

128 FERC ¶ 61,199
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

August 27, 2009

In Reply Refer To:
Southern Natural Gas Company
Docket No. RP09-427-001

Southern Natural Gas Company
Post Office Box 2563
Birmingham, AL 35202-2563

Attention: Glenn A. Sheffield
Director – Rates

Reference: Motion and Tariff Filing

Dear Mr. Sheffield:

1. On July 24, 2009, Southern Natural Gas Company (Southern) filed a motion to place into effect as of September 1, 2009 the tariff sheets listed in Appendices A and B of this order. The tariff sheets listed in Appendix A reflect lower rates (Market Adjusted Rates) than those suspended and set for hearing by the April 1, 2009 order addressing Southern's Natural Gas Act (NGA) section 4 filing in the captioned docket.¹ The tariff sheets listed in Appendix B are other tariff sheets accepted and suspended by the April 1, 2009 Order which Southern desires to place into effect on September 1, 2009. Southern also filed to comply with the Commission's April 1, 2009 Order by eliminating from its proposed rates the costs of facilities not placed in service by July 31, 2009, the end of the test period.

2. On March 2, 2009, Southern filed a general rate increase (March 2 Filing).² Southern proposed new rates for services, an increase of its cost of service of

¹*Southern Natural Gas Co.*, 127 FERC ¶ 61,003 (2009) (April 1, 2009 Order).

² Southern stated that the March 2 Filing fulfilled its obligation under the Stipulation and Agreement (Settlement) dated April 29, 2005, addressing its last Natural Gas Act (NGA) general rate case in Docket No. RP04-523-000. The Settlement, approved by Unpublished Letter Order in *Southern Natural Gas Co.*, Docket No. RP04-

(continued...)

approximately 36 percent over the 2005 Settlement cost of service, a hurricane surcharge mechanism, a greenhouse gas cost recovery mechanism, several changes to the terms and conditions of service, and a “market adjustment proposal” (Market Adjusted Rates).

3. In its March 2 Filing, Southern stated that by proposing its market adjusted rates it was attempting to moderate the size of its rate increase. The *pro forma* tariff sheets that reflect the market adjustment reveal an average rate increase of approximately 28 percent over Southern’s currently effective rates instead of the 36 percent increase over the current rates that it claims that it justified in its primary proposal.³ Southern stated that it intended to volunteer to move into effect the lower market adjusted rates along with its primary tariff sheets for “other rate components and services.” Southern maintained that the higher primary rates constitute Southern’s filing in this proceeding and are “justified based on the derivation of the applicable costs and billing determinants.”⁴ Southern stated that it reserved the right to increase its rates any time during the course of the proceeding up to its proposed filed rates.⁵

4. In its April 1, 2009 Order, the Commission accepted and suspended Southern’s proposed tariff sheets, subject to refund and the outcome of a hearing and technical conference, to be effective September 1, 2009. In regard to Southern’s Market Adjusted *pro forma* rate tariff sheets, the Commission noted Southern’s intention to place such market adjusted rates into effect at the end of the suspension period. However, the Commission stated that Southern had only provided *pro forma* tariff sheets containing its market Adjusted Rates and that it did not rule on the *pro forma* sheets. The Commission stated that “if Southern proposes to move any tariff sheets into effect at the end of the suspension period that differ from those accepted here by the Commission, it must file actual tariff sheets containing the rate it proposes to charge with its motion to move the rates into effect.”⁶ The Commission stated that it must accept such newly filed actual tariff sheets before the proposed Market Adjusted Rates may be charged.

523-000 (July 13, 2005) established a rate moratorium that required Southern to file a general rate case between March 1, 2009 and March 31, 2010.

³ Southern stated that these lower Market Adjusted Rates are contained on *pro forma* Sheets Nos. 14 and 16 in the March 2 Filing.

⁴ April 1, 2009 Order, 127 FERC ¶ 61,003 at P 16.

⁵ *Id.*

⁶ *Id.* P 34.

5. In the instant filing, Southern is moving to place into effect certain tariff sheets accepted by the Commission's April 1, 2009 Order.⁷ Southern has not moved into effect tariff sheets accepted by the April 1, 2009 Order which were set for technical conference⁸ nor has it moved into effect the primary rate tariff sheets accepted by the April 1, 2009 Order.⁹ In place of its primary rate tariff sheets currently under suspension, Southern has proposed new tariff sheets containing its proposed Market Adjusted Rates as discussed in the April 1, 2009 Order,¹⁰ as modified to reflect the elimination of facilities not expected to be in service as of the end of the test period in this proceeding.

6. Notice of Southern's filing was issued on July 28, 2009. Interventions and protests were due as provided in section 154.210 of the Commission's regulations, 18 C.F.R. § 154.210 (2009). Pursuant to Rule 214, 18 C.F.R. § 385.214 (2009), 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. Peoples Gas System (Peoples) filed comments and requests several clarifications concerning the instant filing regarding the tariff sheets to be placed into effect and the effective date of the tariff sheets in question.

7. The Commission accepts and suspends the revised tariff sheets setting forth the Market Adjusted Rates in Appendix A to be effective September 1, 2009, subject to

⁷ 127 FERC ¶ 61,003 at Appendix A. *See also* Appendix B to instant order.

⁸ The tariff sheets accepted by the April 1, 2009 Order subject to the outcome of a technical conference were: Third Revised No. 45, First Revised Sheet No. 45A, Third Revised Sheet No. 101B, Second Revised Sheet No 113A, Second Revised Sheet No. 146, First Revised Sheet No. 147, Fifth Revised Sheet No. 148, Fourth Revised Sheet No. 159, Seventh Revised Sheet No. 160, Sixth Revised Sheet No. 161, and First Revised Sheet No. 162.

⁹ Seventy-First Revised Sheet No. 14, Ninety-First Revised Sheet No. 15, Seventy-First Revised Sheet No. 16, Ninety-First Revised Sheet No. 17, Fifty-Fourth Revised Sheet No. 18, Eighth Revised Sheet No. 20, Seventh Revised Sheet No. 21, and Sixth Revised Sheet No. 25.

¹⁰ 127 FERC ¶ 61,003 at P 16 and P 34. These tariff sheets are in Appendix A to the instant order and include: Substitute Seventy-First Revised Sheet No. 14, Substitute Ninety-First Revised Sheet No. 15, Substitute Seventy-First Revised Sheet No. 16, Substitute Ninety-First Revised Sheet No. 17, Substitute Fifty-Fourth Revised Sheet No. 18, Substitute Eighth Revised Sheet No. 20, Substitute Seventh Revised Sheet No. 21, and Substitute Sixth Revised Sheet No. 25.

refund and subject to the outcome of the ongoing hearing proceeding in Docket No. RP09-427-000. Southern states that the instant rates are lower than the rates it intends to support in the above mentioned hearing. In the Commission's view, Southern is entitled to move into effect the higher rates accepted and set for hearing by the April 1, 2009 Order, subject to refund. Accordingly, Southern's unprotested proposal to place into effect lower rates than those to which it is entitled provides a benefit to its customers by permitting them to pay such lower rates, subject to refund, until the outcome of the hearing established in Docket No. RP09-427-000. Peoples, *inter alia*, has requested that the Commission clarify that it is accepting only the rate set forth in the instant filing and that the higher rates in the tariff sheets that the Commission accepted in the April 1, 2009 Order are not in effect as of September 1, 2009. The Commission so clarifies.

8. Based on a review of the filing, the Commission finds that the proposed tariff sheets have not been shown to be just and reasonable, and may be unjust, unreasonable, unduly discriminatory, or otherwise unlawful. Accordingly, the Commission will accept and suspend Southern's revised tariff sheets shown in Appendix A, to be effective September 1, 2009, subject to refund and the outcome of the hearing procedures in Docket No. RP09-427-000.

9. The Commission's policy regarding suspensions is that tariff filings generally should be suspended for the maximum period permitted by statute where preliminary study leads the Commission to believe that the filing may be unjust, unreasonable, or inconsistent with other statutory standards. *See Great Lakes Gas Transmission Co.*, 12 FERC ¶ 61,293 (1980) (five-month suspension). It is recognized, however, that shorter suspensions may be warranted in circumstances where suspension for the maximum period may lead to harsh and inequitable results. *See Valley Gas Transmission, Inc.*, 12 FERC ¶ 61,197 (1980) (one-day suspension). Such circumstances exist here where the pipeline has proposed lower rates for an interim period. Therefore, the Commission will accept and suspend the proposed tariff sheets in Appendix A to be effective September 1, 2009, subject to refund, and the outcome of a hearing in the captioned docket.

By direction of the Commission.

Kimberly D. Bose,
Secretary.

Appendix A

**Tariff Sheets Accepted and Suspended to be Effective September 1, 2009
To Southern's FERC Gas Tariff, Seventh Revised Volume No. 1**

Substitute Seventy-First Revised Sheet No. 14
Substitute Ninety-First Revised Sheet No. 15
Substitute Seventy-First Revised Sheet No. 16
Substitute Ninety First Revised Sheet No. 17
Substitute Fifty-Fourth Revised Sheet No. 18
Substitute Eighth Revised Sheet No. 20
Substitute Seventh Revised Sheet No. 21
Substitute Sixth Revised Sheet No. 25

Appendix B

**Tariff Sheets Accepted by the April 1, 2009 Order
Moved Into Effect On September 1, 2009
To Southern's FERC Gas Tariff, Seventh Revised Volume No. 1**

Fourth Revised Sheet No. 1
Twentieth Revised Sheet No. 2
Nineteenth Revised Sheet No. 22
Fifteenth Revised Sheet No. 26
Fifteenth Revised Sheet No. 27
Fourteenth Revised Sheet No. 28
Fifty-Fifth Revised Sheet No. 29
Thirty-Sixth Revised Sheet No. 30
Twenty-Fourth Revised Sheet No. 31
Fourth Revised Sheet No. 32
Third Revised Sheet No. 33
Seventh Revised Sheet No. 34
Second Revised Sheet No. 95B
Second Revised Sheet No. 95D
First Revised Sheet No. 95E
Third Revised Sheet No. 95F
Second Revised Sheet No. 95F.01
Eighth Revised Sheet No. 204
Fourth Revised Sheet No. 210
Fifth Revised Sheet No. 211
First Revised Sheet No. 212K
First Revised Sheet No. 212L
Third Revised Sheet No. 431