



Southern Star Central Gas Pipeline, Inc.  
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March 11, 2021

Kimberly D. Bose, Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426

Re: Southern Star Central Gas Pipeline, Inc.  
Request for OFO Penalties Waiver  
Docket No. RP21-\_\_\_\_-000

Dear Ms. Bose:

Southern Star Central Gas Pipeline, Inc. ("Southern Star") respectfully requests that the Federal Energy Regulatory Commission ("Commission") approve Southern Star's waiver of the collection and crediting of operational flow order ("OFO") penalties that may have been incurred by Shippers and/or Point Operators during the period from gas day February 11, 2021, through gas day February 19, 2021 (the "OFO Period"). The OFO period coincides with the unprecedented severe and extreme cold and winter weather conditions experienced on Southern Star's system during that period ("Polar Vortex").

Reference is made to the Report dated February 12, 2021 and the Supplemental Report dated February 19, 2021, (collectively, the "OFO Reports") where Southern Star notified the Commission that it had issued various OFOs to protect the integrity of its pipeline system under Section 10 of the General Terms and Conditions (GT&C) of its tariff during a period of sustained cold and severe winter conditions on the Southern Star system. The specific details of the OFOs and Southern Star's actions in response to the extreme winter conditions are summarized in the OFO Reports.

Southern Star issued Storage and Delivery Location OFOs during the Polar Vortex event. The Storage OFOs were addressed to Southern Star's firm storage customers, requiring those Shippers to remain within their contractual quantities, specifically (i) not to withdraw more than the applicable Maximum Daily Withdrawal Quantity ("MDWQ") under each agreement and (ii) to maintain Storage inventories at or above 0% of its contractual Maximum Storage Quantity ("MSQ") under each agreement. The Delivery Location OFOs were addressed to delivery Point Operators requiring takes at delivery points to not exceed the sum of the confirmed scheduled transportation quantities at the delivery point, plus any available no-notice Maximum Daily Quantities (MDQs) at that point. At the onset of the Polar Vortex, the delivery location OFOs were addressed to Specific Line Segments. As the Polar Vortex continued,

Southern Star expanded the Delivery Location OFO to System Wide which covered delivery locations on all line segments through the bulk of the Polar Vortex. As the Polar Vortex event was ending, Southern Star was able to reduce the Delivery Location OFO to Specific Line Segments.

All of the OFOs issued during the Polar Vortex event were standard OFOs under GT&C Section 10. Generally, the penalty for violating a standard OFO is the greater of \$5 per dekatherm or 2.5 times the average Gas Daily Index for Southern Star for each day the OFO is in effect. However, a different penalty is assessed to any storage shipper who exceeds its MDWQ; the penalty for violating this Storage OFO is equal to 365 times the maximum daily reservation rate for the applicable area per Dth. OFOs are subject to tolerance levels and, in the case of delivery location OFOs, at least 97% of the authorized delivery quantity must be measured by electronic flow measurement (EFM). Instead of the normal ten days to make payment once an invoice is rendered, GT&C Section 10.4 gives Shippers 30 days to review and dispute OFO invoices due to “the unusual nature of OFO penalty invoices.”<sup>1</sup>

In lieu of customers spending time reviewing invoices associated with OFO penalties, and in recognition of the historic nature of the Polar Vortex event, Southern Star proposes to waive all OFO penalties for all Shippers and Point Operators who may have incurred penalties during the OFO Period. The purpose of issuing OFOs under Southern Star’s tariff is to deter certain behaviors by Shippers and Point Operators on its system to ensure the integrity and reliability of its pipeline and storage operations during an event. During this OFO Period, Shippers and Point Operators as a whole behaved in a manner that allowed Southern Star to sustain pipeline operations during a critical weather event and continue serving its markets without curtailing primary firm service. Although many Shippers and Point Operators were unable to adhere completely to the OFOs, and without a waiver would be subject to OFO penalties, many of those same Shippers and Point Operators also took actions that assisted Southern Star during this Polar Vortex event and helped enable the pipeline to continue to provide firm service without curtailment; however, the current OFO tariff provisions provide no mechanism for recognizing such equitable collaborations in the calculation of penalties. Southern Star believes that a waiver of all such penalties is appropriate in these circumstances. The aggregate level of compliance with the OFOs was sufficient to address the strain on the system due to the Polar Vortex event. Because of the collaborative effort among Shippers and Point Operators, the amount of OFO non-compliance did not impair Southern Star’s ability to operate its system. In addition, given that standard OFO penalties are calculated at 2.5x the average Gas Daily Index -- and that index peaked on one day at over \$600 per Dth – the OFO penalties would add an enormous burden to what were already exorbitant gas costs for customers.

Southern Star has discretion under GT&C Section 8.8 to waive any one or more defaults by a Shipper under its tariff. Southern Star has used this discretion in the past, on a non-discriminatory basis, to waive certain OFO penalties.<sup>2</sup> Southern Star is required to credit payments received for OFO penalties each year and to file a refund plan related to such payments no later than November 1. Given the unprecedented confluence of events on its system during the Polar Vortex, Southern Star believes it is appropriate to inform the Commission and seek its approval of Southern Star’s proposal to waive the

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<sup>1</sup> This differs from GT&C Section 18 which requires Shippers to make payment within 10 days from when the invoice is rendered.

<sup>2</sup> See Southern Star’s Annual Operational Flow Order Report dated November 21, 2014 in Docket No. RP15-194 (implementing proposed waivers that the Commission was advised of in Southern Star’s tariff filing in Docket No. RP14-1206).

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collection and crediting of the OFO penalties incurred for deviations from OFOs that occurred during this OFO Period, rather than wait until its annual report is filed to address any issues related to such waivers.

Accordingly, Southern Star asks the Commission to approve waiver of the invoicing, collection, and related crediting of operational flow order penalties incurred by Shippers and Point Operators during the OFO Period. Granting a waiver serves the public interest and is consistent with prior Commission approvals under similar circumstances.<sup>3</sup> To provide certainty regarding this billing issue prior to the issuance of bills, Southern Star respectfully requests that the Commission approve this request no later than April 9, 2021.

Southern Star respectfully requests that all Commission orders and correspondence, as well as pleadings and correspondence from other persons, concerning this request for waiver be served upon each of the following:

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If there are any questions pertaining to this filing, please contact any of the parties listed above.

Copies of this filing are being served upon all of Southern Star's jurisdictional customers and interested state commissions, as well as posted on CSI, Southern Star's online customer service system.

Sincerely,

SOUTHERN STAR CENTRAL GAS PIPELINE, INC.

By: /s/ Scott LaMar

Scott LaMar  
Director, Rates  
(270) 852-4560

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<sup>3</sup> See *East Tennessee Natural Gas, LLC*, 166 FERC ¶ 61,096 (2019); *Texas Eastern Transmission, LP*, 155 FERC ¶ 61,241 (2016); *East Tennessee Natural Gas, LLC*, 151 FERC ¶ 61,106 (2015) *El Paso Natural Gas Co.*, 136 FERC ¶ 61,219 (2011).