

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

May 31, 2006

In Reply Refer To:
ANR Pipeline Company
Docket No. RP06-345-000

ANR Pipeline Company
1001 Louisiana, Suite S1602A
Houston, TX 77002

Attention: Dawn A. McGuire,
Attorney for ANR Pipeline Company

Reference: Third Revised Sheet No. 118 to FERC Gas Tariff, Second Revised Volume
No. 1

Dear Ms. McGuire:

1. On May 5, 2006, ANR Pipeline Company (ANR) filed the referenced tariff sheet to replace an existing tariff method for prioritizing requests for service received by ANR that have matching net present values (NPVs). The referenced tariff sheet is accepted to be effective June 5, 2006, as requested.

2. Currently, if there is insufficient firm capacity available to accept all new requests for service and more than one request for service having the same NPV is received, the order of priority among those requests is determined first by the date the request is received by ANR and, if requests are received on the same day by the drawing of lots by each party submitting a request (or its designated representative). ANR states that it is replacing this methodology with one based on time stamps, under which capacity will go to the request received first where the requests are equal in all other respects.

Specifically, ANR proposes that requests received by mail will be deemed received at 5:00 p.m. on the date of postmark, and requests received by facsimile or electronic mail will be deemed received at the time noted on ANR's facsimile transmission sheet or the electronic mail.

3. Public notice of the filing was issued on May 9, 2006. Interventions and protests were due as provided in section 154.210 of the Commission's regulations. Pursuant to Rule 214 (18 C.F.R. § 385.214 (2005)), all timely filed motions to intervene and any motion to intervene out-of-time filed before the issuance date of this order are granted. Granting late intervention at this stage of the proceeding will not disrupt the proceeding or place additional burdens on existing parties. No protests were received. On May 17, 2006, Nicor Enerchange, LLC (Enerchange) filed a Motion for Leave to Intervene and Comments.

4. Enerchange agrees that ANR's current tie breaker method of drawing lots by each party that submits a matching NPV bid for capacity is inefficient and should be replaced. Nevertheless, Enerchange asserts that the proposed time stamp method has its flaws. Enerchange contends that the time stamp method provides gaming potential by some shippers, *i.e.*, if a shipper receives knowledge of capacity becoming available prior to other shippers, then the shipper would have the advantage by responding first in time with a maximum bid. Enerchange suggests that by allocating limited capacity to the matching NPV bids on a pro rata basis, more shippers would benefit and any potential for gaming the system could be avoided. Enerchange further claims that the competitive access to limited capacity on ANR's system is exacerbated by the way ANR awards capacity based on the aggregate NPV of two or more bids to achieve the highest NPV. However, Enerchange explains that ANR's tariff does not state that it aggregates bids for different capacity, but that it is Enerchange's understanding of ANR's business practices.

5. The Commission finds that the proposed revision will provide ANR with a more efficient means of breaking ties between requests with equal NPVs for insufficient capacity than is provided by its current methodology. Enerchange claims that the proposed time stamp method provides gaming potential by some shippers, because certain shippers may gain knowledge of capacity becoming available prior to other shippers, therefore allowing those shippers to gain the advantage by responding first in time with a maximum bid. However, pipelines are required under § 284.13(d) of the Commission's regulations to provide on its Internet website equal and timely access to information relevant to the availability of transportation services. Therefore, there should not be a gaming potential by shippers. Further, Enerchange does not object to ANR's existing method of priority requests, which is also based on the timing of a submitted bid. The proposed time stamp method, however, is more precise in the timing of bid receipts than the existing method of using the date of the bid receipt. The proposed time stamp method eliminates the need to draw lots by shippers. Further, the Commission has

approved similar tie-breaking tariff provisions used by other pipelines.¹ Therefore, the Commission accepts the proposed time stamp methodology for breaking ties between requests with equal NVPs.

6. As to the issue of awarding capacity based on the aggregate NPV of two or more bids, Enerchange has not provided sufficient evidence to support its concern. In addition, the issue is outside the scope of the instant tariff filing. The Commission will not address this issue here. If Enerchange believes that ANR's bidding process is unreasonable, Enerchange may file a formal complaint with the Commission.

By direction of the Commission.

Magalie R. Salas,
Secretary.

¹ See Tennessee Gas Pipeline Company, Section 5.6 to its General Terms and Conditions, Twelfth Revised Sheet No. 405C to FERC Gas Tariff, Fifth Revised Volume No. 1.