

April 29, 2003

Ms. Magalie R. Salas, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: ANR Pipeline Company
Docket No. RP03-__ - ____

Dear Ms. Salas:

ANR Pipeline Company (“ANR”), pursuant to Part 154 of the Regulations of the Federal Energy Regulatory Commission (“Commission”), 18 C.F.R. Part 154, and Section 4 of the Natural Gas Act (“NGA”), hereby submits an original and five (5) copies of the tariff sheets listed in the Appendix A for inclusion in ANR’s FERC Gas Tariff, Second Revised Volume No. 1. ANR proposes that the listed tariff sheets be made effective on June 1, 2003.

A. Statement of Nature, Reasons and Basis for the Filing

ANR is tendering the revised tariff sheets in order to provide additional flexibility to its existing firm hourly service, Rate Schedule FTS-3.¹ ANR has sought and received considerable feedback from its customers since the inception of the service in 1999. Shippers on ANR want and need the ability to contract for varying hourly rates of flow. However, as explained below, the current rate and service structure of a system average rate and the bundling of service elements that may not be needed by shippers have limited the acceptance of the service even by customers who could otherwise benefit from the hourly flexibility. Under the instant filing, ANR proposes to break the FTS-3 rate into individually priced rate segments and allow existing service features to be optional in order to provide Shippers with a more customized service rather than a “one-size-fits-all” service.

Currently, Rate Schedule FTS-3 rates are designed on a system-wide average basis, resulting in a postage stamp rate. Considering the new interconnects at which gas can be received on ANR’s system (such as Alliance and Northern Border interconnects) and the well established trading hubs that have developed (such as Lebanon and Joliet).

ANR believes that a postage stamp basis for FTS-3 rates is no longer appropriate. As an example, Northern Zone Shippers who are only sourcing their gas from Joliet

¹ See ANR Pipeline Company, 89 FERC ¶ 62,210 (1999).

should not have to pay costs for the whole system. Thus, ANR proposes to remove the existing system average rate presently used and instead have rates designed on a rate segment basis, similar to all other transportation services on ANR. Under the proposed change a Shipper will only pay for those rate segments of the pipeline that the service uses.²

As the rates for Rate Schedule FTS-3 will no longer be on an average basis, a new Shipper contracting for the longest haul on the pipeline would see an increase in the maximum recourse rate for that service. However, a Shipper taking receipt and delivery of gas in the market area would see a large decrease in the maximum recourse rate for that service. This result is consistent with Commission policy that Shipper's rates are based on the parts of the pipeline they use.³

In addition, the service currently contains multiple features including the firm ability to receive service at a specified hourly rate ("MHQ") higher than 1/24th of the maximum daily quantity ("MDQ"), the firm right to start or end service 2 hours prior to the NAESB nomination timeline, and the right to a 25% imbalance between receipts and deliveries. While a Shipper may desire one or more of the features, they may not desire all of the service features included under Rate Schedule FTS-3. The current service does not contain the flexibility to take only those enhanced services needed, forcing the Shipper to contract for more than it needs. By unbundling the service features as reflected in this proposal, Shippers can tailor the service to exactly meet their needs and reduce their costs.

At the time ANR proposed the FTS-3 service, ANR, and the industry in general, had little experience in this area.⁴ ANR, to the best of its belief, filed both what it thought was necessary to provide this service and what it considered the primary market for the service needed.⁵ However, experience and market developments have shown that the present design must be changed in order for the service to reflect the actual needs of Shippers. In particular, as discussed above, and in clear furtherance of Commission goals, the service needs to be both unbundled and distance sensitive. The Commission should find that allowing a Shipper to pay only for those rate segments of the system that they use and to pay only for service enhancements that they desire is just and reasonable. Thus, ANR respectfully requests that the Commission approve the proposed Tariff modifications.

² No existing contract will see any increase in rates from this proposal.

³ 18 C.F.R. § 284.10b(3).

⁴ See Reliant Energy Gas Transmission Company, 87 FERC ¶ 61,298, reh'g, 89 FERC ¶ 61,187 (1999), Panhandle Eastern Pipeline Company, 90 FERC ¶ 61, 119 (2000), Texas Gas Transmission Corporation, 90 FERC ¶ 61,016 (2000).

⁵ 89 FERC ¶ 61,210 at 61,647 (1999).

B. Effective Date

ANR proposes that the attached revised tariff sheets be made effective June 1, 2003.

C. Materials Enclosed

In accordance with 18 C.F.R. § 154.7, included with this transmittal letter are the following items:

1. the tariff sheets identified in Appendix A;
2. an electronic version of the tariff sheets on a 3 ½-inch diskette;
3. a redlined version of the tariff sheets pursuant to 18 C.F.R. § 154.201(a) showing the changes relative to ANR's currently effective tariff sheets;
4. a form of notice suitable for publication in the Federal Register in accordance with 18 C.F.R. § 154.209; and
5. An electronic version of the Federal Register Notice on a 3 ½-inch diskette.

D. Service and Correspondence

A copy of this filing has been mailed to all affected customers and state regulatory Commissions. In addition, a copy of this filing is available for public inspection during regular business hours in ANR's office at 9 E Greenway Plaza, Houston, Texas 77046.

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

*Christopher D. Young, Senior Counsel
ANR Pipeline Company
9 E Greenway Plaza
Houston, TX 77046
(832) 676-5593
(832) 676-2251 (fax)

Jake Hiatt, Vice President
*Richard W. Porter, Director
Rates and Regulatory Affairs
ANR Pipeline Company
9 E Greenway Plaza
Houston, TX 77046
(832) 676-3081
(832) 676-2021 (fax)

Ms. Magalie R. Salas, Secretary

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*Janice Alperin
Associate General Counsel
El Paso Corporation
555 11th Street, N.W., Suite 750
Washington, D.C. 20004
(202) 637-3514
(202) 637-3501 (Fax)

*Michael D. Moore
Director, Federal Agency Affairs
El Paso Corporation
555 11th Street, N.W., Suite 750
Washington, D.C. 20004
(202) 637-3537
(202) 637-3501 (Fax)

*(Persons designated for service in accordance with Rule 203, 18 C.F.R. § 385.203, of the Commission's Rules of Practice and Procedure. ANR requests that the Commission waive Rule 203(b)(3) to allow designated service to four persons.)

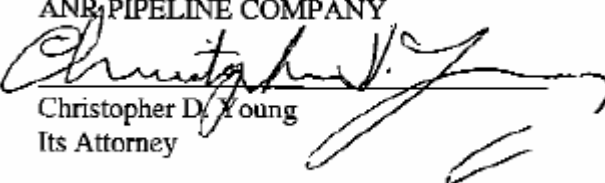
E. Waivers and Effective Date

ANR respectfully requests that the Commission grant all waivers necessary to accept this filing and approve the proposed tariff sheets to be effective June 1, 2003. Pursuant to Section 154(a)(9) of the Commission's regulations, ANR moves to place these tariff changes into effect on such date. ANR, however, conditions its motion on the Commission's acceptance of this filing without modification. If the Commission conditions the acceptance of the filing in any way, ANR reserves the right to withdraw the tariff sheets and to seek to place such sheets into effect at a later date.

Pursuant to Section 385.2011 of the Commission's Regulations, the undersigned states that the paper copies of this filing contain the same information as is contained on the electronic media, that the undersigned knows the contents of the paper copies and the electronic media, and that the contents as stated in the copies and the electronic media are true to the best knowledge and belief of the undersigned.

Any questions regarding this filing may be directed to the undersigned at (832) 676-5593.

Respectfully submitted,

ANR PIPELINE COMPANY

Christopher D. Young
Its Attorney

RATE SCHEDULE FTS-3
 MATRIX OF BASE TARIFF TRANSMISSION RATES PER DTH BY ROUTE
 EXCLUSIVE OF ADDITIONAL CHARGES OR SURCHARGES

RECEIVED FROM	DELIVERED TO	SOUTHEAST			SOUTHWEST			NORTHERN Segment (ML-7)
		S.E. Area (SE)	Southern Segment (ML-2)	Central Segment (ML-3)	S.W. Area (SW)	Southern Segment (ML-5)	Central Segment (ML-6)	
SOUTHEAST AREA (SE)	- Del	\$0.8750	\$3.2500	\$4.1250	\$7.3750	\$6.3750	\$5.6250	\$4.8750
	- Cap	0.0288	0.1069	0.1357	0.2427	0.2098	0.1851	0.1604
	- Cmd	0.0020	0.0105	0.0125	0.0225	0.0175	0.0160	0.0140
	- Min	0.0020	0.0105	0.0125	0.0225	0.0175	0.0160	0.0140
	- Ovrn	1/	1/	1/	1/	1/	1/	1/
SE - Southern (ML-2)	- Del	\$3.2500	\$2.3750	\$3.2500	\$6.5000	\$5.5000	\$4.7500	\$4.0000
	- Cap	0.1069	0.0781	0.1069	0.2139	0.1810	0.1563	0.1316
	- Cmd	0.0105	0.0085	0.0105	0.0205	0.0155	0.0140	0.0120
	- Min	0.0105	0.0085	0.0105	0.0205	0.0155	0.0140	0.0120
	- Ovrn	1/	1/	1/	1/	1/	1/	1/
SE - Central (ML-3)	- Del	\$4.1250	\$3.2500	\$2.2500	\$5.5000	\$4.5000	\$3.7500	\$3.0000
	- Cap	0.1357	0.1069	0.0740	0.1810	0.1481	0.1234	0.0987
	- Cmd	0.0125	0.0105	0.0080	0.0180	0.0130	0.0115	0.0095
	- Min	0.0125	0.0105	0.0080	0.0180	0.0130	0.0115	0.0095
	- Ovrn	1/	1/	1/	1/	1/	1/	1/
SOUTHWEST AREA (SW)	- Res	\$7.3750	\$6.5000	\$5.5000	\$1.0000	\$3.1250	\$3.8750	\$4.6250
	- Cap	0.2427	0.2139	0.1810	0.0329	0.1028	0.1275	0.1522
	- Cmd	0.0225	0.0205	0.0180	0.0050	0.0125	0.0145	0.0160
	- Min	0.0225	0.0205	0.0180	0.0050	0.0125	0.0145	0.0160
	- Ovrn	1/	1/	1/	1/	1/	1/	1/
SW - Southern (ML-5)	- Res	\$6.3750	\$5.5000	\$4.5000	\$3.1250	\$2.1250	\$2.8750	\$3.6250
	- Cap	0.2098	0.1810	0.1481	0.1028	0.0699	0.0946	0.1193
	- Cmd	0.0175	0.0155	0.0130	0.0125	0.0075	0.0095	0.0110
	- Min	0.0175	0.0155	0.0130	0.0125	0.0075	0.0095	0.0110
	- Ovrn	1/	1/	1/	1/	1/	1/	1/
SW - Central (ML-6)	- Res	\$5.6250	\$4.7500	\$3.7500	\$3.8750	\$2.8750	\$2.1250	\$2.8750
	- Cap	0.1851	0.1563	0.1234	0.1275	0.0946	0.0699	0.0946
	- Cmd	0.0160	0.0140	0.0115	0.0145	0.0095	0.0080	0.0095
	- Min	0.0160	0.0140	0.0115	0.0145	0.0095	0.0080	0.0095
	- Ovrn	1/	1/	1/	1/	1/	1/	1/
NORTHERN (ML-7)	- Res	\$4.8750	\$4.0000	\$3.0000	\$4.6250	\$3.6250	\$2.8750	\$2.1250
	- Cap	0.1604	0.1316	0.0987	0.1522	0.1193	0.0946	0.0699
	- Cmd	0.0140	0.0120	0.0095	0.0160	0.0110	0.0095	0.0075
	- Min	0.0140	0.0120	0.0095	0.0160	0.0110	0.0095	0.0075
	- Ovrn	1/	1/	1/	1/	1/	1/	1/

RATE SCHEDULE FTS-3
MATRIX OF BASE TARIFF TRANSMISSION RATES PER DTH BY ROUTE
EXCLUSIVE OF ADDITIONAL CHARGES OR SURCHARGES
(Continued)

	Deliverability	Capacity	Commodity	Minimum
	<u>Rate</u>	<u>Rate</u>	<u>Rate</u>	<u>Rate</u>
Enhancement Services Option 2/	\$0.9720	\$0.0320	\$0.0024	\$0.0024
2 Hour Notice Service 2/	\$2.1530	\$0.0708	\$0.0126	\$0.0126
Balancing Service 2/	\$0.1725	\$0.0057	\$0.0002	\$0.0002

General Notes:

- (1) All rates shown combine area and segment rates for each route, utilizing the transmission Rates set forth on Sheet No. 12A and represent maximum rates unless designated as minimum firm service rates (Min).

The rates shown are subject to all applicable reservation and volumetric charges or surcharges, under Sections 24, 25 and 29 of the General Terms and Conditions. Sheet Nos. 17, and 17A reflect the applicable charges and surcharges under these Sections.

1/ Overrun Rate. The 100% Load Factor rate, which is the sum of: (a) the product of (1) the sum of the applicable Deliverability Reservation Rates, (2) the applicable Maximum Hourly Flow Rate, (3) twenty-four, and (4) twelve, divided by (5) 365; and (b) the sum of the Capacity Reservation Rates and (c) the sum of the Commodity Rates under Rate Schedule FTS-3.

2/ Shippers opting for one or both service enhancements must also pay the enhancement service rate.

STATEMENT OF RATES PER DTH FOR SERVICES RENDERED
UNDER RATE SCHEDULES ITS-3, IPLS AND IWS

	Maximum Rate -----	Minimum Rate -----
ITS-3 1/	\$1.2067	\$0.0277
IPLS 1/	\$0.2894	\$0.0000
IWS 1/- Joliet Hub	\$0.1574	\$0.0000
IWS 1/ - Lebanon Hub	\$0.1475	\$0.0000

1/ The rates shown are subject to all applicable reservation and volumetric charges or surcharges, under Sections 24 through 27 and 29 of the General Terms and Conditions. Sheet Nos. 17 and 17A reflect the applicable charges and surcharges under these Sections.

STATEMENT OF RATES PER DTH FOR SERVICES RENDERED
 UNDER RATE SCHEDULE FTS-3

Reservation Rate

Description	Deliverability Rate	Capacity Rate	Commodity Rate	Minimum Rate	Overrun Rate
Base Rate 1/					
Mainline - Access	\$1.3750	\$0.0452	\$0.0060	\$0.0060	2/
Mainline - SW - Southern	\$0.7500	\$0.0247	\$0.0015	\$0.0015	2/
Mainline - SW - Central	\$0.7500	\$0.0247	\$0.0020	\$0.0020	2/
Mainline - SE - Southern	\$1.0000	\$0.0329	\$0.0025	\$0.0025	2/
Mainline - SE - Central	\$0.8750	\$0.0288	\$0.0020	\$0.0020	2/
Mainline - Northern	\$0.7500	\$0.0247	\$0.0015	\$0.0015	2/
Southeast Area	\$0.8750	\$0.0288	\$0.0020	\$0.0020	2/
Southwest Area	\$1.0000	\$0.0329	\$0.0050	\$0.0050	2/
Enhancement Services Option 3/	\$0.9720	\$0.0320	\$0.0024	\$0.0024	
2 Hour Notice Service 3/	\$2.1530	\$0.0708	\$0.0126	\$0.0126	
Balancing Service 3/	\$0.1725	\$0.0057	\$0.0002	\$0.0002	

1/ The rate shown are subject to all applicable reservation and volumetric charges or surcharges, under Sections 24, 25, and 29 of the General Terms and Conditions. Sheet Nos. 17 and 17A reflect the applicable charges and surcharges under these Sections.

2/ Overrun Rate. The 100% Load Factor rate, which is the sum of: (a) the product of (1) the sum of the applicable Deliverability Reservation Rates, (2) the applicable Maximum Hourly Flow Rate, (3) twenty-four, and (4) twelve, divided by (5) 365; and (b) the sum of the Capacity Reservation Rates; and (c) the sum of the Commodity Rates under Rate Schedule FTS-3.

3/ Shippers opting for one or both service enhancements must also pay the Enhancement Services Rate.

RATE SCHEDULE FTS-3
Firm Transportation Service

1. AVAILABILITY

This Rate Schedule is available to any person, corporation, partnership or any other party (hereinafter referred to as "Shipper"), for the transportation of Gas by Transporter, subject to the following limitations:

- (a) Transporter has determined that it has sufficient available and uncommitted capacity to perform service requested by Shipper;
- (b) Shipper and Transporter have executed an Agreement under this Rate Schedule;
- (c) If the Delivery Point is a citygate that is included as part of an aggregated Delivery Point for purposes of Rate Schedule ETS, the applicable Rate Schedule ETS Shipper agrees to provide Transporter in writing with a good faith projection of the portion of its Maximum Daily Quantity that it expects to take at such citygate under Rate Schedule ETS at any time prior to the earlier of the expiration of the Rate Schedule ETS service(s) or the proposed service under this Rate Schedule; and
- (d) The applicable end user agrees to allow Transporter, in cooperation with any intervening downstream transporter, to install telemetered electronic measurement equipment, and other necessary facilities, as reasonably required in order to provide service.

2. APPLICABILITY AND CHARACTER OF SERVICE

- (a) This Rate Schedule shall apply to all Transportation Service rendered by Transporter for Shipper pursuant to the executed Agreement under this Rate Schedule.
- (b) Transportation Service under this Rate Schedule shall consist of: (1) the receipt of Gas on behalf of Shipper; (2) the Transportation of Gas; and (3) the Tender of Gas for delivery by Transporter to Shipper, or for Shipper's account, up to Shipper's MDQ and at hourly rates up to Shipper's MHQ.
- (c) Transportation Service rendered under this Rate Schedule shall be firm, up to the Primary Route MDQs and MHQs specified in the executed Agreement. The MHQ shall be no less than 1/24th of the MDQ and no greater than 1/4th of the MDQ.
- (d) Transportation service may also include, at Shipper's election, either one or both of the optional service features as provided in Sections 4 and 5, below. Transportation service for Shippers not electing optional service features shall be provided with the same features as allowed other transportation services under Transporter's General Terms and Conditions.

RATE SCHEDULE FTS-3
Firm Transportation Service

- (e) Shipper shall have the right to nominate to secondary Delivery Point(s) and to segment capacity, provided that if Shipper seeks to nominate to a secondary Delivery Point at a flow rate that exceed 1/24th of the nominated quantity, the applicable secondary Delivery Point(s) must be eligible for service pursuant to Section 1 of this Rate Schedule.

3. CHARGES

Each Month Shipper shall pay to Transporter the following charges:

3.1 Reservation Charges.

- (a) For each Pooling Area or Mainline Segment (together, "Rate Segment(s)") traversed by the Primary Route, an FTS-3 Deliverability Reservation Rate, as stated on Sheet Nos. 8A and 8B, shall be paid each Month for each Dekatherm of Shipper's Billing MHQ; plus
- (b) For each Pooling Area or Mainline Segment (together, "Rate Segment(s)") traversed by the Primary Route, an FTS-3 Capacity Reservation Rate, as stated on Sheet Nos. 8A and 8B, shall be paid each Month for each Dekatherm of Shipper's Primary Route Billing MDQ.
- (c) If, in any Month, Shipper nominates quantities at Secondary Receipt Points or Secondary Delivery Points, and all of such Secondary Points are within Rate Segment(s) for which capacity is reserved pursuant to Section 3.1(a) and (b), above, no Reservation Charges associated with the use of additional Rate Segment(s) shall be applicable.
- (d) If, in any Month, Shipper nominates quantities at Secondary Receipt Point(s) or Secondary Delivery Point(s) outside of Rate Segment(s) or portion(s) thereof, for which capacity is reserved pursuant to Section 3.1(a) and (b), above, Shipper shall pay on a pro rata basis for each Day of such nomination the applicable Reservation Rates, as stated on Sheet Nos. 8A and 8B and/or 68G, that Transporter otherwise would charge for transportation to or from those additional Rate Segment(s) or portion(s) thereof.

RATE SCHEDULE FTS-3
Firm Transportation Service

- (e) If Transporter fails to Tender Gas for redelivery at the delivery Point(s) for the account of a Shipper during any Day, due to the Transporter's scheduling of necessary maintenance and repair of pipeline facilities, necessary maintenance and repair of compression facilities, and/or facility outages for a tie-in of new facilities, the quantity of Gas that Shipper has nominated, or makes available to Transporter on such Day, or Shipper's MDQ, whichever is less, then subject to the provisions of the General Terms and Conditions, the portion of the monthly bill of such Shipper which is attributable to the Reservation Charges shall be reduced by an amount equal to the applicable overrun rate (as calculated on the currently effective Sheet Nos. 8A and 8B), multiplied by the difference between such quantity of Gas nominated or made available for delivery by Shipper, whichever is less, up to the MDQ, and the quantity actually delivered by Transporter for the account of Shipper during such Day.

- (f) If, at the commencement or termination of the Agreement, service is provided for only a portion of a Service Month, any applicable Reservation Charges shall be prorated for the number of Days that service is provided.

RATE SCHEDULE FTS-3
Firm Transportation Service

3.2 Commodity Charges.

A Commodity Rate, as stated on Sheet Nos. 8A and 8B, shall be paid for each Dekatherm of Gas Delivered Hereunder to or on behalf of Shipper for each nomination route during the Month.

3.3 Other Applicable Charges or Surcharges.

All applicable reservation and volumetric charges or surcharges, including but not limited to those charges under Sections 24, 25 and 29 of the General Terms and Conditions, for each Dekatherm of MDQ or of Gas Delivered Hereunder, as applicable. Such charges or surcharges are shown on Sheet No. 17.

3.4 Authorized Overrun Service.

(a) Transporter may authorize Shipper to take hereunder overrun quantities of Gas to the extent that, in the sole judgment of Transporter, the delivery capacity of Transporter's Pipeline System will permit such delivery without jeopardizing the ability of Transporter to meet all of its other firm service delivery obligations. The term "Authorized Overrun Quantity" shall mean the quantity of Gas which is authorized and delivered by Transporter during any one Day in excess of Shipper's Primary Route MDQs or Primary Delivery Point MHQs, whichever is greater. Any request for service under this Section 3.4 must be made by Shipper pursuant to a separate nomination for Authorized Overrun Quantity Gas in accordance with Section 6.1(a) or 6.2(a) of the General Terms and Conditions.

(b) In addition to other applicable charges, Shipper shall pay a commodity charge for each Dekatherm of Authorized Overrun Quantity. The formula for calculating this Rate Schedule FTS-3 Overrun Service Rate is stated on Sheet Nos. 8A and 8B.

3.5 Unauthorized Overrun Service.

Rate Schedule FTS-3
Firm Transportation Service

- (a) Each Dekatherm of Gas Delivered Hereunder to Shipper pursuant to Section 14 of the General Terms and Conditions of this Second Revised Volume No. 1 FERC Gas Tariff on any Day, which is in excess of Shipper's Primary Route MDQs or Primary Delivery Point MHQ, whichever is greater, and which has not been authorized under Section 3.4 of this Rate Schedule, shall be considered as "Unauthorized Overrun Quantity" and shall be subject to a penalty rate equal to the greater of ten dollars (\$10.00) or two times the Spot Price Index for the Service Month, as defined in Section 16 of the General Terms and Conditions, in addition to all the charges set forth in Section 3.4 above.
- (b) Each Dekatherm of Gas Delivered Hereunder to Shipper as an Unauthorized Overrun Quantity at any time after Transporter has issued an express order to Shipper to cease and desist shall be subject to a penalty rate equal to twelve (12) times the sum of the applicable maximum Deliverability rate, plus the Capacity Reservation Rate multiplied by 365 and divided by 12, in addition to all of the charges set forth in Sections 3.4(b) and 3.5(a), above.
- 3.6 Fuel Reimbursement. Shipper shall furnish at Receipt Point(s) the Gas for Transporter's Use utilizing the applicable Transporter's Use (%) set forth on Sheet No. 19 and, if applicable, Sheet No. 68H. Shippers electing the optional variation of delivery feature provided under Section 5 shall also furnish Gas for Transporter's Use for storage injections.
- 3.7 Third Party Charges. Shipper shall be responsible for delivering all Gas to Transporter's system, and shall be free to contract with Third Party(s) to achieve such result. If Shipper requests, and Transporter agrees, that Transporter shall, for service to Shipper, use transportation service which Transporter has contracted for with Third Party(s) for Shipper on or after November 1, 1989, Shipper shall pay Transporter an amount equal to the charges Transporter is obligated to pay to Third Party(s) for transportation or other services attributable to performance of Service on behalf of Shipper under this Rate Schedule. Such charges include, but are not limited to, compression fuel charges, compression fees, Gas handling fees, measurement fees, processing fees, facility rents, or charges that Transporter pays to a Third Party for Transportation of Shipper's Gas, including Third Party's filing and regulatory fees. Such charges, as they may be from time to time, shall be set forth as separate items on billings rendered to Shipper.

RATE SCHEDULE FTS-3
Firm Transportation Service

3.8 Rate Changes. Subject to any limitations agreed to by Shipper and Transporter, Transporter may from time to time and at any time selectively adjust any or all of the rates charged to any individual Shipper for any and all of the transportation for which a Maximum Rate and Minimum Rate are stated on Sheet Nos. 8A and 8B of this Second Revised Volume No. 1 FERC Gas Tariff or a superseding Tariff; provided, however, that such adjusted rate(s) shall not exceed the applicable Maximum Rate(s), nor shall they be less than the Minimum Rate(s), set forth on such sheets. Transporter shall have the right to charge the Maximum Rate at any time as a condition for new service, or for continuation of service under an existing Agreement. Transporter shall make all information filings required by the Commission's regulations with respect to any charges at less than the Maximum Rate.

4. SHORT NOTICE START-UP AND SHUT-DOWN

In addition to the nomination and scheduling procedures set forth in Section 6 of the General Terms and Conditions, Shipper may elect the right to start-up and shut-down service hereunder only upon providing Transporter with two (2) Hour(s) telephone notification or, subject to operational conditions, a shorter period of notice. After such telephone notification by the Shipper, and subsequent verification by the Transporter, Shipper shall also be required to provide a nomination consistent with Section 6 of the General Terms and Conditions.

5. VARIATION OF DELIVERIES

For any Day Shipper shall cause quantities provided at the Receipt Point(s) to approximate those nominated to the Delivery Point(s). In lieu of the variances permitted in Section 1.62 of the General Terms and Conditions, Shipper may elect the variation of deliveries provided by this section. Upon such election, variances shall be permitted as follows:

- (a) For purposes of this Rate Schedule, a variance shall be defined as the difference between quantities received at the Receipt Point(s) and the quantities delivered at the Delivery Point(s). Shipper shall be permitted a cumulative variance not exceeding 25% (plus or minus) of the applicable MDQ.

ANR PIPELINE COMPANY
TRANSPORTATION SERVICE REQUEST FORM
(Continued)

(C) Rate Schedule FSS

Maximum Storage Quantity (MSQ) _____ Dekatherms

Base Maximum Daily Withdrawal Quantity (MDWQ) _____ Dekatherms

_____ Winter Period Only _____ Flexible Entitlements

_____ With Ratchets _____ Without Ratchets

(D) Rate Schedule DDS

Maximum Storage Quantity (MSQ) _____ Dekatherms

(E) Rate Schedule NNS

No-Notice Entitlements (NNE) _____ Dekatherms

Designated Storage Account and NNS Storage Transportation

_____ FSS Agreement No.

_____ ETS, FTS-1, or FTS-3 Agreement No.

(F) Rate Schedule FTS-3

Maximum Hourly Quantities (MHQ) _____ Dekatherms

_____ Short Notice Start UP and Shut Down

_____ Variation of Deliveries

8. TERM OF AGREEMENT

_____ (M/D/Y) to

_____ (M/D/Y)

(Agreements for Rate Schedule FSS of at least twelve (12) consecutive
Months and for Rate Schedule STS must end on March 31)

9. FURTHER AGREEMENT

(Write None or specify the agreement)

10. SHIPPER ADDRESS

_____ (Shipper Name)

_____ (Address)

_____ (City, State, Zip)

Attention: _____

Telephone: _____

FAX: _____

STATEMENT OF RATES PER DTH FOR SERVICES RENDERED
 UNDER RATE SCHEDULES ~~FTS-3~~, ITS-3, IPLS AND IWS

	Maximum Rate -----	Minimum Rate -----
FTS-3 1/		
1) Reservation Rate		
 a. Deliverability	\$7.1725	\$0.0000
 b. Capacity	\$0.2358	\$0.0000
2) Commodity Rate	\$0.0277	\$0.0277
3) Overrun Service Rate	2/	\$0.0277
ITS-3 1/	\$1.2067	\$0.0277
IPLS 1/	\$0.2894	\$0.0000
IWS 1/- Joliet Hub	\$0.1574	\$0.0000

1/ The rates shown are subject to all applicable reservation and volumetric charges or surcharges, under Sections 24 through 27 and 29 of the General Terms and Conditions. Sheet Nos. 17 and 17A reflect the applicable charges and surcharges under these Sections.

~~2/ Overrun Rate. The 100% Load factor rate, which is the sum of: (a) the product of (1) the applicable Deliverability Reservation Rate, (2) the applicable Maximum Hourly Flow Rate, (3) twenty four, and (4) twelve, divided by (5) 365; and (b) the Capacity Reservation Rate; and (c) the Commodity Rate under Rate Schedule FTS-3.~~

RATE SCHEDULE FTS-3
Firm Transportation Service

1. AVAILABILITY

This Rate Schedule is available to any person, corporation, partnership or any other party (hereinafter referred to as "Shipper"), for the transportation of Gas by Transporter, subject to the following limitations:

- (a) Transporter has determined that it has sufficient available and uncommitted capacity to perform service requested by Shipper;
- (b) Shipper and Transporter have executed an Agreement under this Rate Schedule;
- (c) If the Delivery Point is a citygate that is included as part of an aggregated Delivery Point for purposes of Rate Schedule ETS, the applicable Rate Schedule ETS Shipper agrees to provide Transporter in writing with a good faith projection of the portion of its Maximum Daily Quantity that it expects to take at such citygate under Rate Schedule ETS at any time prior to the earlier of the expiration of the Rate Schedule ETS service(s) or the proposed service under this Rate Schedule; and
- (d) The applicable end user agrees to allow Transporter, in cooperation with any intervening downstream transporter, to install telemetered electronic measurement equipment, and other necessary facilities, as reasonably required in order to provide service.

2. APPLICABILITY AND CHARACTER OF SERVICE

- (a) This Rate Schedule shall apply to all Transportation Service rendered by Transporter for Shipper pursuant to the executed Agreement under this Rate Schedule.
- (b) Transportation Service under this Rate Schedule shall consist of: (1) the receipt of Gas on behalf of Shipper; (2) the Transportation of Gas; and (3) the Tender of Gas for delivery by Transporter to Shipper, or for Shipper's account, up to Shipper's MDQ and at hourly rates up to Shipper's MHQ.
- (c) Transportation Service rendered under this Rate Schedule shall be firm, up to the Primary Route MDQs and MHQs specified in the executed Agreement. The MHQ shall be no less than 1/24th of the MDQ and no greater than 1/4th of the MDQ.
- (d) Transportation service may also include, at Shipper's election, either one or both of the optional service features as provided in Sections 4 and 5, below. Transportation service for Shippers not electing optional service features shall be provided with the same features as allowed other transportation services under Transporter's General Terms and Conditions.

RATE SCHEDULE FTS-3
Firm Transportation Service

~~(d)~~ (e) Shipper shall have the right to nominate to secondary Delivery Point(s) and to segment capacity, provided that if Shipper seeks to nominate to a secondary Delivery Point at a flow rate that exceed 1/24th of the nominated quantity, the applicable secondary Delivery Point(s) must be eligible for service pursuant to Section 1 of this Rate Schedule.

3. CHARGES

Each Month Shipper shall pay to Transporter the following charges:

3.1 Reservation Charges.

(a) For each Pooling Area or Mainline Segment (together, "Rate Segment(s)") traversed by the Primary Route, an FTS-3 Deliverability Reservation Rate, as stated on Sheet Nos. 98A and 8B, shall be paid each Month for each Dekatherm of Shipper's Billing MHQ; plus a Capacity Reservation Rate, as stated on Sheet No. 9A, shall be paid each Month for each Dekatherm of Shipper's Primary Route Billing MDQ.

(b) For each Pooling Area or Mainline Segment (together, "Rate Segment(s)") traversed by the Primary Route, an FTS-3 Capacity Reservation Rate, as stated on Sheet Nos. 8A and 8B, shall be paid each Month for each Dekatherm of Shipper's Primary Route Billing MDQ.

(c) If, in any Month, Shipper nominates quantities at Secondary Receipt Points or Secondary Delivery Points, and all of such Secondary Points are within Rate Segment(s) for which capacity is reserved pursuant to Section 3.1(a) and (b), above, no Reservation Charges associated with the use of additional Rate Segment(s) shall be applicable.

~~(b) If Transporter fails to Tender Gas for redelivery at the delivery Point(s) for the account of a Shipper during any Day, due to the Transporter's scheduling of necessary~~

~~maintenance and repair of pipeline facilities, necessary maintenance and repair of compression facilities, and/or facility outages for a tie in of new facilities, the quantity of Gas that Shipper has nominated, or makes available to Transporter on such Day, or Shipper's MDQ, whichever is less, then subject to the provisions of the General Terms and Conditions, the portion of the monthly bill of such Shipper which is attributable to the Reservation Charges shall be reduced by an amount equal to the applicable overrun rate (as calculated on the currently effective Sheet No. 9A), multiplied by the difference between such quantity of Gas nominated or made available for delivery by Shipper, whichever is less, up to the MDQ, and the quantity actually delivered by Transporter for the account of Shipper during such Day.~~

(d) If, in any Month, Shipper nominates quantities at Secondary Receipt Point(s) or Secondary Delivery Point(s) outside of Rate Segment(s) or portion(s) thereof, for which capacity is reserved pursuant to Section 3.1(a) and (b), above, Shipper shall pay on a pro rata basis for each Day of such nomination the applicable Reservation Rates, as stated on Sheet Nos. 8A and 8B and/or 68G, that Transporter otherwise would charge for transportation to or from those additional Rate Segment(s) or portion(s) thereof.

~~(c) If, at the commencement or termination of the Agreement, service is provided for only a portion of a Service Month, any applicable Reservation Charges shall be prorated for the number of Days that service is provided.~~

RATE SCHEDULE FTS-3
Firm Transportation Service

3.2 Commodity Charges.

A Commodity Rate, as stated on Sheet Nos. 98A and 8B, shall be paid for each Dekatherm of Gas Delivered Hereunder to or on behalf of Shipper for each nomination route during the Month.

3.3 Other Applicable Charges or Surcharges.

All applicable reservation and volumetric charges or surcharges, including but not limited to those charges under Sections 24, 25 and 29 of the General Terms and Conditions, for each Dekatherm of MDQ or of Gas Delivered Hereunder, as applicable. Such charges or surcharges are shown on Sheet No. 17.

3.4 Authorized Overrun Service.

- (a) Transporter may authorize Shipper to take hereunder overrun quantities of Gas to the extent that, in the sole judgment of Transporter, the delivery capacity of Transporter's Pipeline System will permit such delivery without jeopardizing the ability of Transporter to meet all of its other firm service delivery obligations. The term "Authorized Overrun Quantity" shall mean the quantity of Gas which is authorized and delivered by Transporter during any one Day in excess of Shipper's Primary Route MDQs or Primary Delivery Point MHQs, whichever is greater. Any request for service under this Section 3.4 must be made by Shipper pursuant to a separate nomination for Authorized Overrun Quantity Gas in accordance with Section 6.1(a) or 6.2(a) of the General Terms and Conditions.
- (b) In addition to other applicable charges, Shipper shall pay a commodity charge for each Dekatherm of Authorized Overrun Quantity. The formula for calculating this Rate Schedule FTS-3 Overrun Service Rate is stated on Sheet Nos. 98A and 8B.

3.5 Unauthorized Overrun Service.

Rate Schedule FTS-3
Firm Transportation Service

- (a) Each Dekatherm of Gas Delivered Hereunder to Shipper pursuant to Section 14 of the General Terms and Conditions of this Second Revised Volume No. 1 FERC Gas Tariff on any Day, which is in excess of Shipper's Primary Route MDQs or Primary Delivery Point MHQ, whichever is greater, and which has not been authorized under Section 3.4 of this Rate Schedule, shall be considered as "Unauthorized Overrun Quantity" and shall be subject to a penalty rate equal to the greater of ten dollars (\$10.00) or two times the Spot Price Index for the Service Month, as defined in Section 16 of the General Terms and Conditions, in addition to all the charges set forth in Section 3.4 above.
- (b) Each Dekatherm of Gas Delivered Hereunder to Shipper as an Unauthorized Overrun Quantity at any time after Transporter has issued an express order to Shipper to cease and desist shall be subject to a penalty rate equal to twelve (12) times the sum of the applicable maximum Deliverability rate, plus the Capacity Reservation Rate multiplied by 365 and divided by 12, in addition to all of the charges set forth in Sections 3.4(b) and 3.5(a), above.
- 3.6 Fuel Reimbursement. Shipper shall furnish at Receipt Point(s) the Gas for Transporter's Use utilizing the applicable Transporter's Use (%) set forth on Sheet No. 19 and, if applicable, Sheet No. 68H. Shippers electing the optional variation of delivery feature provided under Section 5 shall also furnish Gas for Transporter's Use for storage injections.
- 3.7 Third Party Charges. Shipper shall be responsible for delivering all Gas to Transporter's system, and shall be free to contract with Third Party(s) to achieve such result. If Shipper requests, and Transporter agrees, that Transporter shall, for service to Shipper, use transportation service which Transporter has contracted for with Third Party(s) for Shipper on or after November 1, 1989, Shipper shall pay Transporter an amount equal to the charges Transporter is obligated to pay to Third Party(s) for transportation or other services attributable to performance of Service on behalf of Shipper under this Rate Schedule. Such charges include, but are not limited to, compression fuel charges, compression fees, Gas handling fees, measurement fees, processing fees, facility rents, or charges that Transporter pays to a Third Party for Transportation of Shipper's Gas, including Third Party's filing and regulatory fees. Such charges, as they may be from time to time, shall be set forth as separate items on billings rendered to Shipper.

RATE SCHEDULE FTS-3
Firm Transportation Service

3.8 Rate Changes. Subject to any limitations agreed to by Shipper and Transporter, Transporter may from time to time and at any time selectively adjust any or all of the rates charged to any individual Shipper for any and all of the transportation for which a Maximum Rate and Minimum Rate are stated on Sheet Nos. 98A and 8B, of this Second Revised Volume No. 1 FERC Gas Tariff or a superseding Tariff; provided, however, that such adjusted rate(s) shall not exceed the applicable Maximum Rate(s), nor shall they be less than the Minimum Rate(s), set forth on such sheets. Transporter shall have the right to charge the Maximum Rate at any time as a condition for new service, or for continuation of service under an existing Agreement. Transporter shall make all information filings required by the Commission's regulations with respect to any charges at less than the Maximum Rate.

4. SHORT NOTICE START-UP AND SHUT-DOWN

In addition to the nomination and scheduling procedures set forth in Section 6 of the General Terms and Conditions, Shipper ~~shall have~~ may elect the right to start-up and shut-down service hereunder only upon providing Transporter with two (2) Hour(s) telephone notification or, subject to operational conditions, a shorter period of notice. After such telephone notification by the Shipper, and subsequent verification by the Transporter, Shipper shall also be required to provide a nomination consistent with Section 6 of the General Terms and Conditions.

5. VARIATION OF DELIVERIES

For any Day Shipper shall cause quantities provided at the Receipt Point(s) to approximate those nominated to the Delivery Point(s). In lieu of the variances permitted in Section 1.62 of the General Terms and Conditions, Shipper may elect the variation of deliveries provided by this section. Upon such election, ~~variances~~ shall be permitted as follows:

- (a) For purposes of this Rate Schedule, a variance shall be defined as the difference between quantities received at the Receipt Point(s) and the quantities delivered at the Delivery Point(s). Shipper shall be permitted a cumulative variance not exceeding 25% (plus or minus) of the applicable MDQ.

ANR PIPELINE COMPANY
TRANSPORTATION SERVICE REQUEST FORM
(Continued)

(C) Rate Schedule FSS

Maximum Storage Quantity (MSQ) _____ Dekatherms

Base Maximum Daily Withdrawal Quantity (MDWQ) _____ Dekatherms

_____ Winter Period Only _____ Flexible Entitlements

_____ With Ratchets _____ Without Ratchets

(D) Rate Schedule DDS

Maximum Storage Quantity (MSQ) _____ Dekatherms

(E) Rate Schedule NNS

No-Notice Entitlements (NNE) _____ Dekatherms

Designated Storage Account and NNS Storage Transportation
_____ FSS Agreement No.
_____ ETS, FTS-1, or FTS-3 Agreement No.

(F) Rate Schedule FTS-3

Maximum Hourly Quantities (MHO) _____ Dekatherms
Short Notice Start UP and Shut Down
Variation of Deliveries

8. Term of Agreement

_____ (M/D/Y) to
_____ (M/D/Y)

(Agreements for Rate Schedule FSS of at least twelve (12) consecutive
Months and for Rate Schedule STS must end on March 31)

9. FURTHER AGREEMENT

(Write None or specify the agreement)

10. SHIPPER ADDRESS

_____ (Shipper Name)
_____ (Address)
_____ (City, State, Zip)
Attention: _____
Telephone: _____
FAX: _____

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

ANR PIPELINE COMPANY) **Docket No. RP03-____-____**

NOTICE OF REVISED TARIFF FILING

(_____)

Take notice that on April 29, 2003, ANR Pipeline Company, ("ANR") Nine Greenway Plaza, Houston, Texas 77046, tendered for filing and acceptance by the Federal Energy Regulatory Commission ("Commission") the revised tariff sheets identified in Appendix A of ANR's filing in this docket for inclusion in ANR's FERC Gas Tariff, Second Revised Volume No. 1.

ANR states that the revised tariff sheets are being filed in order to provide additional flexibility to its existing firm hourly service, Rate Schedule FTS-3.

Any person desiring to be heard or to protest said filing should file a motion to intervene or a protest with the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426, in accordance with Sections 385.214 or 385.211 of the Commission's Rules and Regulations. All such motions or protests must be filed in accordance with Section 154.210 of the Commission's Regulations. Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceedings. Any person wishing to become a party must file a motion to intervene. This filing is available for review at the Commission in the Public Reference Room or may be viewed on the Commission's website at <http://www.ferc.gov> using the "FERRIS" link. Enter docket number excluding the last three digits in the docket number field to access the document. For Assistance, call (202) 502-8222 or for TTY, (202) 208-1659. Comments, protests and interventions may be filed electronically via the Internet in lieu of paper. The Commission strongly encourages electronic filings. See 18 C.F.R. 385.2001(a)(1)(iii) and the instructions on the Commission's web site under the "e-Filing" link.

Magalie Roman Salas
Secretary