Shipper shall be entitled to the Right of First Refusal provided for in Section 22 of the General Terms and Conditions of Transporter's FERC Gas Tariff, notwithstanding the fact that Shipper would otherwise be ineligible for this right under Section 22.2.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed by their respective Officers or Representatives there unto duly authorized to be effective as of the date stated above.

SHIPPER: CITY OF DULUTH

By: Robert A. McLaughlin

Title: Manager - Gas + Water Supply

Date: 9/7/07

TRANSPORTER: ANR PIPELINE COMPANY

By: Joseph E Pollard

Title: Agent and Attorney-in-Fact

Date: 9/11/07

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PA 9/11/07.

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PRIMARY ROUTE EXHIBIT
To Agreement Between
ANR PIPELINE COMPANY (Transporter)
AND CITY OF DULUTH (Shipper)

Contract No: 113610
Rate Schedule: FTS-1
Contract Date: August 24, 2007
Amendment Date:

Receipt Location Name	Delivery Location Name	Annual MDQ (DTH)	Winter MDQ (DTH)	Summer MDQ (DTH)
153808 ANRPL STORAGE FACILITIES FROM: November 01, 2012	11616 FARWELL (DELIVERY) TO: March 31, 2013	3423	0	0
48644 FARWELL (RECEIPT) FROM: May 01, 2012	153808 ANRPL STORAGE FACILITIES TO: October 31, 2012	1487	0	0
153808 ANRPL STORAGE FACILITIES FROM: November 01, 2011	11616 FARWELL (DELIVERY) TO: April 30, 2012	3423	0	0
48644 FARWELL (RECEIPT) FROM: May 01, 2011	153808 ANRPL STORAGE FACILITIES TO: October 31, 2011	1487	0	0
153808 ANRPL STORAGE FACILITIES FROM: November 01, 2010	11616 FARWELL (DELIVERY) TO: April 30, 2011	3423	0	0
48644 FARWELL (RECEIPT) FROM: May 01, 2010	153808 ANRPL STORAGE FACILITIES TO: October 31, 2010	1487	0	0
153808 ANRPL STORAGE FACILITIES FROM: November 01, 2009	11616 FARWELL (DELIVERY) TO: April 30, 2010	3423	0	0
48644 FARWELL (RECEIPT) FROM: May 01, 2009	153808 ANRPL STORAGE FACILITIES TO: October 31, 2009	1487	0	0
153808 ANRPL STORAGE FACILITIES FROM: November 01, 2008	11616 FARWELL (DELIVERY) TO: April 30, 2009	3423	0	0
48644 FARWELL (RECEIPT) FROM: April 01, 2008	153808 ANRPL STORAGE FACILITIES TO: October 31, 2008	1487	0	0

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Date: August 24, 2007 **Contract No.: 113611**

FSS SERVICE AGREEMENT

This AGREEMENT is entered into by ANR PIPELINE COMPANY (Transporter) and CITY OF DULUTH (Shipper).

WHEREAS, Shipper has requested Transporter to transport Gas on its behalf and Transporter represents that it is willing to transport Gas under the terms and conditions of this Agreement.

NOW, THEREFORE, Transporter and Shipper agree that the terms below, together with the terms and conditions of Transporter's applicable Rate Schedule and General Terms and Conditions of Transporter's Tariff constitute the Transportation Service to be provided and the rights and obligations of Shipper and Transporter.

1. **AUTHORITY FOR TRANSPORTATION SERVICE:**
(284B = Section 311; 284G = Blanket)

Not Applicable.

2. **RATE SCHEDULE: Firm Storage Service**

3. **CONTRACT QUANTITIES:**

Contracts Quantity- See Exhibit attached hereto.

Such contract quantities shall be reduced for scheduling purposes, but not for billing purposes, by the Contract Quantities that Shipper has released through Transporter's capacity release program for the period of any release.

4. **TERM OF AGREEMENT:**

April 01, 2008 to March 31, 2013

5. **RATES:**

Maximum rates, charges, and fees shall be applicable for the entitlements and quantities delivered pursuant to this Agreement unless Transporter and Shipper have agreed otherwise as referenced in the Further Agreement Section of this Agreement.

It is further agreed that Transporter may seek authorization from the Commission and/or other appropriate body at any time and from time to time to change any rates,

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Date: August 24, 2007 **Contract No.: 113611**

charges or other provisions in the applicable Rate Schedule and General Terms and Conditions of Transporter's Tariff, and Transporter shall have the right to place such changes in effect in accordance with the Natural Gas Act. This Agreement shall be deemed to include such changes and any changes which become effective by operation of law and Commission order. Nothing contained herein shall be construed to deny Shipper any rights it may have under the Natural Gas Act, including the right to participate fully in rate or other proceedings by intervention or otherwise to contest increased rates in whole or in part.

6. **INCORPORATION BY REFERENCE:**

The provisions of Transporter's applicable Rate Schedule and the General Terms and Conditions of Transporter's Tariff are specifically incorporated herein by reference and made a part hereof.

7. **NOTICES:**

All notices can be given by telephone or other electronic means, however, such notices shall be confirmed in writing at the addresses below or through GEMS$_{tm}$. Shipper and Transporter may change the addresses below by written notice to the other without the necessity of amending this Agreement:

TRANSPORTER:

ANR PIPELINE COMPANY
717 TEXAS ST, SUITE 2500
HOUSTON, TX 77002
Attention: TRANSPORTATION SERVICES

SHIPPER:

CITY OF DULUTH
520 GARFIELD AVE
DULUTH, MN 55802
Attention: ~~PETE UPTON~~ Mike McLaughlin

adc 9/7/07.
CS 9/11/07

Telephone: 218-730-~~4002~~ 4004
Fax: 218-723-3413

Date: August 24, 2007 **Contract No.: 113611**

INVOICES AND STATEMENTS:

CITY OF DULUTH
520 GARFIELD AVE
DULUTH, MN 55802
Attention: ~~PETE UPTON~~ Mike McLaughlin adc 9/7/07.

Telephone: 218-730-~~4002~~ 4004
Fax: 218-723-3413

8. **FURTHER AGREEMENT:**

A. The rate for storage service shall be a Fixed Deliverability rate of $2.45 per dth per month for MDWQ, and a Fixed Capacity rate of $0.40 per dth per month of MSQ divided by twelve. In addition, Shipper will be charged the applicable Commodity rate for injection or withdrawal charges. Shipper shall be charged any other applicable fees or surcharges in accordance with Transporter's FERC Gas Tariff.

B. Shipper shall be entitled to the Right of First Refusal provided for in Section 22 of the General Terms and Conditions of Transporter's FERC Gas Tariff, notwithstanding the fact that Shipper would otherwise be ineligible for this right under Section 22.2.

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Date: August 24, 2007 **Contract No.: 113611**

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed by their respective Officers or Representatives there unto duly authorized to be effective as of the date stated above.

SHIPPER: CITY OF DULUTH

By: Michael A. McFoyle

Title: Manager - Gas & Water Supply

Date: 9/7/07

TRANSPORTER: ANR PIPELINE COMPANY

By: Joseph E Pollard

Title: Agent and Attorney-in-Fact

Date: 9/11/07

ad = 9/7/07.
9/11/07.

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CONTRACT QUANTITY EXHIBIT
To Agreement Between
ANR PIPELINE COMPANY (Transporter)
AND CITY OF DULUTH (Shipper)

Contract No: 113611
Rate Schedule: FSS
Contract Date: August 24, 2007
Amendment Date:

Effective Start: April 01, 2008
Effective End: March 31, 2013

Annual Service
Ratcheted Service

	MDQ (Dth)
Maximum Storage Quantity (MSQ)	258825
Base Maximum Daily Withdrawal Quantity (BMDWQ)	3451
Base Maximum Daily Injection Quantity (BMDIQ)	1479
Cyclability	367532

Ratchet Thresholds From		To		Ratchet Levels	Ratchet MDWQ/MDIQ
51766	-	258825	W1	MDWQ_1	3451
38825	-	51765	W2	MDWQ_2	3106
25884	-	38824	W3	MDWQ_3	2761
12942	-	25883	W4	MDWQ_4	2416
0	-	12941	W5	MDWQ_5	2071
0	-	232943	I1	MDIQ_1	1479
232944	-	258825	I2	MDIQ_2	1183

W=Withdrawal ;I=Injection

Note: BMDWQ and BMDIQ are stated without incorporating ratchets.

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