

169 FERC ¶ 61,267
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Neil Chatterjee, Chairman;
Richard Glick and Bernard L. McNamee.

ANR Storage Company

Docket Nos. RP20-303-000
RP19-405-000

ORDER ON TARIFF RECORDS, GRANTING WAIVERS, AND TERMINATING
FERC FORM NO. 501-G PROCEEDING

(Issued December 31, 2019)

1. On December 2, 2019, in Docket No. RP20-303-000, ANR Storage Company (ANR Storage) filed revised tariff records¹ to adopt market-based rates, as authorized by the Commission's September 26, 2019 Order on Remand in Docket No. RP12-479-003.² ANR Storage also proposes changes to its tariff regarding lost gas and liens. ANR Storage requests several waivers of the Commission's regulations pertaining to cost-based rate service. We grant the waivers and accept the tariff records, effective January 1, 2020 as requested, subject to the conditions discussed below.

2. On December 6, 2018, in Docket No. RP19-405-000, ANR Storage submitted its FERC Form No. 501-G consistent with the reporting requirements of Order No. 849.³ We find that, as a natural gas company providing exclusively market-based rate service, the requirement to file FERC Form No. 501-G no longer applies to ANR Storage.

I. Background

3. In Docket No. RP12-479-000, ANR Storage filed a petition for declaratory order authorizing market-based rates for all of its jurisdictional facilities. Through a series of orders, the Commission initially denied ANR Storage's petition.⁴ The Court of Appeals

¹ See Appendix.

² *ANR Storage Co.*, 168 FERC ¶ 61,195 (2019) (Order on Remand).

³ *Interstate and Intrastate Natural Gas Pipelines; Rate Changes Relating to Federal Income Tax Rate*, Order No. 849, 164 FERC ¶ 61,031 (2018).

⁴ *ANR Storage Co.*, Initial Decision, 146 FERC ¶ 63,007 (2014), Opinion No. 538, 153 FERC ¶ 61,052 (2015), *aff'd on reh'g*, 155 FERC ¶ 61,279 (2016).

for the District of Columbia Circuit overturned the Commission's denial and remanded the case to the Commission in *ANR Storage Co. v. FERC*.⁵ On September 26, 2019, the Commission issued the Order on Remand, approving ANR Storage's application for market-based rate authority and directing ANR Storage to make appropriate tariff revisions should ANR Storage elect to provide storage at market-based rates.

4. In the instant filing, ANR Storage is proposing various modifications to its Statement of Rates, Rate Schedules, General Terms and Conditions (GT&C), and Form of Service Agreements to implement market-based rates. In addition, ANR Storage requests various waivers of the Commission's regulations associated with cost-based rates. ANR Storage is also proposing tariff changes regarding loss of gas and liens, that are not directly linked to market-based rate implementation.

II. Notice and Responsive Pleadings

5. Public notice of ANR Storage's FERC Form No. 501-G filing in Docket No. RP19-405-000 was issued on December 7, 2018. Public notice of ANR Storage's tariff filing in Docket No. RP20-303-000 was issued on December 3, 2019. Interventions and protests were due as provided in section 154.210 of the Commission's regulations.⁶ Pursuant to Rule 214, all timely motions to intervene and any unopposed motions to intervene filed out-of-time before the issuance date of this order are granted.⁷ Granting late intervention at this stage of the proceeding will not disrupt this proceeding or place additional burdens on existing parties. The protests to ANR Storage's FERC Form No. 501-G filing are summarized below.

6. The Canadian Association of Petroleum Producers (CAPP) filed comments, and Tenaska Gas Storage, LLC (Tenaska) and Northern States⁸ each filed protests, in Docket No. RP20-303-000, as summarized below. In response, ANR Storage filed a Motion for Leave to Answer and Answer, as summarized below. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213 (a)(2) (2019), prohibits answers to protests or answers unless otherwise permitted by the decisional authority. We accept ANR Storage's answer because it has provided information that assisted us in our decision-making process.

⁵ 904 F.3d 1020 (D.C. Cir. 2018).

⁶ 18 C.F.R. § 154.210 (2019).

⁷ 18 C.F.R. § 385.214 (2019).

⁸ For the purposes of this proceeding, Northern States refers to Northern States Power Company of Minnesota and Northern States Power Company of Wisconsin.

7. CAPP notes that some of the proposed tariff changes appear to be only indirectly related to the implementation of market-based rates and requests that such changes should be reviewed *de novo*.⁹ CAPP also notes that ANR Storage stated in the instant filing that it will be charging market-based rates for all of its jurisdictional services, and that it understood from the record in Docket No. RP12-479-000 that ANR Storage intends to continue to furnish service to its affiliate, ANR Pipeline Company (ANR Pipeline), under NGA section 7(c) authorization, at cost-based rates. CAPP states that, if this remains an accurate understanding, the scope of the proposed tariff revisions should also be conformed accordingly.

8. In response to CAPP's concerns, ANR Storage asserts that it abandoned its Part 157 service under NGA section 7(c) authorization effective July 1, 2016 and that it is now provides ANR Pipeline service on an open access basis pursuant to Rate Schedule FS. ANR Storage states that it will provide service to ANR Pipeline at market-based rates, the same as it will provide service to all other customers.¹⁰

9. Tenaska and Northern States both protest ANR Storage's proposal to revise Section 6.11.1 of the GT&C of its tariff. Tenaska and Northern States argue that the proposed changes are inconsistent with current Commission policy because they would enable ANR Storage to insulate itself from liability for gas losses or injury/damage caused by gas loss even if they result from ANR Storage's own simple negligence.¹¹ Tenaska and Northern States argue that the Commission requires that a pipeline be responsible for gas lost while in its possession.¹²

10. Northern States claims ANR Storage has provided no justification for the proposed changes, which would significantly increase customers' risk and degrade their existing rights. Northern States argues that ANR Storage's proposed changes are not necessary and have no relation to the proposed revisions in ANR Storage's tariff to allow market-based storage service and should be rejected.

11. Tenaska states that the Commission recognized an exception to its general policy, for market-based storage service providers to "assign to customers liability for storage

⁹ CAPP Comments at 2-3.

¹⁰ ANR Storage Answer at 8.

¹¹ Tenaska Protest at 3-4 & n.9; Northern States Protest at 6.

¹² *Id.* (citing *Windy Hill Gas Storage, LLC*, 119 FERC ¶ 61,291, at P 66 (2007) (*Windy Hill*)).

gas losses other than in circumstances involving the service provider's negligence."¹³ Tenaska argues that historically such tariff language included a simple negligence standard, not the gross negligence standard proposed by ANR Storage.¹⁴ Tenaska claims the Commission also accepted a simple negligence standard in a risk of loss provision in the *Windy Hill* order cited by ANR Storage.¹⁵ Tenaska further claims the Courts have agreed with the Commission, finding that "it is not in the public interest to exculpate a pipeline from its own negligence[.]"¹⁶

12. Tenaska and Northern States argue that ANR Storage's proposed tariff revisions shift the financial responsibility for the loss of its base gas or other products owned by ANR Storage to its customers. Tenaska claims that the language is overly broad and should be rejected. Tenaska argues that if applied literally the language that ANR Storage proposes would shift the financial responsibility for the loss of its base gas or other products that fall within the definition of "Gas" that are owned by ANR Storage to its customers. Tenaska argues that the term "Gas" is defined in GT&C Section 6.1 of ANR Storage's tariff as "natural gas, including casinghead gas produced with crude oil, gas from gas wells and gas from condensate wells and synthetic natural gas." The term "Working Storage Gas" is defined as "the quantity of Gas held in storage at any given time, by Seller, for the account of Customer."¹⁷ Tenaska asserts that ANR Storage, not its customers, should bear the financial responsibility for – and assume the cost of insuring itself against – any loss of ANR Storage-owned base gas or other products.¹⁸

13. ANR Storage argues in its answer that its proposal to place responsibility for loss of gas on the customer, except for cases of intentional or grossly negligent conduct by ANR Storage, is consistent with Commission policy. ANR Storage contends that both Northern States and Tenaska erroneously claim that ANR Storage is prohibited from employing a gross negligence standard for itself in assigning to customers liability for storage gas losses. ANR Storage argues that the Commission has never explicitly

¹³ *Windy Hill*, 119 FERC ¶ 61,291 at P 67.

¹⁴ *Tres Palacios Gas Storage, LLC*, 120 FERC ¶ 61,253, at P 65 (2007) (*Tres Palacios*).

¹⁵ Tenaska Protest at 5 (citing *Windy Hill*, 119 FERC ¶ 61,291 at PP 62-66).

¹⁶ *Id.* (citing *United Gas Pipe Line Co. v. FERC*, 824 F.2d 417, 427 (5th Cir. 1987)).

¹⁷ *Id.* at 6.

¹⁸ *Id.*

delineated between a simple negligence standard and a gross negligence standard in approving similar risk of loss tariff provisions.¹⁹

14. ANR Storage argues in its answer that Northern States' protest that ANR Storage's proposal would shift responsibility for insurance coverage is unfounded. ANR Storage states the Commission consistently has found that "storage providers are not required to provide insurance for their customers and many storage providers' tariffs state that their customers are responsible for providing their own insurance."²⁰

15. ANR Storage argues in its answer that Northern States' and Tenaska's protests that it is improper to shift the risk of loss of gas to ANR Storage's customers is inconsistent with Commission policy. ANR Storage states that the Commission has noted in numerous instances that market-based rate storage providers are permitted to deviate from the Commission's general policy on lost gas "since that issue may be a factor in the rate negotiations' for storage service between the parties."²¹ ANR Storage further claims that customers will be free to negotiate for storage rates that adequately reflect the perceived risk associated with ANR Storage's tariff.²²

16. Northern States also protests ANR Storage's proposal to revise GT&C Section 6.11.5, and add a new Section 6.23, in order to grant the pipeline a lien over gas stored on its system. Northern States argues that the proposed revisions in Sections 6.11.5 and 6.23 are not necessary to implement market-based rates. Northern States argues that the revisions are overly broad and customers are already subject to stringent creditworthiness requirements. Northern States argues that current tariff provisions provide ANR Storage with enough security. Northern States claims that ANR Storage's proposed revision would allow ANR Storage to impose a security lien on customers with impeccable credit and payment histories and has provided no justification for imposing a security lien on top of the existing creditworthiness obligations.²³

17. Northern States argues that the proposed lien is inconsistent with the Commission's Policy Statement on Creditworthiness because it is not a collateral requirement that is "reasonably related to the risk posed by [a] non-creditworthy

¹⁹ ANR Storage Answer at 3-6.

²⁰ *Id.* at 6 (quoting *Windy Hill* at P 68; citing *Tres Palacios* at P 68).

²¹ *Id.* (citing *Windy Hill* at P 67; *Petal* at P 29).

²² *Id.*

²³ Northern States Protest at 8.

shipper.”²⁴ Northern States argues the proposed tariff revision would give ANR Storage the right to impose the lien on all customers, including those who have met the tariff’s creditworthiness requirements and pose no payment risk.

18. ANR Storage states in its answer that Northern States’ arguments fail to address the fact that such liens are permitted under Commission policy and are not, as claimed by Northern States, inconsistent with the Commission’s Creditworthiness Policy Statement. ANR Storage asserts that its proposal is entirely consistent with other similar tariff provisions that the Commission has approved and should otherwise be approved in its entirety.²⁵

III. Revised Tariff Records in Docket No. RP20-303-000

19. ANR Storage proposes various modifications to its Statement of Rates, Rate Schedules, GT&C, and Form of Service Agreements to implement market-based rates. We accept the proposed tariff language that is either administrative in nature or is authorized by the Order on Remand as just and reasonable. Furthermore, in response to CAPP, ANR Storage has clarified in its answer that it will provide its affiliate, ANR Pipeline, service under market-based rates, just as it will provide service to all other customers at market-based rates.²⁶ ANR Storage’s revisions to GT&C Sections 6.11.1, 6.11.5, and 6.23, however, are neither administrative, nor authorized by the Order on Remand, and we discuss each below.

A. Loss due to Negligence

20. Prior to filing, Section 6.11.1 provided, in relevant part, “Upon receipt of Gas to be stored, [ANR Storage] shall be ... responsible for any loss thereof.”²⁷ ANR Storage now proposes to amend that language to state that ANR Storage “shall not be liable to Customer for any loss of Gas, except as may be occasioned due to the intentional or grossly negligent acts or omissions.”²⁸ ANR Storage argues that while the Commission’s general policy is to place responsibility on the pipeline for gas in its possession, “the

²⁴ *Id.* (citing *Policy Statement on Creditworthiness Issues for Interstate Natural Gas Pipelines and Order Withdrawing Rulemaking Proceeding*, 111 FERC ¶ 61,412 (2005) (Policy Statement on Creditworthiness)).

²⁵ ANR Storage Answer at 7-8.

²⁶ *Id.* at 8.

²⁷ ANR Storage Company, FERC Gas Tariff, PART 6.11.1, 1.0.0.

²⁸ ANR Storage Company, FERC Gas Tariff, PART 6.11.1, 2.0.0.

Commission has stated that storage service providers possessing market-based rate authority may deviate from this general policy.”²⁹

21. All parties agree that the Commission does allow market-based rate service providers to deviate somewhat from the standard rule assigning responsibility for losses to the party in possession. When a pipeline lacks market power, it is reasonable to allow the pipeline and customer to negotiate who should pay for insurance to cover gas that is lost without any party being at fault.³⁰ The issue presented here, however, is whether the Commission should approve a provision indemnifying a pipeline from risk of loss if the pipeline is negligent.

22. ANR Storage argues that *Petal* supports its proposal because there the Commission accepted a risk of loss provision with a gross negligence standard.³¹ ANR Storage argues in its answer that the Commission has never explicitly delineated between a simple negligence standard and a gross negligence standard in approving similar risk of loss tariff provisions. ANR Storage contends that the Commission has accepted other tariff provisions identical to its proposed provision in cases more recent than either *Windy Hill* or *Tres Palacios*.³² In recent years, however, the Commission has reinterpreted *Petal* policy to hold that a pipeline may not limit its liability in cases where the pipeline has acted negligently.³³ Accordingly our current policy is that pipelines may not avoid responsibility for gas lost due to its own negligence. Even when a pipeline lacks market power, “requiring a pipeline to be liable for direct damages for their simple negligence ‘gives service providers a powerful incentive to operate their systems in a reasonable and prudent manner.’”³⁴

²⁹ ANR Storage, Docket No. RP20-303, Transmittal at n.9 (citing *Petal Gas Storage, L.L.C.*, 124 FERC ¶ 61,082, at P 33 (2008) (*Petal*); *Tres Palacios*, 120 FERC ¶ 61,253 at P 68; *Windy Hill*, 119 FERC ¶ 61,291 at P 68).

³⁰ *E.g.*, *Tres Palacios*, 120 FERC ¶ 61,253 at P 68 (“Storage providers are not required to provide insurance for their customers.”).

³¹ ANR Storage, Docket No. RP20-303, Transmittal at 5 and n.9 (citing *Petal*, 124 FERC ¶ 61,082 at P 33).

³² ANR Storage answer at 5 (citing *Blue Sky Gas Storage, LLC*, 129 FERC ¶ 61,210 (2009)).

³³ *See Port Arthur LNG, LLC*, 167 FERC ¶ 61,052, at P 88 (2019); *Enable Gas Transmission, LLC*, 152 FERC ¶ 61,052, at P 148 (2015) (*Enable*).

³⁴ *Enable*, 152 FERC ¶ 61,052 at P 149.

23. Accordingly, we accept ANR Storage's revisions to Section 6.11.1 of the GT&C of its tariff subject to the condition that ANR Storage revise the tariff to strike the word "grossly," and replace "Gas" with "Working Storage Gas," or otherwise amend the provision to conform with our policy. ANR Storage shall file such revisions within 30 days of the date of this order.

B. Liens

24. ANR Storage also proposes to revise Section 6.11.5, which concerns creditworthiness, to add the following new clause to the both 6.11.5 (a) and 6.11.5 (b):

In addition to and not in limitation of the foregoing, Seller shall have, at all times, the right to a first priority security interest, as well as a statutory lien under Article 7 of the Uniform Commercial Code (as adopted in Michigan), in any Gas which Customer may have remaining on Seller's system to secure all amounts owed by Customer under any and all Service Agreements entered into between Customer and Seller.³⁵

ANR Storage also proposes a new Section 6.23 to the GT&C of its tariff, detailing how the lien operates.

25. In support, ANR Storage cites to *Tennessee Gas Pipeline Co.*, which states, "[t]o the extent state law permits a pipeline to assert a carrier or other lien, the Commission cannot see any reason to establish a federal policy against asserting that right."³⁶ Northern States argues that the proposed lien is inconsistent with the Commission's Policy Statement on Creditworthiness because it is not a collateral requirement that is "reasonably related to the risk posed by [a] non-creditworthy shipper."³⁷

26. Northern States protest this new tariff language claiming that ANR Storage's existing collateral requirements provide adequate security to ANR Storage and arguing that this language would place a security lien on customers with impeccable credit and payment histories.³⁸ ANR Storage responds that the Commission has consistently

³⁵ ANR Storage Company, FERC Gas Tariff, PART 6.11.5, 2.0.0.

³⁶ ANR Storage, Docket No. RP20-303, Transmittal at n.10 (citing 103 FERC ¶ 61,275, at P 77 (2003) (*Tennessee*)).

³⁷ Policy Statement on Creditworthiness, 111 FERC ¶ 61,412 at P 16.

³⁸ Northern States Protest at 6.

permitted pipeline companies to assert a lien or interest that is consistent with state law or the Uniform Commercial Code on all gas received from the shipper in order to satisfy charges for storage or transportation.³⁹

27. We find that ANR Storage has not yet demonstrated that its proposed language is limited to what the Commission permitted in *Tennessee*. In *Tennessee*, the Commission stated that it would not prohibit Tennessee from asserting its right to establish a lien *pursuant to state law* but made clear that the Commission did prohibit Tennessee from asserting its right to establish a lien *pursuant to its tariff*.⁴⁰

28. Accordingly, we accept the revised Section 6.11.5 and new Section 6.23 of the GT&C of ANR Storage's tariff subject to ANR Storage either revising both sections to more clearly state that ANR Storage is merely asserting its right under state law, and not asserting any additional authority; or else providing additional information explaining how its current proposal is consistent with *Tennessee*.⁴¹

IV. Waivers

29. ANR Storage requests that the Commission issue an order granting ANR Storage waiver of any Commission regulations necessary and appropriate to implement the authorizations requested herein. ANR Storage requests waiver of (1) sections 284.7(e) and 284.10 of the Commission's regulations, which require that natural gas companies providing Part 284 storage services charge reservation fees that recover all fixed costs based on the straight fixed-variable rate design methodology; and (2) the accounting and reporting requirements of Part 201 and sections 260.1 and 260.2 of the Commission regulations.⁴²

30. Additionally, ANR Storage states that it "respectfully requests that the Commission hold that ANR Storage need not file additional incremental data concerning [s]ection

³⁹ ANR Storage Answer at 8.

⁴⁰ *Tennessee*, 103 FERC ¶ 61,275 at P 78 ("here, the Commission is not permitting Tennessee to establish a lien in its tariff, which was the issue addressed in [the underlying] *Tennessee* [order]; we are only allowing Tennessee to establish a lien acceptable under applicable state law.").

⁴¹ *E.g.*, *Mobay Storage Hub, Inc.*, 117 FERC ¶ 61,298, at P 56 (2006) (accepting a "lien or interest that is consistent with state law," and contrasting it with broader language that "amounted to a confiscation of gas.").

⁴² 18 C.F.R. §§ 284.7(e), 284.10, 260.1, & 260.2 (2019).

284.205(a).”⁴³ ANR Storage also states that it “believes that [s]ection 284.504(a) applies only once an applicant has been ‘granted the authority to charge market-based rates under [s]ection 284.503 and continues to provide other services at cost-based rates.’”⁴⁴ ANR Storage states that, because it is requesting authorization to charge market-based rates for all of its jurisdictional services, section 284.504(a) of the Commission’s regulations is inapplicable.

31. We find good cause to grant the requested waiver of Part 201 and sections 284.7(e), 284.10, 260.1, and 260.2 of the Commission’s regulations, as these regulations are mainly intended to regulate providers of cost-based natural gas transportation services.⁴⁵ Further, we grant ANR Storage’s requested clarification that, in its current circumstances, sections 284.205(a)⁴⁶ and 284.504(a)⁴⁷ do not apply. However, we require ANR Storage to file page 520 of FERC Form 2, reporting the gas volume information which is the basis for imposing an Annual Charge Adjustment (ACA) charge.⁴⁸ ANR Storage is required to comply with all the Commission’s regulations applicable to interstate pipelines not specifically waived herein including the transactional reporting requirements in section 284.13(b) of the Commission’s regulations.

32. The waivers granted herein are subject to revision in the event the Commission finds cause to review ANR Storage’s market power or market-based rates. In addition, in the event the Commission finds cause to review records and data regarding ANR Storage’s costs, ANR Storage is required to maintain records to separately identify the original cost and related depreciation on its facilities, and to maintain accounts and financial information of its facilities consistent with generally accepted accounting principles.

⁴³ ANR Storage, Transmittal Letter, Docket No. RP20-303-000 at 8.

⁴⁴ *Id.* (quoting 18 C.F.R. § 284.504(a) (2019)).

⁴⁵ “The cost-related information required by these regulations is not relevant in light of our approval of market-based rates.” *Freebird Gas Storage, LLC*, 111 FERC ¶ 61,054, at P 35 (2005).

⁴⁶ 18 C.F.R. § 284.205(a) is not currently present in our regulations.

⁴⁷ 18 C.F.R. § 284.504(a).

⁴⁸ *See Wyckoff Gas Storage Co., LLC*, 105 FERC ¶ 61,027, at P 65 (2003).

V. 501-G Filing

33. On July 18, 2018, the Commission issued Order No. 849, a final rule adopting procedures for determining which jurisdictional natural gas pipelines may be collecting unjust and unreasonable rates in light of (1) the income tax reductions provided by the Tax Cuts and Jobs Act; and (2) the Commission's Revised Policy Statement⁴⁹ and Opinion No. 511-C⁵⁰ establishing a policy that master limited partnerships may not recover an income tax allowance in response to the decision of the United States Court of Appeals for the District of Columbia Circuit (D.C. Circuit) in *United Airlines, Inc.*⁵¹ Order No. 849 required all interstate natural gas pipeline companies with cost-based stated rates to file a FERC Form No. 501-G containing an abbreviated cost and revenue study using data in the pipelines' 2017 FERC Form Nos. 2 and 2-A. Order No. 849 provided four options each interstate natural gas pipeline may choose from to address the changes to the pipeline's revenue requirement as a result of certain income tax reductions: (1) a limited rate reduction filing pursuant to section 4 of the Natural Gas Act (NGA) (Option 1); (2) a commitment to file a general NGA section 4 rate case or prepackaged settlement in the near future (Option 2); (3) an explanation why no rate change is needed (Option 3); and (4) no action (other than filing a report) (Option 4).

34. On December 6, 2018, in Docket No. RP19-405-000, ANR Storage submitted its FERC Form No. 501-G as consistent with the reporting requirements of Order No. 849. ANR Storage stated in its FERC Form No. 501-G that it is a separate tax paying entity. Therefore, its FERC Form No. 501-G includes a reduced tax allowance reflecting the reduced corporate income tax provided by the Tax Cuts and Jobs Act. ANR Storage's FERC Form No. 501-G shows a Total Estimated ROE (return on equity) of 24.8 percent, after adjustment to reflect the *United Airlines* Issuances. ANR Storage's FERC Form No. 501-G shows an indicated cost-of-service reduction of 4.1 percent.

35. ANR Storage elected to file under Option 3 (Statement explaining why no adjustment is needed) but did not file an addendum. ANR Storage stated no rate

⁴⁹ *Inquiry Regarding the Commission's Policy for Recovery of Income Tax Costs Revised Policy Statement on Treatment of Income Taxes*, 162 FERC ¶ 61,227, order on reh'g, 164 FERC ¶ 61,030 (2018) (Revised Policy Statement).

⁵⁰ *SFPP, L.P.*, Opinion No. 511-C, 162 FERC ¶ 61,228, at P 9 (2018).

⁵¹ *United Airlines, Inc. v. FERC*, 827 F.3d 122 (D.C. Cir. 2016). For purposes of this order, the Revised Policy Statement, *United Airlines, Inc.*, and Opinion No. 511-C will collectively be referred to as "*United Airlines* Issuances."

adjustment was necessary for three reasons. First, ANR Storage's rates were currently subject to a 2016 settlement that included a requirement to file a general NGA section 4 rate case with rates to be effective no later than July 1, 2021. Moreover, ANR Storage committed to make at least \$29 million in capital expenditures over the four-year period ending December 31, 2019. Second, ANR Storage's Form No. 501-G shows an ROE of 24.8 percent based on 2017 data and the Commission's proxy capital structure of 57 percent equity/43 percent debt. ANR Storage stated that its actual capital structure, 100 percent equity, is adjusted to reflect a targeted capitalization structure of 65 percent equity/35 percent debt, whereby its ROE declines slightly to 22.2 percent. Finally, when the projected levels of plant additions are taken into account, ANR Storage's ROE further declines to 11.9 percent in 2018, 10.0 percent in 2019, and 9.5 percent in 2020.

36. The Michigan Public Service Commission and Northern States Power Company - Minnesota and Northern States Power Company - Wisconsin protested ANR Storage's FERC Form No. 501-G filing. Generally, the protestors raised issues with ANR Storage's cost-based rates.

37. Section 260.402(b)(1)(i) of our regulations states that FERC Form No. 501-G is required only if a natural gas company "has cost-based, stated rates for service."⁵² In the instant order, we are approving tariff records that institute market-based rates, such that ANR Storage no longer has cost-based rates. For these reasons, we find that ANR Storage need not comply with the FERC Form No. 501-G reporting requirement, and the proceeding is terminated.

The Commission orders:

(A) The revised tariff records listed in the Appendix are accepted effective January 1, 2020 as requested.

(B) ANR Storage shall revise Sections 6.11.1, 6.11.5, and 6.23 of the GT&C of ANR Storage's tariff and file revised tariff records, as discussed above, within 30 days of the date of this order.

(C) We grant the requested waivers, as discussed in the body of this order.

⁵² 18 C.F.R. § 260.402(b)(1)(i) (2019).

(D) The captioned FERC Form No. 501-G proceeding is hereby terminated, as discussed in the body of this order.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.

ANR Storage Company
FERC NGA Gas Tariff
ANRSC Tariffs

Tariff records accepted, effective January 1, 2020

[Tariff, First Revised Volume No. 1, 1.0.0](#)

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ANR Storage Company
FERC NGA Gas Tariff
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Tariff records accepted, effective January 1, 2020

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