FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

August 18, 2006

In Reply Refer To:
ANR Pipeline Company
Docket No. RP06-403-000

ANR Pipeline Company
1001 Louisiana
Houston, TX 77002

Attention: Marguerite Woung-Chapman, General Counsel

Reference: Operational Purchases and Sales Report

Dear Ms. Woung-Chapman:

1. On June 27, 2006, ANR Pipeline Company (ANR) filed its annual report regarding its operational purchases and sales of gas for system operations and balancing for the twelve month period ending December 31, 2005. This filing is made pursuant to provisions contained in section 38 of the General Terms and Conditions (GT&C) in ANR's FERC Gas Tariff. As discussed below, the Commission grants waiver of the deadline for filing the operational and sales report set forth in section 38.3 of the GT&C and finds that the report satisfactorily complies with ANR's tariff and is accepted for filing.

2. On May 31, 2005, the Commission approved section 38 of the GT&C of ANR's Tariff which specifies the circumstances under which ANR would perform an operational purchase or sale.[1] Section 38.3 provides that ANR will file an annual report on or before May 1 of each year reflecting the operational purchases and sales for the 12-month period ending the preceding December 31. The report is required to reflect the source of the gas purchased/sold, the date of the purchases/sales, volumes, the purchase/sales price, the cost and revenues for such purchase/sales and the disposition of the associated costs and revenues for all operational purchases and sales except those associated with section 15 (Cashout) of the GT&C.

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[1] *ANR Pipeline Co.*, 111 FERC ¶ 61,290 (2005).

3. ANR submitted the report containing two schedules. Schedule 1 is a summary of ANR's operational purchases and sales activity by category for the 12-month period ending December 31, 2005. Schedule 2 sets forth the date, volumes and price of the purchases and sales for the same reporting period. The report indicates that the total cost of ANR's gas purchases was $1,909,383. The report reflects that sales were $28,840,120, consisting of $7,660,000 for excess fuel and $21,280,120 attributable to the conversion of storage base gas to working gas capacity as authorized in Docket No. CP04-79-000.[2] Additionally, ANR states that it missed the May 1, 2006 deadline for filing the report due to an inadvertent administrative oversight. ANR requests waiver of section 38.3 of its tariff to permit the filing to be made on June 27, 2006.

4. Public notice of ANR's filing was issued on June 30, 2006, with comments, protests, or motions to intervene due on or before July 7, 2006. Pursuant to Rule 214, 18 C.F.R. § 385.214 (2006), all timely filed motions to intervene and any motions 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 this proceeding or place additional burdens on existing parties. Process Gas Consumers Group, Michigan Consolidated Gas Company, and ExxonMobil Gas & Power Marketing Company (collectively Commenters) filed comments.

5. The Commenters state that ANR's filing does not appear to comply with section 38 of ANR's GT&C because it does not provide the necessary information for the parties to perform an effective review. The Commenters state that the Commission should direct ANR to provide greater detail regarding the disposition of costs and revenues associated with ANR's operational gas purchases and sales so that ANR's activities can be clearly confirmed and tracked by all interested parties.

6. On July 13, 2006, ANR filed a motion to answer the Commenters. While the Commission's Rules of Practice and Procedure, (18 C.F.R. § 385.213(a)(2) (2006)), generally prohibit answers to protests, the Commission will accept ANR's answer to provide a better understanding of the issues in this proceeding.

7. ANR emphasizes that its intent is to provide a report that is accurate and transparent. ANR states that this is the first report of its kind and that it greatly appreciates the comments as they provide feedback on how to best produce the report for future annual filings. ANR states that it is not opposed to providing the information requested and that it will ensure that such information is provided directly in future reports.

[2] *ANR Pipeline Co.*, 108 FERC ¶ 61,179 (2004).

8. ANR states that it purchased 153,353 Dth of gas (at a cost of $1,909,383.05) for line pack replacement and for fuel related to its non-transportation by others (TBO) tracker contracts. According to ANR, its line pack replacement costs were capitalized and booked to FERC Account No. 107 (Construction work in progress-Gas),while its fuel costs related to the non-TBO tracker contracts were expensed and booked to FERC Account No. 805 (Other gas purchases). ANR also sold 4,182,000 Dth of gas (receiving $28,940,120.00) from (a) excess fuel not used in operations under ANR's prior fuel mechanism and (b) the conversion of base gas to working gas capacity as part of ANR's Storage Realignment Project, which was approved in Docket No. CP04-79-000. ANR states that proceeds from the sale of excess fuel not used in operations and from the reduction in base gas[3] were booked to FERC Account No. 495 (Other Gas Revenues).

9. The Commission grants waiver of section 38.3 of ANR's tariff to permit ANR to file the operational purchases and sales report on June 27, 2006. We find that ANR's filing, as supplemented by its answer, satisfactorily complies with the requirements of section 38.3 of its tariff. The operational purchases and sales information provides details of the volumes, prices, dates, parties that ANR purchased and sold gas to and how the purchases and sales were accounted for. Accordingly, ANR's report is accepted for filing. Further, ANR is directed to include in its future annual reports all of the information submitted in this proceeding so that the report is complete at the time of filing.

By direction of the Commission.

Magalie R. Salas,
Secretary.

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[3] In addition, FERC Account No. 117.1 (Gas Stored – Base Gas) has also been reduced by an amount equal to the book cost of the converted base gas of $6,711,524.31.