

128 FERC ¶ 61,099
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

July 29, 2009

In Reply Refer To:
Southern Star Central Gas Pipeline, Inc.
Docket Nos. RP09-758-000 and
RP09-758-001

Southern Star Central Gas Pipeline, Inc.
4700 Highway 56
Owensboro, Kentucky 42301

Attention: David N. Roberts, Manager
Regulatory Affairs

Reference: Tariff Changes

Ladies and Gentlemen:

1. On June 8, 2009, Southern Star Central Gas Pipeline, Inc., (Southern Star) filed revised tariff sheets¹ to modify various rate schedules, forms of service agreements, and terms and conditions of service (June 8 filing). On June 29, 2009, Southern Star filed a Substitute Second Revised Sheet No. 133 in Docket No. RP09-758-001 to (1) correct an error on its Second Revised Sheet No. 133 submitted with its June 8 filing, and (2) withdraw Third Revised Sheet No. 134 from the June 8 filing, stating the revisions on that tariff sheet were erroneous (June 29 filing). Southern Star proposes a July 10, 2009 effective date for its tariff sheets. The Commission accepts the revised tariff sheets as specified in the Appendix, to become effective July 10, 2009, subject to the conditions set forth in this order. The Commission rejects Second Revised Sheet No. 133 as moot.

2. Southern Star proposes certain tariff changes to comply with Order No. 712.² Specifically, it proposes to clarify on its Statement of Rates that a maximum rate ceiling does not apply to capacity release transactions of one year or less. It proposes to clarify

¹ See Appendix.

² *Promotion of a More Efficient Capacity Release Market*, Order No. 712, 73 Fed. Reg. 37,058 (June 30, 2008), FERC Stats. & Regs. ¶ 31,271 (2008), *order on reh'g*, Order No. 712-A, 73 Fed. Reg. 72,692 (December 1, 2008), FERC Stats. & Regs. ¶ 31,284 (2008).

in section 11.3(a) of its General Terms and Conditions (GT&C) that asset managers and marketers participating in a state-regulated retail access program are exempt from the requirements of certain short-term capacity releases, consistent with Order No. 712. Finally, it proposes to remove from several rate schedules the 24-hour notice requirement for storage transfers.

3. Southern Star also proposes to remove from its tariff obsolete tariff provisions. These include the Form of Service Agreement under Rate Schedule PAS (Production Area Sales), the Form of Service Agreement for Electronic Bulletin Board, and the Form of Electronic Data Interchange Trading Partner Agreement. Southern Star proposes to remove from its GT&C language pertaining to marketing affiliates since it states it has no current marketing affiliates and performs no marketing function. It also proposes to remove any reference to Path II from its Fuel and Loss Reimbursement provisions in section 13 since it abandoned the point at Path II. Finally, Southern Star proposes to remove the Gas Supply provisions from GT&C section 16 since it states it currently has no written agreement or any other obligation to sell or provide gas supplies to any party and does not have any plans to enter into such agreements in the future.

4. Finally, Southern Star proposes other changes to its GT&C. In general, Southern Star proposes to (1) allow shippers to exceed their Maximum Storage Quantity under Rate Schedule FSS, and charge them the previously established authorized overrun rate; (2) add language to its park and loan service providing shippers more service flexibility; (3) clarify in section 8.1 the conditions under which a shipper must provide earnest money for service requests; (4) incorporate into section 9.8 a mechanism to eliminate imbalances for inactive shippers by cashing them out at the existing spot price index on Southern Star's system; (5) clarify in section 32 that third-party storage transactions apply to parties transporting gas to and from third-party storage facilities directly connected to Southern Star's system; (6) add Reservation of Capacity for Expansion Projects provisions to section 32 that Southern Star states are identical to what the Commission approved for Guardian Pipeline, L.L.C.'s system; (7) clarify in section 10.4 that OFO penalty charges are based on a daily rate and not a monthly rate; and (8) incorporate numerous consistency and ministerial changes.

5. The Commission noticed Southern Star's original filing on June 10, 2009, and its amended filing on July 1, 2009, allowing for protests as provided by section 154.210 of the Commission's regulations. Pursuant to Rule 214, 18 C.F.R. § 385.214 (2008), all timely filed motions to intervene and any motions to intervene out-of-time filed before the issuance date of this order are granted. Granting late intervention at this stage of the proceeding will not disrupt this proceeding or place additional burdens on existing parties. BP America Production Company and BP Energy Company (collectively, BP) filed a protest. Southern Star filed an answer to BP's protest. Generally, the Commission does not permit answers to protests (18 C.F.R. § 385.213(a)(2)(2008)). However, in this case, the Commission will accept Southern Star's answer as it aids in the Commission's

review of the proposal. BP withdrew its protest on June 26, 2009. The Commission, however, will still address certain concerns BP raised in the protest since they concern Commission policy.

6. Southern Star's proposed tariff revisions are generally just and reasonable, since they provide tariff clarifications and consistencies, and eliminate obsolete tariff provisions and form of service agreements. Further, Southern Star's proposed changes to its GT&C generally benefit shippers by offering greater operational flexibility. The Commission's acceptance of Southern Star's revised tariff sheets, however, is subject to the conditions discussed below.

7. Under Southern Star's current PLS Rate Schedule (Parking and Loan Service), when a shipper parks gas, it must remove the gas at the same point at which the shipper initiated the transaction. Likewise, when a shipper borrows gas, it must return the gas to the same point at which it initiated that transaction. Southern Star proposes on First Revised Sheet No. 149 to modify section 2(b) of the PLS Rate Schedule to allow the removal of parked gas, and the redelivery of loaned gas, to occur in "the same area" (i.e., Production Area or Market Area) as where the shipper initiated the transaction. Southern Star states this tariff change will provide shippers with more flexibility.

8. BP protested this proposal asserting that under Commission policy the origination and termination location of a park and loan transaction must occur at the same point, but subsequently withdrew its protest. In its answer to the protest, Southern Star supports the tariff revision by explaining that allowing shippers under the park and loan agreement to use a different point within the same area to return loaned gas is no different than allowing a shipper, who creates imbalances on multiple transportation agreements in the same area that are ultimately rolled into an imbalance for the area, to make-up or schedule off such imbalance at any primary or secondary point in that area, regardless of whether the shipper used such point in creating the imbalance.

9. The Commission finds that allowing a shipper to utilize different origination and termination points in a park and loan service transaction contravenes Commission policy. In *Questar Pipeline Co.*,³ the Commission held that "[i]n approving new park and loan services, the Commission has required that the new service be unbundled from other transportation services. Thus, park and loan transactions must be initiated and completed at the same point and [park-loan] shippers must contract for any transportation service required to move gas to or away from point(s) specified in service agreement. The Commission has allowed the pipeline and its shippers to agree to initiate a transaction at one point but complete it at a different point only if the shipper obtains transportation

³ 98 FERC ¶ 61,159 (2002) (*Questar*).

service to complete the transaction.”⁴ In *Kinder Morgan Gas Transmission, LLC*,⁵ the Commission stated that “[u]nless an alternative point is agreed upon, the shipper must use the same point to initiate and complete the park and loan transaction. If an alternative point is agreed to, then the shipper must pay for transportation services between the points.”⁶

10. If Southern Star wants to retain this provision in its PLS Rate Schedule, it must clarify that park and loan shippers may use different origination and termination points only when they purchase transportation service between the points from Southern Star. Accordingly, the Commission directs Southern Star to file revised tariff sheets within 15 days of the date this order issues either to (1) clarify this provision as discussed above, or (2) remove the provision that would allow park and loan shippers to use different origination and termination points for its transaction under PLS Rate Schedule.

11. Under section 33.4 of its proposed Reservation of Capacity for Expansion Projects provisions, Southern Star proposes tariff language that states if Southern Star has reserved capacity for an upcoming expansion, but the expansion is later cancelled, Southern Star will repost that available capacity within 30 days after the expansion is cancelled. In its protest, BP stated that Southern Star indicated that it would file updated proposed tariff language to reflect a 10-day deadline to post formerly reserved capacity, rather than the 30-day deadline Southern Star proposes in the instant filing. In its answer, Southern Star stated it will file revised tariff sheets, as part of its compliance filing, to incorporate the 10-day deadline to post formerly reserved capacity, consistent with its discussions with BP. The June 29 filing did not include that revision. We direct Southern Star to file revised tariff sheets reflecting this revision within 15 days of the date this order issues.

12. Finally, Southern Star proposes to incorporate the following language into section 8.1 governing Service Requests: “During the term of an existing agreement, shippers may request a temporary or permanent increase in their firm capacity without executing a new agreement and, except in the case of requests for firm capacity specifically requiring earnest money as noted above, without submitting earnest money.” Southern Star states this will allow shippers who request a firm capacity increase to do so under its existing agreement, without the need to enter into a new agreement.

13. In its protest, BP stated that in conversations with Southern Star, Southern Star indicated that it would file updated proposed tariff language to clarify that if a contract at

⁴ *Id.* 61,579-580.

⁵ 105 FERC ¶ 61,035 (2003) (*Kinder Morgan*).

⁶ *Id.* P 3.

the maximum tariff rate with a term of one year or longer is amended to increase the maximum daily quantity (referred to here as the incremental capacity) at the maximum rate, the Right-of-First-Refusal (ROFR) applies to the incremental capacity but only if the remaining term of the contract is for one year or longer. In its answer to the protest, Southern Star agreed to clarify its tariff as BP indicated. Southern Star's June 29 filing does not include that revision. Accordingly, we direct Southern Star to file revised tariff sheets, within 15 days of the date the order issues, making the ROFR clarification.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.

cc: All Parties

Appendix

Southern Star Central Gas Pipeline, Inc.
FERC Gas Tariff, Original Volume No. 1

Tariff Sheets Conditionally Accepted Effective July 10, 2009

Fourth Revised Sheet No. 2	Second Revised Sheet No. 217
Eleventh Revised Sheet No. 11	Original Sheet No. 217A
Third Revised Sheet No. 102	Second Revised Sheet No. 218
Second Revised Sheet No. 104	Second Revised Sheet No. 222
Fourth Revised Sheet No. 107	Second Revised Sheet No. 223
Second Revised Sheet No. 111	Second Revised Sheet No. 224
Third Revised Sheet No. 113	Second Revised Sheet No. 225
Third Revised Sheet No. 115	Second Revised Sheet No. 226
Third Revised Sheet No. 119	Second Revised Sheet No. 227
Fifth Revised Sheet No. 121	Third Revised Sheet No. 228
First Revised Sheet No. 125	Third Revised Sheet No. 232
Second Revised Sheet No. 127	First Revised Sheet No. 233A
Third Revised Sheet No. 130	Third Revised Sheet No. 237
Second Revised Sheet No. 132	Fourth Revised Sheet No. 242
Substitute Second Revised Sheet No. 133	Fourth Revised Sheet No. 243
Fifth Revised Sheet No. 135	Sixth Revised Sheet No. 246
Second Revised Sheet No. 139	Original Sheet No. 246A
Second Revised Sheet No. 140	Fourth Revised Sheet No. 247
Second Revised Sheet No. 145	Fourth Revised Sheet No. 248
Fourth Revised Sheet No. 148	Fourth Revised Sheet No. 249
First Revised Sheet No. 149	Second Revised Sheet No. 251B
First Revised Sheet No. 150A	Second Revised Sheet No. 251C
Third Revised Sheet No. 151	Second Revised Sheet No. 251D
Second Revised Sheet No. 152	Second Revised Sheet No. 252
Second Revised Sheet No. 153	Second Revised Sheet No. 254
Fifth Revised Sheet No. 200	First Revised Sheet No. 257
Second Revised Sheet No. 201	Second Revised Sheet No. 258
First Revised Sheet No. 202	Third Revised Sheet No. 259
Second Revised Sheet No. 203	Second Revised Sheet No. 260
First Revised Sheet No. 204	Third Revised Sheet No. 262
First Revised Sheet No. 205	Second Revised Sheet No. 263
First Revised Sheet No. 206	Second Revised Sheet No. 268
Fourth Revised Sheet No. 213	First Revised Sheet No. 272
Third Revised Sheet No. 214	First Revised Sheet No. 274
Second Revised Sheet No. 215	Second Revised Sheet No. 276
Third Revised Sheet No. 216	Second Revised Sheet No. 280

First Revised Sheet No. 283
First Revised Sheet No. 284
Second Revised Sheet No. 305
First Revised Sheet No. 306
First Revised Sheet No. 307
Original Sheet No. 308
Original Sheet No. 309
Sheet Nos. 310 - 399
Third Revised Sheet No. 403
Third Revised Sheet No. 411
Third Revised Sheet No. 419

Third Revised Sheet No. 426
Third Revised Sheet No. 441
Third Revised Sheet No. 447
Third Revised Sheet No. 453
Second Revised Sheet No. 456
Third Revised Sheet No. 459
Second Revised Sheet No. 463
First Revised Sheet No. 464A
First Revised Sheet No. 495
Second Revised Sheet No. 500

Tariff Sheet Rejected as Moot

Second Revised Sheet No. 133

Tariff Sheet Withdrawn

Third Revised Sheet No. 134