

156 FERC ¶ 61,074
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

July 28, 2016

In Reply Refer To:
ANR Storage Company
Docket No. RP16-1030-000

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Dear Mr. Sundback:

1. On June 16, 2016, pursuant to Rule 207(a)(5)¹ of the Commission's Rules of Practice and Procedure, ANR Storage Company (ANR Storage) filed a Petition for Approval of Settlement (Settlement) in lieu of submitting a general section 4 rate filing under the Natural Gas Act (NGA). ANR Storage states the Settlement is broadly supported, or not opposed, by ANR Storage and customers that have actively participated throughout the negotiation and drafting of the Settlement.

2. ANR Storage states that its currently effective rates were implemented pursuant to a settlement that resolved all issues subject to procedures the Commission initiated under NGA section 5 under Docket No. RP12-123-000 (2012 Settlement).² ANR Storage states that the 2012 Settlement required it to file an NGA section 4 general rate case to be effective no later than July 1, 2016, which would then supersede the rates set forth in the 2012 Settlement.³ ANR Storage states that in early 2016, it entered into pre-settlement

¹ 18 C.F.R. § 385.207(a)(5) (2015).

² *ANR Storage Company*, 140 FERC ¶ 61,134 (2012) (2012 Settlement).

³ Settlement Petition at 2 (citing 2012 Settlement, art. IV.A).

discussions with its shippers that successfully led to an agreement-in-principle with its shippers. As a result, ANR Storage petitioned the Commission to amend the language in the 2012 Settlement to defer or eliminate ANR Storage's obligation to file an NGA section 4 general rate case in 2016. Subsequently, the Commission granted ANR Storage's Petition and found that ANR Storage's obligation under the 2012 Settlement would be satisfied if the Commission approved the instant Settlement, or in the alternative, would be deferred if the instant Settlement were rejected.⁴

3. ANR Storage states that it has filed the instant Settlement in lieu of the NGA general section 4 rate case required by the 2012 Settlement. ANR Storage states that through the instant black box Settlement, participants have successfully resolved numerous issues, such as: settlement rates and depreciation percentages for various classes of property; rate implementation; reservations; and a date by which to file a new NGA section 4 general rate case, except under certain conditions specified in the Settlement.

4. As a part of this Settlement package, ANR Storage contemporaneously filed an abandonment application to terminate service under ANR Storage's Part 157 Rate Schedule X-1 Agreement (Abandonment Application).⁵ The Abandonment Application states that ANR Pipeline Company (ANR Pipeline) will be provided with Part 284 open-access service under Rate Schedule FS in order to place the ANR Pipeline contract on comparable terms to other firm agreements.⁶ ANR Storage states that the Settlement and the companion Abandonment Application are an indivisible package that is intended to resolve comprehensively all matters related to the NGA section 4 general rate case that ANR Storage would otherwise have to file pursuant to the 2012 Settlement.

5. The principal terms of the Settlement are summarized below.

6. Article I provides a background of the Settlement and states that the Settlement satisfies ANR Storage's obligation to file a general section 4 rate case as required by the Amended Settlement in Docket No. RP16-877-000.⁷ Article I also states that the Settlement is an indivisible package that is intended to resolve comprehensively all matters related to

⁴ *ANR Storage Company*, 155 FERC ¶ 61,155 (2016) (Amended Settlement).

⁵ ANR Storage's Abandonment Application, Docket No. CP16-469-000 (filed June 16, 2016).

⁶ Settlement Petition at 4.

⁷ Amended Settlement, 155 FERC ¶ 61,155.

the NGA section 4 general rate case that ANR Storage otherwise would have to file pursuant to the 2012 Settlement.

7. Article II provides a moratorium on any new rate case filing by ANR Storage. Specifically, ANR Storage may not take any actions pursuant to NGA section 4 that result in an alteration, change or modification of the Settlement Rates or any provisions of the Settlement that would take effect prior to January 1, 2019, assuming a 5-month suspension period is imposed by the Commission. ANR Storage also agrees not to file for authorization to implement a modernization tracker during this time. Article II provides that ANR Storage shall file a general rate case pursuant to section 4 of the NGA with rates to be effective no later than July 1, 2021, unless any of the following have occurred: (1) ANR Storage has filed for approval of a Pre-Filing Settlement; (2) an NGA section 5 investigation has become effective prior to that date; or (3) ANR Storage has received authorization to place market-based rates in effect.

8. Article III provides that ANR Storage will file with the Commission in the instant proceeding, tariff records reflecting the modified tariff provisions set forth in Appendices A, C, and E, attached to the Settlement, and request implementation thereof with an effective date of July 1, 2016. It further states that the effectiveness of the Settlement is contingent upon approval of the Abandonment Application. The revised tariff records provide for a reduction in rates for Rate Schedule FS and Rate Schedule IS customers, as further detailed in Article IV. Additionally, the revised tariff records establish new parameters for ANR Storage to be reimbursed for fuel usage in the course of its operations.

9. Article IV sets out the rates that will be effective July 1, 2016 on the ANR Storage system. The maximum base recourse Rate Schedule FS reservation rates for deliverability and capacity will be, respectively, \$1.09240 and \$0.01325 per Dekatherm (Dth) per month. The maximum rate for both injection and withdrawal services shall be \$0.02561 per Dth under Rate Schedule FS. Article IV also states that the depreciation rate for underground storage will decrease from 3.25 percent to 2 percent. Furthermore, the negative salvage rate will decrease from 0.55 percent to 0.30 percent. Article IV also provides for the adoption of a tariff true-up mechanism for fuel use and lost-and-unaccounted-for gas.

10. Article V commits ANR Storage to making capital expenditures of at least \$29 million over the 4-year period ending December 31, 2019. Also, ANR Storage will meet with shippers at least once annually from 2017 through 2020 to discuss both planned capital expenditures for the upcoming year and actual capital expenditures from the preceding year.

11. Article VI describes the implementation of the Settlement and provides that ANR Storage will request implementation of its compliance tariff sheets for the Supporting/Non-Contesting Participants effective July 1, 2016. According to the

Settlement, supporting and non-contesting participants shall either support or not oppose the elements of this filing, so long as it is consistent with the Settlement and any order the Commission issues approving the Settlement. Additionally, Article VI defines contesting parties for purposes of the Settlement, and provides for the rates applicable to such parties.

12. Article VII includes various reservations clauses that apply to supporting/non-contesting participants. Article VIII describes the stipulated conditions under which the Settlement was negotiated and under which it is to become effective. Finally, Article IX describes the effect of Commission approval of the Settlement.

13. Public notice of the filing was issued on June 20, 2016. Interventions and protests were due 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 filed motions to intervene and any unopposed motion 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 the proceeding or place additional burdens on existing parties. No protests or adverse comments were filed.

14. The Commission has stated that when a pipeline has negotiated an agreement with its customers and others to change its rates or terms and conditions of service and the pipeline desires approval of the agreement before making an actual NGA section 4 tariff filing, the pipeline should simply file, pursuant to section 385.207,⁸ a petition for approval of the agreement. If the Commission approves the agreement, it will direct that the pipeline file, pursuant to NGA section 4(d) and section 154.203⁹ of the Commission's regulations, actual tariff records implementing the agreement consistent with the terms of the agreement as approved by the Commission. The Commission will treat such a filing as a filing to comply with the Commission's order approving the agreement, and the Commission will place tariff records that properly implement the agreement, as approved, into effect on the date provided for in the agreement.¹⁰

15. The instant Settlement was filed in lieu of a rate case, relieving participants from litigation and administration costs of such a proceeding and, in addition, it resolves system-wide rate issues consistent with the Commission's guidance for settlements outside the context of an existing proceeding.¹¹ In particular, the Settlement will provide an immediate

⁸ 18 C.F.R. § 385.207(a)(5) (2015).

⁹ *Id.* § 385.203.

¹⁰ *Dominion Transmission, Inc.*, 111 FERC ¶ 61,285 (2005).

¹¹ *Id.*

reduction from ANR Storage's currently effective rates and provides rate stability until 2019.

16. Accordingly, the Commission finds that the instant unopposed Settlement appears to be fair and reasonable and in the public interest, and therefore, the Commission approves the Settlement.¹² The Commission's approval of this Settlement does not constitute approval of, or precedent regarding, any principle or issue in this proceeding.

17. The Commission directs ANR Storage to file tariff records through eTariff portal that implement the Settlement as specified in the Settlement. This letter order terminates Docket No. RP16-1030-000.

By direction of the Commission.

Kimberly D. Bose,
Secretary.

¹² 18 C.F.R. § 385.602(g)(3) (2015).