

104 FERC ¶ 61,301
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Pat Wood, III, Chairman;
William L. Massey, and Nora Mead Brownell.

ANR Pipeline Company

Docket No. CP02-434-001

ORDER GRANTING REQUEST FOR REHEARING AND CLARIFICATION

(Issued September 15, 2003)

1. On June 5, 2003, the Commission issued an order granting ANR Pipeline Company (ANR) abandonment approval and certificate authorization, pursuant to Sections 7(b) and (c) of the Natural Gas Act (NGA), respectively, for its proposed WestLeg Project expansion.¹ ANR plans to enlarge the capacity of its existing natural gas system by looping its Madison Lateral line, located in Wisconsin's Walworth and Rock Counties and Illinois' McHenry County, with approximately 26.3 miles of 30-inch diameter pipe, and by modifying its existing Beloit Lateral line, located in Wisconsin's Rock County, replacing short 4- and 6-inch diameter lines with a single 20-inch diameter, 6.5-mile long line.

Request for Rehearing and Clarification

2. In its WestLeg Project application, as supplemented, ANR presented two precedent agreements for 80 MDth/d of firm transportation service as evidence of a market need for its proposed expansion. In the June 2003 Order, the Commission directed ANR to execute contracts for the level and terms of service represented in its precedent agreements prior to commencing construction.² ANR seeks rehearing regarding this requirement, explaining that pursuant to one of the precedent agreements, its prospective shipper need not contractually commit to 10 MDth/d of capacity until January 2004, *i.e.*, until after the anticipated 2003 construction start date for the WestLeg Project.³ Accordingly, while ANR states its intent to execute contracts for the service

¹ 103 FERC ¶ 61,297 (2003) (order issuing certificate and approving abandonment) and 101 FERC ¶ 61,376 (2002) (preliminary determination).

² See 103 FERC ¶ 61,297 at 62,163, Ordering Paragraph C(4).

³ The agreement in question, with Madison Gas and Electric Company (Madison
(continued...))

represented by the precedent agreements prior to commencing construction, ANR asks that the 10 MDth/d intended to fuel the planned cogeneration plant be omitted from this requirement.

Commission Response

3. We have previously found that the cost savings that the WestLeg Project will provide, along with the revenues derived from firm transportation service for 70 Dth/d, will exceed the expansion project's costs, both during each year of the 9.5-year service term and on a cumulative basis.⁴ Thus, we conclude that ANR's existing customers will not be called upon to subsidize the WestLeg Project, even absent all of the revenue attributable to the 10 MDth/d intended to fuel the new cogeneration plant. Accordingly, we will not require ANR to execute a contract for this 10 MDth/d of capacity. However, ANR remains obliged to execute contracts for the remaining 70 MDth/d of capacity reflected in its precedent agreements prior to commencing construction.

4. In its request for rehearing, ANR states that in order to be able to provide gas to the new Riverside Energy Center before the end of this year, it intends to commence construction at the Tiffany East Meter Station site prior to construction of mainline facilities. We clarify that provided the Commission approves ANR's Implementation Plan,⁵ and provided ANR meets all environmental and other conditions applicable to the Tiffany East Meter Station, ANR may commence meter station construction prior to mainline construction.

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Gas and Electric), is for 20 MDth/d of firm service. However, 10 MDth/d of this is intended to supply a new University of Wisconsin Cogeneration Project, scheduled to go into service in November 2004. The precedent agreement gives Madison Gas and Electric until January 2004 to delay or cancel the capacity intended for this new plant, in the event that plans for the cogeneration project are altered. See section 3, page 3, of ANR's precedent agreement with Madison Gas and Electric, filed with the Commission on January 6, 2003.

⁴ See 101 FERC ¶ 61,376, at 62,564.

⁵ See Environmental Condition No. 6 in the Appendix to the June 2003 Order.

The Commission orders:

(A) ANR's request for rehearing and clarification is granted as discussed in the body of this Order.

(B) Ordering Paragraph C (4) of the Commission's June 2003 Order is revised to read as follows:

ANR executing contracts for the level of service and the terms of service represented in the precedent agreements prior to commencing construction, with the exception of 10 MDth/d of capacity that Madison Gas and Electric will deliver to a new cogeneration facility.

By the Commission.

(S E A L)

Magalie R. Salas,
Secretary.