

September 30, 2005

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

Re: ANR Pipeline Company
Tariff Filing
Docket No. RP05-____-____

Dear Ms. Salas:

ANR Pipeline Company (“ANR”), pursuant to Section 4 of the Natural Gas Act (“NGA”), 15 U.S.C. § 717c, Part 154 of the Regulations of the Federal Energy Regulatory Commission (“Commission”) (18 C.F.R. Part 154), hereby tenders an original and five (5) copies of Second Revised Sheet No. 101C and Original Sheet No. 101C.01 for inclusion in ANR’s FERC Gas Tariff, Second Revised Volume No. 1 (the “Tariff”), proposed to be effective November 1, 2005.

Pursuant to Section 154.7(a)(9) of the Commission’s regulations, ANR moves to place these tariff sheets into effect on such date. ANR, however, conditions its motion on the Commission’s acceptance and approval of these proposed tariff modifications without any conditions or modifications. In the event that the Commission conditions or modifies this proposal in any way, ANR reserves its rights to withdraw its motion and not place the tariff sheets into effect.

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

The purpose of this filing is to provide a mechanism for allocating capacity that becomes available as a result of a shipper’s agreement to accept deliveries at pressures lower than those specified in its service agreement.

In Guardian Pipeline, L.L.C. (“Guardian”), 108 FERC ¶ 61,066 (2004), the Commission recently approved a comparable provision that allows shippers the first right to subscribe to any capacity that is created as a result of the shippers’ voluntary waiver of rights under a pressure guarantee, prior to posting of that capacity. As in Guardian, where shippers waived certain delivery pressure rights and received enhanced access to capacity in return, ANR’s proposal would grant those shippers that create capacity by waiving their delivery pressure rights initial access to that capacity in return.¹ The

¹ See also, Iroquois Gas Transmission Sys., L.P., 79 FERC (CCH) ¶ 61,394 at 62,696 (1997), where the Commission held that additional capacity created by downstream pipeline’s actual operating pressures being lower than their maximum allowed operating pressure could be used as firm transportation capacity as long as the lower pressures were expected and predictable for a period of time.

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Commission found Guardian's proposal to be just and reasonable as "it allows customers with a pressure guarantee to enhance the pipeline's efficiency by increasing the capacity for either their own use or the use of others."² The same efficiency will be provided by ANR's proposal.

ANR is therefore proposing to modify the General Terms and Conditions of its Tariff to provide that any shipper with a delivery pressure guarantee under any firm transportation agreement, which is willing to waive its right to receive deliveries at that delivery pressure, would have the first right to subscribe to any capacity that may be created as a result of its voluntary waiver. As was approved in Guardian, ANR is proposing here that if the shipper does not state its intent to subscribe to the capacity within three (3) Business Days of its agreement to a reduced delivery pressure, then the capacity will be posted on ANR's web site as available capacity for the period of the waiver and will be awarded in accordance with Section 2 and 9 of the General Terms and Conditions of ANR's Tariff.

Also, like Guardian, ANR's proposed provisions herein will only apply to temporary waivers of the delivery pressure guarantee for periods not longer than the remaining term of the shipper's agreement. Because this proposal applies to capacity created as a result of a temporary waiver, ANR proposes that limited ROFR rights be granted in agreements entered into for the sale of this capacity.³ The limited ROFR would be available to a shipper, who would otherwise be eligible for the ROFR in accordance with the terms of the Tariff, who executes a new service agreement for the created capacity for a term less than the full period of the waiver. The Commission found that Guardian showed good cause to permit it to waive the ROFR provisions of its tariff to the extent such rights apply to the new physical capacity created by a shipper's agreement to receive service at a reduced pressure. Also, the Commission allowed Guardian to provide a limited ROFR to permit a shipper to retain capacity until the termination of the original shipper's agreement to receive service at a reduced pressure if the new capacity was obtained for a term less than the period for which the shipper has agreed to reduce its pressure requirements.⁴ Like Guardian's proposal, any permanent waiver of delivery pressure rights for the entire remaining term of a shipper's agreement, will be addressed through an amendment to the shipper's service agreement and the tariff provisions proposed herein will not apply.

² Guardian Pipeline, L.L.C., 108 FERC ¶ 61,066 at P. 9 (2004).

³ The Commission has recently approved the granting of limited ROFR rights in interim situations where capacity may not be available on a long term basis. See, e.g., ANR Pipeline Co., 112 FERC ¶ 61, 003 (2005). See also, Columbia Gulf Transmission Corp., 100 FERC ¶ 61, 133 at P 14 (2003), where the Commission permitted limited ROFR in sales of capacity on an interim basis, Gas Transmission Northwest Corporation, 109 FERC ¶ 61,141 (2004), Gas Transmission Northwest Corporation, Docket No. RP02-362-008, Unpublished Letter Order issued March 21, 2005 and Wyoming Interstate Co. Ltd., 110 FERC P 61,238 (2005).

⁴ Guardian Pipeline, L.L.C., 108 FERC ¶ 61,066 at P. 10 (2004).

Accordingly, ANR proposes to provide those firm transportation shippers that agree to a reduced delivery pressure with the first opportunity to utilize capacity that they create. ANR believes this proposal to be in the public interest and non-discriminatory as it provides shippers with an incentive to help create capacity if they are able to manage their operations with a lower delivery pressure on a temporary basis, and therefore asks that the Commission accept the tariff sheets to be effective November 1, 2005.⁵

Material Enclosed

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

- (1) The tariff sheets identified above;
- (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 made relative to the 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.

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 addition, a copy of this filing is available for public inspection during regular business hours in ANR's offices at 1001 Louisiana Street, Houston, Texas 77002.

⁵ Concurrently herewith ANR is filing an amendment of a previously approved Maximum Delivery Level Agreement ("MDL Agreement") between ANR and Wisconsin Electric Power Company and Wisconsin Gas LLC ("WE-WG") that relies on the acceptance of this proposal. The original MDL Agreement was approved by the Commission as part of ANR's negotiated rate filing on November 30, 2004 in Docket No. RP99-301-120. Because WE-WG is relying on the capacity created as a result of the waiver of its minimum delivery pressure rights to serve a school district effective November 1, 2005, it is of utmost importance that this proposal be accepted by such date. As the pressure reduction created by such amendment creates lateral and not mainline capacity, no associated service agreement amendment is required.

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Pursuant to 18 C.F.R. Section 385.2011 of the Commission's regulations, the undersigned states that the paper copy of the attached tariff sheets contains the same information as is contained on the electronic media, that the undersigned knows the contents of the paper copy and the electronic media, and that the contents as stated in the copy and the electronic media are true to the best knowledge and belief of the undersigned.

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

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Fax (202) 637-3501

(* Persons designated for service in accordance with Rule 203 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 395.203. ANR requests that the Commission waive Rule 203(b)(3) to allow four persons to be designated to receive service.)

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Effective Date

ANR respectfully requests that the Commission grant all waivers of its regulations necessary to accept this filing and approve the revised tariff sheets to be effective November 1, 2005. As stated above, ANR conditions its request on the Commission's acceptance of this filing without condition or modification.

Any questions regarding this filing may be directed to the undersigned at (713) 420-5503.

Respectfully submitted,

ANR PIPELINE COMPANY

/s/ Dawn A. McGuire

Dawn A. McGuire

Its Attorney

GENERAL TERMS AND CONDITIONS
(Continued)

- (1) If (i) a potential Shipper requests service one year or more in advance of the date that the service is to commence, (ii) capacity available to satisfy that request is not otherwise subject to a pending request for transportation services, and (iii) Transporter wishes to sell capacity for the interim period prior to the start of the requested service commencement date without ROFR, then Transporter shall (1) so indicate in its open season posting, (2) include a bid methodology based on a net present value analysis, and (3) include the interim capacity as available capacity to be bid on by potential Shippers in the open season.
- (2) If Transporter agrees with a potential Shipper to provide capacity reduction options in accordance with Section 35.5 below, Transporter shall (i) so indicate in its open season posting, and (ii) include a bid methodology based on a net present value analysis.

Except as otherwise set forth in subsections (1) and (2) above, any open season conducted by Transporter in accordance with this Section 2.10(i) shall comply with Section 2.10(h) above.

2.11 Availability of Operationally Created Capacity

- (a) To the extent that, pursuant to Section 11 of these General Terms and Conditions, Shipper and Transporter have agreed to a minimum delivery pressure, such Shipper may at any time elect to waive its right to receive deliveries at the minimum delivery pressure specified in its Service Agreement. Should Shipper waive this right, it shall notify Transporter in writing of its waiver, including the following:
 - (1) the applicable Delivery Point(s)
 - (2) the duration of the waiver, which shall be for a term not longer than the remaining term of the applicable Service Agreement; and
 - (3) the minimum pressure to which it agrees to reduce Transporter's delivery obligation.
- (b) Transporter shall notify Shipper of any increased capacity available on mainline or lateral facilities resulting from Shipper's waiver. Shipper shall then have the right to subscribe, for a term not to exceed the term of the waiver, to all or a portion of the additional capacity for firm transportation service by providing notice to Transporter within three (3) Business Days of Transporter's notification. Should Shipper make a timely election to utilize all or a portion of the capacity created through the reduction in delivery pressure, Transporter and Shipper shall amend Shipper's existing agreement(s) or alternatively, execute new agreement(s) for the additional capacity in accordance with this Section 2.11. A Shipper that makes a timely election to utilize all or a portion of the capacity created through the reduction in delivery pressure may notify Transporter, in writing, of its election to terminate the waiver prior to the term established pursuant to Section 2.11(a) above. Following such notification by Shipper, and provided that such termination does not affect Transporter's service obligations to Shippers that subscribed for firm service pursuant to Section 2.11(c) below, Transporter and Shipper shall amend Shipper's agreement(s) to reflect the elimination of the delivery pressure waiver and the new capacity that was created as a result of the waiver.

GENERAL TERMS AND CONDITIONS
(Continued)

- (c) To the extent mainline capacity is created and if within the three (3) Business Day period specified in Section 2.11(b) above, Shipper does not exercise its right to subscribe for the firm capacity created by the waiver, any such unsubscribed capacity shall be available for firm transportation service by other Shipper(s) under any of Transporter's existing firm rate schedules for a term not to exceed the term of the waiver, in accordance with the procedures set forth in Sections 2 and 9 of these General Terms and Conditions and subject to the provisions of Section 2.11(d) below.
- (d) Any new agreement entered into pursuant to this Section 2.11 shall not be subject to the Right of First Refusal pursuant to Section 22 of these General Terms and Conditions, except to the extent that the term of Shipper's agreement is less than the term of the applicable waiver established pursuant to Section 2.11(a) above, and Shipper is otherwise eligible for a right of first refusal under Section 22 of these General Terms and Conditions, in which event Shipper may only exercise its Right of First Refusal to extend the applicable agreement for a term that does not exceed the term of the applicable waiver.

3. FACILITIES POLICY

- 3.1 Unless otherwise agreed to by the parties, Transporter shall not be required to own, construct and install any facilities to perform any service requested by a Shipper under this Second Revised Volume No. 1 FERC Gas Tariff. In the event that Transporter determines that it will construct facilities that will result in the expansion of its pipeline system, Transporter shall offer the proposed expansion capacity to all Shippers on a non-discriminatory basis. Further, in the event Transporter agrees to own, construct and install facilities to perform services requested including, but not limited to, hot tap, side valve, measurement, Gas supply lateral lines, looping and/or compression facilities, Transporter shall do so on a not unduly discriminatory basis, and may require that Shipper reimburse Transporter for all Transporter's costs associated therewith either on a lump sum or incremental fee basis as agreed to by the parties. Nothing in this policy statement shall require Transporter to file an application for a certificate of public convenience and necessity under Section 7(c) of the Natural Gas Act. Nothing in this policy statement, further, shall prevent Transporter from contesting an application for service filed pursuant to Section 7(a) of the Natural Gas Act. Transporter reserves the right to seek a waiver of the policy set forth herein, for good cause shown.
- 3.2 Capacity Reserved for Expansion Projects
- Transporter reserves the right, but shall not be obligated, to reserve for expansion projects capacity that is or will become available. Such available capacity shall consist of the following types of existing or potential unsubscribed capacity:
- 1) Capacity currently posted on Transporter's internet site under Informational Postings as unsubscribed, available capacity ("Unsubscribed Capacity");

GENERAL TERMS AND CONDITIONS
(Continued)

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