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FERC opens investigations into rates on three interstate gas pipelines

The Federal Energy Regulatory Commission (FERC) today opened investigations into rates charged by three interstate natural gas companies - ANR Storage Co., Bear Creek Storage Company LLC and MIGC LLC - to determine if they are over-recovering their costs, resulting in unjust and unreasonable rates for customers.

Today's orders give each company 75 days to file a full cost and revenue study. The investigations stem from Form 2 cost and revenue information provided by ANR Storage, Bear Creek and MIGC for 2009 and 2010. FERC staff's analysis of this information indicates that current rates may allow the companies to recover revenue substantially more than their actual costs of service. None of the companies has made a general Natural Gas Act section 4 rate filing in at least 18 years, the orders said.

- **ANR Storage** provides firm and interruptible natural gas storage services to shippers on the systems of ANR Pipeline Co. and Great Lakes Gas Transmission Limited Partnership. Its northern Michigan fields provide 56 Bcf of storage capacity. Based on the Form 2 reports, FERC staff estimates that ANR Storage's return on equity (ROE) to be 130.38 percent for 2009 and 153.71 percent for 2010.
- **Bear Creek** provides individually certificated storage services in Louisiana to its owners, Southern Natural Gas Co. and Tennessee Gas Pipeline Co., which in turn provide contract storage services to certain customers. Southern, which operates Bear Creek, and Tennessee are subsidiaries of El Paso Corp. Based on review of Bear Creek's Form 2 reports, FERC staff estimates the company's ROE to be 22.43 percent for 2009 and 29.16 percent for 2010.
- **MIGC** is a 256-mile interstate pipeline system with a capacity of 175 million cubic feet per day that operates in the Power River Basin of Wyoming, providing firm and interruptible service to shippers. Based on the Form 2 reports, FERC staff estimates the company's ROE to be 47.74 percent for 2009 and 57.14 percent for 2010.

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