Docket No. RP16-___-000
Exhibit No. ANR-097

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

ANR Pipeline Company) Docket No. RP16 -___-000

Summary of the Prepared Direct Testimony of David Burman

Mr. Burman is a Rate Analyst for TransCanada, U.S. Pipelines. His testimony assesses whether seven system expansion projects, which were not previously rolled in, now qualify for rolled-in rate treatment under the Federal Energy Regulatory Commission's 1999 Policy Statement.

Mr. Burman's methodology to determine whether roll-in of the various expansions is appropriate involved calculating a per unit rate for each of the expansions and then comparing each expansion's per unit-rate to the otherwise applicable system zone rate, as filed in this proceeding. This approach avoided an iterative process of having to compare the per-unit rate of each successive incremental project to the applicable per-unit zone rate after each successive project's costs and volumes have been rolled in.

Mr. Burman calculated a per-unit rate for each expansion project by designing firm reservation and commodity rates for each project and then converting the firm rate components to 100 percent load factor equivalent unit rates for comparative purposes. As for identifying project specific billing determinants, Mr. Burman used either the original contracts or amendments thereto where such contracts are still in place, or where such contracts are no longer in place, utilized a variety of different methods discussed more fully in his testimony. As Mr. Burman demonstrates, in each case the calculated expansion rate is lower than the applicable, filed zone rate. As a result, each expansion meets the standard for rolling in the project costs to

the system cost-of-service. Therefore, Mr. Burman concludes that each project should be permitted to be rolled in to ANR's cost-of-service.

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ANR Pipeline Company	)	Docket No. RP16 -___-000

PREPARED DIRECT TESTIMONY OF DAVID BURMAN ON BEHALF OF ANR PIPELINE COMPANY

January 29, 2016

Glossary of Terms

1997 Wisconsin Facilities Project	An ANR expansion project certificated by the Commission in Docket No. CP97-765-000
ANR	ANR Pipeline Company
ANR Storage	ANR Storage Company
Battle Creek Lateral Project	An ANR expansion project certificated by the Commission in Docket No. CP88-14-000
Blue Lake Storage Header Project	An ANR expansion project certificated by the Commission in Docket No. CP91-2705-000
Commission	Federal Energy Regulatory Commission
Dth	Dekatherm
Dth/d	Dekatherms per day
Great Lakes	Great Lakes Gas Transmission Limited Partnership
LDC	Local distribution company
Lebanon Lateral	The jointly-owned lateral extending from Glen Karn, Indiana to Lebanon, Ohio
Michigan Leg	A segment of ANR's SW Mainline extending through Indiana and into Michigan
MLS	Michigan Leg South
MSQ	Maximum storage quantity
Northeast Project	An ANR expansion project certificated by the Commission in Docket No. CP89-637-000
O&M	Operation and maintenance
SW Mainline	Southwest Mainline
Wisconsin 2000 Expansion Project	An ANR expansion project certificated by the Commission in Docket No. CP99-241-000

Wisconsin 2006 Expansion Project	An ANR expansion project certificated by the Commission in Docket No. CP05-364-000
Wisconsin 2009 Expansion Project	An ANR expansion project certificated by the Commission in Docket No. CP08-465-000

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ANR Pipeline Company) Docket No. RP16 -___-000

Prepared Direct Testimony of David Burman

Q: What is your name and business address?

A: My name is David Burman. My business address is TransCanada Corporation, 700 Louisiana Street, Houston, Texas 77002.

Q: What is your occupation?

A: I am a Rate Analyst for TransCanada, U.S. Pipelines. I am filing testimony on behalf of ANR Pipeline Company ("ANR").

Q: Please describe your educational background and your occupational experience as they are related to your testimony in this proceeding?

A: I graduated from the University of Houston with a Bachelor of Science degree, majoring in Hotel and Restaurant Management with membership in The Honors College. Subsequently, I graduated from the University of Houston, with a Master of Business Administration while earning an Energy Accounting and Finance Certificate. In 2012 I accepted a position at TransCanada, where I rotated between Pricing & Business Analysis, Rates, and System Operations, until accepting my current position as a Rates Analyst in January 2015.

Q: Have you ever testified before the Federal Energy Regulatory Commission ("Commission") or any other energy regulatory commission?

A: I have not.

Q: What is the purpose of your testimony in this proceeding?

A: Within my testimony, I assess whether seven system expansion projects, which were not previously rolled in, now qualify for rolled-in rate treatment under the Commission's 1999 Policy Statement.

Q: Are you sponsoring any exhibits in addition to your testimony?

A: Yes. I am sponsoring the following exhibits:

Exhibit No. ANR-098	Battle Creek Lateral Roll-In Analysis and Workpapers
Exhibit No. ANR-099:	Northeast Project Roll-In Analysis and Workpapers
Exhibit No. ANR-100:	Blue Lake Storage Header Roll-In Analysis and Workpapers
Exhibit No. ANR-101:	Wisconsin 1997 Expansion Project Roll-In Analysis and Workpapers
Exhibit No. ANR-102:	Wisconsin 2000 Expansion Project Roll-In Analysis and Workpapers
Exhibit No. ANR-103:	Wisconsin 2006 Expansion Project Roll-In Analysis and Workpapers
Exhibit No. ANR-104:	Wisconsin 2009 Expansion Project Roll-In Analysis and Workpapers

Q: Based on your analyses, what conclusions did you arrive at with respect to each of the seven system expansions?

A: I conclude that all seven expansions satisfy the Commission's roll-in standard under the 1999 Policy Statement and thus should be rolled into ANR's system-wide cost-of-service.

Q: Did you also conduct a fuel roll-in analysis for any of these projects?

A: I did not. ANR witness Keck conducted fuel roll-in analyses for three projects that included the addition of compression. Based on his analyses, he concluded that fuel associated with these projects should likewise be rolled into ANR's system fuel rate.

Roll-In of Pipeline Expansion Projects

Q: Can you please give a brief overview of the seven expansion projects ANR is seeking to roll into its system-wide cost-of-service?

A: The Battle Creek Lateral Project (Docket No. CP88-14-000), which was certificated in 1991, permitted ANR to provide sales service to two local distribution companies ("LDC") in Michigan.

The Northeast Project (Docket No. CP89-637-000), which was certificated in 1991, permitted ANR to provide natural gas supply to new cogeneration projects in the Northeast United States.

The Blue Lake Storage Header Project (Docket No. CP91-2705-000), which was certificated in 1992, permitted ANR to provide transportation to the Blue Lake Storage Field.

The 1997 Wisconsin Facilities Project (Docket No. CP97-765-000), which was certificated in 1998, permitted ANR to provide transportation service into Wisconsin from the then newly emerging Chicago gas hub.

The Wisconsin 2000 Expansion Project (Docket No. CP99-241-000), which was certificated in 2000, permitted ANR to meet the increasing demand for natural gas in the growing Northern Illinois and Wisconsin markets.

The Wisconsin 2006 Expansion Project (Docket No. CP05-364-000), which was certificated in 2005, permitted ANR to continue to expand to meet customer needs for natural gas in Wisconsin markets.

The Wisconsin 2009 Expansion Project (Docket No. CP08-465-000), which was certificated in 2009, permitted ANR to continue to meet the natural gas needs of local distribution companies, marketers, power developers, and end-users in Wisconsin.

Q: What rate determinations were previously made regarding the facilities ANR is proposing to roll-in?

A: With respect to the Battle Creek Lateral Project, the Northeast Project, and the Blue Lake Storage Header Project, the Commission permitted ANR to charge its existing Part 284 maximum recourse rates and ANR did not request a predetermination of rolled-in rate treatment. As for the 1997 Wisconsin Facilities Project, the Commission permitted ANR to charge a discounted Part 284 rate, but denied ANR's request for a predetermination of rolled-in rate treatment. Likewise, for the Wisconsin 2000 Expansion Project, the Commission permitted ANR to charge a discounted Part 284 rate, although ANR did not request a predetermination of rolled-in rate treatment. The Wisconsin 2006 Expansion Project was given a predetermination of rolled-in rate treatment, and while ANR agreed to charge negotiated rates for service on the expansion facilities, the Commission approved ANR's then currently effective Part 284 rates as the initial recourse rates for service. However, the Commission in its certificate order required ANR in its next general section 4 rate case to demonstrate that rolled-in rate treatment would not result in existing customers subsidizing the expansion service. Lastly, the Wisconsin 2009 Expansion Project is incrementally priced and ANR did not request a predetermination of rolled-in rate treatment for this project.

Q: Can you provide your understanding of the Commission's roll-in policy that is relevant to the facilities ANR is proposing to roll in?

A: My understanding is that the Commission's current approach to determining the appropriateness of rolled-in rate treatment for expansion facilities is set forth in its 1999 Policy Statement regarding the certification of new interstate pipeline facilities ("1999 Policy Statement"). As stated in the 1999 Policy Statement, the threshold requirement in

establishing the public convenience and necessity for existing pipelines proposing an expansion project is that the pipeline must be prepared to financially support the project without relying on subsidization from its existing customers. This means that if the pipeline seeks to roll in the costs of new facilities, then the rate impact of doing so must not result in a subsidization of the expansion shippers by existing shippers.

Q: Does the Commission's 1999 Policy Statement govern the roll-in determination for all of the facilities that ANR is proposing to roll in in this proceeding?

A: Yes, my understanding is that the 1999 Policy Statement governs the appropriate roll-in treatment for all seven of these facilities.

Q: What methodology did you use to determine whether roll-in of the various expansions is appropriate?

A: In general, I calculated a per unit rate for each of the expansions. I then compared each expansion's per-unit rate to the otherwise applicable system zone rate, as filed in this proceeding, stated on a 100 percent load factor equivalent unit basis. ANR witness Barry calculated zone-based system rates reflecting roll-in of all the costs of each incremental project. In each instance I compared expansion rates to otherwise applicable system rates, the expansion rate was lower than the applicable, filed zone rate. As a result, every expansion meets this standard for rolling in the project costs to the system cost-of-service. My methodology of evaluating whether roll-in is appropriate for each of the projects avoids having to compare the per-unit rate of each successive incremental project to the applicable per-unit zone rate after each successive project's costs and volumes have been rolled in, i.e., an iterative process. This is because, as I demonstrate below, the per-unit rate for every expansion project is below the otherwise applicable system zone rate that includes roll-in of all the costs and volumes of each incremental project. As a

result, because each of these project's per-unit rate is lower than the applicable system zone rate with all projects rolled in, roll-in would also be appropriate at any higher system zone rate, i.e., a system zone rate that did not include any of the costs and volumes associated with any of the individual expansion projects. I discuss in greater detail below the specifics of each calculation with respect to each expansion project.

Q: How did you calculate a per unit rate for each of the expansions?

A: As noted above, for each of the expansion projects, I designed a unit rate to compare to the otherwise applicable unit system rate for the zone or zones traversed by the expansion project. I accomplished this by designing firm reservation and commodity rates for each project and then converting the firm rate components to 100 percent load factor equivalent unit rates for comparative purposes. In instances where ANR does not separately track project costs, I allocated a portion of overall transmission operation and maintenance ("O&M") expenses to the projects. To do so, I first separated compression-related costs from overall transmission O&M expenses in order to avoid allocating compression-related O&M expenses to projects without compression. I then allocated the appropriate O&M expenses to the projects based upon gross plant ratios. O&M costs were then classified between fixed and variable based upon the ratio of overall transmission function fixed and variable O&M costs. Fixed reservation and variable commodity costs were then divided by billing determinants associated with each project, and the ensuing unit rates were determined as discussed above.

Q: How were billing determinants identified for each of the projects?

A: For certain projects, the original contracts or amendments thereto, which supported the original projects, are still in place, and those contracts are used, in whole or in part, as the

basis for the associated billing determinants. For certain other projects where the original contracts are no longer in place, I used various means, as discussed below, to identify contracted capacity associated with such project capacity. In addition, for each project I initially determined rates based upon non-discount-adjusted volumes, and in instances where these initial rates were higher than the rates of discounted project contracts, I discount-adjusted the discounted contracts on an iterative basis to ultimately arrive at a discount-adjusted unit rate for comparative purposes.

Battle Creek Lateral Project

Q: Can you provide a summary of the Battle Creek Lateral Project?

A: The Battle Creek Lateral Project consists of two segments of pipeline. The first segment, 32.5 miles of 12-3/4 inch pipeline, extends north from ANR's existing mainline facilities in DeKalb County, Indiana, to the site of gas measurement facilities that were constructed east of the city of Coldwater in Branch County, Michigan. The second segment continues northwesterly for 32.8 miles using 10-3/4 inch pipeline and terminates just south of the city of Battle Creek in Calhoun County, Michigan. The project also contains three measurement stations. All the facilities are physically located within existing ML-7. The purpose of the facilities was to provide a supply of natural gas to two local distribution companies in the state of Michigan, Battle Creek Gas Company, and Michigan Gas Utilities. The Commission certificated the facilities on July 24, 1991.

Q: Please discuss the roll-in analysis for the Battle Creek Lateral Project.

A: For the Battle Creek Lateral Project, the threshold rate for roll-in is the otherwise applicable ML-7 system zone rate, as ML-7 is where all Battle Creek Lateral facilities are

physically located. The unit system rate for ML-7 is $0.2742 per dekatherm ("Dth"), as shown in Section 4.3 of ANR's Primary Case tariff sheets in Appendix A-1.

Exhibit No. ANR-098, page 1, details the Battle Creek Lateral Project costs along with associated billing determinants used to determine a per-unit rate for the Battle Creek Lateral Project. As shown on line 6, the calculated stand-alone cost-of-service is approximately $2.1 million.

Q: How did you identify billing determinants associated with the Battle Creek Lateral?

A: I identified firm ETS contracts that have either primary receipt or delivery point rights on the Battle Creek Lateral facilities. I did not adjust any of these billing determinants for discounting because the initial rates determined for the project were lower than all of the contract rates associated with the project capacity.

Q: Please describe the calculation of the Battle Creek Lateral unit rate.

A: To determine the project unit rate, I utilized the project cost-of-service of approximately $2.1 million and total billing determinants of approximately 130,250 dekatherms per day ("Dth/d") to derive a project unit rate of $0.0439 per Dth, as detailed on line 12.

Q: Does the Battle Creek Lateral Project satisfy the roll-in test?

A: Yes, because the resulting per-unit rate of the Battle Creek Lateral Project is lower than the otherwise applicable ML-7 unit rate, the Battle Creek Lateral Project facilities qualify for rolled-in treatment under the 1999 Policy Statement. With roll-in, existing shippers will not subsidize the expansion.

Q: Should the at-risk condition associated with the Battle Creek Lateral Project be removed?

A: Yes, because the Battle Creek Lateral Project qualifies for roll-in under the 1999 Policy Statement, the at-risk condition should no longer apply to these facilities.

Northeast Project

Q: Can you provide a summary of the Northeast Project?

A: ANR constructed the Northeast Project in two phases. The first phase added 83,640 Dth/d to the Southwest Mainline ("SW Mainline") by constructing 94 miles of 30-inch pipeline in three states (Iowa, Missouri, and Kansas) and adding seven compressor units creating 18,550 additional horsepower of compression. The second phase added 408,000 Dth/d via the Lebanon Lateral consisting of 38 miles of 30-inch pipeline, 31,416 Dth/d via the Dayton Lateral consisting of 8.6 miles of 20-inch pipeline, and 14,140 Dth/d via the Laona-Goodman Lateral consisting of 18.2 miles of 8-inch pipeline. ANR added an additional 60.4 miles of 36-inch pipeline in Indiana and 3.5 miles of 30-inch pipeline in Wisconsin as well as two compressor units and meter and measurement facilities in Illinois and Indiana. The facilities for this project are physically located in ML-3, ML-5, ML-6, and ML-7. The purpose of these facilities was to provide natural gas supply to new cogeneration projects in the Northeast United States. The Commission certificated the project on July 24, 1991.

Q: Please discuss the roll-in analysis for the Northeast Project.

A: For the Northeast Project, the threshold rates for roll-in are the otherwise applicable ML-3, ML-5, ML-6, and ML-7 system zone rates as filed in this proceeding, consistent with the physical location of the Northeast Project facilities. Therefore, as identified in Section 4.3 of ANR's Primary Case tariff sheets in Appendix A-1, the calculated per-unit system rates per Dth are $0.2150 for ML-3, $0.3090 for ML-5, $0.3105 for ML-6, and $0.2742 for ML-7.

Exhibit No. ANR-099, page 1, details the Northeast Project costs along with the associated billing determinants I used to determine a per-unit rate for each portion of the Northeast Project. As shown on line 23, the calculated stand-alone cost-of-service is approximately $30.4 million.

Q: How did you identify billing determinants associated with the Northeast Project?

A: I identified firm contracts for each of the various components that make up the Northeast Project. First, I identified all firm contracts that have primary receipt or delivery point rights on either the Dayton or Lebanon Lateral facilities. These firm contracts account for all of the billing determinants associated with these two laterals.

For the SW Mainline portion of the project, I identified firm contracts that traverse the SW Mainline facilities and hold delivery points on the Lebanon Lateral. These contracts account for approximately 88 percent of the SW Mainline capacity associated with the Northeast Project. I then allocated a portion of all other firm contracts making use of the SW Mainline, including the SW Mainline capacity created by the Northeast Project, such that all of the project capacity was accounted for. Specifically, I developed a ratio by comparing the remaining unaccounted-for SW Mainline capacity associated with the Northeast Project to the total design capacity on the SW Mainline less the contracts directly associated with the Northeast Project. I then applied this ratio to the remaining firm transportation contracts utilizing the SW Mainline.

Finally, for the portion of the project associated with the Laona-Goodman Lateral, I identified the FTS-1 contracts that have primary delivery points on the lateral. The balance of contracts that make use of the Laona-Goodman capacity include FTS-1

contracts that have primary delivery points at Rhinelander and ETS contracts that have delivery point groupings that include points on the Laona-Goodman Lateral. I allocated contract volumes from these FTS-1 and ETS contracts to the extent necessary to fully account for the remaining capacity on the fully-subscribed Laona-Goodman Lateral. Of the 30 discounted contracts utilized to determine the remaining total expansion capacity, only seven contracts were at rates below the calculated project rate. Therefore, only these seven contracts were employed in the discount adjustment.

Q: Please describe the calculation of the Northeast Project unit rate.

A: To determine unit rates for the project, I utilized the project cost-of-service of approximately $30.4 million as shown on Exhibit No. ANR-099, page 1, line 23. Since the project traverses zones ML-3, ML-5, ML-6, and ML-7, I allocated the total cost of the project across the various zones traversed on a Dth-mile basis. Dividing the costs within each zone by the associated billing determinants produces the following unit rates per Dth for each of the applicable zones, as detailed on page 2, lines 4 through 16:

ML-3	ML-5	ML-6	ML-7
$0.0692	$0.1045	$0.1206	$0.0810

Q: Does the Northeast Project satisfy the roll-in test?

A: Yes, because the resulting per-unit rates associated with the Northeast Project are lower than the otherwise applicable unit rates for ML-3, ML-5, ML-6 and ML-7, the Northeast Project facilities qualify for rolled-in treatment under the 1999 Policy Statement. With roll-in, existing shippers will not subsidize the expansion.

Q: Should the at-risk condition associated with the Northeast Project be removed?

A: Yes, because the Northeast Project qualifies for roll-in under the 1999 Policy Statement, the at-risk condition should no longer apply to these facilities.

Blue Lake Storage Header Project

Q: Can you provide a summary of the Blue Lake Storage Header Project?

A: The Blue Lake Storage Header Project consists of 8.5 miles of 36-inch pipeline as well as an acquisition of 47.13 percent of ANR Storage Company's ("ANR Storage") 15.6-mile 36-inch header pipeline. The project permitted ANR to inject 214,200 Dth/d into and withdraw 612,000 Dth/d from Blue Lake Storage. The project also resulted in new interconnections with Michigan Consolidated Gas Company and ANR Storage. The purpose of the project was to meet the increasing demand for transportation and storage services on ANR's system as ANR's customers transitioned away from traditional merchant services. Furthermore, the increase in storage capability was designed to satisfy several of ANR's sales customers increasing demand for storage services in a post-restructuring world. The facilities are all located in ML-7. The Commission certificated the project May 1, 1992.

Q: Please discuss the roll-in analysis for the Blue Lake Storage Header Project.

A: For the Blue Lake Storage Header Project, the threshold rate for roll-in is the otherwise applicable ML-7 system zone rate as filed in this proceeding, as ML-7 is where all Blue Lake Storage Header facilities are physically located. The unit system rate for ML-7 is $0.2742 per Dth, as shown in Section 4.3 of ANR's Primary Case tariff sheets in Appendix A-1.

Exhibit No. ANR-100, page 1, details the Blue Lake Storage Header Project costs along with associated billing determinants used to determine a per-unit rate for the Blue

Lake Storage Header Project. As shown on line 6, the calculated stand-alone cost-of-service is approximately $1.5 million.

Q: How did you identify billing determinants associated with the Blue Lake Storage Header?

A: Because there are no contracts directly assignable to the Blue Lake Storage Header, I utilized all firm transportation contracts with a receipt or a delivery point designated "ANR Storage" to derive billing determinants associated with the header. This results in approximately 3.5 million Dth/d of storage receipt point rights in the winter months and 1.0 million Dth/d of annualized storage delivery point rights in the summer for an annual average of 2.1 million Dth/d of firm primary rights at the ANR Storage point. In order to determine the percentage of these firm transportation contracts associated with the Blue Lake Storage Header, I calculated the ratio of contracted maximum storage quantity ("MSQ") for the Blue Lake Storage complex to ANR's overall contracted system MSQ. This results in Blue Lake's allocable share of ANR's overall system storage complex equaling approximately 26.94 percent. I then multiplied the Blue Lake Storage Header allocable share by the total amount of ANR storage receipt and delivery point rights to arrive at total Blue Lake billing determinants of approximately 561,000 Dth/d as shown on line 13. I did not adjust any of these billing determinants for discounting because none of the discounted contracts were at a rate below the calculated project rate.

Q: Please describe the calculation of the Blue Lake Storage Header Project unit rate.

A: To determine the project unit rate, I utilized the project cost-of-service of approximately $1.5 million and total billing determinants of approximately 561,000 Dth/d to derive a project unit rate of $0.0074 per Dth, as detailed on line 14.

Q: Does the Blue Lake Storage Header Project satisfy the roll-in test?

A: Yes, because the resulting per-unit rate of the Blue Lake Storage Header Project is lower than the otherwise applicable ML-7 unit rate, the Blue Lake Storage Header facilities qualify for rolled-in treatment under the 1999 Policy Statement. With roll-in, existing shippers will not subsidize the expansion.

Q: Should the at-risk condition associated with the Blue Lake Storage Header Project be removed?

A: Yes, because the Blue Lake Storage Header Project qualifies for roll-in under the 1999 Policy Statement, the at-risk condition should no longer apply to these facilities.

1997 Wisconsin Facilities Project

Q: Can you provide a summary of the 1997 Wisconsin Facilities Project?

A: The 1997 Wisconsin Facilities Project authorized ANR to install 11.4 miles of 30-inch mainline looping located upstream of ANR's existing Kewaskum, Wisconsin compressor station. The certificate also permitted ANR to add a new meter station located on ANR's existing Racine Lateral to increase transmission capacity by 117,160 Dth/d to provide additional firm transportation service to subscribing shippers in the Wisconsin market. The purpose of the project was to satisfy the interests of various shippers resulting from an open season that ANR conducted. As a result of this open season, certain shippers expressed an interest in receiving firm transportation service on ANR from various existing and proposed pipeline interconnection points located within the vicinity of the then emerging Chicago gas hub. All the interested shippers were looking for firm transportation service to points in Wisconsin. All the facilities are located in ML-7 and the Commission certificated the project on September 17, 1998.

Q: Please discuss the roll-in analysis for the 1997 Wisconsin Facilities Project?

A: For the 1997 Wisconsin Facilities Project, the threshold rate for roll-in is the otherwise applicable ML-7 system zone rate as filed in this proceeding, as ML-7 is where all the project facilities are physically located. The unit system rate for ML-7 is $0.2742 per Dth, as shown in Section 4.3 of ANR's Primary Case tariff sheets in Appendix A-1.

Exhibit No. ANR-101, page 1, details the 1997 Wisconsin Facilities Project costs along with associated billing determinants used to determine a per-unit rate for the 1997 Wisconsin Facilities Project. As shown on line 6, the calculated stand-alone cost-of-service is approximately $4.0 million.

Q: How did you identify billing determinants associated with the 1997 Wisconsin Facilities Project?

A: I first identified the only two original 1997 Wisconsin Facilities Project contracts that remain in place. Total billing determinants associated with these two contracts, however, do not equal the currently fully subscribed expansion project capacity. For the remaining capacity, i.e., the difference between the total expansion capacity and the two maximum rate contracts, I developed a ratio of net 1997 Wisconsin Facilities Project capacity to Wisconsin contracted capacity north of ANR's Sandwich compressor station that has not been directly assigned to another system expansion project. This ratio was then applied to the Wisconsin contracted capacity north of Sandwich to arrive at the additional firm capacity associated with the project. Of the 60 discounted contracts utilized to determine the remaining total expansion capacity, only fourteen contracts were at rates below the calculated project rate. Therefore, only these fourteen contracts were employed in the discount adjustment.

Q: Please describe the calculation of the 1997 Wisconsin Facilities unit rate.

A: To determine the project unit rate, I utilized the project cost-of-service of approximately $4.0 million and total billing determinants of approximately 112,500 Dth/d to derive a unit rate of $0.0983 per Dth for the 1997 Wisconsin Facilities Project, as detailed on line 14.

Q: Does the 1997 Wisconsin Facilities Project satisfy the roll-in test?

A: Yes, because the resulting per-unit rate of the 1997 Wisconsin Facilities Project is lower than the otherwise applicable ML-7 unit rate, the 1997 Wisconsin Facilities qualify for rolled-in treatment under the 1999 Policy Statement. With roll-in, existing shippers will not subsidize the expansion.

Q: Should the at-risk condition associated with the 1997 Wisconsin Facilities Project be removed?

A: Yes, because the 1997 Wisconsin Facilities Project qualifies for roll-in under the 1999 Policy Statement, the at-risk condition should no longer apply to these facilities.

Wisconsin 2000 Expansion

Q: Can you provide a summary of the Wisconsin 2000 Expansion?

A: This project was amended in January 10, 2000, and certificated in two phases with the first phase certificated February 23, 2000 and the second phase certificated September 28, 2000. Under the project as a whole, ANR built 0.11 miles of 16-inch diameter pipeline and constructed three compressor units creating a total of 11,500 additional horsepower. This project increased transmission capacity by 110,090 Dth/d. The purpose of the project was to meet increasing demand in growing northern Illinois and Wisconsin natural gas markets by serving new load that was not being served by another pipeline. All of the facilities are located in ML-7.

Q: Please discuss the roll-in analysis for the Wisconsin 2000 Expansion Project.

A: For the Wisconsin 2000 Expansion Project, the threshold rate for roll-in is the otherwise applicable ML-7 system zone rate as filed in this proceeding, as ML-7 is where all Wisconsin 2000 Expansion Project facilities are physically located. The unit system rate for ML-7 is $0.2742 per Dth, as shown in Section 4.3 of ANR's Primary Case tariff sheets in Appendix A-1.

Exhibit No. ANR-102, page 1, details the Wisconsin 2000 Expansion Project costs along with adjusted volumes I used to determine a per-unit rate for the Wisconsin 2000 Expansion Project. As shown on line 6, the calculated stand-alone cost-of-service is approximately $5.0 million.

Q: How did you identify billing determinants associated with the Wisconsin 2000 Expansion?

A: The Wisconsin 2000 Expansion Project capacity is fully subscribed. In order to identify billing determinants for the project, I developed a ratio of Wisconsin 2000 Expansion Project capacity to Wisconsin contracted capacity north of ANR's Sandwich compressor station that has not been directly assigned to another system expansion project. This ratio was then applied to the Wisconsin contracted capacity north of Sandwich to arrive at the additional firm capacity associated with the project. Of the 60 discounted contracts utilized to determine the appropriate ratio for the total expansion capacity, 21 contracts were at rates below the calculated project rate. Therefore, only these 21 contracts were employed in the discount adjustment.

Q: Please describe the calculation of the Wisconsin 2000 Expansion Project unit rate.

A: To determine the project unit rate, I utilized the project cost-of-service of approximately $5.0 million and total billing determinants of approximately 101,600 Dth/d to derive a

project unit rate of $0.1441 per Dth for the Wisconsin 2000 Expansion Project, as detailed on line 14.

Q: Does the Wisconsin 2000 Expansion Project satisfy the roll-in test?

A: Yes, because the resulting per-unit rate of the Wisconsin 2000 Expansion Project is lower than the otherwise applicable ML-7 unit rate, the Wisconsin 2000 Expansion Project facilities qualify for rolled-in treatment under the 1999 Policy Statement. With roll-in, existing shippers will not subsidize the expansion.

Wisconsin 2006 Expansion Project

Q: Can you provide a summary of the Wisconsin 2006 Expansion Project?

A: The Wisconsin 2006 Expansion Project permitted ANR to create an additional 168,241 Dth/d of transportation capacity for use in Wisconsin through various capital additions including extending the Madison Lateral Loop with 3.78 miles of 30-inch pipeline, constructing 3.08 miles of 16-inch pipeline looping on the Chute lateral, and adding 22,990 horsepower of compression via a new compressor station at Goodman and an additional unit at the Janesville compressor station. In addition to constructing these facilities, ANR contracted with Great Lakes Gas Transmission ("Great Lakes") for 125,000 Dth/d of capacity to assist in meeting winter demand. The purpose of the project was to continue to meet the growing demand of local distribution companies and other customers in Wisconsin. All of the facilities are located in ML-7. The project was certificated on December 12, 2005.

Q: Did the Commission take into account the cost associated with the 125,000 Dth/d of Great Lakes capacity when the Wisconsin 2006 Expansion Project was given a predetermination of rolled-in rate treatment?

A: Yes, In the Commission's analysis, costs associated with 125,000 Dth/d of winter-only Great Lakes capacity was included in the project cost-of-service. The Great Lakes capacity in turn freed up 113,000 Dth/d of winter-only capacity through the Joliet Hub in ML-7, and revenues attributed to this additional capacity were credited to the project cost-of-service.

Q: Please discuss the roll-in analysis for the Wisconsin 2006 Expansion Project.

A: For the Wisconsin 2006 Expansion Project, the threshold rate for roll-in is the otherwise applicable ML-7 system zone rate as filed in this proceeding, as ML-7 is where all Wisconsin 2006 Expansion Project facilities are physically located. The unit system rate for ML-7 is $0.2742 per Dth, as shown in Section 4.3 of ANR's Primary Case tariff sheets in Appendix A-1.

Exhibit No. ANR-103, page 1, details the Wisconsin 2006 Expansion Project costs along with associated billing determinants used to determine a per-unit rate for the Wisconsin 2006 Expansion Project. As shown on line 7, the calculated stand-alone cost-of-service is approximately $4.3 million.

Q: How was the capacity on Great Lakes accounted for in the roll-in analysis?

A: For the Wisconsin 2006 Expansion Project, the cost of 125,000 Dth/d of winter-only Great Lakes' capacity was included in the stand-alone cost-of-service. Additionally, revenues attributable to the 113,000 Dth/d of additional winter-only capacity was credited to the stand-alone cost-of-service.

Winter capacity through the Joliet Hub on the Michigan Leg South ("MLS") path of the system is fully utilized. In order to identify revenues associated with the additional 113,000 Dth/d of winter-only capacity, I developed a ratio of this capacity to overall

MLS winter capacity. This ratio was then applied to total revenues associated with contracted MLS winter capacity to arrive at the additional revenues associated with the project.

Q: How did you identify billing determinants associated with the Wisconsin 2006 Expansion Project?

A: I identified the original firm ETS, FTS-1 and FTS-3 contracts, which supported the original project and are still in place, that make use of the Wisconsin 2006 Expansion Project facilities. These contracts are a mix of negotiated rate and maximum rate contracts. I did not adjust any of these billing determinants for discounting because none of the negotiated rate contracts were at a rate below the calculated project rate.

Q: How were the Wisconsin 2006 Expansion Project negotiated rate contracts expiring in October of 2016 treated?

A: These contracts were handled consistent with the treatment in Statement G-2. Specifically, as these contracts have either renewed or are expected to renew at maximum applicable rates, the contracts were treated as maximum rate contracts in my roll-in analysis.

Q: Please describe the calculation of the Wisconsin 2006 Expansion Project unit rate.

A: To determine the project unit rate, I utilized the project cost-of-service of approximately $4.3 million and total billing determinants, assuming the negotiated rate contracts terminating in 2016 are priced at the maximum recourse rate, of approximately 165,260 Dth/d to derive a project unit rate of $0.0765 per Dth, as detailed on line 12.

Q: Does the Wisconsin 2006 Expansion Project satisfy the roll-in test?

A: Yes, because the resulting per-unit rate of the Wisconsin 2006 Expansion Project is lower than the otherwise applicable ML-7 unit rate as filed in this proceeding, the Wisconsin

2006 Expansion Project facilities qualify for rolled-in treatment under the 1999 Policy Statement. With roll-in, existing shippers will not subsidize the expansion.

Q: Did you also evaluate roll-in from a revenue/cost perspective?

A: Yes, because certain contracts associated with the project are negotiated rate contracts, I additionally evaluated the project for roll-in by comparing project revenues with project costs. As shown on Exhibit No. ANR-103, line 18, the annual revenues generated from the maximum and negotiated rate contracts exceed the project's annual cost-of-service. Therefore, the project qualifies for rolled-in rate treatment in the instant proceeding.

Wisconsin 2009 Expansion Project

Q: Can you provide a summary of the Wisconsin 2009 Expansion Project?

A: The Wisconsin 2009 Expansion Project created additional capacity in ANR's ML-7 zone by authorizing ANR to extend the Madison Lateral loop with 8.9 miles of 30-inch pipeline, install mainline control valves at the Marshfield compressor station and the Fairwater meter station, and upgrade the Marshfield, North Wausau, and Randolph meter stations to accommodate the higher volume of gas. The purpose of the project was to increase incremental capacity for transportation service in Wisconsin as demand for natural gas in Wisconsin increased over 23.4 percent since 1990. In response to an open season, ANR received requests for firm capacity in excess of 170,000 Dth/d from local distribution companies, marketers, power developers, and end-users. All the facilities are located in ML-7 and the project was certificated on August 24, 2009.

Q: Please discuss the roll-in analysis for the Wisconsin 2009 Expansion Project.

A: For the Wisconsin 2009 Expansion Project, the threshold rate for roll-in is the otherwise applicable ML-7 system zone rate as filed in this proceeding, as ML-7 is where all

Wisconsin 2009 Expansion Project facilities are physically located. The unit system rate for ML-7 is $0.2742 per Dth, as shown in Section 4.3 of ANR's Primary Case tariff sheets in Appendix A-1.

Exhibit No. ANR-104, page 1, details the Wisconsin 2009 Expansion Project costs along with associated billing determinants used to determine a per-unit rate for the Wisconsin 2009 Expansion Project. As shown on line 7, the calculated stand-alone cost-of-service is approximately $6.2 million.

Q: How was the associated Wisconsin 2009 Expansion Project commodity revenue accounted for in the roll-in analysis?

A: For the Wisconsin 2009 Expansion Project, the maximum and negotiated rate contracts include a commodity component. However, there are no variable costs associated with the Wisconsin 2009 Expansion Project, so the directly attributable revenue of the commodity component was credited to the stand-alone cost-of-service.

Q: How did you identify billing determinants associated with the Wisconsin 2009 Expansion Project?

A: I identified the original firm ETS and FTS-1 contracts, which supported the original project and are still in place, that make use of the Wisconsin 2009 Expansion Project facilities. These contracts are a mix of negotiated rate and maximum rate contracts. I did adjust all of the negotiated rate billing determinants for discounting because the negotiated rate contracts were at a rate below the calculated project rate.

Q: Please describe the calculation of the Wisconsin 2009 Expansion Project unit rate.

A: To determine the project unit rate, I utilized the project cost-of-service of approximately $6.2 million and total billing determinants of approximately 63,000 Dth/d to derive a project unit rate of $0.2706 per Dth, as detailed on line 13.

Q: Does the Wisconsin 2009 Expansion Project satisfy the roll-in test?

A: Yes, because the resulting per-unit rate of the Wisconsin 2009 Expansion Project is lower than the otherwise applicable ML-7 unit rate as filed in this proceeding, the Wisconsin 2009 Expansion Project facilities qualify for rolled-in treatment under the 1999 Policy Statement. With roll-in, existing shippers will not subsidize the expansion.

Q: Did you also evaluate roll-in from a revenue/cost perspective?

A: Yes, because certain contracts associated with the project are negotiated rate contracts, I additionally evaluated the project for roll-in by comparing project revenues with project costs. As shown on Exhibit No. ANR-104, line 18, the annual revenues generated from the maximum and negotiated rate contracts exceed the project's annual cost-of-service. Therefore, the project qualifies for rolled-in rate treatment in the instant proceeding.

Q: Does this conclude your testimony?

A: Yes, it does.

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

ANR Pipeline Company) Docket No. RP16-____-000

State of Texas)
) ss.
County of Harris)

AFFIDAVIT OF DAVID BURMAN

David Burman, being first duly sworn, on oath states that he is the witness whose testimony appears on the preceding pages entitled "Prepared Direct Testimony of David Burman"; that, if asked the questions which appear in the text of said testimony, he would give the answers that are therein set forth; and that affiant adopts the aforesaid testimony as David Burman's sworn testimony in this proceeding.

David Burman

SWORN TO AND SUBSCRIBED BEFORE ME THIS 25th DAY OF January, 2016

Notary Public
My Commission Expires:

SARA TATE
Notary Public, State of Texas
Comm. Expires 11-24-2019
Notary ID 130450901