

136 FERC 61,080
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

August 4, 2011

In Reply Refer To:
Wisconsin Electric Power
Company, *et al.* v. ANR
Pipeline Company
Docket No. RP10-517-000

Regina Y. Speed-Bost, Esq.
Schiff Hardin, LLP
1666 K Street, NW, Suite 300
Washington, DC 20006

Howard Nelson, Esq.
Greenberg Traurig, LLP
2101 L Street NW, Suite 1000
Washington, DC 20037

Reference: Approval of Uncontested Settlement

Dear Ms. Speed-Bost and Mr. Nelson:

1. On March 31, 2011, you filed a joint Settlement Agreement (Settlement), pursuant to Rule 602 of the Commission's Rules of Practice and Procedure on behalf of Wisconsin Electric Power Company (Wisconsin Electric), Wisconsin Gas LLC (Wisconsin Gas), and Wisconsin Public Service Corporation (WPS) (collectively Complainants) and ANR Pipeline Company (ANR) (collectively the Settling Parties). On April 20, 2011, initial comments were filed by the Settling Parties, Commission Staff, and Northern States Power Company (NSP). None of the initial comments opposed the Settlement. On May 6, 2011, the Chief Judge certified the settlement to the Commission as uncontested. For the reasons expressed below, the Commission approves the Settlement, as fair and reasonable and in the public interest.

2. Since ANR's restructuring in 1993, ANR has been able to meet its requirements in the Marshfield Wisconsin Area only through a series of agreements and settlements which assured ANR of the ability to receive gas at its Marshfield Receipt Point when needed. The last settlement regarding this issue was reached in 2004 (the Marshfield settlement) and resulted in provisions in

ANR's existing tariff which, among other things, established a delivery obligation for a discrete set of ANR customers (the Marshfield Shippers), and restricted the right of those Shippers to move their primary receipt point from the Marshfield Receipt Point. On March 26, 2010, Complainants filed a complaint alleging that ANR violated both the Marshfield settlement and its tariff by failing to notify the Marshfield shippers of certain operational flow changes and contract terminations, which would have permitted them to reduce their Marshfield obligations. On June 30, 2010, the Commission set the complaint for hearing.

3. The Settlement contains three major components. ANR will construct the Marshfield Reduction Project (MRP) facilities to effectuate certain contract modifications which are related to the Complainants' Marshfield transportation service capacity in the 2004 Marshfield Settlement, and the Complainants will pay a monthly surcharge to compensate ANR for the cost of the new construction. The contracts noted above between ANR on the one hand and Wisconsin Gas and Wisconsin Electric on the other will be amended and extended effectively on the in-service date of the MRP facilities. In addition, ANR will file to eliminate Section 6.33 of the General Terms and Conditions of its Tariff, which memorializes the 2004 Marshfield settlement's restrictions on the Marshfield shippers' receipt point capacity rights.

4. The Settlement provides that ANR will conduct an open season for the sole purpose of soliciting turn-back capacity as a means to reduce the facilities which may be necessary for the MRP facilities.

5. The MRP facilities will include the installation of a new compressor station (approximately 6,300 HP) near Stevens Point, Wisconsin with a proposed in-service date of November 1, 2013. ANR intends to request rolled-in rate treatment of the cost of the MRP facilities in the FERC certificate proceeding which will involve the approval of the MRP facilities.

6. Complainants agree not to contest the request for rolled-in rate treatment of the MRP facilities' cost but reserve their rights as to future regulatory proceedings. In this regard, NSP in its comments on the Settlement states that it reserves its right to oppose rolled-in rate treatment of the cost of the MRP facilities. The Commission clarifies that approval of the Settlement does not bar NSP, as an intervenor and non-settling party, from making any argument to challenge the rolled-in treatment of the MRP facilities' costs.

7. The Complainants shall pay an incremental monthly surcharge for the cost of MRP facilities provided that the cost of the MRP facilities does not exceed \$25 million.
8. The Settlement provides that the Complainants' Marshfield contracts will be amended and extended to October 31, 2023, and Complainants shall be charged negotiated rates as fixed at the maximum tariff rates in effect at the effective date of the Settlement.
9. The Settlement also provides that certain non-Marshfield contracts of Wisconsin Gas and Wisconsin Electric will be extended for eight years past their expiration dates. In addition, the Settlement provides various other changes to individual contracts with delivery points at the ANR/Guardian Cedar interconnection, including the construction of facilities by November 1, 2011, to implement a pressure commitment by ANR at that interconnection. Further, the Settlement provides for contract changes between ANR and Wisconsin Gas involving gas deliveries at the Abbottsford Gate Station.
10. The Settlement provides in section 45 that to the extent the Commission considers any changes to the terms of this Settlement during the term of this Settlement "the standard of review for such changes shall be the most stringent standard permissible under applicable law."
11. The Commission finds that the Settlement appears fair and reasonable and in the public interest, and is therefore approved. The Commission's approval of this Settlement does not constitute approval of, or precedent regarding, any principle or issue in this proceeding.

By direction of the Commission.

Kimberly D. Bose,
Secretary.

cc: All Parties