

FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

May 26, 2006

In Reply Refer To:  
ANR Pipeline Company  
Docket No. RP06-341-000

ANR Pipeline Company  
1001 Louisiana, Suite 1608B  
Houston, TX 77002

Attention: Marguerite N. Woung-Chapman  
General Counsel

Reference: Annual Cashout Filing

Dear Ms. Woung-Chapman:

1. On May 1, 2006, ANR Pipeline Company (ANR) filed a revised tariff sheet<sup>1</sup> pursuant to sections 15.5 and 15.8 of the General Terms and Conditions (GT&C) of its tariff. The revised tariff sheet reflects an increase in ANR's currently effective cash-out surcharge from \$0.2774 per Dth to \$1.2424 per Dth. ANR's revised tariff sheet is accepted effective June 1, 2006, as proposed.
2. GT&C section 15.5 of ANR's tariff requires it to submit an annual calculation, on a system-wide basis, of the annual gross revenue balance (positive or negative) derived from ANR's cash-out program. The surcharge also includes, pursuant to GT&C section 15.8, the cost of gas purchases made by ANR to eliminate the historical gas deficiency that resulted from the prior cash-out mechanism. ANR's filing reflects \$12.1 million of net cash-out activity during calendar year 2005 and includes \$9.6 million of gas costs from purchases made by ANR to gradually eliminate the historical gas deficiency.

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<sup>1</sup> Forty-Fourth Revised Sheet No. 17 to FERC Gas Tariff, Second Revised Volume No. 1.

3. Public notice of the filing was issued on May 4, 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 motions to intervene out-of-time filed before the issuance date of this order are granted. Granting late interventions at this stage of the proceeding will not disrupt the proceeding or place undue additional burdens on existing parties. Process Gas Consumers Group (Process Gas) filed a comment.

4. Process Gas states that ANR's proposal is a significant increase of the cash-out surcharge, largely attributed to gas purchases made by ANR to reduce its historical gas deficiency. Process Gas notes that the Commission order accepting ANR's proposal to reduce its historical gas deficiency stated that parties are not limited from taking a position on the appropriateness of ANR's annual reconciliation filing, (April 20, 2005 Order)<sup>2</sup> and urges the Commission to further examine ANR's provisions relating to the recovery of their historical gas deficiency and the resulting costs for customers.

5. Section 15.8 of ANR's GT&C, as approved by the Commission,<sup>3</sup> provides that ANR shall endeavor to purchase each month during a 36 month period, to the extent such purchases are operationally practicable, 1/36<sup>th</sup> of its gas deficiency existing as of December 31, 2004. The Commission finds that ANR has acted consistent with its approved tariff language, and Process Gas has made no allegation requiring further investigation.

By direction of the Commission.

Magalie R. Salas,  
Secretary.

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<sup>2</sup> *ANR Pipeline Co.*, 111 FERC ¶ 61,113 at P 62 (2005).

<sup>3</sup> *ANR Pipeline Co.*, 112 FERC ¶ 61,286 (2005).