

140 FERC ¶ 61,134  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Chairman;  
Philip D. Moeller, John R. Norris,  
Cheryl A. LaFleur, and Tony T. Clark.

ANR Storage Company

Docket Nos. RP12-123-000  
RP12-123-001  
RP12-792-000

ORDER ON UNCONTESTED SETTLEMENT

(Issued August 21, 2012)

1. On November 17, 2011, in Docket No. RP12-123-000, the Commission initiated a proceeding pursuant to section 5 of the Natural Gas Act (NGA) into the justness and reasonableness of the existing rates of ANR Storage Company (ANR Storage) and established hearing procedures.<sup>1</sup> In the November 2011 Order, the Commission required ANR Storage to file a cost and revenue study within 75 days.

2. On June 8, 2012, pursuant to Rule 602 of the Commission's Rules of Practice and Procedure,<sup>2</sup> ANR Storage, on behalf of itself, Commission trial staff, and all other active intervenors, filed a Stipulation and Agreement and appendices thereto (Settlement) and related materials in Docket No. RP12-792-000, to resolve all issues in Docket No. RP12-123-000. ANR Storage included with its Settlement offer tariff records setting forth its Phase 1 Settlement rates to become effective July 1, 2012. On July 6, 2012, the Commission accepted ANR Storage's proposed tariff records, effective July 1, 2012, subject to the outcome of the Commission's decision on the pending Settlement in this proceeding.<sup>3</sup>

---

<sup>1</sup> *ANR Storage Co.*, 137 FERC ¶ 61,136 (2011) (November 2011 Order).

<sup>2</sup> 18 C.F.R. § 385.602 (2012).

<sup>3</sup> *ANR Storage Co.*, 140 FERC ¶ 61,007 (2012).

3. The terms of the Settlement are described briefly immediately below.
4. Article I of the Settlement provides a general overview of the Settlement. It provides that the Settlement will reduce rates on the ANR Storage system, starting July 1, 2012, for firm and interruptible storage customers presently taking service at Part 284 recourse rates and modify rates applicable to Rate Schedule X-1. The article also provides that, with respect to the pending ANR Storage Petition for Declaratory Order Authorizing Market-Based Rates filed in Docket No. RP12-479-000, the participants intend that the Settlement will not materially impair any effort to seek or oppose market-based rate authority for ANR Storage.<sup>4</sup> Lastly, Article I specifies that to the best of the information of the Supporting/Non-Contesting Participants, the Settlement represents an uncontested resolution of all the issues in this proceeding.
5. Article II provides the background and procedural history of this proceeding.
6. Article III sets forth the Phase I (applicable as of July 1, 2012) and Phase II (applicable as of June 1, 2013) rates, as well as rates of depreciation for certain classes of property. Article III also defines the “Rate Schedule X-1 Compliance Filing” as set forth in the Settlement. Furthermore, Article III provides that any rate or billing adjustment implemented pursuant to the Settlement is subject to subsequent billing adjustment or reversal consistent with Article V. Article III also specifies the rates charged to disputing parties under the Settlement.
7. Article IV specifies that ANR Storage will file a new NGA section 4 general rate case with regard to those services provided at recourse rates to become effective no later than July 1, 2016, unless rates in a new NGA section 5 proceeding have become effective before that date and subsequent to July 1, 2013. This article also provides that the Settlement does not establish a moratorium upon proceedings initiated under either NGA section 4 or NGA section 5.
8. Article V (i) describes the implementation of rates and rate alternatives, including the rates for disputing parties; (ii) describes the fact that the Settlement rates implemented before final approval of the Settlement are subject to adjustment/recollection; and (iii) defines conduct that would make entities “Disputing Parties” under the Settlement. Article V also provides that application of the Settlement is subject to reversal in the event the Settlement is not approved by the Commission in accordance with the terms of the Settlement.

---

<sup>4</sup> The Commission has yet to issue an order regarding ANR Storage’s petition for market-based rate authority.

9. Article VI provides for the reservations in the Settlement. Article VI also restricts certain actions of participants once the Settlement becomes effective and details the effect of Commission approval.

10. Article VII defines the “Approval Date” of the Settlement, describes the rights of the participants under the Settlement if the Settlement is not approved, and provides that following Commission approval of the Settlement, the standard of review applicable to revisions of the Settlement’s terms shall be the “just and reasonable” standard and not the “public interest” or Mobile Sierra<sup>5</sup> standard.

11. Article VIII describes the effect of Commission approval of the Settlement. Among other things, Article VIII provides that upon approval of the Settlement in accordance with Article VII, ANR Storage will withdraw its currently pending request for rehearing of the Commission’s November 2011 Order.

12. BP Canada Energy Marketing Corp., Northern States Power Company-Minnesota and Northern States Power Company-Wisconsin (NSP Companies), Commission Trial Staff (Trial Staff), and Tennessee Valley Authority filed initial comments in support of the Settlement.

13. All of the commenters believe that the settlement is fair and reasonable and in the public interest and therefore, should be approved by the Commission without modification. In its comments, Trial Staff states that the Settlement provides a two-phased rate reduction for non-negotiated firm and interruptible contracts subject to Part 284 of the Commission’s Regulations and for Rate Schedule X-1. It states that the Phase I reductions for Part 284 contracts, which take effect on July 1, 2012, consist of approximately a 20 percent reduction in ANR Storage’s currently effective deliverability and capacity monthly rates for Part 284 contracts. Trial Staff states that the Phase II reductions for Part 284 contracts, which take effect on June 1, 2013, consist of approximately a 54.5 percent reduction in ANR Storage’s currently effective deliverability rates and a 46 percent reduction in the currently effective capacity rates. Both the Phase II Rate Schedule FS overrun service maximum rate and the Rate Schedule IS commodity maximum rate will be reduced from present levels by approximately 38 percent.

---

<sup>5</sup> See *United Gas Pipe Line Co. v. Mobile Gas Serv. Corp.*, 350 U.S. 332, (1956) and *FPC v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956); See also *Morgan Stanley Capital Group, Inc. v. Public Util. Dist. No. 1 of Snohomish County, Washington*, 554 U.S. 527, 545 (2008) and *NRG Power Mktg. v. Maine Pub. Utils. Comm’n*, 130 S. Ct. 693, 700 (2010).

14. Further, Trial Staff states that, under Rate Schedule X-1, ANR Pipeline Company pays a monthly charge to ANR Storage for storage services. Trial Staff states the Rate Schedule X-1 monthly charge will increase during Phase I, but decrease during Phase II by approximately 18.7 percent as compared to the current monthly charge.

15. On July 9, 2012, the Presiding Judge certified the Settlement to the Commission as uncontested.<sup>6</sup>

16. The Commission finds that the Settlement is fair and reasonable and in the public interest, and therefore, the Commission approves the Settlement pursuant to Rule 602(g), 18 C.F.R. § 385.602(g) (2012).

17. This order terminates Docket No. RP12-123-000.

The Commission orders:

The Settlement is hereby approved as discussed in the body of this order.

By the Commission.

( S E A L )

Kimberly D. Bose,  
Secretary.

---

<sup>6</sup> *ANR Storage Co.*, 140 FERC ¶ 63,002 (2012).