

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;
Nora Mead Brownell, and Suedeen G. Kelly.

Southern Natural Gas Company

Docket No. RP06-88-000

ORDER GRANTING WAIVERS

(Issued November 30, 2005)

1. On November 10, 2005, Southern Natural Gas Company (Southern) filed a request for waivers of tariff provisions to allow shippers to temporarily shift their primary receipt points from points that are out of service due to the disruption caused by Hurricanes Katrina and Rita to points where capacity is available. Southern proposes to allow shippers to revert back to their current primary points once gas is brought back on line after repairs are completed and the receipt points become operational. As discussed below, the Commission grants the requested waivers.

Background

2. Southern states that under section 6.3 of the General Terms and Conditions (GT&C) of its tariff¹ firm transportation shippers can elect primary receipt points with maximum daily receipt quantities (MDRQ) that can equal up to the shipper's transportation demand. These primary receipt points are identified on Exhibit A to the shipper's service agreement under Rate Schedule FT. Southern's tariff also allows shippers to nominate gas from all active receipt points on a secondary basis. During the term of a service agreement, shippers may elect to shift the primary receipt points, subject to the open season requirements in section 2.1(b) of Southern's GT&C, to another point. However, those amendments constitute a permanent change to the service agreement. Southern indicates that section 6.3 of the GT&C also provides that if capacity is not available to award a shipper a primary receipt point for the full term of a service agreement, a shipper can request a change from its existing primary point to a temporary primary receipt point for a term of consecutive months, but less than the full term.

¹ Southern's FERC Gas Tariff, Seventh Revised Volume No. 1.

Further, the provision only permits a shipper to revert back to its existing primary point if it is within the capacity path of the temporary receipt point, and if capacity is available at its existing primary point.

3. Southern requests the Commission to waive the provisions of section 6.3 of its GT&C to allow shippers to shift their primary receipt points for a temporary period from December 1, 2005 through June 30, 2006 if their existing primary points are out of service because of hurricane damage. Southern states that the amount of each temporary primary receipt point shift would be limited to the shipper's MDRQ at the primary receipt point that is out of service. Southern further explains that the shifted temporary primary receipt points will automatically revert back to the existing primary receipt points at the earlier of the first day of the month after the existing primary receipt points are operational and when it is able to accept nominatable quantities of gas, or on July 1, 2006. Under Southern's proposal, the automatic reversion back to the existing primary receipt points is proposed to take place regardless of the location of the primary receipt points and whether or not they are in the capacity path of the temporary primary receipt point.

4. Southern proposes to hold an open season to permit shippers to request temporary changes to their primary receipt points pursuant to section 2.1(b) of the GT&C. Further, Southern explains that because the receipt point shifts have no net present value, it proposes awarding the receipt point shifts on a pro rata basis, as determined by the MDRQ shifts requested in the open season. Additionally, Southern requests waiver of section 2.1(b) of the GT&C to limit the award of the temporary primary receipt points to the seven-month period, and requests any other waivers as deemed necessary.

5. Southern also requests waiver of section 6.1 of the GT&C that requires the primary receipt points be reflected on Exhibit A to the shipper's service agreement. Southern states that it will comply with the electronic reporting requirements for any shipper's primary receipt point shift and the effective date of this shift, but requests that it not be required to amend the shipper's existing Exhibit A since a shipper's contractual rights will automatically revert back to its existing primary receipt points because of the temporary nature of the waiver. Southern argues that it would be excessively burdensome for the shipper and Southern to make two amendments to Exhibit A during this temporary period.

6. Finally, Southern requests that the Commission issue an order on these requests as soon as possible so that Southern may hold an open season and award temporary primary receipt points shifts to shippers for the winter season beginning on December 1, 2005.

Public Notice

7. Public notice of the instant filing was issued on November 15, 2005, with interventions and protests due on November 22, 2005. Pursuant to Rule 214 (18 C.F.R. § 385.214 (2005)), all timely filed motions to intervene and any motions to intervene out-of-time filed before the issuance of the date of this order are granted. Atlantic Gas Light Company and Chattanooga Gas Company filed comments in support of Southern's waiver request. No protests were filed.²

Discussion

8. The Commission finds that Southern's proposal is a reasonable accommodation to help shippers during the forthcoming peak winter period while the pipeline makes necessary repairs to its system caused by damage from Hurricanes Katrina and Rita. We note that no protests were filed. Further, it appears that Southern's current tariff provisions do not provide the flexibility needed to address the situation at-hand. Under these extraordinary conditions, we find that good cause exists for granting Southern's requested waivers to allow shippers to shift to temporary primary receipt points from existing primary receipt points that suffered hurricane damage and that are not operational at this time. Accordingly, we grant the requested tariff waivers. Southern states that the shipper's contractual rights will automatically revert back to its existing primary receipt points at either the conclusion of this temporary waiver period or earlier if the existing primary receipt point becomes operational. Southern states that it will continue to comply with section 284.13 of the Commission's regulations regarding electronic reporting requirements as they apply to requests for shifts of temporary primary points. Under these circumstances, we will not require Southern and shippers to amend the existing Exhibit A's included in their service agreements.

9. The Commission intends to do everything it can to help alleviate the problems caused by Hurricane Katrina and Rita, and believes that its actions here are consistent with that goal. At the same time, it does not wish to act precipitously. Therefore, if any entities believe themselves to be adversely affected by our action here, we urge them to make prompt filings with us so that we may address their concerns.

² Because of the need to respond quickly to the emergency situation in the Gulf Coast, we are issuing this order after a shortened notice period, but this order will be subject to rehearing, and the Commission urges all interested persons to act promptly by filing notification of any concerns.

The Commission orders:

The Commission grants Southern's request for waivers of sections 6.3, 6.1, and 2.1(b) of the GT&C of its tariff for the limited period extending from December 1, 2005 through June 30, 2006, or earlier as described in the body of this order.

By the Commission.

(S E A L)

Magalie R. Salas,
Secretary.