FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

July 1, 2005

In Reply Refer To:
ANR Pipeline Company
Docket No. RP05-366-000

ANR Pipeline Company
1001 Louisiana, Suite S1602A
Houston, Texas 77046

Attention: Dawn A. McGuire, Counsel

Reference: Referenced Tariff Sheets

Dear Ms. McGuire:

1. On June 1, 2005, ANR Pipeline Company (ANR) filed revised tariff sheets[1] to add new language to its General Terms and Conditions (GT&C) which will allow ANR to sell capacity on an interim basis that is already subscribed for in the future, and to eliminate the applicability of the right of first refusal (ROFR) procedures to the capacity sold on an interim basis. In addition to correcting other minor tariff errors, ANR also proposes to voluntarily include in its GT&C additional flexibility with regard to a shipper's eligibility for Contract Reduction Options. The Commission will accept the referenced tariff sheets, effective July 2, 2005, as requested. This order benefits customers and the pipeline because it ensures that a pipeline denying a ROFR does so without undue discrimination or preference, and affords ANR's shippers additional flexibility by which they may reduce their contract demand levels.

[1] Fourth Revised Sheet No. 101A, Second Revised Sheet No. 101B, First Revised Sheet Nos. 101C and 101D, Original Sheet No. 101E, Fourth Revised Sheet No. 162.01 and First Revised Sheet No. 192D to ANR's FERC Gas Tariff, Second Revised Volume No. 1.

2. Section 2.10(i) of ANR's GT&C contains the open season, net present value, and limitations on the ROFR rights relating to the sale, on an interim basis, of capacity reserved for a future period. ANR states that it has provided additional clarification of the ROFR limitations in the ROFR provisions in section 22.2 of its GT&C. Additionally, ANR has included a new section 2.10(h) which sets forth the general process for open seasons for uncontracted-for capacity. Specifically, section 2.10(h) provides that if an open season is held, ANR will: 1) post a notice of such open season to afford all potential shippers an opportunity to bid on the capacity; 2) use nondiscriminatory and objective evaluation criteria; and, 3) specify in its posting the bidding and evaluation criteria, what constitutes a valid bid request, and when the successful bidder will be identified.

3. Finally, ANR states that it has voluntarily included a new section 35.5, Other Reduction Options, in its GT&C which will allow additional flexibility with regard to a shipper's eligibility to reduce contract demand levels. Specifically, if a shipper does not otherwise meet the eligibility requirements of section 35[2] of its tariff, ANR may nevertheless grant the Reduction Option, provided that such grant is then subjected to an open season process and the methodology employed to evaluate bids in the open season is a net present value analysis.

4. Public notice of ANR's filing was issued June 7, 2005, with interventions and protests due as provided in section 154.210 of the Commission's regulations (18 C.F.R. § 154.210 (2004). Pursuant to Rule 214 (18 C.F.R. § 385.214 (2004)), all timely filed motions to intervene and any motions to intervene out-of-time filed before the issuance date of this order are granted. Granting late interventions at this stage of the proceeding will not disrupt the proceeding or place additional burdens on existing parties. The Wisconsin Distributor Group filed in support of ANR's filing. No protests were filed.

[2] Currently, under section 35 of its GT&C, ANR allows a shipper to elect from four types of contract demand reduction options if they meet the eligibility requirements set forth in the tariff. These reduction options include: 1) Loss of Load, 2) a Plant Outage; 3) a Regulatory Unbundling Order; and, 4) a Sole Supply Customer provision for captive customers.

5. ANR's proposed tariff language regarding the sale of interim capacity without a ROFR is consistent with Commission policy,[3] and is accepted. ANR's proposal includes tariff language which sets forth an open season bidding process for available capacity, provides that the interim capacity is awarded to the shipper providing the highest net present value bid, and includes the limitation of ROFR rights with respect to the interim capacity.

6. The Commission also finds that ANR's proposal to offer additional contract demand reduction rights to be in the public interest and just and reasonable. ANR has voluntarily offered to expand the Reduction Option portion of its tariff to allow shippers who do not meet the eligibility requirements already provided for in ANR's tariff to reduce their contract obligations upon mutual consent. The Commission does not require pipelines to allow shippers to terminate or reduce their contract rights, but has accepted proposals by the pipelines to offer such reduction rights on a voluntary basis provided there is no undue discrimination among shippers.[4] Accordingly, we will accept ANR's proposal to expand its Contract Reduction Options.

By direction of the Commission.

Magalie R. Salas,
Secretary.

cc: All parties

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[3] *See Northern Natural Gas Co.*, 109 FERC ¶ 61,388 at P 14 (2004); *Gas Transmission Northwest Corp.*, 109 FERC ¶ 61,141 at P 15 (2004).

[4] *See Florida Gas Transmission Corp.*, 101 FERC ¶ 61,401 at P 10 (2002).