

134 FERC ¶ 61,055  
FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

January 25, 2011

In Reply Refer To:  
Southern Star Central Gas Pipeline, Inc.  
Docket No. RP11-1589-000

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

Attention: Tim Thompson  
Attorney for Southern Star Central Gas Pipeline, Inc.

Reference: Request for Waiver

Ladies and Gentlemen:

1. On December 1, 2010, Southern Star Central Gas Pipeline, Inc. (Southern Star) submitted a request for limited waiver regarding missed deadlines for Right of First Refusal (ROFR) postings, as provided for in section 6 of the General Terms and Conditions (GT&C) of its FERC Gas Tariff. As discussed below, the Commission grants Southern Star's request for limited waiver.
2. Public notice of the filing was issued on December 3, 2010. Interventions and protests were due as provided in section 154.210 of the Commission's regulations (18 C.F.R. § 154.210 (2010)). Pursuant to Rule 214, 18 C.F.R. § 385.214 (2010), 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 the proceeding or place additional burdens on existing parties. No protests or adverse comments were filed.
3. Southern Star states that, in August 2010, during a review of contract data in its customer service system, it discovered that three of its contracts<sup>1</sup> had been improperly marked as having an evergreen rollover provision. The contracts were incorrectly marked to allow automatic evergreen rollover instead of requiring ROFR postings.

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<sup>1</sup> Contract # 916 with the Commissioners of Land Office of Oklahoma, Contract # 1060 with Jayhawk Fine Chemicals, and Contract # 500 with AG Processing, Inc.

4. Southern Star states that for two of the three contracts, namely, the contracts with the Commissioners of Land Office of Oklahoma (Land Office of Oklahoma)<sup>2</sup> and Jayhawk Fine Chemicals (Jayhawk),<sup>3</sup> the applicable term had not yet expired. Southern Star states that it notified those two shippers of the error and made delayed ROFR capacity postings. After the respective ROFR postings, Southern Star did not receive any bids for the capacity. Southern Star notes that pursuant to section 6.4 of the GT&C, the shippers were notified that no bids were received and each shipper had ten days to notify Southern Star whether it wanted to retain the capacity and, if so, for what term. Southern Star explains that Land Office of Oklahoma elected not to extend its contract and Jayhawk elected to extend its contract for one year.

5. Southern Star states that the contract with AG Processing, Inc. (AG Processing) had already continued beyond its original term due to the automatic rollover resulting from the contract having been improperly marked as having an evergreen rollover provision.<sup>4</sup> Southern Star states that it contacted AG Processing after discovering the error. During these discussions, AG Processing informed Southern Star that its intent would have been to extend the contract for three years rather than the five-year rollover term. Southern Star states that it is agreeable with AG Processing's request to change the term from a five-year term to a three-year term.

6. Southern Star states that on October 1, 2010, it submitted a self report of violations of ROFR posting procedures to the Commission's Office of Enforcement. Southern Star states that Commission Staff recommended filing a request for waiver to accomplish the corrections Southern Star proposes for the AG Processing contract. Southern Star proposes entering into an agreement with AG Processing amending the term of the contract to reflect a three year extension, expiring on December 1, 2012.

7. Southern Star requests any necessary waivers of its tariff, in particular the ROFR posting provisions outlined in section 6 of its GT&C, to allow it to provide AG Processing with the three year extension it intended to request prior to expiration in 2009. Further, Southern Star requests the Commission grant any waivers necessary to approve the two delayed ROFR postings.

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<sup>2</sup> Contract # 916 with the Commissioners of Land Office of Oklahoma had an end date of 2/1/2011 and the ROFR posting should have been made on 8/1/2010. The ROFR posting was instead made on 8/27/2010.

<sup>3</sup> Contract # 1060 with Jayhawk Fine Chemicals had an end date of 11/1/2010 and the ROFR posting should have been made on 5/1/2010. The ROFR posting was instead made on 8/30/2010.

<sup>4</sup> Contract # 500 with AG Processing, Inc. had an end date of 12/1/2009.

8. The Commission has reviewed the circumstances surrounding Southern Star's ROFR posting errors and finds that Southern Star has shown good cause for granting the requested waiver. No parties were harmed by the delay in ROFR postings or by the erroneous rollover of the AG Processing agreement. Southern Star self-reported the errors and has taken steps to ensure that similar errors will not occur in the future. Accordingly, the Commission grants Southern Star's request for limited waiver of section 6 of the GT&C of Southern Star's FERC Gas Tariff as it relates to the three contracts specified herein.

By direction of the Commission.

Kimberly D. Bose,  
Secretary.

cc: All Parties