

CROSS CONTRACT RANKING

ANR Pipeline Company (ANR) would like to respond to the work paper posted by the Cross Contracts Ranking Task Force (XKR). There are several issues that I would like to identify that we feel are significant in the administration of Cross Contracts Ranking.

ANR is a pathed pipeline and performs capacity cuts based on tariff based rules establishing scheduling priorities between Firm Primary, Firm Secondary, and Interruptible services. To allow for Cross Contract Ranking when a Pipeline is performing capacity cuts based on scheduling priorities would be an administrative nightmare to:

- 1) maintain long term records that track when a "IT" transaction was left on not as a result of a priority of service but due to Cross Contract Ranking this record would be in place of a Firm transaction that was cut.
- 2) Invoicing the "IT" transaction - as a "FT" route or "IT" route and maintain those records.
- 3) Determine the MDQ and/or Overrun usage on a "FT" contract when some of the "FT" activity is on an "IT" service due to Cross Contract Ranking.
- 4) The use of Cross Contract Ranking could allow a service requester to avoid overrun or give additional Firm MDQ quantities.
- 5) Cross Contract Ranking would encourage price games to try to obtain space with a high price transaction but flow gas under a lower price transaction.
- 6) Determining the priority of a "IT" transaction in later nom cycles when it was scheduled only because of cross contract ranking and the "FT" transaction was therefore cut.
- 7) Determining when a service requester has reached the MDQ on their "FT" contract(s).
- 8) Each Firm Contract on ANR has only one Firm Primary Route therefore, with Cross Contract Ranking it would be difficult to maintain firm primary and firm secondary usage and rates for invoicing when some of the activity is on "IT" transactions that could be representing multiple "FT" contracts.

The FERC in their NOPR dated November 1997 recognize: "the standards adopted by the Commission already require pipelines to honor shipper rankings when making reductions during the scheduling process when this does not conflict with tariff-based rules" FERC also said that Cross Contract Ranking should not "affect the operational integrity of the Pipeline's System." To avoid many of the problems noted above, avoid any nomination abuses and to allow a pipeline to follow their FERC approved tariff-based rules on scheduling priorities I feel the scope of the Cross Contract Ranking Task Force should be in the Confirmation process. If a Service Requester has several contracts delivering to a particular location and the Operator reduces the quantity he is willing to receive or deliver for that Service Requester the Operator receiving the cut information would utilize Cross Contract Ranking to schedule the approved quantities over the various service requester contract(s) nominations.