



Southern Star Central Gas Pipeline, Inc.  
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April 11, 2022

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

Attention: Kimberly D. Bose, Secretary

Re: Southern Star Central Gas Pipeline, Inc.  
Docket No. RP21-778-000, et.al.  
Unopposed Amended Stipulation and Agreement Settling Rate Case  
Request for Waived or Shortened Comment Periods

Dear Ms. Bose:

Pursuant to Rule 602 of the Federal Energy Regulatory Commission's ("FERC" or "Commission") Rules of Practice and Procedure, 18 C.F.R. § 385.602, Southern Star Central Gas Pipeline, Inc. ("Southern Star") hereby submits via eFiling the attached Amended Stipulation and Agreement of Settlement ("Amended Settlement") that amends one provision of the Stipulation and Agreement of Settlement filed March 1, 2022 (Settlement) that resolved all issues set for hearing in the above-captioned proceeding.

This Amended Settlement is being filed out of an abundance of caution to address the concerns of Trial Staff regarding its right to seek rehearing, modification, or clarification of a Commission Order. Upon further review of the Settlement, and at the request of Trial Staff, all participants have unanimously agreed to amend Article XI of the Settlement for the sole purpose of reflecting that Trial Staff does not have standing to seek rehearing, modification, or clarification of a Commission order. To effectuate this, the Amended Settlement makes several small changes to Articles XI.A.2., XI.A.2.(a), XI.A.2.(b) and XI.A.2.(d). These changes are also reflected in one small edit to the Explanatory Statement discussing Article XI.<sup>1</sup> Marked copies of Article XI and a paragraph from the Explanatory Statement discussing Article XI showing these changes are attached as Attachment A for informational purposes.

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<sup>1</sup> Although interim settlement rates were placed into effect on April 1, 2022, pursuant to order of the Chief Administrative Law Judge, *Southern Star Central Gas Pipeline, Inc.*, 179 FERC ¶ 63,001 (2022), the marked version of the *pro forma* tariff sheets in Appendix B-1 of the Amended Settlement continues to show changes against the motion rates in effect on November 1, 2021. Southern Star also notes that, due to metadata issues, certain tariff records in Appendix B-2 were originally inadvertently submitted as "live" tariff records instead of *pro forma* tariff records. In this filing, the metadata issues in those tariff records are corrected and all sheets are filed as *pro forma*. Southern Star requests, to the extent necessary, that any tariff records previously submitted as "live" tariff records in the original Settlement filing be rejected as moot when the Commission acts on the Settlement.

These small changes have no impact on the substance of the Settlement filed March 1, 2022 and all other aspects of the Settlement remain unchanged. As a result, and in the interest of expediting certification to the Commission, the participants request that the Presiding Judge waive in its entirety the comment period to this Amended Settlement. This request is either supported or unopposed by all participants.

#### **Certification of Posting and Service**

In accordance with Commission's Rule 602(d), 18 C.F.R. § 385.602(d) (2021), the undersigned certifies that copies of this filing have been posted and served on all jurisdictional customers and interested state regulatory commissions, as well as all persons on the official service list prepared by the Secretary in this docket.

#### **Waivers**

Southern Star respectfully requests that the Commission grant any waivers of its regulations, policy, or precedent that the Commission may deem necessary to accept the Settlement as proposed herein. Specifically, because the Amended Settlement reflects the unanimous agreement of the participants addressing a narrow point of procedural clarification to an already unopposed settlement, Southern Star asks for a waiver of the initial and reply comment periods, or, in the alternative, for a two-day initial comment period with waiver of the answering period, to facilitate the prompt certification of the unopposed Amended Settlement to the Commission.

## Communications

Any communications in regard to this filing should be sent to:

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Respectfully submitted,

*/s/ Will Wathen*

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(270) 852-4483

Enclosures

# **CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Owensboro, Kentucky, this 11th day of April, 2022.

/s/ Douglas Field

Douglas Field

Senior Attorney

Southern Star Central Gas Pipeline, Inc.

4700 State Route 56

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**AMENDED STIPULATION AND  
AGREEMENT OF SETTLEMENT**



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March 1, 2022

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

Attention: Kimberly D. Bose, Secretary

Re: Southern Star Central Gas Pipeline, Inc.  
Docket No. RP21-778-000, et.al.  
Unopposed Stipulation and Agreement Settling Rate Case  
Request for Shortened Comment Periods

Dear Ms. Bose:

Pursuant to Rule 602 of the Federal Energy Regulatory Commission's ("FERC" or "Commission") Rules of Practice and Procedure, 18 C.F.R. § 385.602, Southern Star Central Gas Pipeline, Inc. ("Southern Star") hereby submits via eFiling the attached Stipulation and Agreement of Settlement ("Settlement") that resolves all issues set for hearing in the above-captioned proceeding. **Pursuant to Rule 602(b)(2), Southern Star respectfully requests that the Secretary transmit the Settlement to Presiding Administrative Law Judge Joel deJesus.** This filing includes:

- An offer of settlement in the form of a Stipulation and Agreement, which resolves all issues set for hearing in this proceeding and which Southern Star believes is uncontested;
- The following appendices to the Settlement are included in this submission:
  - Appendix A – Settling Parties
  - Appendix B-1 – *Pro Forma* Rates Tariff Sheets
  - Appendix B-2 – *Pro Forma* Modernization Tariff Sheets
  - Appendix C-1 – Pension and Post-Retirement Benefits
  - Appendix C-2 – Depreciation Rates and Negative Salvage Percentages
  - Appendix D – Tax Rate Change Schedules
  - Appendix E – Eligible Facilities Plan
  - Appendix F – Illustrative Derivation of CRM Surcharge Rates
- A separate Explanatory Statement, *see* 18 C.F.R. § 385.602(c)(ii) (2021), which contains a summary of the Settlement terms, as well as the information required by the Chief Administrative Law Judge's December 15, 2016 Amended Notice to the Public.

As explained in more detail in the Settlement, this proceeding concerns Southern Star's April 30, 2021 NGA Section 4 general rate filing in this Docket No. RP21-778-000, *et al.* The tariff sheets proposed in the April 30, 2021 filing were suspended subject to refund and the outcome of hearing and paper hearing procedures.<sup>1</sup> Following the establishment of a procedural schedule and considerable discovery, Southern Star and all active participants began discussions concerning the possible resolution of all of the issues set for hearing in these dockets. On October 29, 2021, Southern Star filed a motion to move the suspended rates into effect, effective on November 1, 2021, at the end of the suspension period. Thereafter, following additional discovery and continued negotiations, the participants reached the Settlement attached hereto, resolving all issues in Docket Nos. RP21-778-000, RP21-778-001, RP21-778-002, and RP-21-778-003.

### **Non-Opposition to the Settlement**

Southern Star believes that the Settlement is supported or unopposed by all participants<sup>2</sup> to this proceeding. In this regard, all participants were provided an opportunity to participate in the negotiation of the Agreement through the publicly-noticed formal settlement conferences held on July 14, 2021, September 29, 2021, November 4, 2021, and January 12, 2022, as well as numerous informal conferences. Additionally, in the period prior to the filing of the Settlement, Southern Star circulated drafts of the Settlement to all active participants, solicited comments thereon, and addressed and resolved the limited comments received. No participant expressed opposition to the Settlement. Accordingly, Southern Star believes that the Settlement will be "uncontested" within the meaning of 18 C.F.R. § 385.602(g).

### **Request for Waiver of Reply Comment Period**

Pursuant to Rule 602(f)(2), the date for filing initial comments would be 20 days, and the date for reply comments would be 30 days, after this filing. However, given the expected non-opposition to the Settlement as discussed above and the benefits of prompt action in approving the Settlement, if no initial comments are filed opposing the settlement, Southern Star requests that the reply comment period be waived.

### **Certification of Posting and Service**

In accordance with Commission's Rule 602(d), 18 C.F.R. § 385.602(d) (2021), the undersigned certifies that copies of this filing have been posted and served on all jurisdictional customers and interested state regulatory commissions, as well as all persons on the official service list prepared by the Secretary in this docket.

### **Waivers**

Southern Star respectfully requests that the Commission grant any waivers of its regulations, policy, or precedent that the Commission may deem necessary to accept the Settlement as proposed herein.

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<sup>1</sup> *Southern Star Central Gas Pipeline, Inc.*, 175 FERC ¶ 61,175 (2021).

<sup>2</sup> The Staff of the Kansas Corporation Commission cannot bind its commission. However, the Staff would recommend that their commission either support or not oppose the Settlement.

## **Communications**

Any communications in regard to this filing should be sent to:

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Respectfully submitted,

*/s/ Will Wathen*

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(270) 852-4483

Enclosures



# **CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Owensboro, Kentucky, this 1st day of March, 2022.

/s/ Douglas Field

Douglas Field

Senior Attorney

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(270) 852-4657

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

In the Matter of	)	Docket Nos. RP21-778-000,
	)	RP21-778-001, RP21-778-002,
Southern Star Central Gas Pipeline, Inc.	)	and RP21-778-003

**STIPULATION AND AGREEMENT  
[MARCH 1, 2022]**

Pursuant to Rule 602 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“**FERC**” or “**Commission**”), 18 C.F.R. § 385.602 (2021), Southern Star Central Gas Pipeline, Inc. (“**Southern Star**” or “**Pipeline**”), on behalf of all active parties,<sup>1</sup> respectfully submits for Commission approval this Stipulation and Agreement (“**Settlement**”). If accepted by the Commission, the Settlement would resolve all issues set for hearing and settlement judge procedures in the above-captioned proceeding. The parties supporting or not opposing this Settlement (the “**Settling Parties**” as defined in Article X.A. below) include those identified in Appendix A hereto.

**BACKGROUND**

On April 30, 2021, pursuant to section 4 of the Natural Gas Act (“**NGA**”), Southern Star filed, in Docket No. RP21-778-000, revised tariff records proposing a general rate increase and certain tariff changes, including a modernization program with a cost recovery mechanism (the “**April 30 Filing**”). Southern Star proposed a June 1, 2021 effective date, but requested a five month suspension period so

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<sup>1</sup> All participants were provided an opportunity to participate in the negotiation of the Settlement through four publicly noticed settlement conferences convened by the Settlement Judge, as well as other informal conferences among the participants. No party has expressed opposition to the Settlement. As used in this Settlement, the terms “participant” and “party” have the same meaning as in the Commission’s Rules of Practice and Procedure at 18 C.F.R. § 385.102.

rates would go into effect November 1, 2021 (consistent with prior settlements). By Order issued May 28, 2021 (the "**Suspension Order**"),<sup>2</sup> the Commission accepted and suspended Southern Star's tariff records to become effective November 1, 2021, subject to refund and the outcome of hearing and paper hearing procedures to resolve all issues with respect to the April 30 Filing.<sup>3</sup>

On June 3, 2021, Acting Chief Administrative Law Judge Andrew Satten issued an order designating Judge Joel deJesus as the presiding Administrative Law Judge ("**Presiding Judge**") and establishing the Track III procedural time standards for this proceeding.<sup>4</sup> On June 15, 2021, the Chief Administrative Law Judge appointed Herself as Settlement Judge to facilitate settlement discussions.<sup>5</sup> On June 23, 2021, Her Honor substituted Administrative Law Judge Scott Hempling as Settlement Judge.<sup>6</sup> Substantial and extensive discovery was thereafter undertaken by the active participants. Settlement Judge Hempling convened publicly noticed settlement conferences on July 14, 2021, September 29, 2021, November 4, 2021, and January 12, 2022. Numerous other informal settlement conferences were held among the participants. On October 29, 2021, Southern Star filed a motion to place the suspended tariff records into effect on November 1, 2021 ("**Motion Rates**").

As a result of these intensive negotiations, the Settling Parties ultimately reached agreement on this Settlement resolving all issues set for hearing in this proceeding, as set forth below. This Settlement

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<sup>2</sup> *Southern Star Central Gas Pipeline, Inc.*, 175 FERC ¶ 61,175 (2021).

<sup>3</sup> The paper hearing was established to address issues related to Southern Star's proposed winter storage inventory limitations. The Commission subsequently issued an order on the paper hearing rejecting the proposal. *Southern Star Central Gas Pipeline, Inc.*, 177 FERC ¶ 61,075 (2021) ("Order on Paper Hearing").

<sup>4</sup> Order of Chief Judge Designating Presiding Administrative Law Judge and Establishing Track III Schedule, *Southern Star Central Gas Pipeline, Inc.*, Docket No. RP21-778-000 (June 3, 2021).

<sup>5</sup> Order of Chief Judge Designating Settlement Judge, *Southern Star Central Gas Pipeline, Inc.*, Docket No. RP21-778-001 (June 15, 2021).

<sup>6</sup> Order of Chief Judge Substituting Settlement Judge, *Southern Star Central Gas Pipeline, Inc.*, Docket No. RP21-778-001 (June 23, 2021).

is a carefully crafted and delicate compromise among many parties with diverse and competing interests. To achieve this compromise, the Settling Parties have viewed the Settlement as an integrated package, and any condition or modification to this Settlement has the potential to upset this comprehensive compromise. As set forth in Article XI, the provisions of this Settlement are not severable and may become effective only in accordance with the terms of the Settlement.

## ARTICLE I

### SETTLEMENT RATES AND MODERNIZATION COST RECOVERY MECHANISM

Appendix B-1 contains *pro forma* tariff sheets that set forth the rates agreed upon by Trial Staff, Southern Star, and the Settling Parties (“**Settlement Rates**”). The Settlement Rates have been agreed to for purposes of settlement of all cost of service and rate issues in this proceeding. The Settlement Rates shall be effective for the period commencing November 1, 2021, until the earlier of the effectiveness of Southern Star’s next NGA section 4(e) general rate filing,<sup>7</sup> or the effective date of a change in Southern Star’s jurisdictional base rates directed by a Commission order pursuant to NGA section 5. In no event shall the rates proposed in Southern Star’s next NGA section 4(e) general rate filing become effective prior to November 1, 2026.

Among the elements reflected in the Settlement Rates are the recovery of Pension expenses and Post-Retirement Benefits Other than Pensions (“**PBOP**”) expenses consistent with the procedures set forth in Appendix C-1 and the depreciation and amortization rates stated in Appendix C-2. The Settlement Rates reflected in Appendix B-1 are “black box” rates in the sense that there is no agreement on any underlying assumptions, methodologies, or rate design for deriving these rates.

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<sup>7</sup> The reference to an “NGA section 4(e) general rate filing” shall not include an authorized limited NGA section 4(e) rate filing by Southern Star (such as a tracking rate filing) which does not propose changes in rates based on a different test period cost of service. The reference in the prior sentence to a “limited NGA section 4(e) rate filing by Southern Star” is not intended to infer that the participants have assented to any such rate filing or have waived their rights to protest any such limited rate filing.

Appendix B-2 contains *pro forma* tariff sheets implementing the modernization cost recovery mechanism (“**Modernization Program**”) agreed to pursuant to Articles VIII and IX.

Upon approval of the Settlement in accordance with Article XI, Southern Star shall file actual tariff sheets to become effective consistent with Article XI.

## ARTICLE II

### PENSION EXPENSE AND PBOP EXPENSE

The Settlement Rates effective November 1, 2021, provide for the recovery of \$9.6 million annually on a gross basis for pension benefits and PBOP (“**Annual Recovery Amount**”). Such recovery shall be governed by the procedures set forth in Appendix C-1. The prohibition on commingling established trust funds shall not be changed except: (i) upon request by Southern Star in a new NGA section 4(e) general rate filing, and approval thereof by a Commission order; (ii) upon a complaint by a third party or the Commission acting *sua sponte*, and a Commission order pursuant to NGA section 5; or (iii) upon an order of another governmental body of competent jurisdiction requiring such change. If Southern Star becomes aware of a proceeding(s) of a governmental body of competent jurisdiction other than the Commission that might reasonably result in an order requiring Southern Star to commingle funds, Southern Star shall make an informational filing with the Commission notifying the Commission of such proceedings and shall provide an explanation of how such proceedings could affect the procedures specified in Appendix C-1. Without limiting the foregoing, if Southern Star is subject to an order of a governmental body of competent jurisdiction other than the Commission requiring the commingling of funds, Southern Star shall make a filing at the Commission within thirty (30) days of such order notifying the Commission of such order and explaining any changes to the pension and/or PBOP funds required by the order. Southern Star shall serve a copy of such filing upon all persons upon whom service is required

under Rule 2010(a)(1) of the Commission's Rules of Practice and Procedure<sup>8</sup> with respect to Docket No. RP21-778, in the manner directed by Rule 2010.<sup>9</sup>

### **ARTICLE III**

#### **COST CLASSIFICATION, COST ALLOCATION, AND RATE DESIGN**

Storage reservation charges are based on contractual quantities and such practice shall survive the expiration of this settlement such that Southern Star will reflect this practice in its next Section 4 rate filing. The Ozark Trails expansion project is deemed rolled-in and such rolled-in rate treatment shall survive the expiration of this Settlement and Southern Star will reflect this position in future Section 4 rate filings. The load factors used to derive the small customer Settlement Rates reflect a continuation of the small customer load factors used to determine the settlement rates in Southern Star's prior general rate filings in Docket Nos. RP04-276, RP08-350, and RP13-941.

### **ARTICLE IV**

#### **INTERIM RATES**

**A.** For Settling Parties, Southern Star will file to implement the Settlement Rates effective the first day of the month following the closing of the comment period on the filed Settlement in this proceeding ("**Interim Rates**"). Such Interim Rates will be the same rates as the Settlement Rates reflected on the *pro forma* tariff sheets in Appendix B-1 and shall be referred to as Interim Rates until the Commission order approving this Settlement. A Contesting Party, as defined in Article X, shall not be entitled to the Interim Rates established pursuant to this Article IV.

**B.** To the extent that the Settlement does not become effective pursuant to Article XI, Southern Star shall have the right to charge each Settling Party, subject to refund, to the extent such Settling Party

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<sup>8</sup> 18 C.F.R. § 385.2010(a)(1).

<sup>9</sup> 18 C.F.R. § 385.2010.

has paid a lower rate by virtue of the Interim Rates provided by this Article IV. The amount of such charge shall be the difference between the Motion Rates and the Interim Rates collected from such Settling Party under each contract for the period commencing on the date that the Interim Rates took effect in accordance with Article IV until the date that the Motion Rates are re-implemented, plus interest at the FERC interest rate determined pursuant to 18 C.F.R. § 154.501(d) (**“Interim Rate Reduction Make-Up Charge”**).

1. The billing adjustment to collect the Interim Rate Reduction Make-Up Charge will be calculated based upon the period during which the Interim Rates were in effect for such Settling Party.
2. The calculation of the Interim Rate Reduction Make-Up Charge shall include interest at the interest rate established by using the methodology set forth in 18 C.F.R. § 154.501(d) (2020).
3. Southern Star shall begin applying any billing adjustment to such Settling Party’s next applicable monthly bill, following Commission acceptance of the appropriate tariff filing necessary to implement the Interim Rate Reduction Make-Up Charge. Each Settling Party agrees that it will not contest the lawfulness of the Interim Rate Reduction Make-Up Charge; provided, however, that any Settling Party may seek to correct the implementation of the Interim Rate Reduction Make-Up Charge, or to correct a calculation or billing error pursuant to Southern Star’s FERC Gas Tariff (the **“Tariff”**); provided further that the Interim Rate Reduction Make-Up Charge shall remain subject to refund based upon the ultimate determination of just and reasonable rates in this proceeding.

## **ARTICLE V**

### **REFUNDS**

Southern Star shall provide refunds for the period beginning November 1, 2021 and ending upon the date of implementation of the Interim Rates. Within sixty days after this Settlement becomes

effective, as provided in Article XI, Southern Star shall refund to its customers the total amount, if any, collected since November 1, 2021, from each Settling Party under each contract in excess of the amounts that would have been collected under the Settlement Rates applicable to the service received by such Settling Party, plus interest upon such amount from the date of payment to the date of refund. Southern Star shall calculate such interest in accordance with Section 154.501(d) of the Commission's regulations. Southern Star shall be permitted to offset (net) over-collections and under-collections, on an individual customer basis, during the refund period among all rate schedules for each customer to recover all cost differentials between the rates in place subject to refund effective November 1, 2021, and the Settlement Rates allocable to such customer. Upon making the refunds described in this Article, Southern Star shall file a refund report in accordance with Section 154.501(e) of the Commission's regulations.

## **ARTICLE VI**

### **AGREEMENT TO FILE GENERAL RATE CASE**

Southern Star shall make an NGA section 4(e) general rate filing that proposes rates to be effective after a five-month suspension period on November 1, 2026 (i.e., a filing on or before May 1, 2026 proposing tariff sheets to be effective June 1, 2026, but requesting a maximum suspension period so that the sheets do not go into effect until November 1, 2026). Southern Star and the Settling Parties recognize that, regardless of the filing's proposed effective date, the actual effective date may differ depending on the suspension period imposed by the Commission.

## **ARTICLE VII**

### **MORATORIUM ON FILING GENERAL RATE CASE**

Southern Star and Settling Parties agree to a rate moratorium that shall be effective from the Effective Date (as defined in Article XI.A.1 below) of the Settlement, until new rates become effective pursuant to Southern Star's next filed NGA section 4 rate case ("**Moratorium Period**"). Southern Star shall



not make any filing during the Moratorium Period pursuant to Section 4 of the NGA proposing any of the following items to become effective prior to November 1, 2026:

1. New and/or modified base rates;
2. A new and/or expanded Modernization Program; and/or
3. Seasonal storage inventory limits.

Settling Parties shall not take any action during the Moratorium Period pursuant to NGA section 5 or otherwise to change the Settlement Rates and/or the Modernization Program. Notwithstanding the foregoing:

**A.** During the Moratorium Period, Southern Star is authorized, upon sixty (60) days advance notice to the participants, to record a regulatory asset that will allow Southern Star to capture operating expenses (which shall include emission-related taxes) incurred after the effective date of new legislation, order, or regulation of general applicability to interstate gas pipelines that establishes and requires a cost obligation that (i) exceeds \$2 million per year, and (ii) results directly from new legislation or regulatory requirements established by the Pipeline and Hazardous Materials Safety Administration (“PHMSA”), the Commission, the Environmental Protection Agency (“EPA”), the Department of Energy (“DOE”), the Department of Homeland Security (“DHS”) (including the Transportation Security Administration (“TSA”) and Cybersecurity and Infrastructure Security Agency (“CISA”), and/or the U.S. Department of Transportation (“DOT”) having an effective date prior to the expiration of the Moratorium Period, and (iii) imposes a firm compliance or payment obligation on the Pipeline that is effective during the Moratorium Period with respect to (a) emission-related expenses or (b) cybersecurity-related expenses and such costs are not otherwise recoverable in the Modernization Program.

1. Such eligible costs to be recorded in the regulatory asset(s) will be limited to costs not exceeding \$10 million in the aggregate.

2. Participants agree not to challenge Southern Star's recordation of such costs in Southern Star's next NGA section 4 general rate case. Participants retain their rights to protest recovery of such costs without limitation. If and to the extent that Southern Star seeks to recover any costs recorded in the regulatory asset account (Account No. 182.3) in a rate case under the NGA, Southern Star shall bear the burden of proving such recovery is just and reasonable.

**B.** The Settlement Rates and Rate Base Multiplier (as defined in Article VIII.H.2) shall be adjusted pursuant to the schedule set forth in Appendix D specifying new Settlement Rates and Rate Base Multiplier if a federal corporate income tax rate, other than the rate in effect on the date of approval of this Settlement, takes effect during the Moratorium Period. Southern Star and Settling Parties agree that any rate change pursuant to this provision would take effect on the effective date of the new tax rate, or the first day of the following month, whichever is later. The amount and amortization of Excess Deferred Income Tax or Deficient Deferred Income Tax is also stated in Appendix D and will commence on the effective date of the new tax rate.

**C.** During the Moratorium Period, each Settling Party and Southern Star shall be free, so long as no such Settling Party or Southern Star acts to modify or abrogate this Settlement or to hinder the enforcement of any of its provisions, to: (a) advance or oppose legislative changes or rulemaking proceedings of general industry-wide applicability; (b) actively participate (including but not limited to filing comments) in any rulemaking, notice of inquiry, or similar proceeding of general applicability before the Commission or any other federal or state regulatory body ("**Rulemaking(s)**"); (c) petition for and actively participate in judicial appeals or remands of Rulemakings or in pipeline proceedings in other dockets; (d) participate in any other Commission proceeding and any related judicial appeals and take any position on any issue in that proceeding; (e) take any position with respect to any filing made by Southern Star; or (f) take any other position not inconsistent with this Settlement.

**D.** During the Moratorium Period, and provided such filing is not otherwise in conflict with the terms of this Settlement, Southern Star may take any of the following actions: (a) file tariff provisions specifically required by any order issued after the date the Settlement is filed, resulting from any Commission Rulemaking proceeding(s) or any Commission order of general applicability; (b) make any filing to implement any changes to the Settlement mandated by legislation and specifically required by subsequent Commission order issued after the date the Settlement is filed; (c) make any filing pursuant to sections 4 or 7 of the NGA; (d) take other actions consistent with applicable laws and regulations proposing to construct and operate facilities or to provide new service(s) not covered by the Settlement, proposing any incremental rate, maximum recourse rate, or rate schedule applicable solely to such new facilities or new service(s), or proposing new terms or conditions of service not prohibited by this Settlement; (e) provide discounts to the Settlement Rates; (f) enter into negotiated rate agreements; (g) make any required filings to comply with the new Modernization Program tracker established by this settlement; (h) make any necessary filings to comply with the Fuel and Loss Reimbursement tracker set forth in Section 13 of the General Terms and Conditions (“**GT&C**”) of its Tariff; (i) propose additions or changes to its trackers (other than the CRM as defined in Article VIII) to more efficiently or appropriately track costs, (j) propose any contemplated additions or changes to the Modernization Program project list in accordance with the terms and conditions of this Settlement; and (k) take any other action and make any other filing consistent with this Settlement; provided that such other action or filing shall not have the effect, directly or indirectly, of altering the provisions of the Settlement.

## **ARTICLE VIII**

### **MODERNIZATION CAPITAL COST RECOVERY MECHANISM**

This Settlement establishes a Cost Recovery Mechanism (“**CRM**”) associated with Southern Star’s Modernization Program. The surcharge to recover costs of Eligible Facilities established pursuant to this Settlement (“**CRM Surcharge**”), and as calculated pursuant to Article VIII.I below, shall recover the

Capital Revenue Requirement (as defined in Article VIII.H. below) associated with “**Eligible Facilities**” (as defined in Article VIII.A. below).

**A. Definitions.** The following defined terms shall have the meanings set forth below.

Other terms may be defined as needed throughout the Settlement.

1. “**Cost Recovery Mechanism**” or “**CRM**” means Southern Star’s modernization capital cost recovery mechanism as established by this Settlement.

2. “**Modernization Projects**” are projects to modify or replace existing facilities to comply with safety or environmental regulations issued by PHMSA, EPA, or other federal or state government agencies, or other projects shown to be necessary for the safe, efficient and reliable operation of the pipeline, including voluntary initiatives to improve safety, reduce risks or reduce emissions, and projects that take advantage of new technologies that reasonably increase safety and/or efficiency or that enhance service reliability and flexibility.

3. “**Eligible Facilities**” are the Modernization Projects listed in Southern Star’s Eligible Facilities Plan (as defined in Article VIII.C.1. below) as those projects may be modified, removed or substituted with customer concurrence as set forth in Article VIII.C.3.

4. “**Capital Costs**” are one-time capital investments and exclude any costs appropriately classified as operating costs.

5. “**Eligible Capital Costs**” are Capital Costs related to Eligible Facilities placed into service during calendar years 2022, 2023, 2024, and 2025. For clarity, “placed into service” refers to capital costs included in FERC Account Nos. 101 and 106.

6. “**Capital Revenue Requirement**” is the amount to be recovered via the CRM Surcharge, as more fully defined in Article VIII.H. below, associated with the Eligible Facilities.

7. **“State Commission”** means any commission, board, agency, or officer, by whatever name designated, of a State, municipality, or other political subdivision of a State that, under the laws of such State, has jurisdiction to regulate public utility companies.

**B. Term of CRM.**

The CRM established by this Settlement will provide for the recovery of the Capital Revenue Requirement associated with Eligible Facilities placed into service by Southern Star during calendar years 2022, 2023, 2024, and 2025 (*i.e.*, from January 1, 2022 through December 31, 2025). As more fully described in Article VIII.F. below, the CRM will establish surcharges to be collected between March 1, 2023 and October 31, 2026 (the day immediately preceding the effective date of Southern Star's next General Rate case pursuant to Article VI hereof) (the **“CRM Term”**), at which point the surcharge will terminate (subject to final true-up), and Sections 32.1 through 32.4 shall be stricken from the GT&C of Southern Star’s Tariff.

**C. Establishment of Eligible Facilities Plan.**

1. Southern Star’s **“Eligible Facilities Plan”**, listing Eligible Facilities currently planned to be placed into service in 2022, 2023, 2024 and 2025, is attached as Appendix E hereto. Subject to the annual cost limit set forth in Article VIII.D. below, and subject to the Consensus Process requirements set forth in Article VIII.C.3 below pertaining to the addition of projects, Southern Star may modify the Eligible Facilities Plan to include additional projects, substitute projects, and/or remove projects, provided that the proposed additional or substitute projects qualify as Eligible Facilities.

2. Southern Star shall meet with its customers at least once each year to review the Eligible Facilities Plan, including specific projects for the current year. At such customer meetings, Southern Star will share information including (i) changes to the Modernization Projects listed as Eligible Facilities, (ii) any Modernization Projects where the Eligible Facilities will include operational capacity

pursuant to Article IX.A. below, (iii) planned outage information for the upcoming year, including facilities that will be impacted and the projected timing of the planned outage, (iv) an estimate of Southern Star's next anticipated CRM Surcharge, including the Eligible Capital Costs and a calculation showing the derivation of the proposed Capital Revenue Requirement associated with such facilities, (v) an estimate of the Capital Revenue Requirement anticipated for the following year (if applicable), and (vi) a description of how each of the Eligible Facilities in the Eligible Facilities Plan will meet at least one of the criteria for Modernization Projects identified in Article VIII.A.2 above.

3. During any year, either at the normal annual meeting or at a special meeting called for this purpose with at least fifteen days' prior notice, Southern Star may modify the Eligible Facilities Plan to include additional projects, substitute projects, and/or remove projects, subject to the Consensus Process requirements set forth below pertaining to the addition of projects, and subject to the CRM cost limits set forth below. Such meetings may be conducted virtually. If meetings are conducted in-person, an option for remote participation via videoconference technology shall be offered to the maximum extent practicable. "**Consensus**" is defined as a scenario in which customers representing 65% of the billing determinants that are paying the surcharge either support or do not oppose the proposed addition of a project(s); provided, however, as part of any such vote, that a negative vote of a State Commission or its authorized representative shall supersede the affirmative vote of any shipper(s) that the State Commission regulates, and the vote shall be tabulated as if each and every shipper that the State Commission regulates opposes the proposed change with the note that the State Commission opposed the proposed change. The voting procedure and proviso described in the foregoing sentence constitute the "**Consensus Process**." If there is no Consensus, then Southern Star must exclude the proposed facilities from the CRM Surcharge. A lack of Consensus shall not otherwise affect any rights Southern Star may have regarding the construction and operation of such facilities and the inclusion of the costs of such facilities in a future filing under Section 4 of the NGA.

**D. Annual Eligible Capital Costs Limit.** The annual Eligible Capital Costs subject to the CRM will not exceed the following annual dollar limits: \$88 million in 2022, \$50 million in 2023, \$50 million in 2024, and \$50 million in 2025. If Southern Star exceeds the maximum cost limit in any year, Southern Star will treat the excess above the annual Eligible Capital Costs limit as a capital maintenance cost. This provision shall not affect any right that may exist to protest the recovery of such capital maintenance costs in a future filing under Sections 4 or 5 of the NGA.

**E. Capital Maintenance Obligation.** During calendar years 2022, 2023, 2024, and 2025, Southern Star will spend on capital maintenance no less than an amount equal to the combined depreciation and amortization expenses included in the applicable calendar year's FERC Form 2 Annual Filing ("**Capital Maintenance Obligation**").<sup>10</sup> As part of its annual CRM Surcharge filing, Southern Star shall provide a reconciliation of its actual capital maintenance expenditure with its prior year Form 2 combined depreciation and amortization expenses. If Southern Star spends less than the Capital Maintenance Obligation on capital maintenance in any calendar year, the difference will be used to reduce the plant investment included in the CRM.

**F. Annual Cost Recovery Filings.** During the CRM Term, Southern Star will file a CRM Surcharge rate filing (*i.e.*, a limited NGA section 4 filing) by January 31 of each year, to be effective March 1 of that year, for costs incurred for Eligible Facilities placed into service from January 1, 2022 through the previous calendar year. The CRM Surcharge established in the rate filing will (1) be designed to recover the cumulative Modernization Program Capital Revenue Requirement (as defined below), and (2) adjust the CRM Surcharge to refund any over-recovery or to recover any under-recovery from preceding periods that is not the result of discounting or negotiated terms that waive the CRM Surcharge.

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<sup>10</sup> As an illustrative example, the calendar year 2022 Capital Maintenance Obligation would equal the combined depreciation and amortization in Southern Star's 2021 FERC Form 2 filed in 2022.

1. The first CRM Surcharge filing will be made on or before January 31, 2023 and will include the cumulative Capital Revenue Requirement related to Eligible Facilities that are put into service from January 1, 2022 through December 31, 2022. The CRM Surcharge established by this filing will be effective from March 1, 2023 through February 29, 2024.

2. The second CRM Surcharge filing will be made on or before January 31, 2024 and will include the cumulative Capital Revenue Requirement related to Eligible Facilities that are put into service from January 1, 2022 through December 31, 2023. The CRM Surcharge established by this filing will be effective from March 1, 2024, through February 28, 2025.

3. The third CRM Surcharge filing will be made on or before January 31, 2025 and will include the cumulative Capital Revenue Requirement related to Eligible Facilities that are put into service from January 1, 2022 through December 31, 2024. The CRM Surcharge established by this filing will be effective from March 1, 2025, through February 28, 2026.

4. The fourth CRM Surcharge filing will be made on or before January 31, 2026 and will include the cumulative Capital Revenue Requirement related to Eligible Facilities that are put into service from January 1, 2022 through December 31, 2025. The CRM Surcharge established by this filing will be effective from March 1, 2026 through October 31, 2026 (*i.e.*, the 2026 CRM Surcharge will terminate upon the proposed effective date of the next general rate case).

Southern Star shall identify in each annual CRM Surcharge filing, in the aggregate, (i) the number of discounted contracts entered into on or after the effective date of its filing in Docket No. RP21-778 that discount or waive the CRM Surcharge in whole or in part, (ii) the total dollar amounts of CRM Surcharge waived or discounted in such contracts, and (iii) the amount of the billing determinants subject to waiver or discount of the CRM Surcharge.

**G. Challenges to Annual Cost Recovery Filings.** Customers are entitled to challenge Southern Star's annual cost recovery filings on grounds that include but are not limited to: (i) whether the surcharge



filing conforms to the provisions of this Settlement; (ii) the calculation of the CRM Surcharge rate; (iii) whether the costs are eligible for inclusion in the CRM Surcharge rate; (iv) the allocation of cost between Modernization Projects and expansion projects; and (v) whether the Eligible Facilities costs were prudently incurred, or the Modernization Program was prudently implemented.

#### **H. Determination of Capital Revenue Requirement by Rate Area.**

1. Subject to the annual cost limits set out in Article VIII.D, in each annual CRM Surcharge filing, Southern Star will calculate the cumulative Capital Revenue Requirement related to Capital Costs of Eligible Facilities placed into service from January 1, 2022 through the end of the prior calendar year. A separate Capital Revenue Requirement associated with Eligible Facilities will be calculated for the Production Area, the Market Area, and Storage, based on the location or function of the projects as specified in Appendix E, or in the request to add a project approved pursuant to the Consensus Process, and calculated as illustrated in Appendix F.

2. For each rate area, Southern Star will determine the cumulative Eligible Facilities capital cost incurred during the CRM Term (*i.e.*, gross plant). Southern Star will then subtract accumulated depreciation from the gross plant and adjust for accumulated deferred income taxes to determine the cumulative rate base associated with the Eligible Facilities. The Capital Revenue Requirement will then be derived by summing (1) the cumulative rate base associated with the Eligible Facilities multiplied by a factor (the “**Rate Base Multiplier**”) that reflects pre-tax return and taxes other than income tax and (2) the cumulative gross plant associated with the Eligible Facilities multiplied by the applicable depreciation rate. The Rate Base Multiplier will be 13.51%. The applicable depreciation rates for transmission and storage are set forth in Appendix C-2 attached hereto.

#### **I. CRM Surcharge Calculation.**

1. **Applicability.** The CRM will apply to all service agreements for firm and interruptible services under the following rates schedules: TSS, FTS, FSS, STS, SFT, ITS, and ISS, as well as any new cost-

based rate schedule added during the term of this Settlement, provided that the application of the CRM to the new rate schedule will not result in the same quantities being billed the same CRM Surcharge twice, excluding: 1) incrementally priced expansion projects other than those that meet the criteria set forth in Section IX.C of this Settlement (i.e., dual use expansion projects), which will be subject to the CRM surcharge as provided in Article IX.C. and 2) any contracts for transportation of unprocessed quantities to the Jayhawk Plant for processing that are subject to the CRM Surcharge for downstream transportation on the Southern Star system.

**2. Calculation.** After the cumulative Capital Revenue Requirement has been calculated for the Production Area, the Market Area, and Storage, Southern Star will calculate the CRM Surcharge across all current billing determinants (including any billing determinants for applicable new service(s) added during the term of this Settlement per Article VIII.I.1 above) associated with reserved Maximum Daily Transportation Quantities (“**MDTQ**”) under Rate Schedules FTS and TSS, to Maximum Daily Withdrawal Quantities (“**MDWQ**”) under Rate Schedules TSS and FSS, and actual flowed quantities under Rate Schedules STS, SFT, ITS, and ISS; provided, that determinants associated with Incrementally priced expansion projects other than those that meet the criteria set forth in Section IX.C of this Settlement (i.e., dual use expansion projects), which will be subject to the CRM surcharge as provided in Article IX.C., and contracts for transportation of unprocessed quantities to the Jayhawk Plant will be excluded from the CRM Surcharge calculation pursuant to Article VIII.I.1. above. Current billing determinants means such actual billing determinants in (i) calendar year 2022 for the filing to be effective March 1, 2023, (ii) calendar year 2023 for the filing to be effective March 1, 2024, (iii) calendar year 2024 for the filing to be effective March 1, 2025, and (iv) the eight-month period from March 2025 through October 2025 for the filing to be effective March 1, 2026. Such current billing determinants shall be subject to the following annual floors (which floors shall correspondingly be adjusted if the billing period is less than a full year): (i) Production Area billing determinant floor of 523,946,130 Dth; (ii) Market Area billing

determinant floor of 630,614,342 Dth; and (iii) Storage billing determinant floor of 388,868,449 Dth. Southern Star will allocate the Capital Revenue Requirement across each applicable rate schedule by deriving the CRM Surcharge on a per-unit basis.

3. The CRM Surcharge for firm services with a reservation charge will be a reservation surcharge; the CRM Surcharge for interruptible services and firm services with a one-part rate will be a commodity surcharge. The volumetric CRM Surcharge for interruptible service shall equal the reservation CRM rate for the corresponding firm service. The reservation surcharge for firm storage service shall be assessed as a deliverability charge only. Illustrative Capital Revenue Requirements with estimated CRM Surcharge calculations are included as Appendix F attached hereto.

**J. Termination, Roll-in and Final True-up.** As noted above, the CRM will be effective for a term ending on November 1, 2026, the effective date of Southern Star's next NGA section 4(e) general rate filing, at which time the CRM Surcharge will be discontinued and of no further force or effect. The net capital costs of the Modernization Program Eligible Facilities will be rolled into rate base during Southern Star's next general NGA Section 4(e) rate case, to be effective November 1, 2026. Upon termination of the CRM, shippers under the applicable rate schedules will remain subject to any costs that have been included in the CRM Surcharge but not actually recovered by Southern Star, and Southern Star will be required to refund any over-recovered CRM costs. Any positive or negative balances in Southern Star's CRM account as of the expiration of the CRM will be charged or refunded to shippers, as applicable, in the next monthly billing cycle that is at least 45 days after the termination of the CRM (i.e., in January 2027).

## **ARTICLE IX**

### **ADDITIONAL MODERNIZATION TERMS**

**A. Operational Capacity.** To the extent that additional capacity is incidentally created as a result of placing any Eligible Facilities into service, Southern Star will (1) maintain such operational capacity for

system flexibility and reliability. Pursuant to Article VIII.C.2 above, Southern Star will indicate in the information provided at each customer meeting which Eligible Facilities, when placed into service, are expected to create any such additional capacity. As part of this information, with respect to Eligible Facilities that have been placed into service, Southern Star will also detail which of such facilities created additional capacity, and the amount of capacity created.

**B. Expansion Projects.** If Southern Star proposes an expansion and the facilities costs are rolled-in under Commission policy, shippers on that expansion will pay the surcharge. If there is an expansion that will be incrementally priced, those shippers need not pay the surcharge on the incrementally priced MDQ. But, if there is an expansion that is dual use, supports reliability and an expansion, the costs of those facilities must be proportionally shared between the reliability and expansion purposes, as provided in Article IX.C of this Settlement.

**C. Dual Use Expansion Projects.** When an expansion Project is constructed concurrently with Eligible Facilities, the costs of such combined project shall be allocated between the Modernization Project and the expansion project on a pro-rata basis. Such allocation of costs shall not result in an allocation of expansion project costs to the Modernization Project. The pro-rata allocation to the Modernization Project shall be determined by dividing the projected cost of constructing the Eligible Facilities Project on a stand-alone basis with the sum of (1) the projected cost of constructing the Eligible Facilities Project on a stand-alone basis and (2) the projected cost of constructing the expansion project on a stand-alone basis. For the purposes of this provision, an expansion project shall be deemed as directly utilizing an Eligible Facility if the construction of the Eligible Facilities Project and the expansion project concurrently results in a lower overall cost for the combined projects than constructing each project on a stand-alone basis, or if, in the absence of an Eligible Facility Project, the expansion project would have required the installation of additional facilities in order to meet the project's needs. Additionally, billing determinants for new expansion projects will be added to the calculation of the CRM Surcharge if such expansion

projects directly utilize Eligible Facilities, even if such expansion project would otherwise be incrementally priced (*i.e.*, shippers paying an incremental rate will only pay the CRM Surcharge to the extent such shippers directly utilize Eligible Facilities).

**D. Southern Star Retains Legal Responsibility.** Nothing in this Settlement shall alter or affect Southern Star’s responsibilities for the design, construction, installation, operation and maintenance of a its own facilities in compliance with all applicable federal, state and local law, including, without limitation, applicable laws and regulations of the DOT and the Commission. Nothing in this Settlement shall alter or affect any other party’s responsibilities for the design, construction, installation, operation, and maintenance of such party’s own facilities in compliance with all applicable federal, state and local law, including, without limitation, applicable laws and regulations of the DOT and the Commission. For the avoidance of doubt, Southern Star agrees that it retains all responsibility for any of its prior, current or future decisions, acts, and omissions with respect to Southern Star’s design, inspection, compliance, construction, and operation of its facilities, including, without limitation, the certification, construction, operation, repair, and maintenance of the Eligible Facilities, regardless of the participation of a party in the review process and discussions described in Article VIII.C.2 above.

## **ARTICLE X**

### **SETTLING PARTIES AND CONTESTING PARTIES**

**A.** All parties and shippers that either expressly indicate support, or indicate they do not oppose, or otherwise implicitly indicate they do not oppose by virtue of acquiescence, silence or inaction shall be regarded as “**Settling Parties**” (or individually as a “**Settling Party**”) and shall be subject to the terms and conditions of this Settlement upon the Effective Date of the Settlement. References to Settling Parties within this Settlement do not include Southern Star or Trial Staff, though Southern Star is a party to this Settlement.

**B.** A “**Contesting Party**” shall be any party or shipper on the Southern Star system that contests or seeks to modify any provision hereof or files any pleading at the Commission in opposition to this Settlement. If there are one or more Contesting Parties, Southern Star shall have the option, but not the obligation, to withdraw the Settlement by providing written notice to the Commission and all Settling Parties. If Southern Star elects to withdraw the Settlement, the Settlement shall be of no further force and effect as of the date of such written notice.

**C.** To the extent a Contesting Party desires to change its status to become a Settling Party that will be subject to this Settlement, it may do so only during the comment period applicable to this Settlement. After the comment period has expired, Southern Star may, in its sole discretion, allow a Contesting Party to change its status to become a Settling Party subject to this Settlement. Any change in status shall be effective upon the Contesting Party providing notice to Southern Star, Southern Star’s acceptance, and the filing of any necessary pleading with the Commission withdrawing any opposition to the Settlement or any provision thereof and instead expressly stating its support for the Settlement without modification.

## **ARTICLE XI**

### **APPROVAL BY THE COMMISSION, EFFECTIVENESS AND TERM**

#### **A. Effective Date.**

1. The various provisions of this Settlement are not severable and will become binding and effective on the “**Effective Date**”, which shall be determined as follows:

(a) if the Commission issues an order approving this Settlement without modification(s) or condition(s), the Effective Date shall be the date of the order approving this Settlement; or

(b) if the Commission issues an order approving this Settlement with modification(s) or condition(s) and neither any Settling Party nor Southern Star provides notice pursuant to the first sentence of Article XI.A.2, the Settlement as modified or conditioned shall be deemed accepted as of the eighth

(8th) day after the date of the order approving the Settlement and the Effective Date shall be the date of the order approving this Settlement; or

(c) if the Commission issues an order approving this Settlement with modification(s) or condition(s) and any Settling Party or Southern Star provides notice pursuant to the first sentence of Article XI.A.2, the Settlement shall become effective, if at all, pursuant to the provisions of Article XI.A.2.

2. If the Commission issues an order approving this Settlement subject to a modification or condition that affects any provision of this Settlement, any Settling Party or Southern Star may notify the Commission, other Settling Parties, Trial Staff, and Southern Star (if applicable) within seven (7) days of the date of such Commission order that such modification or condition is unacceptable. If such notice is provided, the Settling Parties, Trial Staff, and Southern Star will engage in a good faith meet-and-confer process to determine: (i) whether the Commission-imposed modification(s) or condition(s) can be accepted by all Settling Parties and Southern Star, or, if not, (ii) whether Southern Star and/or one or more of the Settling Parties will file a request for rehearing/clarification regarding unacceptable modification(s) or condition(s), or (iii) whether the Settlement can be revised to make it acceptable to all Settling Parties, Trial Staff, and Southern Star. (A changed settlement so modified shall be referred to as the “**Amended Settlement**”).

(a) If, within twenty-one (21) days of the date of the Commission order approving this Settlement subject to a modification or condition, the Settling Parties, Trial Staff, and Southern Star are unable to agree as provided in the preceding paragraph, then the obligation to meet and confer in good faith shall cease, and any Settling Party or Southern Star may seek rehearing/clarification of the Commission order that includes such unacceptable modification(s) or condition(s) in order to obtain approval of the Settlement. If the Commission grants rehearing/clarification in all respects as requested, the Settlement shall become effective and the Effective Date shall be the day after the date of the Commission order on rehearing. If the Commission does not grant rehearing/clarification in all respects

as requested, the Settlement shall be null and void and shall not take effect except as to the provisions of Article IV.B and Article XI.B regarding the unwinding of Interim Rates. If Southern Star or any Settling Party files a request for rehearing/clarification requesting that the Commission approve the Settlement as filed, then Southern Star and the other Settling Parties shall not oppose such a request for rehearing/clarification.

(b) If, as a result of the good faith meet-and-confer process, the Settling Parties and Southern Star agree that they can accept the Commission-imposed modification(s) or condition(s), all Settling Parties, Trial Staff, and Southern Star agree within twenty-one (21) days after the date of the Commission order to file a notice to the Commission of such acquiescence.

(c) If, as a result of the good faith meet-and-confer process, all Settling Parties, Trial Staff, and Southern Star agree within twenty-one (21) days after the date of the Commission order to an Amended Settlement, the Amended Settlement shall be filed promptly with the Commission and this Settlement shall not take effect.

(d) If (i) the Settling Parties, Trial Staff, and Southern Star are unable to agree as provided in this Article XI.A.2 and (ii) none of the Settling Parties or Southern Star seek rehearing of the Commission order as provided in this Article XI.A.2(a), then the Settlement shall be null and void and shall not take effect except for the unwinding of the Interim Rates in accordance with Article IV.B and Article XI.B.

(e) Southern Star shall promptly notify the Commission in the event the Settlement does not take effect in accordance with this Article XI.A.2.

3. References to the **“Term of the Settlement”** throughout the Settlement shall refer to the period beginning with the Effective Date and concluding on the date when new generally applicable rates become effective in accordance with Article VI.

**B. Effect of Termination or Rejection of the Settlement.** If the Settlement does not become effective in accordance with Article XI.A above, all parties shall be returned to the status quo as it existed



prior to the date the Interim Rates became effective pursuant to Article IV.A.; provided, however, that Southern Star shall be entitled to implement the procedures set forth in Article IV.B. regarding the Interim Rate Reduction Make-Up Charge. If the Settlement does not become effective in accordance with Article XI.A above, Southern Star may take any necessary action, including submission of a tariff filing, to restore or otherwise make effective the Motion Rates as of the date the Interim Rates became effective pursuant to Article IV.A., and neither Trial Staff nor any Settling Party shall oppose Southern Star's right to make that filing to the extent such filing is consistent with this Article XI.B; provided, however, that any such Motion Rates remain subject to refund and a determination of just and reasonable rates in this proceeding. All participants reserve all rights to challenge the Motion Rates on any grounds.

**C. Approval.** The Commission's order approving this Settlement shall constitute: a waiver of the Commission's Rules and Regulations, including 18 C.F.R. Part 154, Subpart C, to the extent necessary to effectuate all of the provisions of the Settlement; approval of the revised rates reflected on the tariff sheets submitted herewith and authority to place such tariff sheets in effect in accordance with Article I; and the final disposition of all issues in Docket No. RP21-778. Except as otherwise provided in Article II and Appendix C-1 (relating to the prohibition on the commingling of Southern Star's pension and PBOP trust funds), the terms of this Settlement shall remain effective until the effective date of Southern Star's next general NGA section 4 rate case, unless modified by the Commission.

**D. Standard of Review.** After this Settlement becomes effective as provided in this Article, the standard of review to be applied by the Commission in considering any change to any then-effective provision of this Settlement shall be the "public interest" standard set forth in *United Gas Pipe Line Co. v. Mobile Gas Serv. Corp.*, 350 U.S. 332 (1956) and *FPC v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956), except that with respect to any change sought by a non-settling third party or the Commission acting *sua sponte*, the standard of review to be applied by the Commission shall be the "just and reasonable" standard.

## **ARTICLE XII**

## **ORDER ON PAPER HEARING**

Upon approval of the Settlement, Southern Star will file a motion pursuant to Rule 216(a) of the Commission's Rules of Practice and Procedure<sup>11</sup> to withdraw its request for rehearing of the Commission's October 29, 2021, Order on Paper Hearing.<sup>12</sup> Southern Star further agrees not to seek appellate review of the Commission's Order on Paper Hearing.

## **ARTICLE XIII**

### **GENERAL RESERVATIONS**

A. This Settlement is made upon the express understanding that it constitutes a negotiated offer of settlement of the issues set for hearing in the above-captioned dockets. Except as specifically provided in this Settlement, neither the Parties nor the Commission shall be deemed to have approved, accepted, agreed, or otherwise consented to any ratemaking principle or methodology or to any tariff interpretation or modification or to any other factor or concept underlying or supposed to underlie any of the matters herein. Except as provided in Article III with respect to storage reservation charges, the roll-in of Ozark Trails, and load factors used to derive small customer rates, nothing in this Agreement shall be deemed to create a "settled practice," as that term is used in *Public Service Commission of New York v. FERC*, 642 F.2d 1335 (D.C. Cir. 1980). Except as specifically provided in this Settlement, the parties shall have the same rights under the Natural Gas Act that they would have had absent approval of this Settlement.

B. This Settlement is submitted pursuant to Rule 602 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.602. Accordingly: Unless and until the Settlement becomes effective pursuant to its terms, the Settlement shall be privileged and of no effect and shall not be admissible in evidence or in any way described or discussed in any proceeding before any court or regulatory body (except for in

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<sup>11</sup> 18 C.F.R. § 385.216(a).

<sup>12</sup> *S. Star Cent. Gas Pipeline, Inc.*, 177 FERC ¶ 61,075 (2021); *reh'g denied by operation of law*, 177 FERC ¶ 62,171.

comments on the Settlement in these proceedings). The discussions that produced this Settlement have been conducted on the explicit understanding that all offers of settlement and all settlement discussions and negotiations relating thereto are and shall remain privileged and confidential, and are not to be used in any manner in connection with these proceedings or otherwise.

Respectfully submitted,

SOUTHERN STAR CENTRAL GAS PIPELINE, INC.

/s/ Will Wathen

Director, Rates  
SOUTHERN STAR CENTRAL GAS PIPELINE, INC.  
4700 State Route 56  
Owensboro, KY 42301  
(270) 852-4483

*[Signature page to Stipulation and Agreement dated March 1, 2022  
in FERC Docket No. RP21-778-000, et al.]*

**Southern Star Central Gas Pipeline, Inc.  
Docket No. RP21-778  
Settling Parties**

Atmos Energy Corporation  
Black Hills Service Company, LLC  
BP Energy Company  
City Utilities of Springfield, Missouri  
Coffeyville Resources Refining & Marketing, LLC  
Concord Energy LLC  
ConocoPhillips Company  
DCP Midstream, LP  
East Kansas Agri-Energy, LLC  
Evergy Kansas Central, Inc.; Evergy Metro, Inc.; and Evergy Missouri West, Inc.  
Exelon Corporation; Exelon Generation Company, LLC and its Affiliates  
Kansas Corporation Commission\*  
Kansas Ethanol, L.L.C.  
Kansas Gas Service, A Division of ONE Gas, Inc.  
Kansas Municipal Gas Agency  
Koch Energy Services, LLC  
Liberty Utilities (Midstates Natural Gas) Corp.  
Macquarie Energy LLC  
Midwest Energy, Inc.  
Missouri Joint Municipal Electric Utility Commission  
Missouri Public Service Commission  
National Public Gas Agency  
Oklahoma Natural Gas Company  
Public Service Company of Colorado  
Salt Plains Storage, LLC  
Sequent Energy Management, L.P.  
Show Me Ethanol, LLC  
Southwest Energy, L.P.  
Spire Missouri Inc.  
Summit Natural Gas of Missouri, Inc.  
Symmetry Energy Solutions, Inc.  
Tenaska Marketing Ventures  
The Empire District Electric Company  
The Empire District Gas Company  
Union Electric Company /d/b/a Ameren Missouri

\*The Staff of the Kansas Corporation Commission cannot bind its commission. However, the Staff would recommend that their commission either support or not oppose the Settlement.

**SETTLEMENT *PRO FORMA* TARIFF SHEETS  
IMPLEMENTING SETTLEMENT RATES**

**List of *Pro Forma* Tariff sheets to be effective November 1, 2021**

First Revised Volume No. 1

**Clean Versions**

*Pro Forma* Sheet No. 8  
*Pro Forma* Sheet No. 9  
*Pro Forma* Sheet No. 10  
*Pro Forma* Sheet No. 11  
*Pro Forma* Sheet No. 12  
*Pro Forma* Sheet No. 12A  
*Pro Forma* Sheet No. 136

**Marked Versions**

*Pro Forma* Sheet No. 8  
*Pro Forma* Sheet No. 9  
*Pro Forma* Sheet No. 10  
*Pro Forma* Sheet No. 11  
*Pro Forma* Sheet No. 12  
*Pro Forma* Sheet No. 12A  
*Pro Forma* Sheet No. 136

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS  
 AND OTHER RELATED SERVICES

		Minimum Rate 1/ & 5/ -----	Maximum Rate 1/ & 5/ -----
TSS-P	Reservation - FSS - Deliverability	\$ 0.0000	\$ 0.0474
	Reservation - FSS - Capacity 4/	0.0000	0.0014
	Reservation - FTS-P	0.0000	0.2761
	Injection - FSS	0.0175	0.0175
	Withdrawal - FSS	0.0175	0.0175
	Commodity - FTS-P	0.0100	0.0100
	Authorized Overrun - FSS - Deliverability 2/	0.0000	0.0474
	Authorized Overrun - FSS - Capacity	0.0000	0.0014
	Authorized Overrun - FTS-P	0.0100	0.2861
	CRM Surcharge – S 6/	0.0000	0.0000
	CRM Surcharge – P 7/	0.0000	0.0000
TSS-M	Reservation - FSS - Deliverability	0.0000	0.0474
	Reservation - FSS - Capacity 4/	0.0000	0.0014
	Reservation - FTS-P 3/	0.0000	0.2761
	Reservation - FTS-M	0.0000	0.2150
	Injection - FSS	0.0175	0.0175
	Withdrawal - FSS	0.0175	0.0175
	Commodity - FTS-P 3/	0.0100	0.0100
	Commodity - FTS-M	0.0149	0.0149
	Authorized Overrun - FSS - Deliverability 2/	0.0000	0.0474
	Authorized Overrun - FSS - Capacity	0.0000	0.0014
	Authorized Overrun - FTS-P 3/	0.0100	0.2861
	Authorized Overrun - FTS-M	0.0149	0.2299
	CRM Surcharge – S 6/	0.0000	0.0000
	CRM Surcharge – P 7/	0.0000	0.0000
	CRM Surcharge – M 8/	0.0000	0.0000

Fuel Reimbursement Percentages applicable to all Rate Schedules are shown on Sheet No. 13.

1/ Reservation rates are per Dth of MDTQ per day for transportation and per Dth of MDWQ for storage.

Commodity Rates are per Dth.

2/ Applicable to Injections/Withdrawals in excess of MDIQ or MDWQ, in addition to the injection/withdrawal charge.

3/ FTS-P is only applicable if firm capacity is reserved in the Production Area.

4/ Reservation rates are per Dth of MSQ per day.

5/ These rates shall be increased, where applicable, to include the ACA unit charge pursuant to Section 26 of the General Terms and Conditions.

6/ Surcharge in addition to rates for Reservation - FSS - Deliverability and Authorized Overrun - FSS - Deliverability pursuant to Section 32 of the General Terms and Conditions.

7/ Surcharge in addition to rates for Reservation - FTS-P and Authorized Overrun - FTS-P pursuant to Section 32 of the General Terms and Conditions.

8/ Surcharge in addition to rates for Reservation - FTS-M and Authorized Overrun - FTS-M pursuant to Section 32 of the General Terms and Conditions.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS  
 AND OTHER RELATED SERVICES

		Minimum Rate 3/ -----	Maximum Rate 3/ -----
STS-P	Commodity	\$ 0.0100	\$ 1.7312
	Authorized Overrun	0.0100	1.7312
	CRM Surcharge – P 4/	0.0000	0.0000
	Authorized Overrun - FSS - Deliverability 1/	0.0000	0.0474
	CRM Surcharge – S 5/	0.0000	0.0000
	Authorized Overrun - FSS - Capacity	0.0000	0.0014
STS-M	Commodity - STS-P 2/	0.0100	0.7298
	Authorized Overrun - STS-P 2/	0.0100	0.7298
	CRM Surcharge – P 4/	0.0000	0.0000
	Commodity - STS-M	0.0149	1.2781
	Authorized Overrun - STS-M	0.0149	1.2781
	CRM Surcharge – M 4/	0.0000	0.0000
	Authorized Overrun - FSS - Deliverability 1/	0.0000	0.0474
	CRM Surcharge – S 5/	0.0000	0.0000
	Authorized Overrun - FSS - Capacity	0.0000	0.0014

Fuel Reimbursement Percentages applicable to all Rate Schedules are shown on Sheet No. 13.

1/ Applicable to Injections/Withdrawals in excess of MDIQ or MDWQ, in addition to the injection/  
 withdrawal charge.

2/ STS-P is only applicable if firm capacity is reserved in the Production Area.

3/ These rates shall be increased, where applicable, to include the ACA unit charge pursuant to Section 26 of the  
 General Terms and Conditions.

4/ Surcharge in addition to rates for Commodity and Authorized Overrun pursuant to Section 32 of the General  
 Terms and Conditions.

5/ Surcharge in addition to rates for Authorized Overrun - FSS - Deliverability pursuant to Section 32 of the General  
 Terms and Conditions.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS  
 AND OTHER RELATED SERVICES

		Minimum Rate 1/ & 3/ -----	Maximum Rate 1/ & 3/ -----
FTS-P	Reservation	\$ 0.0000	\$ 0.2761
	Commodity	0.0100	0.0100
	Authorized Overrun	0.0100	0.2861
	CRM Surcharge – P 4/	0.0000	0.0000
FTS-M	Reservation	0.0000	0.2150
	Commodity	0.0149	0.0149
	Authorized Overrun	0.0149	0.2299
	CRM Surcharge – M 4/	0.0000	0.0000
SFT-P	Commodity	0.0100	1.4317
	Authorized Overrun	0.0100	1.4317
	CRM Surcharge – P 5/	0.0000	0.0000
SFT-M	Commodity - SFT-P 2/	0.0100	0.7298
	Authorized Overrun - SFT-P 2/	0.0100	0.7298
	CRM Surcharge – P 5/	0.0000	0.0000
	Commodity - SFT-M	0.0149	1.0108
	Authorized Overrun - SFT-M	0.0149	1.0108
	CRM Surcharge – M 6/	0.0000	0.0000

Fuel Reimbursement Percentages applicable to all Rate Schedules are shown on Sheet No. 13.

1/ Reservation rates are per Dth of MDTQ per day. Commodity Rates are per Dth.

2/ SFT-P is only applicable if firm capacity is reserved in the Production Area.

3/ These rates shall be increased, where applicable, to include the ACA unit charge pursuant to Section 26 of the General Terms and Conditions.

4/ Surcharge in addition to rates for Reservation and Authorized Overrun pursuant to Section 32 of the General Terms and Conditions.

5/ Surcharge in addition to rates for Commodity and Authorized Overrun pursuant to Section 32 of the General Terms and Conditions.

6/ Surcharge in addition to rates for Commodity - SFT-M and Authorized Overrun - SFT-M pursuant to Section 32 of the General Terms and Conditions.



STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS  
 AND OTHER RELATED SERVICES

		Minimum Rate 1/ & 4/ -----	Maximum Rate 1/ & 4/ -----
ITS-P	Commodity	\$ 0.0100	\$ 0.2861
	CRM Surcharge – P 5/	0.0000	0.0000
ITS-M	Commodity	0.0149	0.2299
	CRM Surcharge – M 5/	0.0000	0.0000
FSS	Deliverability Reservation	0.0000	0.0474
	Capacity Reservation 8/	0.0000	0.0014
	Injection	0.0175	0.0175
	Withdrawal	0.0175	0.0175
	Authorized Overrun - Deliverability 3/	0.0000	0.0474
	Authorized Overrun - Capacity	0.0000	0.0014
	CRM Surcharge – S 6/	0.0000	0.0000
ISS	Commodity 2/	0.0000	0.0028
	Injection	0.0175	0.0175
	Withdrawal	0.0175	0.0175
	CRM Surcharge – S 7/	0.0000	0.0000
PLS-P	Daily Commodity	0.0000	0.2861
PLS-M	Daily Commodity	0.0000	0.2299

Fuel Reimbursement Percentages applicable to all Rate Schedules are shown on Sheet No. 13.

1/ Reservation rates are per Dth of MDTQ per day for transportation and per Dth of MDWQ for storage. Commodity Rates are per Dth.

2/ Applied to daily storage balance.

3/ Applicable to Injections/Withdrawals in excess of MDIQ or MDWQ, in addition to the Injections/Withdrawal charge.

4/ These rates shall be increased, where applicable, to include the ACA unit charge pursuant to Section 26 of the General Terms and Conditions.

5/ Surcharge in addition to rates for Commodity pursuant to Section 32 of the General Terms and Conditions.

6/ Surcharge in addition to rates for Deliverability Reservation and Authorized Overrun – Deliverability pursuant to Section 32 of the General Terms and Conditions.

7/ Surcharge in addition to rates for Injection pursuant to Section 32 of the General Terms and Conditions.

8/ Reservation rates are per Dth of MSQ per day.

VOLUMETRIC FIRM CAPACITY RELEASE MAXIMUM RATES 3/  
 STATED AT 100% LOAD FACTOR

		Maximum Rate 1/ & 4/ -----
TSS-P	Reservation - FSS 2/	\$ 0.0028
	Reservation - FTS-P	0.2761
	CRM Surcharge – S 5/	0.0000
	CRM Surcharge – P 6/	0.0000
TSS-M	Reservation - FSS 2/	0.0028
	Reservation - FTS-P	0.2761
	Reservation - FTS-M	0.2150
	CRM Surcharge – S 5/	0.0000
	CRM Surcharge – P 6/	0.0000
	CRM Surcharge – M 7/	0.0000
FTS-P	Reservation	0.2761
	CRM Surcharge – P 6/	0.0000
FTS-M	Reservation	0.2150
	CRM Surcharge – M 7/	0.0000
FSS	Reservation 2/	0.0028
	CRM Surcharge – S 5/	0.0000

Fuel Reimbursement Percentages applicable to all Rate Schedules are shown on Sheet No. 13.

1/ Exclusive of any surcharges and commodity charges.

2/ Applied to daily storage balance.

3/ Does not apply to capacity release transactions of one year or less beginning July 30, 2008.

4/ These rates shall be increased, where applicable, to include the ACA unit charge pursuant to Section 26 of the General Terms and Conditions.

5/ Surcharge in addition to rates for Reservation - FSS pursuant to Section 32 of the General Terms and Conditions.

6/ Surcharge in addition to rates for Reservation - FTS-P pursuant to Section 32 of the General Terms and Conditions.

7/ Surcharge in addition to rates for Reservation - FTS-M pursuant to Section 32 of the General Terms and Conditions.

STATEMENT OF MARKET-BASED RATES FOR STORAGE OF NATURAL GAS

<u>Rate Schedule</u>	<u>Min Rate</u>	<u>Max Rate</u>
FS1		
Reservation 1/	Rate Negotiated	
Injection	\$ 0.0175	\$ 0.0175
Withdrawal	\$ 0.0175	\$ 0.0175
Authorized Overrun 2/	Rate Negotiated	
IS1		
Commodity 3/	Rate Negotiated	
Injection	\$ 0.0175	\$ 0.0175
Withdrawal	\$ 0.0175	\$ 0.0175

1/ Reservation rates are per Dth of MSQ per day.

2/ Applicable to Injections/Withdrawals in excess of the MDIQ or MDWQ (in addition to the Injections/Withdrawals charge) and to MSQ overruns.

3/ Commodity rates are per Dth of storage ending inventory balance per day.

FSS RATE SCHEDULE  
Firm Storage Service

5. MONTHLY BILL

The bill for storage service during each billing period under this rate schedule shall be the sum of the Reservation Charges, the Injection Charge, and the Withdrawal Charge as follows:

- (a) (i) The Capacity Reservation Charge shall be the product of (1) the sum of the MSQs in effect on each day of the billing period and (2) the Capacity Reservation Rate, plus any applicable reservation surcharges.
- (ii) The Deliverability Reservation Charge shall be the product of (1) the sum of the MDWQ rights and (2) the Deliverability Reservation Rate, plus any applicable reservation surcharges.
- (iii) The Injection Charge shall be the product of (1) the sum of the net daily quantities received for injection and (2) the Injection Rate, plus any applicable commodity surcharges.
- (iv) The Withdrawal Charge shall be the product of (1) the sum of the net daily quantities withdrawn and (2) the Withdrawal Rate, plus any applicable commodity surcharges.
- (v) Southern Star will not assess reservation or commodity surcharges on deliveries to interfaces (except for the CRM surcharge as covered in Section 32 of the GT&C) or pools when such quantities are delivered to another downstream transportation agreement with Southern Star.
- (b) The bill shall include any daily Authorized Overrun Service charge determined pursuant to Section 6 of this rate schedule.
- (c) The bill shall include any scheduling and balancing charges or penalties determined pursuant to Section 9 and 10 of the General Terms and Conditions.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS  
 AND OTHER RELATED SERVICES

		Minimum Rate 1/ & 5/ -----	Maximum Rate 1/ & 5/ -----
TSS-P	Reservation - FSS - Deliverability	\$ 0.0000	\$ <del>0.0606</del> 0.0474
	Reservation - FSS - Capacity 4/	0.0000	<del>0.0030</del> 0.0014
	Reservation - FTS-P	0.0000	<del>0.4096</del> 0.2761
	Injection - FSS	<del>0.0154</del> 0.0175	<del>0.0154</del> 0.0175
	Withdrawal - FSS	<del>0.0154</del> 0.0175	<del>0.0154</del> 0.0175
	Commodity - FTS-P	<del>0.0101</del> 0.0100	<del>0.0101</del> 0.0100
	Authorized Overrun - FSS - Deliverability 2/	0.0000	<del>0.0606</del> 0.0474
	Authorized Overrun - FSS - Capacity	0.0000	<del>0.0030</del> 0.0014
	Authorized Overrun - FTS-P	<del>0.0101</del> 0.0100	<del>0.4197</del> 0.2861
	CRM Surcharge – S 6/	0.0000	<u>0.0000</u>
	CRM Surcharge – P 7/	0.0000	<u>0.0000</u>
TSS-M	Reservation - FSS - Deliverability	0.0000	<del>0.0606</del> 0.0474
	Reservation - FSS - Capacity 4/	0.0000	<del>0.0030</del> 0.0014
	Reservation - FTS-P 3/	0.0000	<del>0.4096</del> 0.2761
	Reservation - FTS-M	0.0000	<del>0.2586</del> 0.2150
	Injection - FSS	<del>0.0154</del> 0.0175	<del>0.0154</del> 0.0175
	Withdrawal - FSS	<del>0.0154</del> 0.0175	<del>0.0154</del> 0.0175
	Commodity - FTS-P 3/	<del>0.0101</del> 0.0100	<del>0.0101</del> 0.0100
	Commodity - FTS-M	<del>0.0103</del> 0.0149	<del>0.0103</del> 0.0149
	Authorized Overrun - FSS - Deliverability 2/	0.0000	<del>0.0606</del> 0.0474
	Authorized Overrun - FSS - Capacity	0.0000	<del>0.0030</del> 0.0014
	Authorized Overrun - FTS-P 3/	<del>0.0101</del> 0.0100	<del>0.4197</del> 0.2861
	Authorized Overrun - FTS-M	<del>0.0103</del> 0.0149	<del>0.2689</del> 0.2299
	CRM Surcharge – S 6/	0.0000	<u>0.0000</u>
	CRM Surcharge – P 7/	0.0000	<u>0.0000</u>
	CRM Surcharge – M 8/	0.0000	<u>0.0000</u>

Fuel Reimbursement Percentages applicable to all Rate Schedules are shown on Sheet No. 13.

1/ Reservation rates are per Dth of MDTQ per day for transportation and per Dth of MDWQ for storage.

Commodity Rates are per Dth.

2/ Applicable to Injections/Withdrawals in excess of MDIQ or MDWQ, in addition to the injection/withdrawal charge.

3/ FTS-P is only applicable if firm capacity is reserved in the Production Area.

4/ ~~Reservation rates are per Dth of MSQ per day. Applied to daily storage balance.~~

5/ These rates shall be increased, where applicable, to include the ACA unit charge pursuant to Section 26 of the General Terms and Conditions.

6/ Surcharge in addition to ~~above-stated maximum~~ rates for Reservation - FSS - Deliverability and Authorized Overrun - FSS - Deliverability pursuant to Section 32 of the General Terms and Conditions.

7/ Surcharge in addition to ~~above-stated maximum~~ rates for Reservation - FTS-P and Authorized Overrun - FTS-P pursuant to Section 32 of the General Terms and Conditions.

8/ Surcharge in addition to ~~above-stated maximum~~ rates for Reservation - FTS-M and Authorized Overrun - FTS-M pursuant to Section 32 of the General Terms and Conditions.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS  
 AND OTHER RELATED SERVICES

		Minimum Rate 3/ -----	Maximum Rate 3/ -----
STS-P	Commodity	\$ <del>0.0101</del> <u>0.0100</u>	\$ <del>2.4349</del> <u>1.7312</u>
	Authorized Overrun	<del>0.0101</del> <u>0.0100</u>	<del>2.4349</del> <u>1.7312</u>
	CRM Surcharge – P 4/	0.0000	0.0000
	Authorized Overrun - FSS - Deliverability 1/	0.0000	<del>0.0606</del> <u>0.0474</u>
	CRM Surcharge – S 5/	0.0000	0.0000
	Authorized Overrun - FSS - Capacity	0.0000	<del>0.0030</del> <u>0.0014</u>
STS-M	Commodity - STS-P 2/	<del>0.0101</del> <u>0.0100</u>	<del>1.0265</del> <u>0.7298</u>
	Authorized Overrun - STS-P 2/	<del>0.0101</del> <u>0.0100</u>	<del>1.0265</del> <u>0.7298</u>
	CRM Surcharge – P 4/	0.0000	0.0000
	Commodity - STS-M	<del>0.0103</del> <u>0.0149</u>	<del>1.5592</del> <u>1.2781</u>
	Authorized Overrun - STS-M	<del>0.0103</del> <u>0.0149</u>	<del>1.5592</del> <u>1.2781</u>
	CRM Surcharge – M 4/	0.0000	0.0000
	Authorized Overrun - FSS - Deliverability 1/	0.0000	<del>0.0606</del> <u>0.0474</u>
	CRM Surcharge – S 5/	0.0000	0.0000
	Authorized Overrun - FSS - Capacity	0.0000	<del>0.0030</del> <u>0.0014</u>

Fuel Reimbursement Percentages applicable to all Rate Schedules are shown on Sheet No. 13.

1/ Applicable to Injections/Withdrawals in excess of MDIQ or MDWQ, in addition to the injection/  
 withdrawal charge.

2/ STS-P is only applicable if firm capacity is reserved in the Production Area.

3/ These rates shall be increased, where applicable, to include the ACA unit charge pursuant to Section 26 of the  
 General Terms and Conditions.

4/ Surcharge in addition to ~~above stated maximum~~ rates for Commodity and Authorized Overrun pursuant to Section  
 32 of the General Terms and Conditions.

5/ Surcharge in addition to ~~above stated maximum~~ rates for Authorized Overrun - FSS - Deliverability pursuant to  
 Section 32 of the General Terms and Conditions.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS  
 AND OTHER RELATED SERVICES

		Minimum Rate 1/ & 3/ -----	Maximum Rate 1/ & 3/ -----
FTS-P	Reservation	\$ 0.0000	\$ <del>0.4096</del> 0.2761
	Commodity	<del>0.0101</del> 0.0100	<del>0.0101</del> 0.0100
	Authorized Overrun	<del>0.0101</del> 0.0100	<del>0.4197</del> 0.2861
	CRM Surcharge – P 4/	0.0000	0.0000
FTS-M	Reservation	0.0000	<del>0.2586</del> 0.2150
	Commodity	<del>0.0103</del> 0.0149	<del>0.0103</del> 0.0149
	Authorized Overrun	<del>0.0103</del> 0.0149	<del>0.2689</del> 0.2299
	CRM Surcharge – M 4/	0.0000	0.0000
SFT-P	Commodity	<del>0.0101</del> 0.0100	<del>2.1085</del> 1.4317
	Authorized Overrun	<del>0.0101</del> 0.0100	<del>2.1085</del> 1.4317
	CRM Surcharge – P 5/	0.0000	0.0000
SFT-M	Commodity - SFT-P 2/	<del>0.0101</del> 0.0100	<del>1.0265</del> 0.7298
	Authorized Overrun - SFT-P 2/	<del>0.0101</del> 0.0100	<del>1.0265</del> 0.7298
	CRM Surcharge – P 5/	0.0000	0.0000
	Commodity - SFT-M	<del>0.0103</del> 0.0149	<del>1.1868</del> 1.0108
	Authorized Overrun - SFT-M	<del>0.0103</del> 0.0149	<del>1.1868</del> 1.0108
	CRM Surcharge – M 6/	0.0000	0.0000

Fuel Reimbursement Percentages applicable to all Rate Schedules are shown on Sheet No. 13.

1/ Reservation rates are per Dth of MDTQ per day. Commodity Rates are per Dth.

2/ SFT-P is only applicable if firm capacity is reserved in the Production Area.

3/ These rates shall be increased, where applicable, to include the ACA unit charge pursuant to Section 26 of the General Terms and Conditions.

4/ Surcharge in addition to ~~above stated maximum~~ rates for Reservation and Authorized Overrun pursuant to Section 32 of the General Terms and Conditions.

5/ Surcharge in addition to ~~above stated maximum~~ rates for Commodity and Authorized Overrun pursuant to Section 32 of the General Terms and Conditions.

6/ Surcharge in addition to ~~above stated maximum~~ rates for Commodity - SFT-M and Authorized Overrun - SFT-M pursuant to Section 32 of the General Terms and Conditions.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS  
 AND OTHER RELATED SERVICES

		Minimum Rate 1/ & 4/ -----	Maximum Rate 1/ & 4/ -----
ITS-P	Commodity	\$ <del>0.0101</del> <u>0.0100</u>	\$ <del>0.4197</del> <u>0.2861</u>
	CRM Surcharge – P 5/	0.0000	0.0000
ITS-M	Commodity	<del>0.0103</del> <u>0.0149</u>	<del>0.2689</del> <u>0.2299</u>
	CRM Surcharge – M 5/	0.0000	0.0000
FSS	Deliverability Reservation	0.0000	<del>0.0606</del> <u>0.0474</u>
	Capacity Reservation <del>28/</del>	0.0000	<del>0.0030</del> <u>0.0014</u>
	Injection	<del>0.0154</del> <u>0.0175</u>	<del>0.0154</del> <u>0.0175</u>
	Withdrawal	<del>0.0154</del> <u>0.0175</u>	<del>0.0154</del> <u>0.0175</u>
	Authorized Overrun - Deliverability 3/	0.0000	<del>0.0606</del> <u>0.0474</u>
	Authorized Overrun - Capacity	0.0000	<del>0.0030</del> <u>0.0014</u>
	CRM Surcharge – S 6/	0.0000	0.0000
ISS	Commodity 2/	0.0000	<del>0.0060</del> <u>0.0028</u>
	Injection	<del>0.0154</del> <u>0.0175</u>	<del>0.0154</del> <u>0.0175</u>
	Withdrawal	<del>0.0154</del> <u>0.0175</u>	<del>0.0154</del> <u>0.0175</u>
	CRM Surcharge – S 7/	0.0000	0.0000
PLS-P	Daily Commodity	0.0000	<del>0.4197</del> <u>0.2861</u>
PLS-M	Daily Commodity	0.0000	<del>0.2689</del> <u>0.2299</u>

Fuel Reimbursement Percentages applicable to all Rate Schedules are shown on Sheet No. 13.

1/ Reservation rates are per Dth of MDTQ per day for transportation and per Dth of MDWQ for storage. Commodity Rates are per Dth.

2/ Applied to daily storage balance.

3/ Applicable to Injections/Withdrawals in excess of MDIQ or MDWQ, in addition to the Injections/Withdrawal charge.

4/ These rates shall be increased, where applicable, to include the ACA unit charge pursuant to Section 26 of the General Terms and Conditions.

5/ Surcharge in addition to ~~above stated maximum~~ rates for Commodity pursuant to Section 32 of the General Terms and Conditions.

6/ Surcharge in addition to ~~above stated maximum~~ rates for Deliverability Reservation and Authorized Overrun – Deliverability pursuant to Section 32 of the General Terms and Conditions.

7/ Surcharge in addition to ~~above stated maximum~~ rates for Injection pursuant to Section 32 of the General Terms and Conditions.

8/ Reservation rates are per Dth of MSQ per day.



VOLUMETRIC FIRM CAPACITY RELEASE MAXIMUM RATES 3/  
 STATED AT 100% LOAD FACTOR

		Maximum Rate 1/ & 4/ -----
TSS-P	Reservation - FSS 2/	\$ <del>0.006</del> <u>0.0028</u>
	Reservation - FTS-P	<del>0.409</del> <u>0.2761</u>
	CRM Surcharge – S 5/	0.0000
	CRM Surcharge – P 6/	0.0000
TSS-M	Reservation - FSS 2/	<del>0.006</del> <u>0.0028</u>
	Reservation - FTS-P	<del>0.409</del> <u>0.2761</u>
	Reservation - FTS-M	<del>0.258</del> <u>0.2150</u>
	CRM Surcharge – S 5/	0.0000
	CRM Surcharge – P 6/	0.0000
	CRM Surcharge – M 7/	0.0000
FTS-P	Reservation	<del>0.409</del> <u>0.2761</u>
	CRM Surcharge – P 6/	0.0000
FTS-M	Reservation	<del>0.258</del> <u>0.2150</u>
	CRM Surcharge – M 7/	0.0000
FSS	Reservation 2/	<del>0.006</del> <u>0.0028</u>
	CRM Surcharge – S 5/	0.0000

Fuel Reimbursement Percentages applicable to all Rate Schedules are shown on Sheet No. 13.

1/\_-Exclusive of any surcharges and commodity charges.

2/\_-Applied to daily storage balance.

3/\_-Does not apply to capacity release transactions of one year or less beginning July 30, 2008.

4/\_-These rates shall be increased, where applicable, to include the ACA unit charge pursuant to Section 26 of the General Terms and Conditions.

5/ Surcharge in addition to ~~above stated maximum~~ rates for Reservation - FSS pursuant to Section 32 of the General Terms and Conditions.

6/ Surcharge in addition to ~~above stated maximum~~ rates for Reservation - FTS-P pursuant to Section 32 of the General Terms and Conditions.

7/ Surcharge in addition to ~~above stated maximum~~ rates for Reservation - FTS-M pursuant to Section 32 of the General Terms and Conditions.

STATEMENT OF MARKET-BASED RATES FOR STORAGE OF NATURAL GAS

<u>Rate Schedule</u>	<u>Min Rate</u>	<u>Max Rate</u>
FS1		
Reservation 1/ Injection	Rate Negotiated \$ <del>0.0154</del> <u>0.0175</u>	\$
<del>0.0154</del> <u>0.0175</u>		
Withdrawal	\$ <del>0.0154</del> <u>0.0175</u>	\$
<del>0.0154</del> <u>0.0175</u>		
Authorized Overrun 2/	Rate Negotiated	
IS1		
Commodity 3/ Injection	Rate Negotiated \$ <del>0.0154</del> <u>0.0175</u>	\$
<del>0.0154</del> <u>0.0175</u>		
Withdrawal	\$ <del>0.0154</del> <u>0.0175</u>	\$
<del>0.0154</del> <u>0.0175</u>		

1/ Reservation rates are per Dth of MSQ per day.

2/ Applicable to Injections/Withdrawals in excess of the MDIQ or MDWQ (in addition to the Injections/Withdrawals charge) and to MSQ overruns.

3/ Commodity rates are per Dth of storage ending inventory balance per day.

FSS RATE SCHEDULE  
Firm Storage Service

5. MONTHLY BILL

The bill for storage service during each billing period under this rate schedule shall be the sum of the Reservation Charges, the Injection Charge, and the Withdrawal Charge as follows:

- (a) (i) The Capacity Reservation Charge shall be the product of (1) the sum of the MSQs in effect on each day of the billing period ~~daily storage balances~~ and (2) the Capacity Reservation Rate, plus any applicable reservation surcharges.
- (ii) The Deliverability Reservation Charge shall be the product of (1) the sum of the MDWQ rights and (2) the Deliverability Reservation Rate, plus any applicable reservation surcharges.
- (iii) The Injection Charge shall be the product of (1) the sum of the net daily quantities received for injection and (2) the Injection Rate, plus any applicable commodity surcharges.
- (iv) The Withdrawal Charge shall be the product of (1) the sum of the net daily quantities withdrawn and (2) the Withdrawal Rate, plus any applicable commodity surcharges.
- (v) Southern Star will not assess reservation or commodity surcharges on deliveries to interfaces (except for the CRM surcharge as covered in Section 32 of the GT&C) or pools when such quantities are delivered to another downstream transportation agreement with Southern Star.
- (b) The bill shall include any daily Authorized Overrun Service charge determined pursuant to Section 6 of this rate schedule.
- (c) The bill shall include any scheduling and balancing charges or penalties determined pursuant to Section 9 and 10 of the General Terms and Conditions.

**SETTLEMENT *PRO FORMA* TARIFF SHEETS  
IMPLEMENTING MODERNIZATION CAPITAL COST RECOVERY MECHANISM**

**List of *Pro Forma* Tariff sheets to be effective November 1, 2021**

First Revised Volume No. 1

**Clean Versions**

*Pro Forma* Sheet No. 316  
*Pro Forma* Sheet No. 317  
*Pro Forma* Sheet No. 318  
*Pro Forma* Sheet No. 319  
*Pro Forma* Sheet No. 320  
*Pro Forma* Sheet No. 321  
*Pro Forma* Sheet No. 322  
*Pro Forma* Sheet No. 323

**Marked Versions**

*Pro Forma* Sheet No. 316  
*Pro Forma* Sheet No. 317  
*Pro Forma* Sheet No. 318  
*Pro Forma* Sheet No. 319  
*Pro Forma* Sheet No. 320  
*Pro Forma* Sheet No. 321  
*Pro Forma* Sheet No. 322  
*Pro Forma* Sheet No. 323

## GENERAL TERMS AND CONDITIONS

### 32. MODERNIZATION CAPITAL COST RECOVERY MECHANISM (“CRM”)

This Section 32 applies to Shippers under Rate Schedules TSS, STS, FTS, SFT, ITS, FSS, and ISS (“Applicable Rate Schedules”). It establishes a separately tracked surcharge (“CRM Surcharge”) to recover Southern Star’s capital revenue requirements, as defined in Section 32.4(a) (“Capital Revenue Requirement”), incurred to modernize Southern Star’s system to improve system integrity, to enhance service reliability and flexibility, to satisfy emerging legal/regulatory requirements, and to improve safety and reduce risk (“Modernization Program”). The CRM Surcharge will apply to Shippers’ Maximum Daily Transportation Quantities under Rate Schedules FTS and TSS, to Maximum Daily Withdrawal Quantities for storage services under Rate Schedules TSS and FSS, to flowed overrun quantities under Rate Schedules TSS, FTS, and FSS, and to flowed quantities under Rate Schedules STS, SFT, ITS, and ISS. If Southern Star proposes any new cost-based rate schedule(s) during the Term of the CRM, Southern Star will file to include the new cost-based rate schedule(s) in the list of Applicable Rate Schedules subject to the CRM, provided that the application of the CRM to the new rate schedule(s) will not result in the same quantities being billed the same CRM Surcharge twice. The CRM will provide for the recovery of the Capital Revenue Requirement associated with Eligible Facilities placed into service by Southern Star during calendar years 2022, 2023, 2024, and 2025 (i.e., from January 1, 2022 through December 31, 2025).

#### 32.1 Term of CRM

The CRM established by this Section 32 will provide for the recovery of the Capital Revenue Requirement associated with Eligible Facilities placed into service by Southern Star from January 1, 2022 through December 31, 2025. The CRM will remain in effect until terminated pursuant to Section 32.5 below.

#### 32.2 Annual CRM Surcharge Filings

- (a) Southern Star will make a CRM Surcharge filing with the FERC on or before January 31, 2023 to be effective March 1, 2023, designed to recover the Capital Revenue Requirement related to Capital Costs incurred on Eligible Facilities placed into service during calendar year 2022. The CRM Surcharge established by this filing will be effective from March 1, 2023 through February 29, 2024.
- (b) Southern Star will make a CRM Surcharge filing with the FERC on or before January 31, 2024 to be effective March 1, 2024, designed to recover the Capital Revenue Requirement related to Capital Costs incurred on Eligible Facilities placed into service during calendar years 2022 and 2023. The revised CRM Surcharge established by this filing will be effective from March 1, 2024 through February 28, 2025. The revised CRM Surcharge filing will be adjusted (1) for changes in the Modernization Program revenue requirement, and (2) to refund any over-recovery or to recover any under-recovery from the preceding year that is

## GENERAL TERMS AND CONDITIONS

### 32. MODERNIZATION CAPITAL COST RECOVERY MECHANISM (CRM) (Cont'd)

#### 32.2 Annual CRM Surcharge Filings (Cont'd)

not the result of discounting or negotiated rate terms that waive the CRM Surcharge.

- (c) Southern Star will make a CRM Surcharge filing with the FERC on or before January 31, 2025 to be effective March 1, 2025, designed to recover the Capital Revenue Requirement related to Capital Costs incurred on Eligible Facilities placed into service during calendar years 2022, 2023, and 2024. The revised CRM Surcharge established by this filing will be effective from March 1, 2025 through February 28, 2026. The revised CRM Surcharge filing will be adjusted (1) for changes in the Modernization Program revenue requirement, and (2) to refund any over-recovery or to recover any under-recovery from the preceding year that is not the result of discounting or negotiated rate terms that waive the CRM Surcharge.
- (d) Southern Star will make a CRM Surcharge filing with the FERC on or before January 31, 2026 to be effective March 1, 2026, designed to recover the Capital Revenue Requirement related to Capital Costs incurred on Eligible Facilities placed into service during calendar years 2022, 2023, 2024 and 2025. The revised CRM Surcharge established by this filing will be effective from March 1, 2026 through October 31, 2026. The revised CRM Surcharge filing will be adjusted (1) for changes in the Modernization Program revenue requirement, and (2) to refund any over-recovery or to recover any under-recovery from the preceding year that is not the result of discounting or negotiated rate terms that waive the CRM Surcharge.
- (e) Southern Star shall identify in each annual CRM Surcharge filing, in the aggregate, (i) the number of discounted contracts entered into on or after the effective date of its filing in Docket No. RP21-778 that discount or waive the CRM Surcharge in whole or in part, (ii) the total dollar amounts of CRM Surcharge waived or discounted in such contracts, and (iii) the amount of the billing determinants subject to waiver or discount of the CRM Surcharge.
- (f) Challenges to Annual Cost Recovery Filings. Customers are entitled to challenge Southern Star's annual cost recovery filings on grounds that include but are not limited to: (i) whether the surcharge filing conforms to the provisions of the Stipulation and Agreement of Settlement filed to resolve Southern Star's general section 4 rate case filing in Docket No. RP21-778 ("Rate Case Settlement"); (ii) the calculation of the CRM

## GENERAL TERMS AND CONDITIONS

### 32. MODERNIZATION CAPITAL COST RECOVERY MECHANISM (CRM) (Cont'd)

#### 32.2 Annual CRM Surcharge Filings (Cont'd)

Surcharge rate; (iii) whether the costs are eligible for inclusion in the CRM Surcharge rate; (iv) the allocation of cost between Modernization Projects and expansion projects; and (v) whether the Eligible Facilities costs were prudently incurred, or the Modernization Program was prudently implemented.

#### 32.3 Eligibility

- (a) Eligible Facilities. "Eligible Facilities" have been defined in the Eligible Facilities Plan ("EFP") as filed by Southern Star in Appendix E of the Rate Case Settlement. In the first annual CRM Surcharge Filing, the CRM Surcharge will include the Capital Revenue Requirement related to capital costs on Eligible Facilities that are placed into service during the period from January 1, 2022 through December 31, 2022. Subsequent CRM Surcharge Filings will include the cumulative Capital Revenue Requirement related to capital costs incurred on Eligible Facilities from January 1, 2022 through the end of the prior calendar year.

During any year, either at the normal annual meeting or at a special meeting called for this purpose with at least fifteen days' prior notice, Southern Star may modify the EFP to include additional projects, substitute projects, and/or remove projects, subject to the Consensus Process to include additional projects and the CRM annual cost limits. Such meetings may be conducted virtually. If meetings are conducted in-person, an option for remote participation via videoconference technology shall be offered to the maximum extent practicable. "Consensus" is defined as a scenario in which customers representing 65% of the billing determinants that are paying the surcharge either support or do not oppose the proposed addition of a project(s); provided, however, as part of any such vote, that a negative vote of a State Commission or its authorized representative shall supersede the affirmative vote of any shipper(s) that the State Commission regulates, and the vote shall be tabulated as if each and every shipper that the State Commission regulates opposes the proposed change with the note that the State Commission opposed the proposed change. The voting procedure and proviso described in the foregoing sentence constitute the "Consensus Process"). If there is no Consensus, then Southern Star must exclude the proposed facilities from the CRM Surcharge.

## GENERAL TERMS AND CONDITIONS

### 32. MODERNIZATION CAPITAL COST RECOVERY MECHANISM (CRM) (Cont'd)

#### 32.3 Eligibility (Cont'd)

- (b) Annual Eligible Capital Cost Limit. The annual Eligible Capital Cost subject to the CRM will not exceed the following annual dollar limits: \$88 million in 2022, \$50 million in 2023, \$50 million in 2024, and \$50 million in 2025. If Southern Star exceeds the maximum cost limit in any year, Southern Star will treat the excess above the Annual Eligible Capital Cost as a capital maintenance cost.
- (c) Capital Maintenance Obligation. During calendar years 2022 through 2025, Southern Star will spend on capital maintenance (i.e., plant investment for maintenance and other projects that will not be included in the CRM and that will not be considered to be Eligible Facilities) no less than an amount equal to the combined depreciation and amortization expenses included in the applicable calendar year's FERC Form 2 Annual Filing ("Capital Maintenance Obligation"). As part of its annual CRM Surcharge filing, Southern Star shall provide a reconciliation of its actual capital maintenance expenditure with its prior year Form 2 depreciation and amortization expenses. If Southern Star spends less than the Capital Maintenance Obligation on capital maintenance in any calendar year, the difference will be used to reduce the plant investment included in the CRM.
- (d) Eligible Facilities Cost Exclusions. Unless otherwise agreed to pursuant to the CRM Settlement, costs incurred to increase the capacity of Southern Star's system to provide additional or incremental transportation service shall be excluded from Eligible Facilities. Operations and maintenance expenses shall also be excluded from Eligible Facilities.

#### 32.4 CRM Surcharge Calculation

- (a) Determination of Capital Revenue Requirement by Rate Area. In each annual CRM Surcharge filing, Southern Star will calculate the cumulative Capital Revenue Requirement related to Capital Costs of Eligible Facilities placed into service from January 1, 2022 through the end of the prior calendar year. A separate Capital Revenue Requirement associated with Eligible Facilities will be calculated for the Production Area, the Market Area and Storage based on the location or function of the projects as specified in the EFP.



## GENERAL TERMS AND CONDITIONS

### 32. MODERNIZATION CAPITAL COST RECOVERY MECHANISM (CRM) (Cont'd)

#### 32.4 CRM Surcharge Calculation (Cont'd)

For each Rate Area, Southern Star will determine the cumulative Eligible Capital Cost incurred during the CRM Term (i.e., gross plant). Southern Star will then subtract accumulated depreciation from the gross plant and adjust for accumulated deferred income taxes to determine the cumulative rate base associated with the Eligible Facilities. The Capital Revenue Requirement will then be derived by summing (1) the cumulative rate base associated with the Eligible Facilities multiplied by a factor (the "Rate Base Multiplier") that reflects pre-tax return and taxes other than income tax and (2) the cumulative gross plant associated with the Eligible Facilities multiplied by the applicable depreciation rate (from the Rate Case Settlement) and (3) for each CRM Surcharge Filing except the initial CRM Surcharge filing, any over- or under-recovery of the prior year's Capital Revenue Requirement. The Rate Base Multiplier will be 13.51%.

- (b) CRM Surcharge Calculation. After the cumulative Capital Revenue Requirement has been calculated for the Production Area, the Market Area, and Storage, Southern Star will calculate the CRM Surcharge across all current billing determinants associated with the Applicable Rate Schedules, excluding any incrementally priced expansion projects other than those that meet the criteria set forth in Section 32.4(c)(ii) (i.e., dual use expansion projects), which will be subject to the CRM Surcharge as provided in Section 32.4(c)(ii) and excluding any unprocessed quantities being delivered to the Jayhawk Plant for processing and further transportation on the Southern Star system. Provided, however, for purposes of Sections 32.4 and 32.5, current billing determinants will be subject to the following billing determinant floors as applicable (floors shall correspondingly be adjusted if the billing period is less than a full year): (i) a Production Area billing determinant floor of 523,946,130 Dth; (ii) a Market Area billing determinant floor of 630,614,342 Dth; and (iii) a Storage billing determinant floor of 388,868,449 Dth. If the billing determinants are lower than the floors set forth herein, Southern Star will impute billing determinants at the maximum applicable rate and the revenues that would be associated with such billing determinants to reflect the above-stated billing determinant levels in the calculation of the CRM Surcharge rates. For purposes of this section, current billing determinants means such actual billing determinants in (i) the prior calendar year for the filings to be effective March 1, 2023, 2024, and 2025 and (ii) the

## GENERAL TERMS AND CONDITIONS

### 32. MODERNIZATION CAPITAL COST RECOVERY MECHANISM (CRM) (Cont'd)

#### 32.4 CRM Surcharge Calculation (Cont'd)

eight-month period from March 2025 through October 2025 for the filing to be effective March 1, 2026. Southern Star will allocate the Capital Revenue Requirement across each Applicable Rate Schedule by deriving the CRM Surcharge on a per unit basis.

The CRM Surcharge for firm services with a reservation charge will be a reservation surcharge; the CRM Surcharge for interruptible services and firm services with a one-part rate will be a commodity surcharge. The volumetric CRM Surcharge for interruptible service shall equal the reservation CRM Surcharge for the corresponding firm service. The reservation CRM Surcharge for firm storage service shall be assessed as a deliverability charge only.

#### (c) Expansion Projects

- (i) General Rules. If Southern Star proposes an expansion and the facilities' costs are rolled-in under Commission policy, shippers on that expansion will pay the surcharge. If there is an expansion that will be incrementally priced, those shippers need not pay the surcharge on the incrementally priced MDQ. But, if there is an expansion that is dual use, supports reliability and an expansion, the costs of those facilities must be proportionally shared between the reliability and expansion purposes, as provided in Section 32.4(c)(ii).
- (ii) Dual Use Expansion Projects. If an expansion project is constructed concurrently with Eligible Facilities, the costs of such combined project shall be allocated between the Modernization Project and the expansion project on a pro-rata basis. Such allocation of costs shall not result in an allocation of Expansion Project costs to the Modernization Project. The pro rata allocation to the Modernization Project shall be determined by dividing the projected cost of constructing the Eligible Facilities Project on a stand-alone basis with the sum of (1) the projected cost of constructing the Eligible Facilities Project on a stand-alone basis and (2) the projected cost of constructing the Expansion Project on a stand-alone basis. For the purposes of this provision, an expansion project shall be deemed as directly utilizing an Eligible

## GENERAL TERMS AND CONDITIONS

### 32. MODERNIZATION CAPITAL COST RECOVERY MECHANISM (CRM) (Cont'd)

#### 32.4 CRM Surcharge Calculation (Cont'd)

Facility if the construction of the Eligible Facilities project and the expansion project concurrently results in a lower overall cost for the combined projects than constructing each project on a stand-alone basis, or if, in the absence of an Eligible Facility project, the expansion project would have required the installation of additional facilities in order to meet the project's needs. Additionally, billing determinants for new expansion projects will be added to the calculation of the CRM Surcharge if such expansion projects directly utilize Eligible Facilities, even if such Expansion Project would otherwise be incrementally priced (i.e., shippers paying an incremental rate will only pay the CRM Surcharge to the extent such shippers directly utilize Eligible Facilities).

#### 32.5 Termination, Roll-in, and Final True-up

- (a) Termination and Roll-in. The CRM Surcharge will be effective for a term commencing March 1, 2023 and ending on November 1, 2026 (i.e., the 2026 CRM Surcharge will terminate upon the proposed effective date of Southern Star's next NGA Section 4(e) general rate filing. The net capital costs of the Modernization Program Eligible Facilities will be rolled into rate base during Southern Star's next general NGA Section 4(e) rate case, to be effective November 1, 2026.
- (b) Final True-up. Upon termination of the CRM, Shippers under the Applicable Rate Schedules will remain subject to any unrecovered CRM Costs, and Southern Star will be required to refund any over-recovered CRM Costs. Any positive or negative balances in Southern Star's CRM account as of the expiration of the CRM will be charged or refunded to Shippers, as applicable, in the next monthly billing cycle that is at least 45 days after the termination of the CRM (i.e., in January 2027).

SHEET NOS. 323 – 399 ARE RESERVED FOR FUTURE USE

## GENERAL TERMS AND CONDITIONS

### 32. MODERNIZATION CAPITAL COST RECOVERY MECHANISM (“CRM”)

This Section 32 applies to Shippers under Rate Schedules TSS, STS, FTS, SFT, ITS, FSS, and ISS (“Applicable Rate Schedules”). It establishes a separately tracked surcharge (“CRM Surcharge”) to recover Southern Star’s capital revenue requirements, as defined in Section 32.4(a) (“Capital Revenue Requirement”), incurred to modernize Southern Star’s system to improve system integrity, to enhance service reliability and flexibility, to satisfy emerging legal/regulatory requirements, and to improve safety and reduce risk (“Modernization Program”). The CRM Surcharge will apply to Shippers’ Maximum Daily Transportation Quantities under Rate Schedules FTS and TSS, to Maximum Daily Withdrawal Quantities for storage services under Rate Schedules TSS and FSS, to flowed overrun quantities under Rate Schedules TSS, FTS, and FSS, and to flowed quantities under Rate Schedules STS, SFT, ITS, and ISS. If Southern Star proposes any new cost-based rate schedule(s) during the Term of the CRM, Southern Star will file to include the new cost-based rate schedule(s) in the list of Applicable Rate Schedules subject to the CRM, provided that the application of the CRM to the new rate schedule(s) will not result in the same quantities being billed the same CRM Surcharge twice. The CRM will provide for the recovery of the Capital Revenue Requirement associated with Eligible Facilities placed into service by Southern Star during calendar years 2022, 2023, 2024, and 2025 (i.e., from January 1, 2022 through December 31, 2025).

#### 32.1 Term of CRM

The CRM established by this Section 32 will provide for the recovery of the Capital Revenue Requirement associated with Eligible Facilities placed into service by Southern Star from January 1, 2022 through December 31, 2025. The CRM will remain in effect until terminated pursuant to Section 32.5 below.

#### 32.2 Annual CRM Surcharge Filings

- (a) Southern Star will make a CRM Surcharge filing with the FERC on or before January 31, 2023 to be effective March 1, 2023, designed to recover the Capital Revenue Requirement related to Capital Costs incurred on Eligible Facilities placed into service during calendar year 2022. The CRM Surcharge established by this filing will be effective from March 1, 2023 through February 29, 2024.
- (b) Southern Star will make a CRM Surcharge filing with the FERC on or before January 31, 2024 to be effective March 1, 2024, designed to recover the Capital Revenue Requirement related to Capital Costs incurred on Eligible Facilities placed into service during calendar years 2022 and 2023. The revised CRM Surcharge established by this filing will be effective from March 1, 2024 through February 28, 2025. The revised CRM Surcharge filing will be adjusted (1) for changes in the Modernization Program revenue requirement, and (2) to refund any over-recovery or to recover any under-recovery from the preceding year that is

## GENERAL TERMS AND CONDITIONS

~~32. MODERNIZATION COST RECOVERY MECHANISM (CRM)~~

~~32.1 Purpose.~~

~~This Section 32 applies to Shippers under Rate Schedules TSS, STS, FTS, SFT, ITS, FSS, and ISS. It establishes a separately tracked surcharge (CRM) to recover Southern Star's revenue requirements, as defined in Section 32.4(a) (Revenue Requirements), associated with investments in Eligible Facilities and/or incurrence of Eligible Expenses in the categories of 1) safety and integrity; 2) system reliability; and 3) regulatory compliance in order to modernize Southern Star's system (Modernization Program). The CRM will apply to Shippers' Maximum Daily Transportation Quantities (MDTQ) under Rate Schedules FTS and TSS, to Maximum Daily Withdrawal Quantities (MDWQ) for storage services under Rate Schedules TSS and FSS, to flowed overrun quantities under Rate Schedules TSS, FTS, and FSS, and to all flowed quantities under Rate Schedules STS, SFT, ITS, and ISS (Applicable Rate Schedules). The CRM will provide for the recovery of the Revenue Requirements associated with in-service expenditures for Eligible Facilities and/or Eligible Expenses incurred from November 1, 2021 through December 31, 2027.~~

~~32.2 CRM Surcharge Filings~~

- ~~(a) Initial CRM Surcharge Filing. Southern Star will make its initial CRM Surcharge filing hereunder on or before January 31, 2023, to be effective March 1, 2023. That filing will include the Revenue Requirements associated with capital expenditures for Eligible Facilities that are placed into service and/or Eligible Expenses incurred during the period from November 1, 2021 through December 31, 2022. The initial CRM Surcharge rate effective November 1, 2021 will be set at \$0.~~
- ~~(b) Subsequent CRM Surcharge Filings. Southern Star will have the right to file to adjust the CRM Surcharge rates: (1) on or before January 31st of each year to be effective March 1st of each year; and (2) once Southern Star has placed Eligible Facilities in service and/or incurred Eligible Expenses totaling at least \$50 million since the immediately prior CRM Surcharge Filing. Southern Star may make no more than two (2) filings to adjust CRM Surcharge rates during any 12-month period. In each subsequent CRM Surcharge Filing, the CRM Surcharge will include the cumulative Revenue Requirements associated with capital expenditures for Eligible Facilities that are placed into service during the period from November 1, 2021 through the end of the last full calendar month ending at least 25 days before such subsequent CRM Surcharge rate filing and/or Eligible Expenses incurred since the period covered by the immediately prior CRM Surcharge filing. Southern Star's CRM Surcharge Filings will~~

GENERAL TERMS AND CONDITIONS

32. MODERNIZATION CAPITAL COST RECOVERY MECHANISM (CRM) (Cont'd)

32.2 Annual CRM Surcharge Filings (Cont'd)

not the result of discounting or negotiated rate terms that waive the CRM Surcharge.

- (c) Southern Star will make a CRM Surcharge filing with the FERC on or before January 31, 2025 to be effective March 1, 2025, designed to recover the Capital Revenue Requirement related to Capital Costs incurred on Eligible Facilities placed into service during calendar years 2022, 2023, and 2024. The revised CRM Surcharge established by this filing will be effective from March 1, 2025 through February 28, 2026. The revised CRM Surcharge filing will be adjusted (1) for changes in the Modernization Program revenue requirement, and (2) to refund any over-recovery or to recover any under-recovery from the preceding year that is not the result of discounting or negotiated rate terms that waive the CRM Surcharge.
- (d) Southern Star will make a CRM Surcharge filing with the FERC on or before January 31, 2026 to be effective March 1, 2026, designed to recover the Capital Revenue Requirement related to Capital Costs incurred on Eligible Facilities placed into service during calendar years 2022, 2023, 2024 and 2025. The revised CRM Surcharge established by this filing will be effective from March 1, 2026 through October 31, 2026. The revised CRM Surcharge filing will be adjusted (1) for changes in the Modernization Program revenue requirement, and (2) to refund any over-recovery or to recover any under-recovery from the preceding year that is not the result of discounting or negotiated rate terms that waive the CRM Surcharge.
- (e) Southern Star shall identify in each annual CRM Surcharge filing, in the aggregate, (i) the number of discounted contracts entered into on or after the effective date of its filing in Docket No. RP21-778 that discount or waive the CRM Surcharge in whole or in part, (ii) the total dollar amounts of CRM Surcharge waived or discounted in such contracts, and (iii) the amount of the billing determinants subject to waiver or discount of the CRM Surcharge.
- (f) Challenges to Annual Cost Recovery Filings. Customers are entitled to challenge Southern Star's annual cost recovery filings on grounds that include but are not limited to: (i) whether the surcharge filing conforms to the provisions of the Stipulation and Agreement of Settlement filed to resolve Southern Star's general section 4 rate case filing in Docket No. RP21-778 ("Rate Case Settlement"); (ii) the calculation of the CRM

GENERAL TERMS AND CONDITIONS

~~32. MODERNIZATION COST RECOVERY MECHANISM (CRM) (Cont'd)~~

~~32.2 CRM Surcharge Filings (Cont'd)~~

~~revise the CRM rates to take into account both changes in the cumulative Revenue Requirements and over-/under-recovered Revenue Requirements from the preceding periods.~~

- ~~(c) Right to Challenge CRM Filings. Parties shall have the right to challenge the CRM Surcharge Filings on issues that include, but are not limited to, (i) the calculation of the CRM Surcharge rate, (ii) whether costs are eligible for inclusion in the CRM Surcharge rate, and (iii) whether the Eligible Facilities and/or Eligible Expenses are prudent modernization expenses.~~

~~32.3 Eligibility~~

- ~~(a) Eligible Facilities. "Eligible Facilities" have been defined in the Eligible Facilities Plan as filed by Southern Star in its general Section 4 rate case filed on April 30, 2021.~~

~~(i) Discretionary Eligible Facilities and Eligible Expenses. Southern Star retains the discretion to include the Revenue Requirements associated with Eligible Facilities and/or Eligible Expenses not listed in the Eligible Facilities Plan in its CRM Surcharge Filings provided that expenditures are for a project in one of the following categories: 1) projects that Southern Star deems necessary to comply with new regulatory requirements; 2) projects that address unsafe or integrity related conditions; 3) projects that Southern Star deems necessary as a result of new or revised risk model analyses; and 4) contributions in aid of construction used to reduce the costs of Eligible Facilities projects.~~

~~(ii) Unanticipated Eligible Facilities and/or Eligible Expenses. Southern Star shall be permitted to include the Revenue Requirements associated with Eligible Facilities and/or Eligible Expenses that are not listed in the Eligible Facilities Plan and that do not fall into one of the four discretionary categories listed in section 32.3(a)(i); provided, however, that shippers constituting 67% of the billing determinants subject to the CRM Surcharge either support or do not oppose the inclusion of the Unanticipated~~



GENERAL TERMS AND CONDITIONS

32. MODERNIZATION CAPITAL COST RECOVERY MECHANISM (CRM) (Cont'd)

32.2 Annual CRM Surcharge Filings (Cont'd)

Surcharge rate; (iii) whether the costs are eligible for inclusion in the CRM Surcharge rate; (iv) the allocation of cost between Modernization Projects and expansion projects; and (v) whether the Eligible Facilities costs were prudently incurred, or the Modernization Program was prudently implemented.

32.3 Eligibility

(a) Eligible Facilities. "Eligible Facilities" have been defined in the Eligible Facilities Plan ("EFP") as filed by Southern Star in Appendix E of the Rate Case Settlement. In the first annual CRM Surcharge Filing, the CRM Surcharge will include the Capital Revenue Requirement related to capital costs on Eligible Facilities that are placed into service during the period from January 1, 2022 through December 31, 2022. Subsequent CRM Surcharge Filings will include the cumulative Capital Revenue Requirement related to capital costs incurred on Eligible Facilities from January 1, 2022 through the end of the prior calendar year.

(a) During any year, either at the normal annual meeting or at a special meeting called for this purpose with at least fifteen days' prior notice, Southern Star may modify the EFP to include additional projects, substitute projects, and/or remove projects, subject to the Consensus Process to include additional projects and the CRM annual cost limits. Such meetings may be conducted virtually. If meetings are conducted in-person, an option for remote participation via videoconference technology shall be offered to the maximum extent practicable. "Consensus" is defined as a scenario in which customers representing 65% of the billing determinants that are paying the surcharge either support or do not oppose the proposed addition of a project(s); provided, however, as part of any such vote, that a negative vote of a State Commission or its authorized representative shall supersede the affirmative vote of any shipper(s) that the State Commission regulates, and the vote shall be tabulated as if each and every shipper that the State Commission regulates opposes the proposed change with the note that the State Commission opposed the proposed change. The voting procedure and proviso described in the foregoing sentence constitute the "Consensus Process"). If there is no Consensus, then Southern Star must exclude the proposed facilities from the CRM Surcharge.

GENERAL TERMS AND CONDITIONS

~~32. MODERNIZATION COST RECOVERY MECHANISM (CRM)  
(Cont'd)~~

~~32.3 Eligibility (Cont'd)~~

~~Eligible Facilities and/or Eligible Expenses (“Shipper Consensus”). If Southern Star does not receive Shipper Consensus, then Southern Star shall be permitted to include such Unanticipated Eligible Facilities and/or Eligible Expenses upon a determination by the Commission that the costs associated with the proposed Eligible Facilities and/or Eligible Expenses are prudent modernization expenses.~~

~~(b) Eligible Costs Limits. The total amount of prudent investment in Eligible Facilities and/or Eligible Expenses incurred for which Revenue Requirements may be recovered through the CRM will not exceed \$88 million per year subject to a 10 percent annual tolerance above this cap. If Southern Star exceeds the maximum cost limit in any year, Southern Star will treat the excess as a capital maintenance cost. The total amount of prudent investment in Eligible Facilities and/or Eligible Expenses incurred for which Revenue Requirements are eligible for recovery through the CRM will not exceed \$528 million.~~

~~(c) Capital Maintenance Obligation. During calendar years 2022 through 2027, Southern Star will spend on capital maintenance (i.e., plant investment for maintenance and other projects that will not be included in the CRM and that will not be considered to be Eligible Facilities) no less than the amount equal to the combined depreciation and amortization expenses included in the applicable calendar year’s FERC Form 2 Annual Filing (e.g. the calendar year 2022 Capital Maintenance Obligation would equal the combined depreciation and amortization in Southern Star’s 2021 FERC Form 2 filed in 2022). If Southern Star spends less than the amount equal to the combined depreciation and amortization expenses included in the applicable calendar year’s FERC Form 2 Annual Filing, the difference will be used to reduce the plant investment included in the CRM.~~

GENERAL TERMS AND CONDITIONS

32. MODERNIZATION CAPITAL COST RECOVERY MECHANISM (CRM) (Cont'd)

32.3 Eligibility (Cont'd)

- (b) Annual Eligible Capital Cost Limit. The annual Eligible Capital Cost subject to the CRM will not exceed the following annual dollar limits: \$88 million in 2022, \$50 million in 2023, \$50 million in 2024, and \$50 million in 2025. If Southern Star exceeds the maximum cost limit in any year, Southern Star will treat the excess above the Annual Eligible Capital Cost as a capital maintenance cost.
- (c) Capital Maintenance Obligation. During calendar years 2022 through 2025, Southern Star will spend on capital maintenance (i.e., plant investment for maintenance and other projects that will not be included in the CRM and that will not be considered to be Eligible Facilities) no less than an amount equal to the combined depreciation and amortization expenses included in the applicable calendar year's FERC Form 2 Annual Filing ("Capital Maintenance Obligation"). As part of its annual CRM Surcharge filing, Southern Star shall provide a reconciliation of its actual capital maintenance expenditure with its prior year Form 2 depreciation and amortization expenses. If Southern Star spends less than the Capital Maintenance Obligation on capital maintenance in any calendar year, the difference will be used to reduce the plant investment included in the CRM.
- (d) Eligible Facilities Cost Exclusions. Unless otherwise agreed to pursuant to the CRM Settlement, costs incurred to increase the capacity of Southern Star's system to provide additional or incremental transportation service shall be excluded from Eligible Facilities. Operations and maintenance expenses shall also be excluded from Eligible Facilities.

32.4 CRM Surcharge Calculation

- (a) Determination of Capital Revenue Requirement by Rate Area. In each annual CRM Surcharge filing, Southern Star will calculate the cumulative Capital Revenue Requirement related to Capital Costs of Eligible Facilities placed into service from January 1, 2022 through the end of the prior calendar year. A separate Capital Revenue Requirement associated with Eligible Facilities will be calculated for the Production Area, the Market Area and Storage based on the location or function of the projects as specified in the EFP.

GENERAL TERMS AND CONDITIONS

~~32. MODERNIZATION COST RECOVERY MECHANISM (CRM) (Cont'd)~~

~~32.4 CRM Surcharge Calculation~~

- ~~(a) Determination of Revenue Requirement by Rate Area. In each CRM Surcharge filing, Southern Star will calculate the cumulative Revenue Requirement resulting from capital investments in Eligible Facilities and/or Eligible Expenses incurred related to Eligible Facilities that were placed in and remained in service during the applicable periods as described in Sections 32.2(a) and (b). A separate Revenue Requirement associated with Eligible Facilities will be calculated for the Production Area, the Market Area and Storage.~~

~~For each Rate Area, Southern Star will determine the cumulative Revenue Requirement associated with Eligible Facilities that were placed in and remained in service since November 1, 2021 (i.e., gross plant). Southern Star will then subtract accumulated depreciation from the gross plant and adjust for accumulated deferred income taxes to determine the cumulative rate base associated with the Eligible Facilities. The Revenue Requirement will then be derived by summing (1) the cumulative rate base associated with the Eligible Facilities multiplied by a factor (the "Rate Base Multiplier") that reflects pre-tax return and taxes other than income tax and (2) the cumulative gross plant associated with the Eligible Facilities multiplied by the applicable depreciation rate (from Southern Star's general Section 4 rate case filed on April 30, 2021) and (3) for each CRM Surcharge filing except the initial CRM Surcharge Filing, any over- or under-recovery of the prior surcharge period's Revenue Requirement and (4) any Eligible Expenses will then be added. The Rate Base Multiplier will be 16.25%.~~

- ~~(b) CRM Surcharge Calculation. Southern Star will allocate the Revenue Requirement across each Applicable Rate Schedule by deriving the CRM Surcharge on a per unit basis. After the cumulative Revenue Requirement has been calculated for the Production Area, the Market Area, and Storage, Southern Star will calculate the CRM Surcharge across all current billing determinants associated with the Applicable Rate Schedules, excluding any expansion projects that may be excluded pursuant to Section 32.4(c) below and excluding any unprocessed quantities being delivered to the Jayhawk Plant for processing and further transportation on the Southern Star system. Provided, however, for purposes of Sections 32.4 and 32.5, current billing determinants will be subject to the following~~

GENERAL TERMS AND CONDITIONS

32. MODERNIZATION CAPITAL COST RECOVERY MECHANISM (CRM) (Cont'd)

32.4 CRM Surcharge Calculation (Cont'd)

For each Rate Area, Southern Star will determine the cumulative Eligible Capital Cost incurred during the CRM Term (i.e., gross plant). Southern Star will then subtract accumulated depreciation from the gross plant and adjust for accumulated deferred income taxes to determine the cumulative rate base associated with the Eligible Facilities. The Capital Revenue Requirement will then be derived by summing (1) the cumulative rate base associated with the Eligible Facilities multiplied by a factor (the "Rate Base Multiplier") that reflects pre-tax return and taxes other than income tax and (2) the cumulative gross plant associated with the Eligible Facilities multiplied by the applicable depreciation rate (from the Rate Case Settlement) and (3) for each CRM Surcharge Filing except the initial CRM Surcharge filing, any over- or under-recovery of the prior year's Capital Revenue Requirement. The Rate Base Multiplier will be 13.51%.

- (b) CRM Surcharge Calculation. After the cumulative Capital Revenue Requirement has been calculated for the Production Area, the Market Area, and Storage, Southern Star will calculate the CRM Surcharge across all current billing determinants associated with the Applicable Rate Schedules, excluding any incrementally priced expansion projects other than those that meet the criteria set forth in Section 32.4(c)(ii) (i.e., dual use expansion projects), which will be subject to the CRM Surcharge as provided in Section 32.4(c)(ii) and excluding any unprocessed quantities being delivered to the Jayhawk Plant for processing and further transportation on the Southern Star system. Provided, however, for purposes of Sections 32.4 and 32.5, current billing determinants will be subject to the following billing determinant floors as applicable (floors shall correspondingly be adjusted if the billing period is less than a full year): (i) a Production Area billing determinant floor of 523,946,130 Dth; (ii) a Market Area billing determinant floor of 630,614,342 Dth; and (iii) a Storage billing determinant floor of 388,868,449 Dth. If the billing determinants are lower than the floors set forth herein, Southern Star will impute billing determinants at the maximum applicable rate and the revenues that would be associated with such billing determinants to reflect the above-stated billing determinant levels in the calculation of the CRM Surcharge rates. For purposes of this section, current billing determinants means such actual billing determinants in (i) the prior calendar year for the filings to be effective March 1, 2023, 2024, and 2025 and (ii) the

GENERAL TERMS AND CONDITIONS

~~32. MODERNIZATION COST RECOVERY MECHANISM (CRM) (Cont'd)~~

~~32.4. CRM Surcharge Calculation (Cont'd)~~

~~\_\_\_\_\_ billing determinant floors as applicable: (i) a Production Area billing determinant floor of 523,946,130 Dth; (ii) a Market Area billing determinant floor of 630,614,342 Dth; and (iii) a Storage billing determinant floor of 388,868,449 Dth. If the billing determinants are lower than the floors set forth herein, Southern Star will impute billing determinants at the maximum applicable rate and the revenues that would be associated with such billing determinants to reflect the above-stated billing determinant levels in the calculation of the CRM Surcharge rates.~~

~~\_\_\_\_\_ The CRM Surcharge for firm services with a reservation charge will be a reservation surcharge; the surcharge for interruptible services and firm services with a one-part rate will be a commodity surcharge. The CRM Surcharge for interruptible service shall be the 100 percent load factor equivalent of the corresponding firm service CRM Surcharge. The reservation CRM Surcharge for firm storage service shall be assessed as a deliverability charge only.~~

~~(e) Expansion Projects~~

~~(i) General Rules. If Southern Star proposes an expansion and the facilities' costs are rolled in under Commission policy, shippers on that expansion will pay the CRM Surcharge rate. Incrementally priced expansion projects will not be charged the CRM Surcharge rate and the billing determinants for incrementally priced expansion projects will not be included in the calculation of the CRM Surcharge rate. But, if there is an expansion that is dual use, supports reliability and an expansion, the costs of those facilities must be proportionally shared between the reliability and expansion purposes.~~

~~(ii) Dual Use Expansion Projects. If an expansion project is constructed concurrently with Eligible Facilities, the costs of such combined project shall be allocated between the Modernization Project and the expansion project on a pro rata basis. Such allocation of costs shall not result in an allocation of expansion project costs to the Modernization Project. The pro rata allocation to the Modernization Project shall be determined by dividing the projected cost of constructing the Eligible Facilities Project on a~~



GENERAL TERMS AND CONDITIONS

32. MODERNIZATION CAPITAL COST RECOVERY MECHANISM (CRM) (Cont'd)

32.4 CRM Surcharge Calculation (Cont'd)

eight-month period from March 2025 through October 2025 for the filing to be effective March 1, 2026. Southern Star will allocate the Capital Revenue Requirement across each Applicable Rate Schedule by deriving the CRM Surcharge on a per unit basis.

The CRM Surcharge for firm services with a reservation charge will be a reservation surcharge; the CRM Surcharge for interruptible services and firm services with a one-part rate will be a commodity surcharge. The volumetric CRM Surcharge for interruptible service shall equal the reservation CRM Surcharge for the corresponding firm service. The reservation CRM Surcharge for firm storage service shall be assessed as a deliverability charge only.

(c) Expansion Projects

(i) General Rules. If Southern Star proposes an expansion and the facilities' costs are rolled-in under Commission policy, shippers on that expansion will pay the surcharge. If there is an expansion that will be incrementally priced, those shippers need not pay the surcharge on the incrementally priced MDQ. But, if there is an expansion that is dual use, supports reliability and an expansion, the costs of those facilities must be proportionally shared between the reliability and expansion purposes, as provided in Section 32.4(c)(ii).

(ii) Dual Use Expansion Projects. If an expansion project is constructed concurrently with Eligible Facilities, the costs of such combined project shall be allocated between the Modernization Project and the expansion project on a pro-rata basis. Such allocation of costs shall not result in an allocation of Expansion Project costs to the Modernization Project. The pro rata allocation to the Modernization Project shall be determined by dividing the projected cost of constructing the Eligible Facilities Project on a stand-alone basis with the sum of (1) the projected cost of constructing the Eligible Facilities Project on a stand-alone basis and (2) the projected cost of constructing the Expansion Project on a stand-alone basis. For the purposes of this provision, an

~~expansion project shall be deemed as directly utilizing an Eligible Facility.~~  
~~GENERAL TERMS AND CONDITIONS~~

~~32. MODERNIZATION COST RECOVERY MECHANISM (CRM)  
(Cont'd)~~

~~32.4 CRM Surcharge Calculation (Cont'd)~~

~~stand-alone basis with the sum of (1) the projected cost of constructing the Eligible Facilities Project on a stand-alone basis and (2) the projected cost of constructing the Expansion Project on a stand-alone basis. For the purposes of this provision, an expansion project shall be deemed as directly utilizing an Eligible Facility if the construction of the Eligible Facilities project and the expansion project concurrently results in a lower overall cost for the combined projects than constructing each project on a stand-alone basis, or if, in the absence of an Eligible Facility project, the expansion project would have required the installation of additional facilities in order to meet the project's needs. Additionally, billing determinants for new expansion projects will be added to the calculation of the CRM Surcharge if such expansion projects directly utilize Eligible Facilities, even if such Expansion Project would otherwise be incrementally priced (i.e., shippers paying an incremental rate will only pay the CRM Surcharge to the extent such shippers directly utilize Eligible Facilities).~~

~~32.5 Term, Final True-up, and Roll-in~~

- ~~(a) Term. The Modernization Program shall commence on November 1, 2021 and the CRM will terminate on February 28, 2029 (CRM Term). Provided, however, Southern Star shall have the right to seek to terminate the CRM prior to the end of the CRM Term by filing a general NGA Section 4(e) rate case.~~
- ~~(b) Final True-up. Any positive or negative balances in Southern Star's CRM account as of the expiration of the CRM Term or termination of the CRM will be charged or refunded to Shippers, as applicable, in the next monthly billing cycle that is at least 45 days after the expiration or termination of the CRM.~~
- ~~(c) Roll-in. The net capital costs of the Modernization Program Eligible Facilities will be rolled into rate base during Southern Star's next general NGA Section 4(e) rate case.~~



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GENERAL TERMS AND CONDITIONS

32. MODERNIZATION CAPITAL COST RECOVERY MECHANISM (CRM) (Cont'd)

32.4 CRM Surcharge Calculation (Cont'd)

Facility if the construction of the Eligible Facilities project and the expansion project concurrently results in a lower overall cost for the combined projects than constructing each project on a stand-alone basis, or if, in the absence of an Eligible Facility project, the expansion project would have required the installation of additional facilities in order to meet the project's needs. Additionally, billing determinants for new expansion projects will be added to the calculation of the CRM Surcharge if such expansion projects directly utilize Eligible Facilities, even if such Expansion Project would otherwise be incrementally priced (i.e., shippers paying an incremental rate will only pay the CRM Surcharge to the extent such shippers directly utilize Eligible Facilities).

32.5 Termination, Roll-in, and Final True-up

- (a) Termination and Roll-in. The CRM Surcharge will be effective for a term commencing March 1, 2023 and ending on November 1, 2026 (i.e., the 2026 CRM Surcharge will terminate upon the proposed effective date of Southern Star's next NGA Section 4(e) general rate filing. The net capital costs of the Modernization Program Eligible Facilities will be rolled into rate base during Southern Star's next general NGA Section 4(e) rate case, to be effective November 1, 2026.
- (b) Final True-up. Upon termination of the CRM, Shippers under the Applicable Rate Schedules will remain subject to any unrecovered CRM Costs, and Southern Star will be required to refund any over-recovered CRM Costs. Any positive or negative balances in Southern Star's CRM account as of the expiration of the CRM will be charged or refunded to Shippers, as applicable, in the next monthly billing cycle that is at least 45 days after the termination of the CRM (i.e., in January 2027).

SHEET NOS. 322—399 ARE RESERVED FOR FUTURE USE

SHEET NOS. 323 – 399 ARE RESERVED FOR FUTURE USE

**SOUTHERN STAR CENTRAL GAS PIPELINE, INC.  
DOCKET NO. RP21-778  
RECOVERY, FUNDING AND ACCOUNTING FOR PENSION AND POST-RETIREMENT BENEFITS**

The Settlement Rates effective November 1, 2021, provide for the recovery of \$9.6 million annually on a gross basis for pension benefits and post-retirement benefits other than pensions ("PBOP") ("Annual Recovery Amount"). This Annual Recovery Amount provides recovery of Southern Star's pension and PBOP obligations, as actuarially determined, under generally accepted accounting principles, in accordance with applicable provisions of Financial Accounting Standards ("Annual Cost") and is intended to be at a level sufficient to avoid pension benefit restrictions under Internal Revenue Code Section 436 and/or filings with PBGC for underfunded plans under ERISA Section 4010. The difference between such actuarially determined Annual Costs and the Annual Recovery Amount will be recorded as a regulatory asset (Account 182.3) or a regulatory liability (Account 254). Southern Star shall include in its next general Section 4 rate case a proposal to include amortization of balances in these accounts, subject to challenge by other parties.

The amount recovered is to be deposited into applicable trusts established solely for the provision of the aforementioned benefits, in a manner that permits Southern Star to maximize the tax deductibility of the deposits and adhere to minimum and maximum funding requirements.

In each year this Settlement is in effect, Southern Star shall deposit an amount that is at least equal to the actuarially determined Minimum Annual Contributions to its pension and/or PBOP trusts but such annual deposits shall not be less than the \$9.6 million Annual Recovery Amount, except as described below. If Southern Star's deposits in any year during the term of this Settlement exceed the Annual Recovery Amount of \$9.6 million, Southern Star may in subsequent years during the term of this Settlement deposit less than \$9.6 million into the trusts, but not less than the actuarially determined Minimum Annual Contributions, provided that Southern Star will deposit the total Annual Recovery Amount (\$800,000 per month times the number of months this Agreement is in effect) during the term of the Agreement. As used herein, Minimum Annual Contributions includes both the amounts required to be contributed to Southern Star's pension plans for a given plan year to comply with the minimum pension contribution requirements pursuant to ERISA and the Internal Revenue Code and the amounts necessary to fund Southern Star's retiree medical plans to cover pay as you go costs.

The parties acknowledge and agree that as of October 31, 2021, the funding pursuant to the RP13-941 settlement exceeded the recoveries under that settlement by \$7,063,245. This amount shall be carried forward as a credit against the otherwise required funding of \$800,000 per month under the terms of this agreement.

The established trust funds are not to be commingled with each other or with the funds of any other entity. This prohibition on commingling funds may only be modified in accordance with Article II of this Stipulation and Agreement. However, Southern Star may commingle the assets of the individual funds for investment purposes so long as any gains or losses related to those investments are prorated back to the individual funds based upon the relationship of the assets invested from each individual fund to the total assets invested from all funds.

**APPENDIX C-1 (cont'd)**

The investment advisors to the trust(s) shall not be affiliated with Southern Star.

Southern Star agrees at any time during the term of the Agreement to make available to interested state commissions or customers, upon request, copies of actuarial reports, IRS Form 5500's, and filings with the U.S. Department of Labor with respect to its pension and PBOP plans and associated trusts.

**SOUTHERN STAR CENTRAL GAS PIPELINE, INC.**  
**DOCKET NO. RP21-778**  
**DEPRECIATION & AMORTIZATION RATES**

<u>Intangible</u>	
Regular	2.86%
Software	10.00%
<u>Storage - Depreciable</u>	
Depreciation	1.95%
Negative Salvage	0.41%
<u>Storage - Amortizable</u>	
Limited Term Land Rights	10.00%
<u>Transmission - Depreciable</u>	
Depreciation	1.74%
Negative Salvage	0.31%
<u>Transmission - Amortizable</u>	
Limited Term Land Rights	Various
<u>General - Charged to Expense</u>	
Structures and Improvements	4.92%
Leasehold Improvements	3.33%
Power Operated Equipment	10.00%
Trailers	6.67%
Tools, Shop, & Garage Equipment	10.00%
Laboratory Equipment	10.00%
Communication Equipment	10.00%
Miscellaneous Equipment	10.00%
Furniture	10.00%
Computer Equipment	20.00%
SCADA Equipment	10.00%
Office Equipment	20.00%
<u>General - Charged to Clearing</u>	
Autos and Trucks	25.00%
Heavy Trucks (1 ton and above)	20.00%

## Southern Star Central Gas Pipeline, Inc.

## Docket No. RP21-778

## Change in Settlement Base Rates Related to a Change in U.S. Federal Corporate Income Tax

Federal Income Tax Rate	CMD-P	CMD-M	RED	REC	Inj/Wdr	FTS-P	FTS-M	STS-P	STS-PMI	STS-M	ITS-P	ITS-M
1%	\$ 0.0100	\$ 0.0149	\$ 0.0421	\$ 0.0012	\$ 0.0175	\$ 0.2411	\$ 0.1954	\$ 1.5136	\$ 0.6385	\$ 1.1543	\$ 0.2511	\$ 0.2103
2%	\$ 0.0100	\$ 0.0149	\$ 0.0424	\$ 0.0013	\$ 0.0175	\$ 0.2425	\$ 0.1962	\$ 1.5321	\$ 0.6422	\$ 1.1680	\$ 0.2525	\$ 0.2111
3%	\$ 0.0100	\$ 0.0149	\$ 0.0426	\$ 0.0013	\$ 0.0175	\$ 0.2439	\$ 0.1970	\$ 1.5404	\$ 0.6461	\$ 1.1722	\$ 0.2539	\$ 0.2119
4%	\$ 0.0100	\$ 0.0149	\$ 0.0428	\$ 0.0013	\$ 0.0175	\$ 0.2454	\$ 0.1978	\$ 1.5488	\$ 0.6500	\$ 1.1765	\$ 0.2554	\$ 0.2127
5%	\$ 0.0100	\$ 0.0149	\$ 0.0430	\$ 0.0013	\$ 0.0175	\$ 0.2469	\$ 0.1986	\$ 1.5566	\$ 0.6536	\$ 1.1808	\$ 0.2569	\$ 0.2135
6%	\$ 0.0100	\$ 0.0149	\$ 0.0433	\$ 0.0013	\$ 0.0175	\$ 0.2484	\$ 0.1995	\$ 1.5658	\$ 0.6578	\$ 1.1858	\$ 0.2584	\$ 0.2144
7%	\$ 0.0100	\$ 0.0149	\$ 0.0435	\$ 0.0013	\$ 0.0175	\$ 0.2500	\$ 0.2004	\$ 1.5747	\$ 0.6620	\$ 1.1905	\$ 0.2600	\$ 0.2153
8%	\$ 0.0100	\$ 0.0149	\$ 0.0437	\$ 0.0013	\$ 0.0175	\$ 0.2516	\$ 0.2013	\$ 1.5836	\$ 0.6662	\$ 1.1952	\$ 0.2616	\$ 0.2162
9%	\$ 0.0100	\$ 0.0149	\$ 0.0440	\$ 0.0013	\$ 0.0175	\$ 0.2532	\$ 0.2022	\$ 1.5927	\$ 0.6703	\$ 1.2002	\$ 0.2632	\$ 0.2171
10%	\$ 0.0100	\$ 0.0149	\$ 0.0442	\$ 0.0013	\$ 0.0175	\$ 0.2549	\$ 0.2031	\$ 1.6016	\$ 0.6745	\$ 1.2049	\$ 0.2649	\$ 0.2180
11%	\$ 0.0100	\$ 0.0149	\$ 0.0445	\$ 0.0013	\$ 0.0175	\$ 0.2566	\$ 0.2041	\$ 1.6113	\$ 0.6789	\$ 1.2104	\$ 0.2666	\$ 0.2190
12%	\$ 0.0100	\$ 0.0149	\$ 0.0448	\$ 0.0013	\$ 0.0175	\$ 0.2584	\$ 0.2051	\$ 1.6215	\$ 0.6836	\$ 1.2159	\$ 0.2684	\$ 0.2200
13%	\$ 0.0100	\$ 0.0149	\$ 0.0450	\$ 0.0013	\$ 0.0175	\$ 0.2602	\$ 0.2061	\$ 1.6314	\$ 0.6883	\$ 1.2210	\$ 0.2702	\$ 0.2210
14%	\$ 0.0100	\$ 0.0149	\$ 0.0453	\$ 0.0013	\$ 0.0175	\$ 0.2620	\$ 0.2071	\$ 1.6416	\$ 0.6930	\$ 1.2265	\$ 0.2720	\$ 0.2220
15%	\$ 0.0100	\$ 0.0149	\$ 0.0456	\$ 0.0013	\$ 0.0175	\$ 0.2639	\$ 0.2081	\$ 1.6627	\$ 0.6980	\$ 1.2411	\$ 0.2739	\$ 0.2230
16%	\$ 0.0100	\$ 0.0149	\$ 0.0459	\$ 0.0014	\$ 0.0175	\$ 0.2658	\$ 0.2092	\$ 1.6734	\$ 0.7029	\$ 1.2471	\$ 0.2758	\$ 0.2241
17%	\$ 0.0100	\$ 0.0149	\$ 0.0462	\$ 0.0014	\$ 0.0175	\$ 0.2677	\$ 0.2103	\$ 1.6841	\$ 0.7079	\$ 1.2530	\$ 0.2777	\$ 0.2252
18%	\$ 0.0100	\$ 0.0149	\$ 0.0465	\$ 0.0014	\$ 0.0175	\$ 0.2697	\$ 0.2114	\$ 1.6954	\$ 0.7131	\$ 1.2589	\$ 0.2797	\$ 0.2263
19%	\$ 0.0100	\$ 0.0149	\$ 0.0468	\$ 0.0014	\$ 0.0175	\$ 0.2718	\$ 0.2126	\$ 1.7071	\$ 0.7186	\$ 1.2653	\$ 0.2818	\$ 0.2275
20%	\$ 0.0100	\$ 0.0149	\$ 0.0471	\$ 0.0014	\$ 0.0175	\$ 0.2739	\$ 0.2138	\$ 1.7189	\$ 0.7240	\$ 1.2717	\$ 0.2839	\$ 0.2287
21%	\$ 0.0100	\$ 0.0149	\$ 0.0474	\$ 0.0014	\$ 0.0175	\$ 0.2761	\$ 0.2150	\$ 1.7312	\$ 0.7298	\$ 1.2781	\$ 0.2861	\$ 0.2299
22%	\$ 0.0100	\$ 0.0149	\$ 0.0478	\$ 0.0014	\$ 0.0175	\$ 0.2783	\$ 0.2162	\$ 1.7437	\$ 0.7355	\$ 1.2848	\$ 0.2883	\$ 0.2311
23%	\$ 0.0100	\$ 0.0149	\$ 0.0481	\$ 0.0014	\$ 0.0175	\$ 0.2806	\$ 0.2175	\$ 1.7565	\$ 0.7415	\$ 1.2916	\$ 0.2906	\$ 0.2324
24%	\$ 0.0100	\$ 0.0149	\$ 0.0485	\$ 0.0014	\$ 0.0175	\$ 0.2829	\$ 0.2188	\$ 1.7696	\$ 0.7475	\$ 1.2987	\$ 0.2929	\$ 0.2337
25%	\$ 0.0100	\$ 0.0149	\$ 0.0488	\$ 0.0014	\$ 0.0175	\$ 0.2853	\$ 0.2201	\$ 1.7829	\$ 0.7537	\$ 1.3056	\$ 0.2953	\$ 0.2350
26%	\$ 0.0100	\$ 0.0149	\$ 0.0492	\$ 0.0015	\$ 0.0175	\$ 0.2878	\$ 0.2215	\$ 1.8074	\$ 0.7603	\$ 1.3224	\$ 0.2978	\$ 0.2364
27%	\$ 0.0100	\$ 0.0149	\$ 0.0496	\$ 0.0015	\$ 0.0175	\$ 0.2903	\$ 0.2229	\$ 1.8215	\$ 0.7668	\$ 1.3299	\$ 0.3003	\$ 0.2378
28%	\$ 0.0100	\$ 0.0149	\$ 0.0500	\$ 0.0015	\$ 0.0175	\$ 0.2929	\$ 0.2244	\$ 1.8362	\$ 0.7736	\$ 1.3380	\$ 0.3029	\$ 0.2393
29%	\$ 0.0100	\$ 0.0149	\$ 0.0504	\$ 0.0015	\$ 0.0175	\$ 0.2956	\$ 0.2259	\$ 1.8513	\$ 0.7806	\$ 1.3461	\$ 0.3056	\$ 0.2408
30%	\$ 0.0100	\$ 0.0149	\$ 0.0508	\$ 0.0015	\$ 0.0175	\$ 0.2983	\$ 0.2274	\$ 1.8665	\$ 0.7876	\$ 1.3541	\$ 0.3083	\$ 0.2423
31%	\$ 0.0100	\$ 0.0149	\$ 0.0513	\$ 0.0015	\$ 0.0175	\$ 0.3012	\$ 0.2290	\$ 1.8830	\$ 0.7952	\$ 1.3629	\$ 0.3112	\$ 0.2439
32%	\$ 0.0100	\$ 0.0149	\$ 0.0517	\$ 0.0015	\$ 0.0175	\$ 0.3041	\$ 0.2306	\$ 1.8992	\$ 0.8028	\$ 1.3719	\$ 0.3141	\$ 0.2455
33%	\$ 0.0100	\$ 0.0149	\$ 0.0521	\$ 0.0015	\$ 0.0175	\$ 0.3071	\$ 0.2323	\$ 1.9159	\$ 0.8106	\$ 1.3804	\$ 0.3171	\$ 0.2472
34%	\$ 0.0100	\$ 0.0149	\$ 0.0526	\$ 0.0016	\$ 0.0175	\$ 0.3102	\$ 0.2341	\$ 1.9438	\$ 0.8187	\$ 1.3993	\$ 0.3202	\$ 0.2490
35%	\$ 0.0100	\$ 0.0149	\$ 0.0531	\$ 0.0016	\$ 0.0175	\$ 0.3133	\$ 0.2358	\$ 1.9613	\$ 0.8267	\$ 1.4086	\$ 0.3233	\$ 0.2507
36%	\$ 0.0100	\$ 0.0149	\$ 0.0536	\$ 0.0016	\$ 0.0175	\$ 0.3166	\$ 0.2377	\$ 1.9799	\$ 0.8353	\$ 1.4188	\$ 0.3266	\$ 0.2526
37%	\$ 0.0100	\$ 0.0149	\$ 0.0541	\$ 0.0016	\$ 0.0175	\$ 0.3200	\$ 0.2396	\$ 1.9989	\$ 0.8442	\$ 1.4289	\$ 0.3300	\$ 0.2545
38%	\$ 0.0100	\$ 0.0149	\$ 0.0546	\$ 0.0016	\$ 0.0175	\$ 0.3235	\$ 0.2415	\$ 2.0185	\$ 0.8533	\$ 1.4391	\$ 0.3335	\$ 0.2564
39%	\$ 0.0100	\$ 0.0149	\$ 0.0552	\$ 0.0016	\$ 0.0175	\$ 0.3271	\$ 0.2436	\$ 2.0390	\$ 0.8627	\$ 1.4505	\$ 0.3371	\$ 0.2585
40%	\$ 0.0100	\$ 0.0149	\$ 0.0558	\$ 0.0017	\$ 0.0175	\$ 0.3308	\$ 0.2457	\$ 2.0703	\$ 0.8724	\$ 1.4711	\$ 0.3408	\$ 0.2606

1/ Rate adjustments included herein reflect the amortization of EDIT or DDIT as applicable.

2/ In the event the U.S. federal corporate income tax rate is not a whole number, Southern Star will make a proportional adjustment.

**Southern Star Central Gas Pipeline, Inc.**  
**Docket No. RP21-778**

Change in amount and amortization of EDIT or DDIT due to a Change in U.S. Federal Corporate Income Tax

Federal Income Tax Rate	EDIT/DDIT	Amortization of EDIT/DDIT
1%	-\$117,671,940	-\$5,348,725
2%	-\$112,927,816	-\$5,133,083
3%	-\$108,085,982	-\$4,912,999
4%	-\$103,143,386	-\$4,688,336
5%	-\$98,107,710	-\$4,459,441
6%	-\$92,953,461	-\$4,225,157
7%	-\$87,688,480	-\$3,985,840
8%	-\$82,309,161	-\$3,741,326
9%	-\$76,811,739	-\$3,491,443
10%	-\$71,192,280	-\$3,236,013
11%	-\$65,446,675	-\$2,974,849
12%	-\$59,570,629	-\$2,707,756
13%	-\$53,559,648	-\$2,434,529
14%	-\$47,409,030	-\$2,154,956
15%	-\$41,118,940	-\$1,869,043
16%	-\$34,673,301	-\$1,576,059
17%	-\$28,072,503	-\$1,276,023
18%	-\$21,310,874	-\$968,676
19%	-\$14,382,465	-\$653,748
20%	-\$7,281,029	-\$330,956
21%	\$0	\$0
22%	\$7,467,520	\$339,433
23%	\$15,128,790	\$687,672
24%	\$22,991,450	\$1,045,066
25%	\$31,067,900	\$1,412,177
26%	\$39,359,149	\$1,789,052
27%	\$47,877,326	\$2,176,242
28%	\$56,631,877	\$2,574,176
29%	\$65,632,779	\$2,983,308
30%	\$74,890,580	\$3,404,117
31%	\$84,416,437	\$3,837,111
32%	\$94,222,162	\$4,282,826
33%	\$104,320,274	\$4,741,831
34%	\$114,724,049	\$5,214,729
35%	\$125,467,872	\$5,703,085
36%	\$136,528,259	\$6,205,830
37%	\$147,939,418	\$6,724,519
38%	\$159,718,303	\$7,259,923
39%	\$171,882,983	\$7,812,863
40%	\$184,452,725	\$8,384,215



**Southern Star Central Gas Pipeline, Inc.**  
**Docket No. RP21-778**

Change in CRM Related to a Change in U.S. Federal Corporate Income Tax

Federal Income Tax Rate	Revised Modernization Rate Base Multiplier
1%	11.42%
2%	11.50%
3%	11.59%
4%	11.68%
5%	11.76%
6%	11.86%
7%	11.95%
8%	12.05%
9%	12.14%
10%	12.24%
11%	12.35%
12%	12.45%
13%	12.56%
14%	12.67%
15%	12.78%
16%	12.89%
17%	13.01%
18%	13.13%
19%	13.26%
20%	13.38%
21%	13.51%
22%	13.58%
23%	13.65%
24%	13.72%
25%	13.79%
26%	13.86%
27%	13.94%
28%	14.02%
29%	14.10%
30%	14.18%
31%	14.26%
32%	14.35%
33%	14.44%
34%	14.53%
35%	14.63%
36%	14.73%
37%	14.83%
38%	14.93%
39%	15.04%
40%	15.15%

MOD Category	Proposed Project Title	Scope / Estimate	Production / Market / Storage	Current Year
Compression	Install automation at Tonganoxie Compressor Station	\$ 5,160,432	Market	2022
Compression	Replace and Reclaim PLCs on Solar Turbines at Hugoton Station	\$ 3,032,571	Production	2022
Compression	Install Filter Separator at Saginaw Station for Lines HQ and HS	\$ 1,852,158	Market	2022
Compression	Replace and Reclaim PLCs at Americus Station	\$ 658,177	Market	2022
Compression	Replace and Reclaim PLCs at Edmond Station	\$ 607,321	Production	2022
Compression	Replace and Reclaim Standby Generator and Switch Gear at Webb Station	\$ 594,425	Production	2022
Compression	Replace and Reclaim Ingersoll-Rand Air Compressor at Lyons Station	\$ 385,079	Production	2022
Compression	Replace and Reclaim PLCs at Lyons Station	\$ 346,236	Production	2022
Compression	Replace Curtis Air Compressor at Wakita	\$ 290,554	Production	2022
Compression	Replace and Reclaim PLCs at Mutual Station	\$ 260,545	Production	2022
Compression	Replace and Reclaim Suction/Discharge/By-pass and Mainline Valve Operators at Yuma Station	\$ 254,582	Production	2022
Compression	Replace and Reclaim Gardner Denver Air Compressor at Edmond Station	\$ 218,788	Production	2022
Compression	Replace and Reclaim Suction/Discharge/Mainline Valve Operators at Cheyenne Station	\$ 214,270	Production	2022
Compression	Replace and Reclaim Generator Controls at Grabham Station	\$ 152,664	Market	2022
Compression	Install Exhaust Thermocouples for Cylinder Temperature on Units #1 and #2 at Riner Station	\$ 145,910	Production	2022
Compression	Replace and Reclaim Ignition on two (2) Cooper-Bessmer engines at Saginaw Station	\$ 140,274	Market	2022
Compression	Replace and Reclaim Fire and Gas Detection Systems at Peculiar Station	\$ 133,288	Market	2022
Compression	Replace and Reclaim By-pass Valve Operators for Units #17, #18 and #19 at Hugoton Station	\$ 105,000	Production	2022
Compression	Install Exhaust Thermocouples for Cylinder Temperatures at Ogallah Station	\$ 83,019	Production	2022
Compression	Install Exhaust Thermocouples for Cylinder Temperature at St. Francis Station	\$ 79,619	Production	2022
Compression	Install Exhaust Thermocouples for Cylinder Temperature at Levant Station	\$ 79,558	Production	2022
Compression	Install Exhaust Thermocouples for Cylinder Temperature at Yuma Station	\$ 79,431	Production	2022
Compression	Install Exhaust Thermocouples for Cylinder Temperatures at Cheyenne Station	\$ 79,431	Production	2022
Compression	Install new switchgear for standby generator at Yuma	\$ 77,108	Production	2022
Compression	Install Exhaust Thermocouples for Cylinder Temperature at Otis Station	\$ 73,088	Production	2022
Compression	Replace and Reclaim Fire and Gas Detection Systems at Yuma Station	\$ 63,508	Production	2022
Compression	Replace and Reclaim Fire and Gas Detection Systems at St. Francis Station	\$ 63,508	Production	2022
Compression	Replace and Reclaim Fire and Gas Detection Systems at Otis Station	\$ 63,508	Production	2022
Compression	Replace and Reclaim Fire and Gas Detection Systems at Mutual Station	\$ 63,508	Production	2022
Compression	Replace and Reclaim Fire and Gas Detection Systems at Merino Station	\$ 63,508	Production	2022
Compression	Replace and Reclaim Fire and Gas Detection Systems at Levant Station	\$ 63,508	Production	2022
Compression	Replace and Reclaim Fire and Gas Detection Systems at Hoxie Station	\$ 63,508	Production	2022
Compression	Replace and Reclaim Fire and Gas Detection Systems at Cheyenne Station	\$ 63,508	Production	2022
Compression	Replace and Reclaim Fire and Gas Detection Systems at Arlington Station	\$ 63,508	Production	2022
Compression	Replace and Reclaim Gas Detection System at Tonganoxie Station	\$ 34,815	Market	2022
Exposure Remediation	Remediation of Line XMAA Exposure at Little Bonne Femme Creek in Rock Bridge State Park, Boone County, MO	\$ 1,535,347	Market	2022
Exposure Remediation	Remediate 2 Line XD exposures, 1/2 mile east of N3230 Rd, Logan County, OK	\$ 1,400,281	Production	2022
Exposure Remediation	Remediation of Line GA exposure at Cottonwood River, Lyon County, KS	\$ 969,650	Market	2022
Exposure Remediation	Remediate Line VPD exposure at Cow Creek, Cleveland County, OK	\$ 966,732	Production	2022
Exposure Remediation	Remediation of Line U exposure at Ninnescah River, Sumner County, KS	\$ 886,702	Production	2022
Exposure Remediation	Stabilize approx. 9 ft and 9 ft of 26" Line VU in Kay, OK to Remediate 2 Exposures	\$ 877,961	Market	2022

MOD Category	Proposed Project Title	Scope / Estimate	Production / Market / Storage	Current Year
Exposure Remediation	Remediate Line VPB exposure at Salt Creek, Grady County, OK	\$ 771,401	Production	2022
Exposure Remediation	Replace Approximately 300' of Line ER (Sabetha Tap) 6" to Remediate Walnut Creek Exposure, Brown County, KS	\$ 630,389	Market	2022
Exposure Remediation	Remediation of Line XMAA Exposure at Loutre River, Montgomery County, MO	\$ 550,318	Market	2022
Exposure Remediation	Remediate Line XD exposure west of S. Westminster Blvd, Logan County, OK	\$ 528,531	Production	2022
Exposure Remediation	Remediate Line QF multiple exposures at Bloody Creek, Chase County, KS	\$ 445,747	Market	2022
Exposure Remediation	Remediation of Line QE Exposure, Osage County, KS	\$ 441,866	Market	2022
Exposure Remediation	Remediation of 2 Line XMAA exposures at Blackwater River, Pettis County, MO	\$ 392,177	Market	2022
Exposure Remediation	Remediation of Line E exposure at Ninemile Creek, Leavenworth County, KS	\$ 354,222	Market	2022
Exposure Remediation	Remediate Line XD exposure at Bear Creek, Logan County, OK	\$ 340,515	Production	2022
Exposure Remediation	Remediate Line XD exposure at Sand Creek, Lincoln County, OK	\$ 340,215	Production	2022
Exposure Remediation	Remediation of Line XM Exposure in Knob Noster State Park, Johnson County, MO	\$ 302,057	Market	2022
Exposure Remediation	Remediation of Line XMAA exposure at Honey Creek, Johnson County, MO	\$ 267,672	Market	2022
Exposure Remediation	Remediation of Line XMAA Exposure north of NE 700 Road, Johnson County, MO	\$ 232,508	Market	2022
Measurement	Install Filter Separator, Regulator Setting, and Meter Setting on EO line, & Odorizer at Setting 542 in Wilson Co, KS	\$ 1,525,248	Market	2022
Measurement	REPLACE ORIFICE MEASUREMENT, KOCH NITROGEN, DODGE CITY 010935 - FORD CO, KS	\$ 330,455	Production	2022
Measurement	Installation of Ultrasonic Meter Benton, KS 8621 Polar Vortex	\$ 67,471	Market	2022
Measurement	Installation of Ultrasonic Meter El Dorado Briarcliff 14665 Polar Vortex	\$ 66,629	Market	2022
Measurement	Installation of Meter & Regulator Meridan TB 6439 Polar Vortex	\$ 62,115	Market	2022
Measurement	Installation of Regulator Lebo KS 1165 Polar Vortex	\$ 58,891	Market	2022
Measurement	Installation of Ultrasonic Meter Arma KS 9629 Polar Vortex	\$ 58,666	Market	2022
Piggability	Install 12" Launcher and Receiver Facilities on Lines VHB/VH in Kingfisher, Logan, and Oklahoma Counties, Oklahoma	\$ 9,961,854	Production	2022
Piggability	Install Approximately 5,000' of 26", Retire Current Dual 20" Crossings, and Relocate Receiver on Line N in Woods County, Oklahoma (Salt Fork River)	\$ 5,738,167	Production	2022
Piggability	Replace Approximately 10,075' of Line S 16" with 6" and install new 6" Launcher and Receiver and 10" Launcher and Receiver	\$ 5,628,955	Market	2022
Piggability	Install Piggability Facilities on Line N (Waynoka to NGPL) in Woods and Beaver Co., OK	\$ 2,684,165	Production	2022
Piggability	Install Piggability Facilities on Line N (Waynoka to Blackwell) in Woods and Kay Co., OK	\$ 2,406,925	Production	2022
Piggability	Modify 12" Launcher and Receiver Facilities on Lines WK/WA (Point O to Riner), Remove L/R Facilities at Haystack, and Relocate Tank from Haystack to Point O Sweetwater and Carbon Counties, Wyoming	\$ 2,173,512	Production	2022
Piggability	Install Launcher and Receiver Modifications on Line VU (Blackwell to Grabham) in Kay Co., OK and Montgomery Co., KS	\$ 1,647,748	Market	2022
Piggability	Install 16" Launcher and Receiver Facilities on HS-001 (Russell Plant) in Jasper and Newton Counties, Missouri	\$ 1,424,016	Market	2022
Piggability	Install 26" Launcher and Receiver Facilities on Line QE (Loop #6) in Osage County, Kansas	\$ 1,340,409	Market	2022
Piggability	Install 20" Launcher on Line WCB and Modify 20" Receiver Facilities on Line WAA and Other Mods for Piggability in Carbon County, Wyoming	\$ 1,195,587	Production	2022
Piggability	REPLACE 5 BENDS (1.9D AND LESS) ON 10" LINE FM IN JASPER COUNTY, MO	\$ 968,286	Market	2022
Piggability	Replace 5 - 1.5D and 3 - 2D Bends on Line XTE in Saline County, Missouri	\$ 915,278	Market	2022

MOD Category	Proposed Project Title	Scope / Estimate	Production / Market / Storage	Current Year
Piggability	Install Launcher and Receiver Modifications on Line VN (Blackwell to Hwy 18) in Kay and Osage Co., OK	\$ 741,376	Market	2022
Piggability	Install Launcher and Receiver Modifications on Line Q (Hugoton) 26" in Lyon and Franklin Co., KS	\$ 631,510	Market	2022
Piggability	Install Launcher and Receiver Modifications on Line QE (Hesston to Hwy 150) 26" in Harvey and Chase Co., KS	\$ 591,661	Market	2022
Piggability	Install Piggings Modifications on Line XMAA (Concordia to Columbia) 8" in Johnson, Boone, and Pettis Co., MO	\$ 455,080	Market	2022
Piggability	Install Launcher and Receiver Modifications on Line XMAA (Lone Jack to Concordia) 8" in Jackson and Johnson Co., MO	\$ 404,739	Market	2022
Piggability	Modify 12" Launcher and Receiver Facilities on Line WC in Carbon County, Wyoming	\$ 368,066	Production	2022
Piggability	Modify 12" Launcher and Receiver Facilities on Line WCA in Carbon County, Wyoming	\$ 335,676	Production	2022
Piggability	Install Launcher and Receiver Modifications on Line VN (Hwy 18 to Grabham) in Osage Co., OK and Montgomery Co., KS	\$ 304,322	Market	2022
Piggability	Install Modifications to Line DK-166 in Anderson, KS for Piggability	\$ 202,013	Market	2022
Piggability	Install Launcher and Receiver Modifications on Line RA (Loop 3) in Kiowa and Pratt Co., KS	\$ 167,237	Production	2022
Pipeline Replacement	Replace Approximately 700' of line DC 30" In Wyandotte CO, Kansas Due to Shorted Casing in HCA	\$ 5,561,138	Market	2022
Pipeline Replacement	Replace 900' of 20" Pipe on Line VJ - Class	\$ 986,808	Production	2022
Storage	Install Wellhead Measurement Elk and Webb	\$ 1,419,667	Storage	2022
Storage	Develop Reservoir Simulation Model for Storage Fields	\$ 1,001,777	Storage	2022
Storage	INSTALL NORTH WELDA O-2 WELL LATERAL	\$ 457,892	Storage	2022
Storage	Obtain Environmental and Regulatory Clearance for Webb Horizontal Well 2022	\$ 250,501	Storage	2022
Valve	Replace Station Bypass and Suction Valve at Montezuma Station	\$ 1,554,775	Production	2022
Valve	Replace 26" Pig Launcher Valve on Line RA in Hugoton Station in Grant County, KS	\$ 1,532,481	Production	2022
Valve	Replace Line R Pig Launcher Valve and Discharge Valve at Montezuma Station	\$ 1,507,821	Production	2022
Valve	Install Remote Control Actuator Technology Line VO Valve 7041	\$ 952,303	Production	2022
Valve	Install Remote Control Actuator Technology Line VO Valve 24236	\$ 948,142	Production	2022
Valve	Replace 26" Loop 1 Pig Receiver Valve at Hugoton in Haskell County, KS	\$ 888,694	Production	2022
Valve	Install Remote Control Actuator Technology Line XMAA Valve 28476	\$ 423,403	Market	2022
Compression	Install automation at Tonganoxie Compressor Station (2023)	\$ 3,200,000	Market	2023
Compression	Replace and Reclaim ACW and JW pumps at Blackwell Station	\$ 918,734	Production	2023
Compression	Install JW/Lube Oil Hot Starts on All 3 Units at Drumright Station	\$ 914,845	Production	2023
Compression	Replace and Reclaim Hydraulic Fan Motors on JW/LO/ACW and Gas Coolers with Electric VFD Controlled Motors at Blackwell Station	\$ 875,010	Production	2023
Compression	Install Auto-Balance at Edmond Station	\$ 839,392	Production	2023
Compression	Modify Saginaw Station to prevent flood damage	\$ 700,919	Market	2023
Compression	Replace and Reclaim Standby Generator and Switch Gear at Wakita Station	\$ 612,778	Production	2023
Compression	Install Auto-Balance at Saginaw Station	\$ 573,996	Market	2023
Compression	Install Air Dryer at Mutual Station	\$ 106,919	Production	2023
Compression	Install Air Dryer at Drumright Station	\$ 94,036	Production	2023
Compression	Install Electronic Waste Gate Actuators on Four (4) Engines at Americus Station	\$ 71,613	Market	2023
Exposure Remediation	Remediate Line XC exposure at Boar Creek at 110/1433+29, Osage County, OK	\$ 587,869	Production	2023
Exposure Remediation	Remediate 2 Line L exposures in Rock Creek, Osage County, OK	\$ 515,866	Production	2023

MOD Category	Proposed Project Title	Scope / Estimate	Production / Market / Storage	Current Year
Exposure Remediation	Remediate 3 Line V exposures in Bitter Creek, Kay County, Oklahoma	\$ 392,358	Production	2023
Measurement	Replace Obsolete Turbine Meter at ONG SW OKC #16711	\$ 883,518	Production	2023
Measurement	Replace Orifice measurement with Ultrasonic meters at KCI Airport setting 007602	\$ 791,263	Market	2023
Measurement	Upgrade Regulation and controllers at South Glavin Station QB & QC 5540 - 5541	\$ 750,000	Market	2023
Measurement	Replace obsolete Turbine & Rotary Meter at Kodiak Road 16687	\$ 318,795	Market	2023
Piggability	Install 12"x16" Launcher and Receiver Facilities on Line XC (Drumright to Tallant)	\$ 2,141,855	Production	2023
Piggability	Install Launcher Modifications on Line R Greensburg Launcher in Kiowa Co., KS	\$ 695,859	Production	2023
Piggability	Remove Unpiggable Appurtenances on Line DC to Enable In-Line Inspection (PHASE 2)	\$ 400,000	Market	2023
Piggability	Install Permanent Support on Line R (Stafford) Launcher in Stafford Co., KS	\$ 124,561	Production	2023
Pipeline Replacement	Replace 5.5 miles of 16" Line ESA and install launcher and receiver in Douglas County, Kansas	\$ 14,919,954	Market	2023
Pipeline Replacement	Replace 4430 feet 12 inch of Acetylene Welded Line XT from 16984R to 8119R in Johnson County MO	\$ 1,354,034	Market	2023
Storage	Install new glycol reboiler at Alden	\$ 10,840,949	Storage	2023
Storage	Conduct 3D Seismic Survey at Elk City Storage Field	\$ 1,350,000	Storage	2023
Valve	Replace 20" Rising Stem (Ottawa/Badorf) on Line XM in Franklin County, KS	\$ 1,365,443	Market	2023
Valve	Install Remote Control Actuator Technology Line XMB Valve 18944	\$ 617,441	Market	2023
Valve	Install Remote Control Actuator Technology Line XMB Valve 25877	\$ 550,197	Market	2023
Valve	Replace Mainline valve on Line VN at Hwy 18 in Osage County, OK	\$ 500,000	Market	2023
Valve	Replace 26" Pig Launcher Valve on Line R at Hugoton Station in Grant County, KS	\$ 450,000	Production	2023
Valve	Replace 26" Loop 2 Pig Receiver Valve at Hugoton in Ford County, KS	\$ 450,000	Production	2023
Valve	Replace Water Shed Valves on Line XTB in Lafayette County, MO	\$ 400,000	Market	2023
Valve	Replace ESD Valve 95 at Grabham Station in Montgomery County, KS	\$ 350,000	Market	2023
Valve	Install Remote Control Actuator Technology Line XMB Valve 9112 (Hawthorne)	\$ 335,577	Market	2023
Compression	Replace and Reclaim Air Dyne Air Compressor at Wakita Station	\$ 443,119	Production	2024
Compression	Replace and Reclaim Gardner Denver Air Compressor at Cotton Valley Station	\$ 398,433	Production	2024
Compression	Replace and Reclaim Ingersoll-Rand Air Compressor in Basement at Hugoton Station	\$ 347,208	Production	2024
Compression	Replace and Reclaim Ignition on four (4) Cooper-Bessmer Units at Americus Station	\$ 273,080	Market	2024
Exposure Remediation	Remediate Line XD exposure north of intersection of S. Henney Rd and E. Forest Hills Rd., Logan County, OK	\$ 2,505,146	Production	2024
Exposure Remediation	Remediate Line A exposure in Goose Creek in Cowley County, Kansas	\$ 1,733,929	Production	2024
Exposure Remediation	Remediate Line ED Exposure at Salt Creek, Leavenworth County, KS	\$ 332,449	Market	2024
Exposure Remediation	Remediate Exposure on XQ Norris Property, Johnson County, KS	\$ 299,092	Market	2024
Exposure Remediation	Remediation of Line XMAA exposure East of Meter Setting 16598, St. Charles County, MO	\$ 286,822	Market	2024
Exposure Remediation	Remediate Line HQ-001 exposure at Baynham Branch, Newton County, MO	\$ 285,000	Market	2024
Exposure Remediation	Remediate Line XMAA exposure Johnson County, MO	\$ 285,000	Market	2024
Exposure Remediation	Remediate Line E exposure , Leavenworth County, KS	\$ 285,000	Market	2024
Exposure Remediation	Remediate Line ME exposure Kaw Lake Tributary Kay County, OK	\$ 285,000	Production	2024
Exposure Remediation	Remediate Line ME exposure at 220/3995+68, Osage County, OK	\$ 285,000	Production	2024



MOD Category	Proposed Project Title	Scope / Estimate	Production / Market / Storage	Current Year
Exposure Remediation	Remediate Line ME exposure at Kaw Nursery, Kay County, OK	\$ 285,000	Production	2024
Exposure Remediation	Remediate Line ME exposure East of County Road N3520, Osage County, OK	\$ 285,000	Production	2024
Exposure Remediation	Remediation of Line XMAA exposure at Blackburn Creek, Calloway County, MO	\$ 268,056	Market	2024
Exposure Remediation	Remediation of Line V exposure at Bear Creek, Noble County, OK	\$ 258,096	Production	2024
Exposure Remediation	Remediate Line VO exposure in West Rock Creek, Garvin County, OK	\$ 252,986	Production	2024
Exposure Remediation	Remediate Line EG exposure at Plum Creek, Leavenworth County, KS	\$ 250,000	Market	2024
Exposure Remediation	Remediation of Line XMAA Exposure at Crooked Creek, Johnson County, MO	\$ 248,885	Market	2024
Exposure Remediation	Remediate Line XC exposure at Boar Creek at 110/1303+80, Osage County, OK	\$ 238,579	Production	2024
Exposure Remediation	Remediation of Line XMAA Exposure 3/4 mile east of Jackson/Johnson County line, Johnson County, MO	\$ 184,258	Market	2024
Exposure Remediation	Remediate Line XD exposure 1.1 miles west of N3320 Road, Lincoln County, OK	\$ 176,764	Production	2024
Exposure Remediation	Remediate Line EB exposure at 100/267+03 in Shawnee County, KS	\$ 176,217	Market	2024
Exposure Remediation	Remediate Line XMAA exposure Boone County, MO	\$ 166,680	Market	2024
Measurement	Replace Three Obsolete Daniels Turbine Meters at Gordan Evans Power Plant 16657 16658 16659	\$ 1,234,884	Production	2024
Measurement	Replace Obsolete Daniels Turbine Meter at Every Hawthorne Power Plant 16531	\$ 1,138,896	Market	2024
Measurement	Replace Obsolete Turbine and Simplex Meter at Newton, KS TB #810	\$ 1,094,468	Production	2024
Measurement	Upgrade Measurement Settings in Response to the Polar Vortex Program	\$ 500,000	Market	2024
Measurement	Replace Obsolete Daniels Turbine Meter at Chanute Kansas 6172	\$ 417,619	Market	2024
Measurement	Replace Obsolete Daniels Turbine Meter Mid West Energy 16697	\$ 303,000	Production	2024
Measurement	Replace Obsolete Daniels Turbine Meter at 75th and Nieman in Kansas City 1035	\$ 300,000	Market	2024
Measurement	Replace Obsolete Turbine Meter at Enid, OK # 16710	\$ 213,000	Production	2024
Measurement	Replace Obsolete Rotary Meter at Horton TB 913	\$ 67,000	Market	2024
Measurement	Replace Obsolete High Pressure Rotary Meter Caney TB 12682	\$ 65,000	Production	2024
Measurement	Replace Obsolete High Pressure Rotary Meter Sweet Springs TB 1629	\$ 64,200	Market	2024
Piggability	Install Launcher / Receiver Facilities on Lines DLA and DL in Johnson County, Kansas	\$ 8,856,257	Market	2024
Piggability	Install 4" Launcher and Receiver Facilities on Line XCA (Cleveland) in Pawnee County, Oklahoma	\$ 1,889,996	Production	2024
Piggability	Install 16" Launcher and Receiver Facilities on Line B (Hog Shooter) in Washington and Osage Counties, Oklahoma	\$ 1,250,000	Production	2024
Piggability	Install 12" Launcher and Receiver Facilities on Line HL (Riverton) in Cherokee and Ottawa Counties, Oklahoma	\$ 850,000	Market	2024
Piggability	Replace Bends and 40+ FT of pipe on Line XWD 4" in Smith, OK	\$ 400,000	Market	2024
Pipeline Replacement	Replace 4.8 miles of 16 inch Line ES furnace lap welded pipe in Shawnee County Kansas	\$ 12,900,000	Market	2024
Storage	Install Wellhead Measurement McLouth Storage Field	\$ 2,724,097	Storage	2024
Storage	Drill New Horizontal Well at Webb 2024	\$ 2,500,000	Storage	2024
Storage	Develop Reservoir Simulation Model Storage Fields	\$ 1,000,000	Storage	2024
Storage	Install automation on 3 20" valves for McLouth Scrubber	\$ 100,000	Storage	2024
Valve	Replace Two 20" Gate Valves (East River Gates) on Line R in Reno County, KS	\$ 650,000	Production	2024
Valve	Replace Alva Station Mainline Gate Valve in Woods County, OK	\$ 450,000	Production	2024
Valve	Install Remote Control Actuator Technology Line VP Valve 20252	\$ 100,000	Production	2024
Valve	Install Remote Control Actuator Technology Line VP Valve 7046	\$ 100,000	Production	2024
Exposure Remediation	Remediate Line ME exposure West of County Road N3520, Osage County, OK	\$ 300,000	Production	2025

MOD Category	Proposed Project Title	Scope / Estimate	Production / Market / Storage	Current Year
Piggability	Install 10" Launcher and Receiver Facilities on Line VP-065 (Conoco Mustang) in Grady County, Oklahoma	\$ 2,256,866	Production	2025
Piggability	Install 6" Launcher and Receiver Facilities on Line BE (Nowata) in Washington and Nowata Counties, Oklahoma	\$ 1,000,000	Production	2025
Piggability	Install 8" Launcher and Receiver Facilities on Line HE (Vinita) in Craig County, Oklahoma	\$ 800,000	Market	2025
Pipeline Replacement	Replace Approximately 98,700' of Line S 12" and 16" with 6" pipe and install new 6" Launcher/Receiver and 12" Launcher/Receiver	\$ 23,000,000	Market	2025
Pipeline Replacement	Replace 19 miles of 8" Line XTA Acetylene welded pipe in LaFayette and Carroll Counties MO	\$ 22,000,000	Market	2025
Storage	ACQUIRE SEISMIC DATA - ALDEN	\$ 700,000	Storage	2025
		<b>\$ 237,939,533</b>		

**Southern Star Central Gas Pipeline, Inc.**  
**Docket No. RP21-778**  
**Illustrative Derivation of CRM Surcharge Rate**

Rate Base, Revenue Req and Rate Calculation			2022 Capex 2023 Surcharge Estimate	2022-2023 Capex 2024 Surcharge Estimate	2022-2024 Capex 2025 Surcharge Estimate	2022-2025 Capex 2026 Surcharge Estimate****	
<u>Transmission - Production</u>							
<b>Line No.</b>							
1	In-service Costs (gross plant)		\$ 46,586,323	\$ 57,192,163	\$ 72,035,613	\$ 75,572,002	Actual
2	Less Accum Depreciation		\$ 238,755	\$ 1,248,130	\$ 2,496,643	\$ 3,991,498	Actual
3	Net Plant		\$ 46,347,568	\$ 55,944,033	\$ 69,538,970	\$ 71,580,504	Line 1 minus Line 2
4	Accum Deferred Income Taxes		\$ (518,250)	\$ (1,496,617)	\$ (2,608,286)	\$ (3,745,165)	Actual
5	Net Rate Base		\$ 45,829,318	\$ 54,447,416	\$ 66,930,684	\$ 67,835,339	Line 3 plus Line 4
6	Rate Base Multiplier (Pretax Return + TOIT)	13.51%	\$ 6,191,541	\$ 7,355,846	\$ 9,042,335	\$ 9,164,554	Line 5 times Multiplier
7	Depreciation, Amortization, & Negative Salvage Exp.*	Various	\$ 955,020	\$ 1,172,439	\$ 1,476,730	\$ 1,549,226	Line 1 times Appropriate Depr, Neg Salvage, Amort
8	Current Year Revenue Requirement		\$ 7,146,561	\$ 8,528,285	\$ 10,519,065	\$ 10,713,780	Sum of Lines 6 and 7
9	Under/(Over) Recovery Adjustment**		\$ -	\$ -	\$ -	\$ -	Calculation for 2022 CRM Surcharge
10	Net Revenue Requirement		\$ 7,146,561	\$ 8,528,285	\$ 10,519,065	\$ 10,713,780	Line 8 plus Line 9
11	Determinants***		627,646,073	627,646,073	627,646,073	418,430,715	Prior Year Actual or Determinants Floor
12	Rate		\$ 0.0114	\$ 0.0136	\$ 0.0168	\$ 0.0256	Line 10 Divided by Line 11

\* Proposed depreciation and negative salvage rates applicable to the eligible facilities.

\*\* The Over/Under Recovery Adjustment will include assumed revenues for any zone that doesn't reach the Determinants Floor in the previous calendar year.

\*\*\* For rate calculations, determinants are the higher of the previous year's determinants by zone or the Determinants Floor by zone as established in the RP21-778 rate case.

\*\*\*\* 2026 Surcharge Estimate includes 8 months of Determinants based on March 1, 2026 to November 1, 2026 surcharge period.



**Southern Star Central Gas Pipeline, Inc.**  
**Docket No. RP21-778**  
**Illustrative Derivation of CRM Surcharge Rate**

Rate Base, Revenue Req and Rate Calculation			2022 Capex 2023 Surcharge Estimate	2022-2023 Capex 2024 Surcharge Estimate	2022-2024 Capex 2025 Surcharge Estimate	2022-2025 Capex 2026 Surcharge Estimate****	
<u>Transmission - Market</u>							
<b>Line No.</b>							
1	In-service Costs (gross plant)		\$ 38,267,975	\$ 65,470,323	\$ 94,303,223	\$ 140,074,724	Actual
2	Less Accum Depreciation		\$ 196,123	\$ 1,120,028	\$ 2,462,169	\$ 3,804,310	Actual
3	Net Plant		\$ 38,071,852	\$ 64,350,295	\$ 91,841,054	\$ 136,270,414	Line 1 minus Line 2
4	Accum Deferred Income Taxes		\$ (425,713)	\$ (1,435,080)	\$ (2,554,099)	\$ (3,528,419)	Actual
5	Net Rate Base		\$ 37,646,139	\$ 62,915,215	\$ 89,286,955	\$ 132,741,995	Line 3 plus Line 4
6	Rate Base Multiplier (Pretax Return + TOIT)	13.51%	\$ 5,085,993	\$ 8,499,846	\$ 12,062,668	\$ 17,933,444	Line 5 times Multiplier
7	Depreciation, Amortization, & Negative Salvage Exp.*	Various	\$ 784,493	\$ 1,342,142	\$ 1,933,216	\$ 2,871,532	Line 1 times Appropriate Depr, Neg Salvage, Amort
8	Current Year Revenue Requirement		\$ 5,870,486	\$ 9,841,988	\$ 13,995,884	\$ 20,804,976	Sum of Lines 6 and 7
9	Under/(Over) Recovery Adjustment**		\$ -	\$ -	\$ -	\$ -	Calculation for 2022 CRM Surcharge
10	Net Revenue Requirement		\$ 5,870,486	\$ 9,841,988	\$ 13,995,884	\$ 20,804,976	Line 8 plus Line 9
11	Determinants***		754,755,162	754,755,162	754,755,162	503,170,108	Prior Year Actual or Determinants Floor
12	Rate		\$ 0.0078	\$ 0.0130	\$ 0.0185	\$ 0.0413	Line 10 Divided by Line 11

\* Proposed depreciation and negative salvage rates applicable to the eligible facilities.

\*\* The Over/Under Recovery Adjustment will include assumed revenues for any zone that doesn't reach the Determinants Floor in the previous calendar year.

\*\*\* For rate calculations, determinants are the higher of the previous year's determinants by zone or the Determinants Floor by zone as established in the RP21-778 rate case.

\*\*\*\* 2026 Surcharge Estimate includes 8 months of Determinants based on March 1, 2026 to November 1, 2026 surcharge period.

**Southern Star Central Gas Pipeline, Inc.**  
**Docket No. RP21-778**  
**Illustrative Derivation of CRM Surcharge Rate**

Rate Base, Revenue Req and Rate Calculation			2022 Capex 2023 Surcharge Estimate	2022-2023 Capex 2024 Surcharge Estimate	2022-2024 Capex 2025 Surcharge Estimate	2022-2025 Capex 2026 Surcharge Estimate****	
<u>Storage</u>							
<b>Line No.</b>							
1	In-service Costs (gross plant)		\$ 3,145,702	\$ 15,337,514	\$ 21,661,165	\$ 22,353,274	Actual
2	Less Accum Depreciation		\$ 18,560	\$ 164,731	\$ 526,697	\$ 888,663	Actual
3	Net Plant		\$ 3,127,142	\$ 15,172,783	\$ 21,134,468	\$ 21,464,611	Line 1 minus Line 2
4	Accum Deferred Income Taxes		\$ (34,390)	\$ (223,355)	\$ (487,422)	\$ (716,148)	Actual
5	Net Rate Base		\$ 3,092,752	\$ 14,949,428	\$ 20,647,046	\$ 20,748,463	Line 3 plus Line 4
6	Rate Base Multiplier (Pretax Return + TOIT)	13.51%	\$ 417,831	\$ 2,019,668	\$ 2,789,416	\$ 2,803,117	Line 5 times Multiplier
7	Depreciation, Amortization, & Negative Salvage Exp.*	Various	\$ 74,239	\$ 361,965	\$ 511,203	\$ 527,537	Line 1 times Appropriate Depr, Neg Salvage, Amort
8	Current Year Revenue Requirement		\$ 492,070	\$ 2,381,633	\$ 3,300,619	\$ 3,330,654	Sum of Lines 6 and 7
9	Under/(Over) Recovery Adjustment**		\$ -	\$ -	\$ -	\$ -	Calculation for 2022 CRM Surcharge
10	Net Revenue Requirement		\$ 492,070	\$ 2,381,633	\$ 3,300,619	\$ 3,330,654	Line 8 plus Line 9
11	Determinants***		445,383,559	445,383,559	445,383,559	296,922,373	Prior Year Actual or Determinants Floor
12	Rate		\$ 0.0011	\$ 0.0053	\$ 0.0074	\$ 0.0112	Line 10 Divided by Line 11

\* Proposed depreciation and negative salvage rates applicable to the eligible facilities.

\*\* The Over/Under Recovery Adjustment will include assumed revenues for any zone that doesn't reach the Determinants Floor in the previous calendar year.

\*\*\* For rate calculations, determinants are the higher of the previous year's determinants by zone or the Determinants Floor by zone as established in the RP21-778 rate case.

\*\*\*\* 2026 Surcharge Estimate includes 8 months of Determinants based on March 1, 2026 to November 1, 2026 surcharge period.

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

In the Matter of	)	
	)	Docket No. RP21-778-000, <i>et al.</i>
Southern Star Central Gas Pipeline, Inc.	)	

**EXPLANATORY STATEMENT TO  
STIPULATION AND AGREEMENT  
(March 1, 2022)**

Pursuant to Rule 602(c)(1) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.602(c)(1), Southern Star Central Gas Pipeline, Inc. ("Southern Star") provides this Explanatory Statement to the attached Stipulation and Agreement ("Settlement")<sup>1</sup> which resolves all issues set for hearing in this proceeding. This proceeding concerns Southern Star's April 30, 2021, NGA Section 4(e) general rate filing in Docket No. RP21-778-000, et al. Southern Star is aware of no opposition to the Settlement.

**I. SUMMARY OF SETTLEMENT**

**Article I:** Provides that Staff, Southern Star, and the Settling Parties (defined in Article X.A) have agreed to black box Settlement Rates as set forth in Appendix B-1 to the Settlement. The Settlement Rates shall be for the period commencing November 1, 2021, until the earlier of the effectiveness of Southern Star's next NGA Section 4(e) general rate filing<sup>2</sup> or the effective date of a change in Southern Star's jurisdictional rates directed by a Commission order pursuant to NGA Section 5. Among the elements reflected in the Settlement Rates are the recovery of Pension expenses and Post-Retirement Benefits Other than Pensions ("PBOP") expenses calculated consistent with the procedures set forth in Appendix C-1 and the depreciation and amortization rates stated in Appendix C-2. Article I further provides that Appendix B-2 contains *pro forma* tariff sheets implementing the modernization cost recovery mechanism ("Modernization Program") agreed to pursuant to Articles VIII and IX.

**Article II:** Provides that the Settlement Rates reflect an annual gross amount of \$9,600,000 associated with recovery of pension benefits and PBOP. Such recovery shall be governed by the procedures set forth in Appendix C-1. The prohibition on commingling of established trust funds shall not be changed except: (i) upon request by Southern Star in a new NGA Section 4(e) general rate filing, and approval thereof by a Commission order; (ii) upon a complaint by a third party or the Commission acting *sua sponte*, and a Commission order pursuant to NGA Section 5; or (iii) upon an order of another governmental body of

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<sup>1</sup> This Explanatory Statement is provided for informational purposes only. In the event of a conflict between the contents of this Explanatory Statement and terms of the Settlement, the terms of the Settlement govern.

<sup>2</sup> The reference to an "NGA Section 4(e) general rate filing" shall not include an authorized limited NGA Section 4(e) rate filing by Southern Star (such as a tracking rate filing) which does not propose changes in rates based on a different test period cost of service.

competent jurisdiction requiring such change. If Southern Star becomes aware of proceedings of a governmental body of competent jurisdiction other than the Commission that might reasonably result in an order requiring Southern Star to commingle funds, Southern Star shall make an informational filing with the Commission notifying the Commission of such proceedings and providing an explanation of how such proceedings could affect the procedures specified in Appendix C-1. Without limiting the foregoing, if Southern Star is subject to an order of a governmental body other than the Commission requiring the commingling of funds, Southern Star shall make a filing at the Commission within thirty (30) days of such order notifying the Commission of such order and explaining any changes to the pension and/or PBOP funds required by the order. Such filing shall be served upon all participants in Docket No. RP21-778.

**Article III:** Provides that storage reservation charges are based on contractual quantities and such practice shall survive the expiration of this settlement such that Southern Star will reflect this practice in its next Section 4 rate filing. The Ozark Trails expansion project is deemed rolled-in and such rolled-in rate treatment shall survive the expiration of this Settlement and Southern Star will reflect this position in future Section 4 rate filings. The load factors used to derive the small customer Settlement Rates reflect a continuation of the small customer load factors used to determine the settlement rates in Southern Star's prior general rate filings in Docket Nos. RP04-276, RP08-350, and RP13-941.

**Article IV:** Provides that Southern Star will file to implement rates equivalent to the Settlement Rates on an interim basis for Settling Parties effective the first day of the month following the closing of the comment period on the filed Stipulation and Agreement of Settlement in this docket. Such Interim Rates will be the same rates as the Settlement Rates reflected on the pro forma tariff sheets in Appendix B-1. A Contesting Party, as defined in Article X, shall not be entitled to the Interim Rates

Further provides that to the extent that the Settlement does not become effective pursuant to Article XI, Southern Star shall have the right to charge each Settling Party, subject to refund, to the extent such Settling Party has paid a lower rate by virtue of the Interim Rates provided by this Article IV. The amount of such charge shall be the difference between the Motion Rates and the Settlement Rates collected from such Settling Party under each contract for the period commencing on the date that the Interim Rates took effect in accordance with Article IV until the date that the pre-Settlement rates are re-implemented, plus interest at the FERC interest rate determined pursuant to 18 C.F.R. § 154.501(d) ("Interim Rate Reduction Make-Up Charge").

**Article V:** Provides that Southern Star shall provide refunds for the period beginning November 1, 2021 and ending upon the date of implementation of the Interim Rates. Within sixty days after the Settlement becomes effective, as provided in Article XI, Southern Star shall refund to its customers the total amount, if any, collected since November 1, 2021, from each Settling Party under each contract in excess of the amounts that would have been collected under the Settlement Rates applicable to the service received by such Settling Party, plus interest upon such amount from the date of payment to the date of refund. Southern Star shall calculate such interest in accordance with Section 154.501(d) of the Commission's regulations. Southern Star shall be permitted to offset (net) over-collections and under-collections, on an individual customer basis, during the refund period among all rate schedules for each customer to recover all cost differentials between the rates in place subject to refund effective November 1, 2021, and the Settlement Rates allocable to such customer. Southern Star shall file a refund report in accordance with Section 154.501(e) of the Commission's regulations.

**Article VI:** Provides that Southern Star shall make an NGA Section 4(e) general rate filing that proposes rates to be effective after a five-month suspension period on November 1, 2026 (i.e., a filing on or before

May 1, 2026 proposing tariff sheets to be effective June 1, 2026, but requesting a maximum suspension period so that the sheets do not go into effect until November 1, 2026). Southern Star and the Settling Parties recognize that, regardless of the filing's proposed effective date, the actual effective date may differ depending on the suspension period imposed by the Commission.

**Article VII:** Provides for a rate moratorium from the effective date of the settlement until new rates become effective in Southern Star's next filed rate case ("Moratorium Period"). Southern Star shall not make any filing during the Moratorium Period pursuant to Section 4 of the NGA proposing any of the following items to become effective prior to November 1, 2026: 1.) New and/or modified base rates; 2.) A new and/or expanded Modernization Program; and/or 3.) Seasonal storage inventory limits. Settling Parties may not take any action during the Moratorium Period pursuant to Section 5 of the NGA or otherwise to change the Settlement Rates or the Modernization program.

During the moratorium Southern Star may, upon sixty (60) days advance notice to the participants, record a regulatory asset that will allow Southern Star to capture operating expenses (including emission-related taxes) incurred after the effective date of new legislation order, or regulation of general applicability to interstate gas pipelines that establishes and requires a cost obligation that (i) exceeds \$2 million per year, and (ii) results directly from new legislation or regulatory requirements established by PHMSA, FERC, EPA, DOE, DHS (including TSA and CISA) or DOT with an effective date during the moratorium period, and (iii) imposes a firm compliance or payment obligation on the pipeline that is effective during the Moratorium Period with respect to (a) emission-related expenses or (b) cybersecurity-related expenses and costs not otherwise recoverable in the Modernization program. Such eligible costs to be recorded in the regulatory asset(s) will be limited to costs not exceeding \$10 million in total. Participants agree not to challenge Southern Star's recordation of such costs in its next general Section 4 rate case. Participants retain their rights to protest recovery without limitation.

Further provides that the Settlement Rates and Rate Base Multiplier shall be adjusted pursuant to the agreed-upon schedule in Appendix D in the event a new federal income tax rate takes effect during the moratorium.

Further explains actions that a Settling Party or Southern Star may take in other proceedings during the Moratorium Period, so long as no such Settling Party or Southern Star acts to modify or abrogate this Settlement or to hinder the enforcement of any of its provisions. Further provides that during the Moratorium Period Southern Star may, provided such filing is not otherwise in conflict with the terms of this Settlement, (a) file tariff provisions specifically required by any order issued after the date the Settlement is filed, resulting from any Commission Rulemaking proceeding(s) or any Commission order of general applicability; (b) make any filing to implement any changes to the Settlement mandated by legislation and specifically required by subsequent Commission order issued after the date the Settlement is filed; (c) make any filing pursuant to sections 4 or 7 of the NGA; (d) take other actions consistent with applicable laws and regulations proposing to construct and operate facilities or to provide new service(s) not covered by the Settlement, proposing any incremental rate, maximum recourse rate, or rate schedule applicable solely to such new facilities or new service(s), or proposing new terms or conditions of service not prohibited by this Settlement; (e) provide discounts to the Settlement Rates; (f) enter into negotiated rate agreements; (g) make any required filings to comply with the new Modernization Program tracker established by this settlement; (h) make any necessary filings to comply with the Fuel and Loss Reimbursement tracker set forth in Section 13 of the General Terms and Conditions ("GT&C") of its Tariff; (i) propose additions or changes to its trackers (other than the CRM as defined in Article VIII) to more efficiently or appropriately track costs, (j) propose any contemplated additions or changes to the

Modernization Program project list in accordance with the terms and conditions of this Settlement; and (k) take any other action and make any other filing consistent with this Settlement; provided that such other action or filing shall not have the effect, directly or indirectly, of altering the provisions of the Settlement.

**Article VIII:** Provides for the establishment of a Cost Recovery Mechanism (“CRM”) associated with Southern Star’s Modernization Program. The CRM established by the Settlement provides for the recovery of the Capital Revenue Requirement associated with Eligible Facilities placed into service by Southern Star during calendar years 2022, 2023, 2024 and 2025. (i.e., from January 1, 2022 through December 31, 2025). The CRM establishes surcharges to be collected between March 1, 2023 and October 31, 2026 (the day immediately preceding the effective date of Southern Star’s next General Rate case pursuant to Article VI hereof). Southern Star’s Eligible Facilities Plan (“EFP”) is attached as Appendix E. Southern Star will meet at least annually with shippers to review the EFP. Changes to the EFP may be made subject to Shippers’ Consensus and the CRM annual cost limits. Shippers’ Consensus means customers representing 65% of the billing determinants that are paying the surcharge either support or do not oppose the proposed change; provided, however, as part of any such vote, that a negative vote of a State Commission or its authorized representative shall supersede the affirmative vote of any shipper(s) that the State Commission regulates. The Annual Eligible Capital Cost subject to the CRM will not exceed the following annual dollar limits: \$88 million in 2022, \$50 million in 2023, \$50 million in 2024, and \$50 million in 2025. If Southern Star exceeds the maximum cost limit in any year, Southern Star will treat the excess above the Annual Eligible Capital Cost Limit as a capital maintenance cost. During calendar years 2022, 2023, 2024 and 2025, Southern Star will spend on capital maintenance no less than an amount equal to the combined depreciation and amortization expenses included in the applicable calendar year’s FERC Form 2 Annual Filing.

Article VIII further describes the CRM surcharge filing process and timing. Customers are entitled to challenge those filings on grounds specified in the Article. The CRM surcharges will be determined annually by rate area. In each annual CRM Surcharge filing, Southern Star will calculate the cumulative Capital Revenue Requirement related to Capital Costs of Eligible Facilities placed into service from January 1, 2022 through the end of the prior calendar year. For each rate area, Southern Star will determine the cumulative Eligible Facilities capital cost incurred during the CRM Term (i.e., gross plant). Southern Star will then subtract accumulated depreciation from the gross plant and adjust for accumulated deferred income taxes to determine the cumulative rate base associated with the Eligible Facilities. The Capital Revenue Requirement will then be derived by summing (1) the cumulative rate base associated with the Eligible Facilities multiplied by a factor (the “Rate Base Multiplier”) that reflects pre-tax return and taxes other than income tax and (2) the cumulative gross plant associated with the Eligible Facilities multiplied by the applicable depreciation rate. The Rate Base Multiplier will be 13.51%. The CRM will apply to all service agreements for firm and interruptible services under the following rates schedules: TSS, FTS, FSS, STS, SFT, ITS and ISS, as well as any new cost-based rate schedule added during the term of this Settlement, provided that the application of the CRM to the new rate schedule will not result in the same quantities being billed the same CRM Surcharge twice, using current billing determinants from the prior year, subject to agreed-upon billing determinant floors. The CRM surcharge will terminate November 1, 2026, the effective date of Southern Star’s next general rate case.

**Article IX:** Provides for additional modernization terms related to projects that create incidental operational capacity, expansion projects, and dual use expansion projects.

**Article X:** Defines “Settling Parties” as all parties and shippers that either expressly indicate support, or indicate they do not oppose, or otherwise implicitly indicate they do not oppose by virtue of acquiescence, silence or inaction. A “Contesting Party” shall be any party or shipper on the Southern Star system that contests or seeks to modify any provision hereof or files any pleading at the Commission in opposition to this Settlement.

**Article XI:** Provides that the provisions of the Settlement are not severable and become binding and effective on the “Effective Date,” determined as follows: (a) if the Commission issues an order approving this Settlement without modification(s) or condition(s), the Effective Date shall be the date of the order approving this Settlement; or (b) if the Commission issues an order approving the Settlement with modification(s) or condition(s) and neither any Settling Party nor Southern Star provides notice that such modification or condition is unacceptable pursuant to the first sentence of Article XI.A.2, the Settlement as modified or conditioned shall be deemed accepted as of the eighth (8th) day after the date of the order approving the Settlement and the Effective Date shall be the date of the order approving this Settlement; or (c) if the Commission issues an order approving this Settlement with modification(s) or condition(s) and any Settling Party or Southern Star provides notice that such modification or condition is unacceptable pursuant to the first sentence of Article XI.A.2, the Settlement shall become effective, if at all, pursuant to the provisions of Article XI.A.2.

Further provides, if notice is given that a Commission modification or condition is unacceptable pursuant to the first sentence of Article XI.A.2, for a process where the Settling Parties, Trial Staff, and Southern Star will engage in a good faith meet-and-confer process to determine: (i) whether the Commission-imposed modification(s) or condition(s) can be accepted by all Settling Parties and Southern Star, or, if not, (ii) whether Southern Star and/or one or more of the Settling Parties will file a request for rehearing/clarification regarding unacceptable modification(s) or condition(s), or (iii) whether the Settlement can be revised to make it acceptable to all Settling Parties, Trial Staff, and Southern Star. (A changed settlement so modified shall be referred to as the “Amended Settlement”). Southern Star shall promptly notify the Commission in the event the Settlement does not take effect in accordance with Article XI.A.2.

Further explains the effect of termination or rejection of the Settlement. If the Settlement does not become effective, Southern Star may take any necessary action, including submission of a tariff filing, to restore or otherwise make effective the Motion Rates as of the date the Interim Rates became effective pursuant to Article IV.A; provided, however, that any such Motion Rates remain subject to refund and a determination of just and reasonable rates in this proceeding. All participants reserve all rights to challenge the Motion Rates on any grounds.

Further provides that the Commission’s order approving the Settlement shall constitute: a waiver of the Commission’s Rules and Regulations, including 18 C.F.R. Part 154, Subpart C, to the extent necessary to effectuate all of the provisions of the Settlement; approval of the revised rates reflected on the tariff sheets submitted and authority to place such tariff sheets in effect in accordance with Article I; and the final disposition of all issues in Docket No. RP21-778.

Article XI also provides that after approval of the Settlement, the standard of review to be applied by the Commission in considering any change to any then-effective provision of this Settlement shall be the “public interest” standard set forth in *United Gas Pipe Line Co. v. Mobile Gas Serv. Corp.*, 350 U.S. 332 (1956) and *FPC v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956), except that with respect to any change

sought by a non-settling third party or the Commission acting *sua sponte*, the standard of review to be applied by the Commission shall be the “just and reasonable” standard.

**Article XII:** Provides that Upon approval of the Settlement, Southern Star will file a motion to withdraw its request for rehearing of the Commission’s October 29, 2021, Order on Paper Hearing. Southern Star further agrees not to seek appellate review of the Commission’s Order on Paper Hearing.

**Article XIII:** Provides that the Settlement represents a negotiated resolution of all issues set for hearing in this docket and, except as specifically provided in the Settlement, that no party shall be deemed to have approved, accepted, agreed, or otherwise consented to any ratemaking principle or methodology or to any tariff interpretation or modification or to any other factor or concept underlying or supposed to underlie any of the matters herein. Except as provided in Article III, nothing in the Settlement shall be deemed to create a “settled practice,” as that term is used in *Public Service Commission of New York v. FERC*, 642 F.2d 1335 (D.C. Cir. 1980). Except as specifically provided in the Settlement, the parties shall have the same rights under the Natural Gas Act that they would have had absent approval of the Settlement. The Settlement is submitted pursuant to Rule 602 of the Commission’s Rules of Practice and Procedure, 18 C.F.R. § 385.602.

## **II. QUESTIONS RAISED BY THE CHIEF JUDGE’S DECEMBER 15, 2016 AMENDED NOTICE**

The Chief Administrative Law Judge’s December 15, 2016 Amended Notice to the Public requires parties submitting settlement agreements to address the following questions in their explanatory statements:

### **1. Does the settlement affect other pending cases?**

Response: Southern Star does not believe that the Settlement will affect any other pending cases.

### **2. Does the settlement involve issues of first impression?**

Response: The Settlement does not involve any issues of first impression.

### **3. Does the settlement depart from Commission precedent?**

Response: The Settlement does not depart from Commission precedent.

### **4. Does the settlement seek to impose a standard of review other than the ordinary just and reasonable standard with respect to any changes to the settlement that might be sought either by a third party or the Commission acting *sua sponte*?**

Response: Yes. The governing review standard for approval of the Settlement is provided by Rule 602, 18 C.F.R. § 385.602. Assuming that the Settlement is uncontested as Southern Star expects, Rule 602(g)(3) provides that the Commission may approve the Settlement “upon a finding that the settlement appears to be fair and reasonable and in the public interest.” There is no language that would make approval of the Settlement subject to the *Mobile-Sierra* standard. However, after approval, Article XI of the Settlement provides that any future changes to the Settlement, and the matters settled for a period therein, must satisfy the “public interest” standard set forth in *United Gas Pipe Line Co. v. Mobile Gas Serv. Corp.*, 350 U.S. 332 (1956) and *FPC v. Sierra Pacific Power Co.*, 350



U.S. 348 (1956), except that with respect to any change sought by a non-settling third party or the Commission acting *sua sponte*, the standard of review to be applied by the Commission shall be the “just and reasonable” standard.

# **ATTACHMENT A**

## ARTICLE XI

### APPROVAL BY THE COMMISSION, EFFECTIVENESS AND TERM

#### A. Effective Date.

1. The various provisions of this Settlement are not severable and will become binding and effective on the “**Effective Date**”, which shall be determined as follows:

(a) if the Commission issues an order approving this Settlement without modification(s) or condition(s), the Effective Date shall be the date of the order approving this Settlement; or

(b) if the Commission issues an order approving this Settlement with modification(s) or condition(s) and neither any Settling Party nor Southern Star provides notice pursuant to the first sentence of Article XI.A.2, the Settlement as modified or conditioned shall be deemed accepted as of the eighth (8th) day after the date of the order approving the Settlement and the Effective Date shall be the date of the order approving this Settlement; or

(c) if the Commission issues an order approving this Settlement with modification(s) or condition(s) and any Settling Party or Southern Star provides notice pursuant to the first sentence of Article XI.A.2, the Settlement shall become effective, if at all, pursuant to the provisions of Article XI.A.2.

2. If the Commission issues an order approving this Settlement subject to a modification or condition that affects any provision of this Settlement, any Settling Party or Southern Star may notify the Commission, other Settling Parties, Trial Staff, and Southern Star (if applicable) within seven (7) days of the date of such Commission order that such modification or condition is unacceptable. If such notice is provided, the Settling Parties, Trial Staff, and Southern Star will engage in a good faith meet-and-confer process to determine ~~whether~~: (i) whether the Commission-imposed modification(s) or condition(s) can be accepted by all Settling Parties, ~~Trial Staff~~, and Southern Star, or, if not, (ii) whether Southern Star and/or one or more of the Settling Parties will ~~to~~ file a request for rehearing/clarification regarding unacceptable modification(s) or condition(s), or (iii) whether the Settlement can be revised~~to revise and~~

~~refile the Settlement as necessary~~ to make it acceptable to all Settling Parties, Trial Staff, and Southern Star. (A changed settlement so modified shall be referred to as the “**Amended Settlement**”).

(a) If, within twenty-one (21) days of the date of the Commission order approving this Settlement subject to a modification or condition, the Settling Parties, Trial Staff, and Southern Star are unable to agree as provided in the preceding paragraph, then the obligation to meet and confer in good faith shall cease, and any Settling Party, ~~Trial Staff~~, or Southern Star may seek rehearing/clarification of the Commission order that includes such unacceptable modification(s) or condition(s) in order to obtain approval of the Settlement. If the Commission grants rehearing/clarification in all respects as requested, the Settlement shall become effective and the Effective Date shall be the day after the date of the Commission order on rehearing. If the Commission does not grant rehearing/clarification in all respects as requested, the Settlement shall be null and void and shall not take effect except as to the provisions of Article IV.B and Article XI.B regarding the unwinding of Interim Rates. If Southern Star ~~or~~ any Settling Party, ~~or Trial Staff~~ files a request for rehearing/clarification requesting that the Commission approve the Settlement as filed, then Southern Star, ~~and~~ the other Settling Parties, ~~and Trial Staff~~ shall not oppose such a request for rehearing/clarification.

(b) If, as a result of the good faith meet-and-confer process, the Settling Parties, ~~Trial Staff~~, and Southern Star agree that they can accept the Commission-imposed modification(s) or condition(s), all Settling Parties, Trial Staff, and Southern Star agree within twenty-one (21) days after the date of the Commission order to file a notice to the Commission of such acquiescence.

(c) If, as a result of the good faith meet-and-confer process, all Settling Parties, Trial Staff, and Southern Star agree within twenty-one (21) days after the date of the Commission order to an Amended Settlement, the Amended Settlement shall be filed promptly with the Commission and this Settlement shall not take effect.

(d) If (i) the Settling Parties, Trial Staff, and Southern Star are unable to agree as provided in this Article XI.A.2 and (ii) none of the Settling Parties, Trial Staff, or Southern Star seek rehearing of the Commission order as provided in this Article XI.A.2(a), then the Settlement shall be null and void and shall not take effect except for the unwinding of the Interim Rates in accordance with Article IV.B and Article XI.B.

(e) Southern Star shall promptly notify the Commission in the event the Settlement does not take effect in accordance with this Article XI.A.2.

3. References to the “**Term of the Settlement**” throughout the Settlement shall refer to the period beginning with the Effective Date and concluding on the date when new generally applicable rates become effective in accordance with Article VI.

**B. Effect of Termination or Rejection of the Settlement.** If the Settlement does not become effective in accordance with Article XI.A above, all parties shall be returned to the status quo as it existed prior to the date the Interim Rates became effective pursuant to Article IV.A.; provided, however, that Southern Star shall be entitled to implement the procedures set forth in Article IV.B. regarding the Interim Rate Reduction Make-Up Charge. If the Settlement does not become effective in accordance with Article XI.A above, Southern Star may take any necessary action, including submission of a tariff filing, to restore or otherwise make effective the Motion Rates as of the date the Interim Rates became effective pursuant to Article IV.A., and neither Trial Staff nor any Settling Party shall oppose Southern Star’s right to make that filing to the extent such filing is consistent with this Article XI.B; provided, however, that any such Motion Rates remain subject to refund and a determination of just and reasonable rates in this proceeding. All participants reserve all rights to challenge the Motion Rates on any grounds.

**C. Approval.** The Commission’s order approving this Settlement shall constitute: a waiver of the Commission’s Rules and Regulations, including 18 C.F.R. Part 154, Subpart C, to the extent necessary to effectuate all of the provisions of the Settlement; approval of the revised rates reflected on the tariff

sheets submitted herewith and authority to place such tariff sheets in effect in accordance with Article I; and the final disposition of all issues in Docket No. RP21-778. Except as otherwise provided in Article II and Appendix C-1 (relating to the prohibition on the commingling of Southern Star's pension and PBOP trust funds), the terms of this Settlement shall remain effective until the effective date of Southern Star's next general NGA section 4 rate case, unless modified by the Commission.

D. **Standard of Review.** After this Settlement becomes effective as provided in this Article, the standard of review to be applied by the Commission in considering any change to any then-effective provision of this Settlement shall be the "public interest" standard set forth in *United Gas Pipe Line Co. v. Mobile Gas Serv. Corp.*, 350 U.S. 332 (1956) and *FPC v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956), except that with respect to any change sought by a non-settling third party or the Commission acting *sua sponte*, the standard of review to be applied by the Commission shall be the "just and reasonable" standard.

## EXPLANATORY STATEMENT TO STIPULATION AND AGREEMENT

Further provides, if notice is given that a Commission modification or condition is unacceptable pursuant to the first sentence of Article XI.A.2, for a process where the Settling Parties, Trial Staff, and Southern Star will engage in a good faith meet-and-confer process to determine ~~whether~~: (i) whether the Commission-imposed modification(s) or condition(s) can be accepted by all Settling Parties, ~~Trial Staff,~~ and Southern Star, or, if not, (ii) whether Southern Star and/or one or more of the Settling Parties will to file a request for rehearing/clarification regarding unacceptable modification(s) or condition(s), or (iii) whether the Settlement can be revised ~~to revise and refile the Settlement as necessary~~ to make it acceptable to all Settling Parties, Trial Staff, and Southern Star. (A changed settlement so modified shall be referred to as the "Amended Settlement"). Southern Star shall promptly notify the Commission in the event the Settlement does not take effect in accordance with Article XI.A.2.