

148 FERC ¶ 61,249  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Cheryl A. LaFleur, Chairman;  
Philip D. Moeller, Tony Clark,  
and Norman C. Bay.

Southern Star Central Gas Pipeline, Inc.

Docket No. RP14-1206-000

ORDER ACCEPTING AND SUSPENDING TARIFF RECORDS  
SUBJECT TO CONDITIONS

(Issued September 30, 2014)

1. On August 29, 2014, Southern Star Central Gas Pipeline, Inc. (Southern Star) filed a revised tariff record,<sup>1</sup> proposed to be effective October 1, 2014, to permit Southern Star to reschedule quantities nominated by a shipper and to suspend deliveries if Southern Star determines that gas receipts do not match gas deliveries. As discussed below, the Commission accepts and suspends the proposed tariff record subject to conditions, effective October 1, 2014.

**I. Background and Filing**

2. Southern Star states that it is proposing a new section 10.5 of the General Terms and Conditions (GT&C) of its tariff to create another system management tool to help manage operational challenges on its system without imposing Operational Flow Orders (OFO). Under the proposal, Southern Star states that if it determines that sufficient supplies are not being received at a shipper's receipt points, the new provision will allow it to prospectively re-schedule quantities nominated by a shipper or temporarily suspend deliveries upon two hours' notice. Similarly, if a shipper is not removing the scheduled quantities at delivery points, then Southern Star may also with two hours' notice unilaterally reschedule the shipper's nominations or temporarily suspend gas receipts. In the event of operational distress, Southern Star's proposal provides that rescheduling of volumes may occur immediately without the two hours' notice.

3. Southern Star explains that it developed the subject proposal following the severe 2013-2014 winter season. Southern Star states that between January and March of 2014,

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<sup>1</sup> Southern Star Central Gas Pipeline, Inc., FERC NGA Gas Tariff, Tariff Provisions, [Sheet No. 256A, 0.0.0](#).

it issued several OFO notices that related to situations in which actual pipeline receipts or deliveries did not match scheduled quantities. Southern Star reports mixed compliance with its OFOs and, in some cases, shippers faced penalties as a result of non-compliance. Southern Star states that it has made the current filing to avoid OFOs and to avoid disputes over penalties with its shippers in situations where receipts and deliveries do not match scheduled quantities.

## **II. Public Notice, Interventions, and Comments**

4. Public notice of Southern Star's filing was issued on August 2, 2014. Interventions and protests were due as provided in section 154.210 of the Commission's regulations (18 C.F.R. § 154.210 (2014)). Pursuant to Rule 214 (18 C.F.R. § 385.214 (2014)), all timely filed motions to intervene and any unopposed 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. Atmos Energy Corporation (Atmos) filed a protest. Tenaska Marketing Ventures filed comments supporting the proposal.

5. On September 17, 2014, Southern Star filed an answer. Commission rules do not permit answers to protests unless otherwise ordered by the decisional authority. The Commission accepts Southern Star's answer because it has provided information that assists the Commission in its decision-making process.

6. Atmos states that it is unclear when Southern Star would apply the newly proposed section 10.5 as opposed to the existing OFO provisions in its tariff. Atmos states that if the newly proposed provisions are not OFOs, then it is not clear why such provisions are being placed in the OFO section (section 10) of Southern Star's GT&C. Atmos also states that it is unclear why Southern Star needs the new provisions given the OFO provisions already in its tariff.

7. In contrast, Tenaska states that the proposal will give Southern Star the opportunity to manage its operational challenges more efficiently, and therefore Tenaska supports the proposal.

8. In its answer, Southern Star explains that it intends to apply new section 10.5 as a first step toward remedying or avoiding operational issues. Depending on the circumstances, the application of section 10.5 would precede the imposition of an OFO, according to Southern Star. Southern Star emphasizes that if the only action taken by Southern Star is issuance of an operational performance notice under proposed section 10.5, then no OFO penalties would apply because no OFO has issued. Southern Star emphasizes that it is willing to add to section 10.5 the statement that "no penalty shall be imposed on a shipper or operator solely as a result of any unilateral action by Southern

Star pursuant to an operational performance notice under this section 10.5 to prospectively conform scheduled quantities being received or delivered or temporarily suspend deliveries or receipts.”<sup>2</sup>

### **III. Discussion**

9. The Commission accepts and suspends Southern Star’s proposed tariff record subject to conditions as discussed below. In its answer, Southern Star has offered to revise section 10.5 to clarify that no penalties will be imposed solely as a result of Southern Star’s actions pursuant to section 10.5. In its compliance filing, Southern Star should file tariff records consistent with this commitment.

10. In addition, Southern Star must file revised tariff records clarifying that Southern Star will only re-schedule shipper nominations pursuant to the proposed section 10.5 as necessary to avoid or remedy operational issues on its system. Section 284.12 of the Commission’s regulations require a pipeline to take all reasonable actions to “*minimize* the issuance and adverse impacts of operational flow orders (OFOs) and other measures taken to respond to adverse operational events on its system.”<sup>3</sup> Southern Star characterizes its proposal as a step to “remedy or avoid operational issues”<sup>4</sup> and Southern Star justifies its filing by citing imbalances in the winter of 2013-2014 which required it to issue OFOs to maintain the integrity of its system. However, in the absence of a threat to the integrity of Southern Star’s system, there is no basis to allow Southern Star to unilaterally reschedule shipper nominations or to suspend receipts and deliveries. Accordingly, in order to minimize the issuance and adverse impact of notices under the proposed section 10.5, Southern Star must revise its proposal to clarify that it will only apply the measures in section 10.5 as necessary to avoid or remedy operational issues on its system. Thus, within 30 days, Southern Star must file revised tariff records consistent with the directives of this order. This compliance filing must make clear that no penalties will be associated with the new provision, and that the new provision will only be applied as necessary to avoid or remedy operational issues.

11. Based upon review of the filing, the Commission finds that the proposed tariff records have not been shown to be just and reasonable, and may be unjust, unreasonable

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<sup>2</sup> Southern Star Answer at 4.

<sup>3</sup> 18 C.F.R. 284.12(b)(2)(iv) (2014) (emphasis added).

<sup>4</sup> Southern Star Answer at 5.

and unduly discriminatory or otherwise unlawful. Accordingly, the Commission shall accept and suspend the effectiveness of the proposed tariff records for the period set forth below, subject to the conditions set forth in this order.

12. The Commission's policy regarding tariff filings is that they 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.<sup>5</sup> 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.<sup>6</sup> Such circumstances exist here, where in anticipation of the upcoming winter season Southern Star needs to manage threats to system integrity more efficiently during extreme conditions. Therefore, the Commission shall exercise its discretion to suspend the proposed tariff records listed in footnote 1, to be effective October 1, 2014.

The Commission orders:

(A) The proposed tariff records are accepted and suspended subject to the conditions discussed herein, to be effective October 1, 2014.

(B) Southern Star is directed to file revised tariff records consistent with the discussion herein within 30 days of the issuance of this order.

By the Commission.

( S E A L )

Kimberly D. Bose,  
Secretary.

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<sup>5</sup> See *Great Lakes Gas Transmission Co.*, 12 FERC ¶ 61,293 (1980) (five-month suspension).

<sup>6</sup> See *Valley Gas Transmission, Inc.*, 12 FERC ¶ 61,197 (1980) (one-day suspension).