

129 FERC ¶ 61,188
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

November 30, 2009

In Reply Refer To:
Sequent Energy Management, L.P.
IntegrYS Energy Services, Inc.
Docket No. RP10-84-000

Sequent Energy Management, L.P.
c/o AGL Resources, Inc.
1200 Smith Street, Suite 900
Houston, TX 77002

Attention: Dat Tran, Associate General Counsel, Unregulated Business

Reference: Request for Temporary Waivers

Dear Mr. Tran:

1. On October 29, 2009, Sequent Energy Management, L.P. (Sequent) and IntegrYS Energy Services, Inc. (IntegrYS) (collectively, Applicants) filed a request for a temporary waiver of capacity release and other Commission rules, policies, and regulations¹ for the limited purpose of facilitating the acquisition by Sequent of IntegrYS' firm jurisdictional natural gas transportation and storage agreements (the Transaction) as part of Sequent's larger acquisition of IntegrYS' wholesale natural gas trading portfolio in the United States. Applicants state that the Transaction is an essential milestone to IntegrYS' comprehensive and orderly exit from the wholesale natural gas commodity trading business in the United States. They request the waivers to be effective for 90 days following the Transaction's closing, which is expected to be on December 1, 2009. For the reasons discussed below, and for good cause shown, the Commission grants the requested temporary waivers.

2. Applicants state that they have executed a purchase and sale agreement (PSA) and conditioned the closing of the Transaction upon their securing the requested waivers. They believe the waivers will provide the seller and buyer with flexibility to seamlessly transition the assets without disruption to customers, transmission providers and other

¹ Applicants request waiver of the shipper-must-have-title rule, the prohibitions on buy-sell arrangements and tying arrangements, bidding requirements, and restrictions on capacity releases below or above the maximum rate.

counterparties receiving service and supplies under the agreements. They state that Integrys selected Sequent to acquire a substantial portion of Integrys' wholesale sales, transportation and storage agreements after conducting a bidding process in which potential purchasers were invited to submit bids, which were then reviewed by Integrys and its third-party financial advisors. Sequent was considered the bidder best suited for the sale of the assets.

3. According to Applicants, the PSA contemplates that Sequent will be successor in rights to Integrys' duties and obligations under the applicable transportation and storage agreements, as well as numerous natural gas purchase and sale agreements. The transportation and storage agreements are intended to be transferred through permanent capacity releases, or by assignment in accordance with each transportation or storage provider's FERC Gas Tariff. The Applicants have identified the amount and type of capacity on each service provider whose capacity is addressed by the PSA.

4. Applicants state that Sequent will have the right to acquire additional identified storage and transportation capacity (Option Assets), either individually or in the aggregate, for a period of 60 days from the earlier of the closing or March 31, 2010. According to Applicants, if Sequent does not elect to acquire Option Assets, they will be released in accordance with the Commission's capacity release rules, with the goal of having all of Integrys' transportation and storage capacity released permanently by March 31, 2011, with the exception of retained assets which Integrys will retain to serve its retail customers.

5. During the transition of assets, Integrys will retain firm storage capacity (Interim Assets) on four providers in order to serve Sequent while fulfilling certain wholesale transactions that are being assumed by Sequent as part of the Transaction. According to Applicants, Integrys' retention of the Interim Assets is integral to its plan for exiting the wholesale natural gas commodity trading business in an orderly fashion. Applicants state that Integrys' future disposition of these assets will not require waiver of the Commission's capacity release and related regulations and policies.

6. Finally, Applicants state that a core group of Integrys' employees responsible for the commercial wholesale functions of the assets subject to the Transaction will become employees of Sequent at the close of the Transaction. Sequent will also assume control of a physical office location where many of such employees are currently located.

7. Public notice of Applicants' filing was issued on November 2, 2009. Interventions and protests were due as provided in section 154.210 of the Commission's regulations, 18 C.F.R. § 154.210 (2009). Pursuant to Rule 214, 18 C.F.R. § 385.214 (2009), all timely 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. No protests or adverse comments were filed. Interventions were filed by Egan

Hub Storage, LLC, a storage provider whose assets are identified by the Applicants as Option Assets under the PSA; and jointly by two wholly-owned subsidiaries of SCANA Corporation.

8. The Commission has reviewed Applicants' request for waivers and finds that the request is adequately supported and consistent with previous waivers that the Commission has granted under similar circumstances.² Accordingly, for good cause shown the Commission will grant the requested waivers including waivers of the shipper-must-have-title policy, the prohibitions on buy-sell arrangements and tying arrangements, and the restrictions on capacity releases below or above the maximum rate. Our actions here are consistent with those decisions where the Commission granted waivers of various policies and regulations in order to facilitate the transfer of interstate pipeline transportation capacity as part of a larger transaction in which other assets are being transferred as a result of various types of corporate restructurings, including corporate mergers and sales of entire business units.

The Commission orders:

(A) The temporary waivers requested by Applicants are granted for 90 days following the closing of the Transaction, as discussed more fully above.

(B) Applicants will provide notice to the Commission in this docket of the closing of the Transaction.

By direction of the Commission.

Kimberly D. Bose,
Secretary.

cc: Terrence O'Reilly
General Counsel
Integrus Energy Services, Inc.
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Ann Arbor, MI 48105

² *E.g., Macquarie Cook Energy, LLC and Constellation Energy Commodities Group, Inc.*, 126 FERC ¶ 61,160 (2009); *Bear Energy LP*, 123 FERC ¶ 61,219 (2008); *Sempra Energy Trading Corp.* 121 FERC ¶ 61,005 (2007).