

170 FERC ¶ 61,102
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

February 14, 2020

In Reply Refer To:
Pixelle Specialty Solutions LLC
Verso Minnesota Wisconsin LLC
Verso Androscoggin LLC
Docket No. RP20-443-000

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Dear Ms. Neinast & Ms. Bruce:

1. On January 17, 2020, Verso Minnesota Wisconsin LLC (Verso Minnesota) and Verso Androscoggin LLC (Verso Androscoggin, and together with Verso Minnesota, the Verso Entities), and Pixelle Specialty Solutions LLC (Pixelle, and together with the Verso Entities, Petitioners) filed a petition requesting a temporary and limited waiver of the Commission's capacity release regulations and policies, as well as related natural gas pipeline tariff provisions of ANR Pipeline Company (ANR Pipeline),¹ to be effective no later than February 17, 2020, and remaining effective for a period extending 90 days from the date of the Commission's order. Petitioners request this waiver to allow Verso Minnesota to assign and permanently release a pipeline transportation service agreement to Verso Androscoggin, which will then become a Pixelle subsidiary. For the reasons discussed below and for good cause shown, we grant Petitioners' request for temporary waiver.

¹ ANR Pipeline Company, FERC Gas Tariff, Third Revised Volume No. 1.

2. Petitioners state that the transaction is part of a corporate reorganization for Verso Corporation,² by which it intends to divest its interests in the Stevens Point Mill, located in Stevens Point, Wisconsin.³ The Stevens Point Mill is the end-user served by the company's capacity on ANR Pipeline pursuant to a firm natural gas transportation service agreement. In brief, Verso Corporation will engage in an internal corporate reorganization that will result in Verso Minnesota's transferring ownership of its Stevens Point Mill-related assets, including the firm transportation contract with ANR Pipeline, to Verso Androscoggin. The equity interests of Verso Androscoggin will then be sold to Pixelle. As a result of the transaction, Verso Androscoggin will have a new upstream owner, Pixelle, and Verso Androscoggin's name will be changed.

3. Petitioners explain that the service agreement⁴ with ANR Pipeline provides Verso Minnesota with 5,334 MMBtu per day of firm natural gas transportation service under ANR Pipeline's Rate Schedule FTS-1. The service agreement terminates on October 31, 2020 if the right of first refusal option thereunder is not exercised.

4. Petitioners assert that temporary waiver of the Commission's capacity release policies and regulations, and related pipeline tariff provisions, is necessary to effectuate the permanent release and/or assignment of the firm transportation capacity under the Agreement. Petitioners state that, as the Commission's policy has evolved over time, the Commission has granted temporary waivers of its capacity release regulations and policies to permit parties to consummate mergers, corporate consolidations, and other similar transactions.⁵ Petitioners submit that the waivers they request are consistent with waivers that the Commission has previously granted under similar circumstances. Furthermore, Petitioners aver that the requested waivers are in the public interest because

² Both Verso Minnesota and Verso Androscoggin are wholly-owned subsidiaries of Verso Paper Holding LLC, which is an indirect subsidiary of Verso Corporation.

³ Petitioners state that they received Commission authorization under section 203 of the Federal Power Act for a related transaction on January 17, 2020. *Verso Androscoggin LLC*, 170 FERC ¶ 62,037 (2020).

⁴ Contract No. 107478.

⁵ Petition at 7, n.9 (citing *BP Energy Co.*, 165 FERC ¶ 61,018 (2018); *CNX Gas Co. LLC*, 163 FERC ¶ 61,143 (2018); *Petrohawk Energy Corp.*, 144 FERC ¶ 61,234 (2013); *Salmon Res., LTD*, 138 FERC ¶ 61,059 (2012); *Wis. Elec. Power Co.*, 131 FERC ¶ 61,104 (2010); *EnergyMark, LLC*, 130 FERC ¶ 61,059 (2010); *Sequent Energy Mgmt., L.P.*, 129 FERC ¶ 61,188 (2009); *Macquarie Cook Energy, LLC*, 126 FERC ¶ 61,160 (2009); *Bear Energy LP*, 123 FERC ¶ 61,219 (2008)).

they will enable an orderly and efficient transfer of the subject capacity and facilitate continued operations at the Stevens Point Mill.

5. Petitioners request a temporary and limited waiver of the Commission's capacity release rules and policies, including the posting and bidding requirements and, to the extent applicable, the shipper-must-have-title policy, the prohibitions against buy/sell and tying arrangements, and any other authorizations or waivers deemed necessary to implement the permanent release and/or assignment of the subject capacity. Petitioners also request waiver of section 284.8(b)(2) of the Commission's regulations,⁶ which prohibits the payment of rates in excess of the maximum rates, to the extent applicable. Finally, Petitioners request that the Commission waive the posting and bidding and related capacity release tariff provisions of ANR Pipeline, which is the interstate pipeline providing service under the Agreement.

6. Petitioners request that the Commission grant the requested waivers no later than February 17, 2020. Petitioners state that they have notified ANR Pipeline of the waiver request for the associated transfer of the capacity. According to Petitioners, ANR Pipeline has indicated that it does not oppose the waiver requests.

7. Public notice of the filing was issued on January 22, 2020. Petitioners requested and were granted a shortened comment period, with interventions and protests due on January 29, 2020. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure,⁷ all timely filed motions to intervene and any unopposed motion to intervene filed out-of-time 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. No protests or adverse comments were filed. The request for waiver is therefore uncontested.

8. We have reviewed the petition and find that the request is adequately supported and consistent with previous waiver requests that the Commission has granted to permit the release of capacity under similar circumstances.⁸ Specifically, we find that Petitioners have provided the information required for granting such waivers by: (1) identifying the regulations and policies for which waiver is sought; (2) identifying the pipeline service agreement and capacity to be transferred; (3) describing the overall

⁶ 18 C.F.R. § 284.8(b)(2) (2019).

⁷ 18 C.F.R. § 385.214 (2019).

⁸ See, e.g., *Black Hills Gas Distribution, LLC*, 167 FERC ¶ 61,167, at PP 1-3, 8-10 (2019); *Black Hills Util. Holdings, Inc.*, 165 FERC ¶ 61,254, at PP 1, 3, 6-12 (2018); *Kerr McGee Energy Servs. Corp.*, 139 FERC ¶ 61,175, at PP 1-3, 8-9 (2012); *Salmon Res., LTD*, 138 FERC ¶ 61,059 at PP 1-3, 8-9.

transaction and its claimed benefits, with sufficient detail to permit the Commission and other interested parties to determine whether granting the requested waiver is in the public interest; and (4) filing the petition as much in advance of the requested date as possible.⁹

9. Accordingly, for good cause shown, we grant Petitioners' request for temporary, limited waiver of the Commission's capacity release regulations and the tariff provisions of the referenced pipeline implementing those policies, including the posting and bidding requirements and, to the extent applicable, the shipper-must-have-title rule and the prohibitions against buy/sell and tying arrangements. We also grant Petitioners' request for a temporary and limited waiver of section 284.8(b)(2) of the Commission's regulations, which prohibits the payment of rates in excess of the maximum rates, to the extent applicable.¹⁰ Granting this request for waiver allows Petitioners to fully implement the described transaction in an orderly and efficient manner. This grant of waiver is effective on the issuance date of this order and will remain in effect until 90 days from the date of this order. This limited waiver is also granted only to the extent necessary to facilitate the described capacity release.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.

⁹ *Request for Clarification of Policy Regarding Waivers of Applicable Requirements to Facilitate Integrated Transfers of Marketing Businesses*, 127 FERC ¶ 61,106, at P 10 (2009).

¹⁰ 18 C.F.R. § 284.8(b)(2) (2019).