

129 FERC ¶ 61,291
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

December 30, 2009

In Reply Refer To:
Southern Star Central Gas Pipeline, Inc.
Docket No. RP10-189-000

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

Attention: David N. Roberts, Manager, Regulatory Affairs

Reference: Annual Fuel Filing

Ladies and Gentlemen:

1. On November 30, 2009, Southern Star Central Gas Pipeline, Inc. (Southern Star) filed a revised tariff sheet¹ and supporting workpapers to reflect annual adjustments to its fuel and loss (FL&U) reimbursement percentages, applicable to all rate schedules, and revised tariff sheets² to change the future effective date of its annual fuel filing from January 1st to April 1st (Primary Filing). Southern Star proposes to accomplish this change by making the presently filed FL&U reimbursement percentages effective for fifteen months, i.e., until April 1, 2011, rather than the traditional twelve months. In the event the Commission does not approve the proposed tariff changes and resulting fuel reimbursement percentages, Southern Star filed an alternate revised tariff sheet³ providing for a twelve month

¹ Tenth Revised Sheet No. 12 to its FERC Gas Tariff, Original Volume No. 1.

² Third Revised Sheet No. 266, Second Revised Sheet No. 267, First Revised Sheet No. 267A, and First Revised Sheet No. 267B to its FERC Gas Tariff, Original Volume No. 1.

³ Alternate Tenth Revised Sheet No. 12 to its FERC Gas Tariff, Original Volume No. 1.

effective period (Alternate Filing). Southern Star proposes a January 1, 2010 effective date for its tariff sheets. Southern Star's proposed tariff sheets in its Primary Filing, as listed in footnote numbers 1 and 2, are accepted, to be effective January 1, 2010, subject to the outcome of the proceedings in Docket No. CP10-2-000. Alternate Tenth Revised Sheet No. 12 is rejected as moot.

2. Section 13 of the General Terms and Conditions (GT&C) of Southern Star's tariff requires shippers to reimburse Southern Star for fuel and losses in kind. The section also requires Southern Star to file annually to revise its reimbursement percentages, effective January 1 of each year. Southern Star is required to submit specific calculations for its Production Area, Market Area, and for Storage under Section 13.

3. As part of its Primary Filing, Southern Star proposes a 0.51 percent decrease in the Production Area Percentage from 1.84 percent to 1.33 percent, a 0.35 percent decrease in the Market Area Percentage from 0.96 percent to 0.61 percent, and a 2.14 percent decrease in the Storage Percentage from 3.59 percent to 1.45 percent.

4. Southern Star states that the proposed tariff changes in its Primary Filing would have the following effects: (1) the fuel reimbursement percentages would remain in effect for the fifteen-month period of January 1, 2010 through March 31, 2011; (2) its next annual fuel filing would be filed by March 1, 2011, to be effective April 1, 2011; (3) the current portion of the transmission and storage fuel reimbursement percentages in the 2011 and future filings would be based on actuals for the twelve-month period ending December 31 of each year; and (4) the true-up period (surcharge) for the transmission and storage fuel reimbursement percentages in the 2011 filing would be for the fifteen-month period of October 1, 2009 through December 31, 2010.

5. Southern Star proposes to change the effective date of its annual fuel filing from January 1st to April 1st. Southern Star states that the reason for this change is to address customer requests that it not change fuel reimbursement percentages in the middle of the winter heating season (November through March).

6. Further, Southern Star states that it used the normal twelve months of determinants in the storage fuel surcharge and the storage loss surcharge calculation instead of fifteen months because the additional three months that would have been included are in the normal storage withdrawal season, and its fuel percentages are only calculated on injections. Southern Star also states that it used a three-year average of storage injections to design the storage fuel reimbursement rates, and the true-up for storage losses is ongoing.

7. Southern Star states that in the event the Commission does not approve the proposed tariff changes and resulting fuel reimbursement percentages in its Primary Filing, it has calculated reimbursement percentages for a twelve-month period using its currently effective tariff language and the same methodology used in the prior year annual fuel filing.

8. Southern Star explains that its Storage fuel and loss percentage calculation is based on actual fuel and any over- or under-recovery for the most recent twelve-month period, divided by the most recent three-year average of actual customer storage injections.⁴ The Storage Injection fuel percentage reflects a decrease of 0.20 percent, resulting from a decrease in the fuel percentage of 0.22 percent and an increase in the fuel surcharge of 0.02 percent. The Storage Injection loss percentage reflects a decrease of 1.94 percent, resulting from a decrease in the loss percentage of 0.73 percent and a decrease in the loss surcharge of 1.21 percent.

9. Southern Star states that the combination of the Production Area and Market Area surcharges decreases, a decrease in system losses, and a minor decrease in fuel used in both areas resulted in overall decreases in fuel reimbursement percentages for both the Production Area and Market Area.

10. Southern Star states that the Elk City Storage Field losses were calculated utilizing a ten-year average apparent pore volume rather than the average pore volume over the life of the field that is used for the other fields.⁵

11. Southern Star notes that the Kansas Corporation Commission (KCC) requires pipelines to perform a comprehensive analysis of the integrity of their storage field and associated facilities. Southern Star states that it has completed this analysis on seven of its storage fields and is in various stages of analysis on the one remaining field. Southern Star further states that to date, it has found no indication at any of its fields that it is experiencing unusual or abnormally high storage gas losses.

⁴ *Citing Southern Star Central Gas Pipeline, Inc.*, 109 FERC ¶ 61,378 (2004) (approving section 13 of the GT&C as part of a settlement in Docket Nos. RP03-135-000 and RP04-93-000).

⁵ Southern Star's proposed change in methodology for the Elk City Storage Field, which differs from the method Southern Star uses for its other storage fields, is currently at issue in Docket No. CP10-2-000, relating to Southern Star's proposed expansion of the Elk City Storage Field.

12. Public notice of Southern Star's filing was issued on December 1, 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 motion 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. No protests or adverse comments were filed.

13. The KCC filed a motion to intervene requesting that Southern Star's proposed change in methodology for the Elk City Storage Field, which differs from the method Southern Star uses for its other storage fields, be made contingent on the outcome in Docket No. CP10-2-000, where the efficacy of that proposed change is at issue.

14. Upon review, Southern Star's proposed tariff sheets in its Primary Filing, as listed in footnote numbers 1 and 2, are accepted, to be effective January 1, 2010, subject to the outcome of the issue relating to the methodology for the Elk City Storage Field in Docket No. CP10-2-000. Alternate Tenth Revised Sheet No. 12 is rejected as moot.

By direction of the Commission.

Kimberly D. Bose,
Secretary.