



May 31, 2013

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

ANR Pipeline Company
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Re: ANR Pipeline Company
Change in FERC Gas Tariff
Docket No. RP13- -

Dear Ms. Bose:

Pursuant to Section 4 of the Natural Gas Act (“NGA”) and Part 154 of the Federal Energy Regulatory Commission’s (“FERC” or “Commission”) regulations,¹ ANR Pipeline Company (“ANR”) respectfully submits for filing and acceptance revised Sections 5.2.1 and 6.18.12² to be part of its FERC Gas Tariff, Third Revised Volume No. 1 (“Tariff”). As explained in greater detail below, ANR is proposing revisions to Sections 5.2.1 and 6.18.12 in an effort to clarify the availability of transportation and storage services to shippers that have contracted with ANR under Rate Schedule STS. ANR respectfully requests that the Commission accept revised Sections 5.2.1 and 6.18.12, included herein at Appendix A, to become effective July 1, 2013.

Correspondence

The names, titles, mailing address, and telephone numbers of those persons to whom correspondence and communications concerning this filing should be addressed are as follows:

¹ 18 C.F.R. Part 154 (2013).

² Part 5.2.1 – Rate Schedule STS, Availability (“Section 5.2.1”), and Part 6.18.12 – GT&C, In-Field Storage Transfers (“Section 6.18.12”).

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Statement of the Nature, Reasons and Basis for Filing

Background

Commission Order No. 636³ established the framework for the unbundling of interstate natural gas pipelines' historic merchant function into separate transportation, storage and sales services so that customers would have the ability to elect separate transportation service options and choose their gas suppliers. While unbundling provided certain benefits to pipeline customers with the size and breadth to take advantage of the restructuring of the industry, the Commission was concerned that small customers could potentially have a more difficult time competing in the marketplace.

In an effort to protect small customers, the Commission required in Order No. 636-A that pipelines offering a one-part volumetric small customer sales or firm transportation service rate at an imputed load factor as part of a bundled service offering must continue to offer firm and no-notice transportation to small customers on the same basis after restructuring.⁴ However, the Commission went on to state that it would not provide small customers a special marketing advantage, and thus Order No. 636-A further required that customers electing to retain or receive small customer service after restructuring be precluded from shipping gas under any interruptible

³ *Pipeline Service Obligations and Revisions to Regulations Governing Self-Implementing Transportation Under Part 284 of the Commission's Regulations*; and *Regulation of Natural Gas Pipelines After Partial Wellhead Decontrol*, 57 Fed. Reg. 13,267 (April 16, 1992), III FERC Stats. & Regs. Preambles 30,939 (April 8, 1992) ("Order No. 636"); order on reh'g, Order No 636-A, 57 Fed. Reg. 36,128 (August 12, 1992) ("Order No. 636-A"); order on reh'g, Order No. 636-B, 57 Fed. Reg. 57,911 (December 8, 1992), 61 FERC 61,272 (1992), reh'g denied, 62 FERC 61,007 (1993) ("Order No. 636-B").

⁴ *Order No. 636-A*, 60 FERC ¶ 61,102 at p. 30,600 (1992).

transportation service available, or from shipping gas as a replacement shipper under a capacity release mechanism, unless the customer had exhausted the daily levels of firm service entitlement under its small customer rate schedule for that day.⁵ The Commission stated that it was imposing this narrow limitation because customers that are eligible for a small customer service charged as a one-part volumetric rate are required to pay only when they use the pipeline. In Order No. 636-B, the Commission further clarified that such restrictive criteria concerning utilization of small customer entitlements is necessary to ensure that the pipeline has the opportunity to recover its costs assigned to the small customer service. Therefore, a small customer should not be able to receive gas from third-parties at the small customer's delivery point(s) unless the small customer had exhausted its daily level of firm entitlement for that day in the aggregate.⁶

On October 1, 1992, in Docket No. RS92-1-000 (ANR's "Restructuring Filing"), ANR filed *pro forma* tariff sheets to comply with Order No. 636. As part of its Restructuring Filing, ANR proposed a bundled firm transportation and storage service with a one-part volumetric rate for its customers that previously qualified for ANR's small customer sales service.⁷ On December 4, 1992, in its Restructuring Filing reply comments, ANR further explained that, on a daily basis, customers contracting for small customer service would not have interruptible transportation service available for system supply requirements until all firm entitlements under the small customer service had been met. Additionally, ANR advised that the requirements of an end-user that had executed an interruptible transportation service agreement with ANR, and which was connected to a small customer's distribution system, would not be considered to be part of or included in the entitlements for which the small service customer had contracted under the small customer service. On January 29, 1993, the Commission issued an order accepting ANR's Restructuring Filing, subject to modifications,⁸ wherein it stated, "We agree with ANR that

⁵ *Order No. 636-A*, 60 FERC ¶ 61,102 at p. 30,600 (1992).

⁶ *Order No. 636-B*, 61 FERC ¶ 61,272 at p. 62,019 (1992).

⁷ The proposed service, Rate Schedule CDS, was intended as the "no-notice" transportation component of the former bundled sales services available to "large" customers (Rate Schedule CD-1) and "small" customers (Rate Schedule SGS-1). The service was to be made available to former CD-1 customers as a two-part rate service, and to former SGS-1 customers as a one-part rate service computed at the load factor previously used for the former bundled sales service under Rate Schedule SGS-1. For small customers electing CDS service, ANR's proposal included the requirement that all gas shipped under CDS capacity must be purchased from ANR.

⁸ *ANR Pipeline Company*, 62 FERC ¶ 61,079 (1993) ("January 29 Order").

interruptible transportation should not be available to a small customer...unless it has fully used its daily entitlement.”⁹

On March 30, 1993, ANR filed revised tariff sheets as directed by the Commission in its January 29 Order. As part of that filing, ANR proposed small customer Rate Schedule STS (“STS”), a no-notice, firm transportation and storage service subject to a one-part volumetric rate. STS served as ANR’s replacement for its bundled small customer sales service.¹⁰ On July 30, 1993, the Commission issued an order which approved ANR’s revised tariff sheets submitted on March 30, subject to certain conditions.¹¹ The July 30 Order included the Commission’s approval of STS service as complying with Order No. 636 and the Commission’s January 29 Order.¹²

Instant Filing

ANR is submitting herein revised Sections 5.2.1 and 6.18.12, included at Appendix A, which incorporate modifications intended to clarify the availability restrictions for any small customer that has contracted with ANR for service under STS as described above. Such clarification is necessary, as it has come to ANR’s attention that certain STS customers are utilizing, or otherwise receiving, non-STS related transportation and storage services prior to utilizing their entire daily STS entitlements. As outlined above, it was clearly the intent of Order No. 636 and ANR’s STS service, as approved in its Restructuring Filing, to limit the availability of non-STS transportation and storage services for those customers that have contracted for small customer service until such customers had exceeded their daily STS entitlements.

Therefore, ANR has revised the language at Section 5.2.1, paragraph (e), to clarify that an STS customer may not utilize a non-STS firm or interruptible transportation service on any given day, nor receive gas for its integrated gas system from third-parties utilizing ANR’s transportation service, nor make use of released capacity, unless that STS customer has first met its

⁹ *Id.*, at 61,567.

¹⁰ Eligibility for STS service was maintained at the 6,138 Dth/day entitlement limit that previously applied to its bundled small customer sales service. Additionally, customers that otherwise qualified for small customer service were eligible to aggregate entitlements within the same rate segment, not to exceed 10,000 Dth/day.

¹¹ *ANR Pipeline Company*, 64 FERC ¶ 61,140 (1993) (“July 30 Order”). The July 30 Order was conditioned upon ANR also offering a small customer one-part transportation service with optional no-notice and storage services.

¹² *Id.*, at 62,019.

contracted-for Maximum Daily Quantity for STS service. Furthermore, Section 5.2.1, paragraph (e), has been revised to appropriately close a loophole that currently exists where an STS customer has the ability to receive storage and related transportation services at no cost (*i.e.*, free service). This is accomplished by an STS customer purchasing part, or all, of its gas requirements via an in-field storage transfer pursuant to Section 6.18.12 of ANR's Tariff, and subsequently withdrawing and redelivering that in-field storage gas to its STS delivery point(s) while incurring no transportation service charges. Thus, by use of the in-field transfer, the STS customer is able to avoid paying the applicable STS rate.¹³ This situation has been remedied by modification of Section 5.2.1, paragraph (e), to state that an STS shipper shall not be eligible for in-field storage transfers. Consistent with the revision to Section 5.2.1, paragraph (e), described above, ANR is similarly revising Section 6.18.12 (GT&C, In-Field Storage Transfers) to exclude STS customers from being eligible for in-field storage transfers for any gas requirements for which a customer has contracted under STS.

Additionally, ANR has added a new provision at Section 5.2.1, paragraph (g), which reiterates that the gas requirements of an end-user that has executed a transportation service agreement with ANR, and which is connected to the gas distribution system of an STS customer, will not be considered to be part of or included in the daily STS contract quantity for which the small customer has contracted under its STS service.

The proposed revisions to ANR's Tariff, enumerated above and reflected in Sections 5.2.1 and 6.18.12, included herein at Appendix A, are consistent with the Commission's Order No. 636 and ANR's Restructuring Filing which implemented Order No. 636.

Effective Date

ANR is requesting that the Commission approve the tariff section filed herein and included at Appendix A to become effective July 1, 2013.

¹³ Customers utilizing storage services on ANR pay applicable transportation service charges and fees when gas is injected into storage accounts, and pay no transportation charges when the storage gas is withdrawn from a storage account for redelivery.

Other Filings Which May Affect This Proceeding

There are no other filings before the Commission that may significantly affect the changes proposed herein.

Contents of Filing

In accordance with Section 154.7 of the Commission's regulations and Commission Order No. 714,¹⁴ ANR is submitting the following XML filing package, which includes:

- 1) This transmittal letter;
- 2) The clean tariff sections (Appendix A); and
- 3) A marked version of the tariff sections (Appendix B).

Certificate of Service

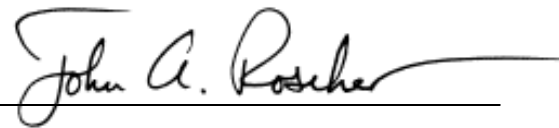
As required by Sections 154.7(b) and 154.208 of the Commission's regulations, copies of this filing are being served on all of ANR's existing customers and interested state regulatory agencies. A copy of this letter, together with the other attachments, is available during regular business hours for public inspection at ANR's principal place of business.

Pursuant to Section 385.2005 and Section 385.2011(c) (5), the undersigned has read this filing and knows its contents, and the contents are true as stated, to the best of his knowledge and belief. The undersigned possesses full power and authority to sign such filing.

Any questions regarding this filing may be directed to Joan Collins at (832) 320-5651.

Respectfully submitted,

ANR PIPELINE COMPANY

A handwritten signature in black ink that reads "John A. Roscher". The signature is written in a cursive style and is positioned above a horizontal line.

John A. Roscher
Director, Rates & Tariffs

Enclosures

¹⁴ *Electronic Tariff Filings*, 124 FERC ¶ 61,270 (2008) ("Order No. 714").

Appendix A

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

Clean Tariff

Tariff Sections

- 5.2.1 – Rate Schedule STS, Availability
- 6.18.12 – GT&C, In-Field Storage Transfers

Version

- v.1.0.0
- v.1.0.0

5.2.1 AVAILABILITY

This Rate Schedule is available to any person, corporation, partnership and any other party that purchases Gas for resale and that is directly connected to facilities owned and operated by Transporter (hereinafter referred to as "Shipper") for service under this Rate Schedule, for the Transportation of Gas by Transporter, subject to the following limitations:

- (a) Transporter has determined that it will have sufficient available and uncommitted capacity to perform the service requested by Shipper and is able to predict with reasonable accuracy the demand requirements at the gate station in order to perform service, or Shipper was a customer as of May 18, 1992 pursuant to Transporter's previously effective Rate Schedule SGS-1;
- (b) Shipper agrees to have transported under this Rate Schedule Shipper's entire transportation requirements for the integrated Gas system into which deliveries are to be made, except for transportation of Gas that may be locally produced for such system;
- (c) Shipper's MDQ for its integrated system does not exceed 6,138 Dekatherms per Day, provided, however, that Shippers otherwise qualifying hereunder shall be entitled to aggregate their MDQs, up to 10,000 Dekatherms per Day;
- (d) The Base Maximum Daily Withdrawal Quantity shall be equal to fifty-five percent (55%) of the MDQ and the Maximum Storage Quantity shall be equal to fifty (50) times such Base Maximum Daily Withdrawal Quantity;
- (e) Shipper agrees not to utilize any firm or interruptible Transportation Service available from Transporter on any Day, or receive Gas from any third-party utilizing such Transportation Service on any Day, or make use of released capacity pursuant to Section 6.21.1 of Transporter's Tariff on any Day, unless Shipper has exceeded its MDQ hereunder on such Day; and Shipper shall not be eligible for In-Field Storage Transfers pursuant to Section 6.18.12 of Transporter's Tariff for the gas requirements for which Shipper has contracted under this Rate Schedule;
- (f) Shipper agrees not to transport Gas as a Replacement Shipper under Transporter's capacity releasing mechanism, unless Shipper has exceeded its MDQ hereunder on such Day;
- (g) The gas requirements of an end-user that has executed a separate Transportation Service agreement with Transporter will not be considered to be part of or included in the MDQ for which Shipper has contracted under this Rate Schedule; and

- (h) Shipper and Transporter have executed an Agreement under this Rate Schedule, or conformed an existing Agreement to be consistent with this Rate Schedule.

6.18.12 In-Field Storage Transfers.

Transporter or any Shipper receiving storage service from Transporter shall be entitled to transfer, in-field, any of its Working Storage Gas to another Shipper or to Transporter, provided, however, that Transporter may restrict such transfers when the transfer results in an increase in Transporter's service obligations and such increase would in Transporter's reasonable judgment impair Transporter's ability to meet all of its other service obligations of equal or higher priority. Shippers that have entered into an Agreement for service under Rate Schedule STS of Transporter's Tariff shall not be entitled to transfer, in-field, any of the gas requirements for which Shipper has contracted under Rate Schedule STS.

Appendix B

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

Marked Tariff

Tariff Sections

- 5.2.1 – Rate Schedule STS, Availability
- 6.18.12 – GT&C, In-Field Storage Transfers

Version

- v.1.0.0
- v.1.0.0

5.2.1 AVAILABILITY

This Rate Schedule is available to any person, corporation, partnership and any other party that purchases Gas for resale and that is directly connected to facilities owned and operated by Transporter (hereinafter referred to as "Shipper") for service under this Rate Schedule, for the Transportation of Gas by Transporter, subject to the following limitations:

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- (b) Shipper agrees to have transported under this Rate Schedule Shipper's entire transportation requirements for the integrated Gas system into which deliveries are to be made, except for transportation of Gas that may be locally produced for such system;
- (c) Shipper's MDQ for its integrated system does not exceed 6,138 Dekatherms per Day, provided, however, that Shippers otherwise qualifying hereunder shall be entitled to aggregate their MDQs, up to 10,000 Dekatherms per Day;
- (d) The Base Maximum Daily Withdrawal Quantity shall be equal to fifty-five percent (55%) of the MDQ and the Maximum Storage Quantity shall be equal to fifty (50) times such Base Maximum Daily Withdrawal Quantity;
- (e) Shipper agrees not to utilize ~~Transportation Service on any Day under any firm or interruptible Transportation Service available from Transporter on any Day, or receive Gas from any third-party utilizing such Transportation Service on any Day, or make use of released capacity pursuant to Section 6.21.1 of Transporter's Tariff on any Day, unless Shipper has exceeded its MDQ hereunder on such Day; and Shipper shall not be eligible for In-Field Storage Transfers pursuant to Section 6.18.12 of Transporter's Tariff for the gas requirements for which Shipper has contracted under this Rate Schedule;~~
- (f) Shipper agrees not to transport Gas as a Replacement Shipper under Transporter's capacity releasing mechanism, unless Shipper has exceeded its MDQ hereunder on such Day; ~~and~~
- (g) The gas requirements of an end-user that has executed a separate Transportation Service agreement with Transporter will not be considered to be part of or included in the MDQ for which Shipper has contracted under this Rate Schedule; and

- (gh) Shipper and Transporter have executed an Agreement under this Rate Schedule, or conformed an existing Agreement to be consistent with this Rate Schedule.

6.18.12 In-Field Storage Transfers.

Transporter or any Shipper receiving storage service from Transporter shall be entitled to transfer, in-field, any of its Working Storage Gas to another Shipper or to Transporter, provided, however, that Transporter may restrict such transfers when the transfer results in an increase in Transporter's service obligations and such increase would in Transporter's reasonable judgment impair Transporter's ability to meet all of its other service obligations of equal or higher priority. Shippers that have entered into an Agreement for service under Rate Schedule STS of Transporter's Tariff shall not be entitled to transfer, in-field, any of the gas requirements for which Shipper has contracted under Rate Schedule STS.