

110 FERC ¶ 61,398  
FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

March 31, 2005

In Reply Refer To:  
Southern Natural Gas Company  
Docket Nos. RP04-523-001  
RP04-523-004

Southern Natural Gas Company  
P.O. Box 2563  
Birmingham, AL 35202-2563

Attention: Patricia S. Francis, Senior Counsel

Reference: Compliance Filing and Request for Clarification or Waiver

Dear Ms. Francis:

1. On March 14, 2005, Southern Natural Gas Company (Southern) filed revised tariff sheets<sup>1</sup> in Docket No. RP04-523-004 to comply with the Commission's February 28, 2005 Order.<sup>2</sup> Southern also filed on March 14, 2005, in Docket No. RP04-523-001, a request for clarification of the February 28, 2005 Order regarding the revised tariff sheets that apply the Storage Cost Reconciliation Mechanism (SCRM) to the supply poolers effective on March 1, 2005, or in the alternative, a request for waiver to commence billing the SCRM surcharge to the supply poolers on April 1, 2005. The Commission accepts the revised tariff sheets effective March 1, 2005, and grants a waiver to allow Southern to commence billing the SCRM surcharge to supply poolers on April 1, 2005.

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<sup>1</sup> Fifth Revised Sheet No. 144A, Third Revised Sheet No. 240, and Second Substitute Forty-Eighth Revised Sheet No. 18 to Southern's Seventh Revised Volume No. 1.

<sup>2</sup> *Southern Natural Gas Co.*, 108 FERC ¶ 61,328 (2005) (February 28, 2005 Order).

## Notice

2. Notice of the instant filing in Docket No. RP01-523-004 was issued on March 17, 2005, with comments, protests, or interventions due as provided by the Commission's regulations. No protests or adverse comments were filed. Notices of intervention and unopposed timely filed motions to intervene and all motions to intervene out of time filed before issuance of this order are granted pursuant to the operation of Rule 214 of the Commission's Rules of Practice and Procedure (18 CFR § 385.214 (2004)).

## Background and Discussion

3. On August 31, 2004, Southern filed *pro forma* tariff sheets which proposed to apply the SCRM under section 14.2 of the General Terms and Conditions (GT&C) to supply poolers. In the February 28, 2005 Order, the Commission accepted Southern's proposal to assess the SCRM surcharge on volumes that are nominated into supply pools from all sources, excluding receipts from CSS and ISS contracts, other supply pools, and receipts from Rate Schedule PALS transactions.

4. The Commission stated that Southern has demonstrated that imbalances caused by pools affect the system in the same manner as any other imbalances that are includable in its cash imbalance mechanism because supply pool imbalances have the same effect on Southern's gas storage inventory.<sup>3</sup> Thus, stated the Commission, the application of the SCRM surcharge to poolers will ensure that all parties that create imbalances are accountable for the costs they impose on the system.<sup>4</sup>

5. The Commission required Southern to file actual tariff sheets implementing its SCRM proposal, as reflected on its *pro forma* tariff sheets, within 15 days of the date of the issuance of the order. Southern's proposed tariff sheets add the volumes associated with the pooling contracts to the SCRM calculation in section 14.2 of the GT&C on Fifth Revised Sheet No. 144A, add a reference to the SCRM surcharge in the Supply Pool Balancing Agreement on Third Revised Sheet No. 240, and provide a reference that the SCRM surcharge will be charged to supply poolers on Second Substitute Forty-Eighth Revised Sheet No. 18. The Commission finds that the revised tariff sheets comply with the February 28, 2005 order and, accordingly, accepts the revised tariff sheets to become effective on March 1, 2005 as requested.

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<sup>3</sup> *Southern Natural Gas Co.*, 110 FERC ¶ 61,198 at P 78 (2005).

<sup>4</sup> *Id.*

6. In addition, Southern requests clarification with respect to the commencement date for billing the SCRM surcharge to the supply poolers. Southern states that it began the necessary programming changes to track the pooled volumes after the issuance of the February 28, 2005 Order, but that it was not ready to put the programming changes into effect immediately on March 1, 2005. Since the SCRM tariff sheets were filed as *pro forma* sheets, Southern states that it did not have a clear indication of what the effective date of the tariff sheets would be until the February 28, 2005 Order was issued. Southern requests that it be allowed to commence the billing of the SCRM surcharge to supply poolers on April 1, 2005.

7. Southern claims that one month deferral of the billing will give the shippers advance notice to allow them to make their business arrangements for April consistent with the new billing practices. Additionally, Southern notes that for March business, the shippers already had their supply transactions completed by the time the February 28, 2005 Order was issued, and the nomination deadline for March 1 transactions had passed.

8. Southern contends that it could have the programming ready by the time the March invoices are ready to be sent out on or before the tenth of April, but the supply poolers would have no prior notice of what they owed, and that allowing the April 1, 2005 billing start date will prevent potential billing adjustments and confusion by the shippers.

9. Finally, Southern asserts that an April 1, 2005 billing date will give Southern more time to test its systems and ensure that the physical receipt point tracking device is working correctly so that the SCRM surcharge is being accurately invoiced, thus allowing adequate design and testing of billing schedules supporting the details of the SCRM surcharge to poolers.

10. The Commission finds that Southern has provided good cause to allow it to commence billing the SCRM surcharge to supply poolers on April 1, 2005, and accordingly grants Southern's alternative request for waiver.

By direction of the Commission.

Linda Mitry,  
Deputy Secretary.

Docket Nos. RP04-523-001 and 004

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