

153 FERC ¶ 61,236
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

November 20, 2015

In Reply Refer To:
ANR Pipeline Company
Docket No. RP16-66-000

ANR Pipeline Company
700 Louisiana Street
Suite 700
Houston, Texas 77002-2700

Attention: David R. Hammel, Senior Legal Counsel
Joan F. Collins, Manager, Tariffs and Compliance

Reference: Reservation of Capacity Waiver

Dear Ladies and Gentlemen:

1. On October 21, 2015, ANR Pipeline Company (ANR) filed a request for waiver of Part 6.3.3 of the General Terms and Conditions of ANR's FERC Gas Tariff, to allow ANR to reserve capacity for its Wisconsin South Expansion Project (Project) for an additional year, until November 20, 2016. ANR contends the waiver will help align certain critical dates for the Project's certificate application under section 7(c) of the Natural Gas Act (NGA). ANR requests issuance of an order no later than November 20, 2015, the date the current reservation of capacity is set to expire. For the reasons discussed below, the Commission grants the limited tariff waiver requested by ANR.
2. On June 24, 2014, ANR commenced an open season for the Project seeking non-binding commitments for firm transportation service along ANR's existing mainline and lateral facilities within Wisconsin and northern Illinois. ANR received two commitments for the entire Project's capacity (Project Shippers). On November 20, 2014, ANR reserved capacity pursuant to Part 6.3.3 of the General Terms and Conditions of ANR's FERC tariff, which is set to expire on November 20, 2015.
3. ANR explains that one Project Shipper has a termination right that expires June 30, 2016, and which is tied to approval by the state of Wisconsin for the shipper's contract through the shipper's certification of public convenience and necessity filing with the state. Based upon the expectation that the termination right will not be exercised

by the June 30, 2016 expiration date, ANR projects its NGA 7(c) certificate application for the Project will be filed in August 2016.

4. ANR states that granting its requested waiver until November 20, 2016, will allow Project activities to move forward even if there is an unforeseen delay in filing the NGA certificate application with the Commission.

5. Public notice of the filing was issued on October 26, 2015. Interventions and protests were due on November 2, 2015, as provided in section 154.210 of the Commission's regulations (18 C.F.R. § 154.210 (2015)). Pursuant to Rule 214 (18 C.F.R. § 385.214 (2015)), all timely motions to intervene and any unopposed 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 were filed. The Wisconsin Electric Power Company, Wisconsin Gas LLC, the Peoples Gas Light and Coke Company, North Shore Gas Company, and Michigan Gas Utilities (WEC LDCs) filed comments, however, seeking clarification of certain underlying rationales in ANR's waiver request on November 2, 2015, to which ANR responded on November 10, 2015.

6. The WEC LDCs state that while they do not oppose ANR's request, ANR should provide an explanation for the reservation amount for each segment of capacity being reserved. Specifically, the WEC LDCs question the amount ANR has reserved for the Sandwich North to CFTP location, stating it is not apparent why ANR seeks to reserve 192,167 Dth/d at this location when the Project, which is completely subscribed, has a capacity of 90,000 Dth, or roughly half the capacity being reserved. While an initial reservation of a larger quantity might have been reasonable before the ultimate committed Project size was known, the WEC LDCs submit that it is now appropriate to reduce the reservation to reflect the actual capacity under contract, as unnecessarily reserving more capacity than needed could have deleterious effects on other shippers and the rates they pay. The WEC LDCs maintain that reserving an accurate amount of capacity is important for several reasons: (1) the reserved capacity reduces the liquidity in the capacity market because the reserved capacity is unable to be subscribed to by current or potential shippers; (2) in a rate context the implications of "reserved" capacity for which no shipper existed could adversely affect the calculation of recourse rates; and (3) an overstated reservation may have adverse implications for the calculation of the deferred transportation cost adjustment.

7. Moreover, the WEC LDCs ask the Commission to address how ANR's unused reserved capacity should be treated for ratemaking purposes. WEC LDCs argue that an overstated capacity reservation should not be the basis for any billing determinant adjustment that increases rates.

8. ANR states that the 192,167 Dth/d requested for reservation was based upon models for gas flowing downstream from the Sandwich compressor station to locations in

the eastern part of Wisconsin. ANR explains that Project Shippers will now also be able to flow gas to various locations in the western and northern parts of Wisconsin, and therefore the facilities will be used differently than originally contemplated. ANR further explains that it has agreed to pressure commitments for each Project Shipper. ANR maintains that all these factors require it to reserve capacity at Sandwich North in excess of the nominal level of capacity committed to the Project Shippers under their agreements.

9. It appears that ANR has satisfactorily responded to WEC LDCs comments, and has supported the need for the proposed capacity reservation extension. The Commission therefore finds good cause to grant ANR's request for temporary, limited waiver of Part 6.3.3 of the General Terms and Conditions of ANR's FERC Gas Tariff. The Commission declines here to address how ANR's reserved capacity that is unused should be treated for ratemaking purposes as this is premature at this time, given that ANR has not yet filed a rate proceeding. Accordingly, the waiver request is granted from the date that this order is issued, and shall continue as needed until November 20, 2016.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.