



Southern Natural Gas
Company, L.L.C.
a Kinder Morgan operated company

June 29, 2018

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

**Re: Southern Natural Gas Company, L.L.C.
Docket No. RP18-556-____
Rate Case Settlement Compliance Filing**

Dear Ms. Bose:

Pursuant to Part 154 of the Federal Energy Regulatory Commission's ("Commission") Regulations, Southern Natural Gas Company, L.L.C. (Southern) hereby submits for filing the following records to its FERC Gas Tariff, Eighth Revised Volume No. 1 ("Tariff") listed below to be effective August 28, 2018 (sixty days from today's filing date).

Section 1.1, Overview - Table of Contents, V 8.0.0
Section 4.1, GT&C - Definitions, V 8.0.0
Section 4.33, GT&C – Reserved for Future Use, V 2.0.0
Section 4.36, GT&C - Direct Delivery Connections, V 2.0.0

Nature, Basis and Reasons for the Proposed Tariff Changes

On March 12, 2018 Southern filed a Stipulation and Agreement ("Settlement")¹ with the Commission that provided for a reduction in rates effective September 1, 2018. Southern submitted the instant Settlement as provided for in Article V, Paragraph N, as amended, of the 2013 Settlement² which required Southern to file either (i) a NGA Section 4 general rate case, or (ii) a pre-filing settlement on or before May 1, 2018. The Settlement contained *pro forma* tariff records to take effect on September 1, 2018 ("September 2018 Rates")³, which provide for a 1 percent reduction in general system-wide transportation and storage rates, along with *pro forma* tariff records to take effect September 1, 2019 ("September 2019 Rates")⁴, which provide for an additional 7 percent reduction in general system-wide rates, for an overall reduction of 8 percent.

¹ Docket No. RP18-556.

² *Southern Natural Gas Company, L.L.C.*, 162 FERC ¶ 61,132 (2018).

³ See Appendix B of the Settlement.

⁴ See Appendix C of the Settlement.

The Settlement also provided for Southern to make a tariff filing which alphabetizes the definitions listed in Section 1 of the General Terms and Conditions (“GT&C”) and removes the language set forth in Section 33 of the GT&C and any cross-references to such language throughout the Tariff and label such section as “Reserved for Future Use”⁵. In Section 33, Southern proposes to remove the reference to its “Take-Or-Pay Buy-Out & Buy-Down Recovery Mechanism” since it does not anticipate there will be any further costs to be collected under such recovery mechanism. In the unlikely event Southern would incur any similar costs, Southern would propose to collect them in the context of a NGA Section 4 proceeding which would require Commission approval and allow persons the opportunity to intervene, protest or comment prior to incorporation of such costs.

In particular, with respect to the proposed changes to Section 1 of the GT&C, Southern is not proposing to change, edit or delete any of the definitions which are currently in such Section of Southern’s Tariff. Even though the attached marked tariff sheets show deletions and additions, the language pertinent to the definition for each term was already contained in Southern’s Tariff and has been approved by the Commission. The only actual changes to be made to this Section 1 are the reordering of the terms to be defined so that they are arranged in alphabetical order. Over time, Southern added definitions to Section 1 of the GT&C as they became required or needed and inserted definitions at the end of Section 1, rather than trying to add them alphabetically. Accordingly, it became more and more difficult to search for the term and Southern agreed as part of the Settlement to improve the ease of use.

On May 30, 2018, the Commission issued a Letter Order⁶ approving the Settlement and directing Southern to file actual tariff records that implement the Settlement consistent with its terms. Therefore, this filing is the first of three compliance filings Southern will make. In this filing Southern hereby submits the tariff records listed above to alphabetize the Definitions and remove Section 33 to be effective August 28, 2018⁷. By July 13, 2018, Southern will file with the Commission the September 2018 Tariff Rates to be effective September 1, 2018. Thirty to sixty days prior to September 1, 2019, Southern will file with the Commission the September 2019 Tariff Rates to be effective September 1, 2019.

Procedural Matters

Pursuant to the applicable provisions of Section 154.7 of the Commission’s Regulations, Southern submits the following materials in connection with the filing:

An eTariff XML filing package, filed as a zip (compressed) file, containing:

1. A transmittal letter; and
2. Clean and marked versions of the tariff sections in PDF format.

⁵ See Article XIII A.2.(a) on page 40 of the Settlement.

⁶ *Southern Natural Gas Company, L.L.C.*, 163 FERC ¶ 61,161 (2018).

⁷ Per Article XIII of the Settlement, this compliance filing is to be made by June 30, 2018.

As required by Section 154.208 of the Commission's Regulations, copies of this filing are being made available at Southern's offices in Birmingham, Alabama, and electronically mailed to parties on the Commission's official service list for Docket No. RP18-556 and to Southern's customers and to interested state commissions.

The names, titles, and mailing addresses of the persons to whom communications concerning this filing are to be addressed and to whom service is to be made are as follows:

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Respectfully submitted,

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Enclosures

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Southern Natural Gas Company, L.L.C.)
)
)

Docket No. RP18-556-

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon all Southern's customers and interested state commissions as well as all parties on the Commission's official service list for Docket No. RP18-556.

Dated at Birmingham, Alabama this 29th day of June 2018.

/s/ T. Brooks Henderson
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CLEAN TARIFF

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GENERAL TERMS AND CONDITIONS

1. DEFINITIONS

The following terms shall have the meanings defined below:

- (a) Authorized Overrun Gas (AO) – Gas that is nominated by a SHIPPER and is scheduled by COMPANY for delivery to a Shipper that is in excess of the SHIPPER's firm Transportation Demand under its FT or FTNN Service Agreement.
- (b) Btu – The term "British thermal unit" or Btu shall mean the amount of heat required to raise the temperature of one pound of water one degree Fahrenheit at standard conditions of 14.73 psia and 60 degrees Fahrenheit on a dry basis.
- (c) Business Day - Monday through Friday, excluding Federal Banking holidays for transactions in the United States and similar holidays for transactions occurring in Canada and Mexico.
- (d) Central Clock Time (CCT) - The time in the Central Time Zone, as adjusted for Daylight Savings Time and Standard Time. Unless otherwise specified herein, all times stated in this tariff are Central Clock Time. "Birmingham, Alabama, time" shall mean Central Clock Time.
- (e) Critical notices - Those notices issued by COMPANY which contain information about conditions that affect scheduling of service by COMPANY or adversely affect scheduled gas flow.
- (f) Cubic Foot - The volumetric measurement base shall be one (1) cubic foot of Gas at a pressure base of 14.73 pounds per square inch absolute and at a temperature of 60 degrees Fahrenheit on a dry basis.
- (g) Daily Entitlement - The total quantity of gas which SHIPPER is entitled to take from COMPANY on any day, consisting of the sum of the following quantities:
 - (1) The quantity of gas scheduled by COMPANY for delivery to SHIPPER under Rate Schedule FT;
 - (2) The quantity of gas scheduled by COMPANY for delivery to SHIPPER under Rate Schedule FT-NN;
 - (3) The quantity of gas scheduled by COMPANY for delivery to SHIPPER under Rate Schedule IT; and
 - (4) The maximum quantity of no notice service available to SHIPPER under Rate Schedule FT-NN.
- (h) Dekatherm (Dth) - The standard quantity for purposes of contracting, nominations, confirmation, scheduling, capacity release, invoicing, balancing and rates in the United States. One Dth is equivalent to one MMBtu.
- (i) Gas Day or Day - A period of twenty-four (24) consecutive hours beginning at 9:00 a.m. Central Clock Time. The date of a day shall be that of its beginning.
- (j) Gigacalorie - The standard quantity for nominations, confirmations and scheduling per Gas Day in Mexico. One gigacalorie is equivalent to 1,000,000,000 calories. For commercial purposes, the standard conversion factor between dekatherms and gigacalories is 0.251996 gigacalories per dekatherm. The reporting basis for gigacalorie is 1.035646 Kg/cm² at 15.6 degrees C and dry.
- (k) Gigajoule - The standard quantity for nominations, confirmations and scheduling per Gas Day in Canada. One gigajoule is equivalent to 1,000,000,000 joules. For commercial purposes, the standard conversion factor between dekatherms and gigajoules is 1.055056 gigajoules per dekatherm. The standard joule is the joule specified in the SI System of Units.

- (l) Gross Heating Value - Gross Heating Value shall mean the number of Btu's produced on a dry basis by the combustion, at a constant pressure, of the amount of Gas which would occupy a volume of one cubic foot at a temperature of 60 degrees Fahrenheit at a pressure of 14.73 p.s.i.a. with air of the same temperature and pressure as the Gas, when the products of combustion are cooled to the initial temperature of Gas and air and when the water formed by combustion is condensed to the liquid state.
- (m) Interactive Website - COMPANY'S electronic computer system as more specifically described in Section 27 hereof.
- (n) Liquefiabiles - Those hydrocarbons produced in conjunction with gas sold to SHIPPER and included in the gas stream measured at the Receipt Point which are liquefied by, recovered by, lost and/or consumed by a gas processing plant and which are not redelivered to COMPANY'S pipeline system downstream of such plant.
- (o) Liquids - Those hydrocarbon liquids (commonly called "condensate") produced in association with gas sold to SHIPPER which are injected into COMPANY'S pipeline system and are finally removed from COMPANY'S pipeline system at a liquid separation facility; provided, however, that liquids shall not include crude oil.
- (p) Maximum Daily Delivery Quantity (MDDQ) - For each Delivery Point, the maximum quantity of gas which COMPANY is obligated to deliver for SHIPPER'S account. The MDDQ shall be specified on Exhibit B to the Service Agreement between COMPANY and SHIPPER. For all interruptible and alternate firm services, the MDDQ is the lesser of (i) the maximum quantity of gas COMPANY is capable of delivering at said point based on design capacity or historical operations, as may change from time to time, or (ii) the Transportation Demand or scheduled quantity, as applicable.
- (q) Maximum Daily Receipt Quantity (MDRQ) - For each Receipt Point, the maximum quantity of gas which COMPANY is obligated to accept for transportation for SHIPPER'S account. The MDRQ shall be specified on Exhibit A, if applicable, to the Service Agreement between COMPANY and SHIPPER. For all interruptible and alternate firm services, the MDRQ is the lesser of (i) the maximum quantity of gas COMPANY is capable of receiving at said point based on design capacity or historical operations, as may change from time to time, or (ii) the Transportation Demand or scheduled quantity, as applicable.
- (r) Mcf - 1,000 cubic feet of natural gas.
- (s) MMBtu - 1,000,000 Btu's. One MMBtu is equivalent to one dekatherm.
- (t) Month - A period beginning on the first day of the calendar month and ending on the commencement of the first day of the next succeeding calendar month.
- (u) NAESB- North American Energy Standards Board.
- (v) NAESB Standard - The standards issued by NAESB and adopted by the Federal Energy Regulatory Commission in its regulations governing interstate natural gas companies.
- (w) Natural Gas or Gas - Natural gas processed or unprocessed, vaporized liquid natural gas, synthetic gas, or any mixture of these gases which meets the quality specifications set out in Section 3 of these General Terms and Conditions.
- (x) Operational Flow Orders (OFO) - An order issued to alleviate conditions, inter alia, which threaten the safe operations or system integrity of COMPANY'S system or to maintain operations required to provide efficient and reliable firm service. Whenever COMPANY experiences these conditions, any pertinent order shall be referred to as an OFO. A list of COMPANY'S current types of OFOs are set forth in Section 41 of these General Terms and Conditions.
- (y) Operator Provided Value (OPV) PDA - the predetermined allocation methodology used to allocate gas flow among scheduled line item nominations at a point where a quantity in Dth is provided for each scheduled line item nomination such that the sum of the quantities equals the metered flow at the point. If the sum of the Dth quantities allocated to the scheduled line item

- nominations at the point is different from the total Dth quantity metered at the point, the difference will be allocated to a designated swing contract. The swing contract will be allocated the difference in accordance with the instructions provided with the Swing PDA.
- (z) Percentage PDA - the predetermined allocation methodology used to allocate gas flow among scheduled line item nominations at a point where the allocation is derived by taking the total quantity to be allocated at a location and multiplying it by the percentage provided for each line item.
 - (aa) Point Identification Number (PIN) – The number assigned to each point of receipt and delivery, including receipt and/or delivery for transportation, storage, pooling, and PAL services, which shall be specified on COMPANY’s Interactive Website and in Shipper’s Agreement where Shipper may be entitled to service. A PIN may also be referred to as a Receipt Point, Delivery Point, Storage Point, Pool Location, or PT in this Tariff.
 - (bb) Pool Location – Geographic locations established by COMPANY on its pipeline system at which Shippers and TTT parties buying and selling gas can nominate aggregated supplies for delivery or receipt. All Pool Locations shall be provided on COMPANY’s Interactive Website.
 - (cc) Primary Path – The path of gas from a Primary Point of Receipt as defined on Exhibit A to SHIPPER’s Service Agreement (Primary Receipt Point or Exhibit A Receipt Point) along SHIPPER’s contracted pipeline capacity path to a Primary Point of Delivery as defined on Exhibit B to SHIPPER’s Service Agreement (Primary Delivery Point or Exhibit B Delivery Point). The direction of the Primary Path shall be considered to be from the Primary Receipt Point to the Primary Delivery Point.
 - (dd) Pro Rata PDA - the predetermined allocation methodology used to allocate gas flow among scheduled line item nominations at a point where the total quantity to be allocated is multiplied by the ratio established by taking each scheduled line item and dividing it by the total line items applicable to the quantity to be allocated.
 - (ee) Ranked PDA - the predetermined allocation methodology used to allocate gas flow among scheduled line item nominations at a point where the line item nomination with the lowest rank value is allocated before the next sequentially higher-ranked line item nomination.
 - (ff) Rate Default – For index-based capacity release transactions, Rate Default is the term used to describe the non-biddable rate specified in the capacity release offer to be used for invoicing purposes when the result of the index-based formula is unavailable or cannot be computed. If a Rate Default is not otherwise specified, the Rate Floor should serve as the Rate Default.
 - (gg) Rate Floor – Rate Floor is the term used to describe the lowest rate specified in the capacity release offer in dollars and cents that is acceptable to the Releasing Shipper. The Rate Floor may not be less than COMPANY’s minimum reservation rate or zero cents when there is no stated minimum reservation rate.
 - (hh) Swing PDA - the predetermined allocation methodology used to allocate gas flow among scheduled line item nominations at a point where one of the scheduled line items, or alternatively a separate contract, is designated as the "swing." All other scheduled line items are allocated the scheduled quantity. The line item(s) identified as "swing" are allocated the remaining difference between the total quantity to be allocated and quantities allocated to non-swing line items, in accordance with the instructions provided with the PDA. The swing line item(s)/contract is not permitted to be allocated a quantity which would result in a negative number, therefore any negative quantity is allocated to the remaining scheduled line items on a pro rata basis.
 - (ii) Title Transfer Tracking (TTT) - The process of accounting for the progression of title changes from party to party that does not affect a physical transfer of the gas (NAESB Standard 1.2.15).
 - (jj) Transportation Demand (TD) - The maximum quantity of gas that COMPANY shall be obligated to receive and deliver on any day pursuant to a Service Agreement under the FT Rate Schedule or FT-NN Rate Schedule. The Transportation Demand shall be stated in the Service Agreement in Dth.

- (kk) Unauthorized Overrun Gas (UAO) – Gas that is taken by SHIPPER, but is not scheduled and is in excess of the SHIPPER'S Daily Entitlement. Nothing contained in this Tariff shall give SHIPPER the right to take Unauthorized Overrun Gas.

33. RESERVED FOR FUTURE USE.

36. DIRECT DELIVERY CONNECTIONS

- (a) As used herein, the term direct delivery connection shall refer to interconnection, measurement, and appurtenant facilities necessary to deliver gas directly to an end-user.
- (b) A SHIPPER may request a new direct delivery connection by submitting to the attention of the COMPANY'S Transportation Services Department, Post Office Box 2563, Birmingham, Alabama 35202, a written request to COMPANY in the format set out in Appendix A to these General Terms and Conditions. If SHIPPER is currently receiving natural gas services from the local distributor serving the area, or if the direct delivery connection is within the authorized service area of a local distribution company, SHIPPER shall provide a copy of its request for a direct delivery connection to such local distribution company. SHIPPER shall notify COMPANY of the date SHIPPER has complied with this notice requirement, and COMPANY shall not make the filing required by Section 157.211(a)(2) of the Commission's Regulations until thirty (30) days after the date SHIPPER notified such local distribution company of its request for a direct delivery connection.
- (c) COMPANY will add a new direct delivery connection if such direct delivery connection is operationally and economically feasible.
- (d) A direct delivery connection is operationally feasible if, with such connecting facilities, COMPANY has the existing pipeline capacity to perform the requested service through the proposed direct connection and such service will not impair the COMPANY'S ability to provide service to its existing firm customers.
- (e)
 - (1) A direct delivery connection is economically feasible if the proposed transportation service to be provided through the new direct delivery connection will produce a net revenue gain, as more particularly described in Section 6 of Rate Schedule FT, or is revenue positive or revenue neutral to COMPANY, as described in subsections (2) or (3) below.
 - (2) To the extent that the new direct delivery connection serves an end-user that has historically been served by a firm customer of COMPANY, the proposed transportation service to be provided through the new direct delivery connection will be deemed revenue positive or revenue neutral if the costs set out in Sections 36(f)(1) and (2), as applicable, are paid or reimbursed in full by the SHIPPER obtaining the direct delivery connection.
 - (3) To the extent that the new direct delivery connection serves an end-user which represents new or incremental gas transportation volumes, the proposed transportation service to be provided through the new direct delivery connection will be deemed revenue positive or revenue neutral if the costs set out in Section 36(f)(1) are either paid or reimbursed in full by the SHIPPER obtaining the direct delivery connection.
- (f) The costs referenced in Sections 36(e)(2) and (3), as applicable, are:
 - (1) All costs, including overheads and taxes, associated with construction of the required direct delivery connection facilities and with any modifications to existing facilities required to maintain service to existing firm customers.
 - (2) Any other costs which the Commission orders to be (i) allocated or assigned to SHIPPER, or (ii) paid by SHIPPER, as a result of the direct delivery connection.
- (g) After the SHIPPER requesting the direct delivery connection executes an interconnection agreement agreeing to pay or reimburse COMPANY in full for the costs set out in Sections 36(f)(1) and (2), as applicable, and COMPANY has received all necessary regulatory authorizations to construct, install, and operate the direct delivery connection facilities, COMPANY shall commence construction of the new direct delivery connection in accordance with the terms of such agreement and regulatory authorizations.

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GENERAL TERMS AND CONDITIONS

1. DEFINITIONS

The following terms shall have the meanings defined below:

- (a) ~~Natural Gas or Gas— Natural gas processed or unprocessed, vaporized liquid natural gas, synthetic gas, or any mixture of these gases which meets the quality specifications set out in Section 3 of these General Terms and Conditions.~~ Authorized Overrun Gas (AO) – Gas that is nominated by a SHIPPER and is scheduled by COMPANY for delivery to a Shipper that is in excess of the SHIPPER’s firm Transportation Demand under its FT or FTNN Service Agreement.
- (b) ~~Gas Day or Day— A period of twenty four (24) consecutive hours beginning at 9:00 a.m. Central Clock Time. The date of a day shall be that of its beginning.~~ Btu – The term "British thermal unit" or Btu shall mean the amount of heat required to raise the temperature of one pound of water one degree Fahrenheit at standard conditions of 14.73 psia and 60 degrees Fahrenheit on a dry basis.
- (c) ~~Month— A period beginning on the first day of the calendar month and ending on the commencement of the first day of the next succeeding calendar month.~~ Business Day - Monday through Friday, excluding Federal Banking holidays for transactions in the United States and similar holidays for transactions occurring in Canada and Mexico.
- (d) ~~Btu— The term "British thermal unit" or Btu shall mean the amount of heat required to raise the temperature of one pound of water one degree Fahrenheit at standard conditions of 14.73 psia and 60 degrees Fahrenheit on a dry basis.~~ Central Clock Time (CCT) - The time in the Central Time Zone, as adjusted for Daylight Savings Time and Standard Time. Unless otherwise specified herein, all times stated in this tariff are Central Clock Time. "Birmingham, Alabama, time" shall mean Central Clock Time.
- (e) ~~MMBtu— 1,000,000 Btu's. One MMBtu is equivalent to one dekatherm.~~ Critical notices - Those notices issued by COMPANY which contain information about conditions that affect scheduling of service by COMPANY or adversely affect scheduled gas flow.
- (f) Cubic Foot - The volumetric measurement base shall be one (1) cubic foot of Gas at a pressure base of 14.73 pounds per square inch absolute and at a temperature of 60 degrees Fahrenheit on a dry basis.
- (g) ~~Mcf— 1,000 cubic feet of natural gas.~~ Daily Entitlement - The total quantity of gas which SHIPPER is entitled to take from COMPANY on any day, consisting of the sum of the following quantities:
 - (1) The quantity of gas scheduled by COMPANY for delivery to SHIPPER under Rate Schedule FT;
 - (2) The quantity of gas scheduled by COMPANY for delivery to SHIPPER under Rate Schedule FT-NN;
 - (3) The quantity of gas scheduled by COMPANY for delivery to SHIPPER under Rate Schedule IT; and
 - (4) The maximum quantity of no notice service available to SHIPPER under Rate Schedule FT-NN.
- (h) ~~Liquids— Those hydrocarbon liquids (commonly called "condensate") produced in association with gas sold to SHIPPER which are injected into COMPANY'S pipeline system and are finally removed from COMPANY'S pipeline system at a liquid separation facility; provided, however, that liquids shall not include crude oil.~~ Dekatherm (Dth) - The standard quantity for purposes of contracting, nominations, confirmation, scheduling, capacity release, invoicing, balancing and rates in the United States. One Dth is equivalent to one MMBtu.

- (i) ~~Liquefiabiles—Those hydrocarbons produced in conjunction with gas sold to SHIPPER and included in the gas stream measured at the Receipt Point which are liquefied by, recovered by, lost and/or consumed by a gas processing plant and which are not redelivered to COMPANY'S pipeline system downstream of such plant.~~Gas Day or Day - A period of twenty-four (24) consecutive hours beginning at 9:00 a.m. Central Clock Time. The date of a day shall be that of its beginning.
- (j) ~~Transportation Demand (TD)—The maximum quantity of gas that COMPANY shall be obligated to receive and deliver on any day pursuant to a Service Agreement under the FT Rate Schedule or FT-NN Rate Schedule. The Transportation Demand shall be stated in the Service Agreement in~~Dth-Gigacalorie - The standard quantity for nominations, confirmations and scheduling per Gas Day in Mexico. One gigacalorie is equivalent to 1,000,000,000 calories. For commercial purposes, the standard conversion factor between dekatherms and gigacalories is 0.251996 gigacalories per dekatherm. The reporting basis for qigacalorie is 1.035646 Kg/cm2 at 15.6 degrees C and dry.
- (k) ~~(Reserved for Future Use)~~Gigajoule - The standard quantity for nominations, confirmations and scheduling per Gas Day in Canada. One gigajoule is equivalent to 1,000,000,000 joules. For commercial purposes, the standard conversion factor between dekatherms and gigajoules is 1.055056 gigajoules per dekatherm. The standard joule is the joule specified in the SI System of Units.
- (l) ~~Daily Entitlement—The total quantity of gas which SHIPPER is entitled to take from COMPANY on any day, consisting of the sum of the following quantities:~~Gross Heating Value - Gross Heating Value shall mean the number of Btu's produced on a dry basis by the combustion, at a constant pressure, of the amount of Gas which would occupy a volume of one cubic foot at a temperature of 60 degrees Fahrenheit at a pressure of 14.73 p.s.i.a. with air of the same temperature and pressure as the Gas, when the products of combustion are cooled to the initial temperature of Gas and air and when the water formed by combustion is condensed to the liquid state.
- (1) —The quantity of gas scheduled by COMPANY for delivery to SHIPPER under Rate Schedule FT;
- (2) —The quantity of gas scheduled by COMPANY for delivery to SHIPPER under Rate Schedule FT-NN;
- (3) —The quantity of gas scheduled by COMPANY for delivery to SHIPPER under Rate Schedule IT; and
- (4) —The maximum quantity of no notice service available to SHIPPER under Rate Schedule FT-NN.
- (m) ~~Maximum Daily Receipt Quantity (MDRQ)—For each Receipt Point, the maximum quantity of gas which COMPANY is obligated to accept for transportation for SHIPPER'S account. The MDRQ shall be specified on Exhibit A, if applicable, to the Service Agreement between COMPANY and SHIPPER. For all interruptible and alternate firm services, the MDRQ is the lesser of (i) the maximum quantity of gas COMPANY is capable of receiving at said point based on design capacity or historical operations, as may change from time to time, or (ii) the Transportation Demand or scheduled quantity, as applicable.~~Interactive Website - COMPANY'S electronic computer system as more specifically described in Section 27 hereof.
- (n) ~~Maximum Daily Delivery Quantity (MDDQ)—For each Delivery Point, the maximum quantity of gas which COMPANY is obligated to deliver for SHIPPER'S account. The MDDQ shall be specified on Exhibit B to the Service Agreement between COMPANY and SHIPPER. For all interruptible and alternate firm services, the MDDQ is the lesser of (i) the maximum quantity of gas COMPANY is capable of delivering at said point based on design capacity or historical operations, as may change from time to time, or (ii) the Transportation Demand or scheduled quantity, as applicable.~~Liquefiabiles - Those hydrocarbons produced in conjunction with gas sold to SHIPPER and included in the gas stream measured at the Receipt Point which are liquefied by, recovered by, lost and/or consumed by a gas processing plant and which are not redelivered to COMPANY'S pipeline system downstream of such plant.

- (o) ~~Interactive Website—COMPANY'S electronic computer system as more specifically described in Section 27 hereof.~~ Liquids - Those hydrocarbon liquids (commonly called "condensate") produced in association with gas sold to SHIPPER which are injected into COMPANY'S pipeline system and are finally removed from COMPANY'S pipeline system at a liquid separation facility; provided, however, that liquids shall not include crude oil.
- (p) ~~Dekatherm (Dth)—The standard quantity for purposes of contracting, nominations, confirmation, scheduling, capacity release, invoicing, balancing and rates in the United States. One Dth is equivalent to one MMBtu.~~ Maximum Daily Delivery Quantity (MDDQ) - For each Delivery Point, the maximum quantity of gas which COMPANY is obligated to deliver for SHIPPER'S account. The MDDQ shall be specified on Exhibit B to the Service Agreement between COMPANY and SHIPPER. For all interruptible and alternate firm services, the MDDQ is the lesser of (i) the maximum quantity of gas COMPANY is capable of delivering at said point based on design capacity or historical operations, as may change from time to time, or (ii) the Transportation Demand or scheduled quantity, as applicable.
- (q) ~~Central Clock Time (CCT)—The time in the Central Time Zone, as adjusted for Daylight Savings Time and Standard Time. Unless otherwise specified herein, all times stated in this tariff are Central Clock Time. "Birmingham, Alabama, time" shall mean Central Clock Time.~~ Maximum Daily Receipt Quantity (MDRQ) - For each Receipt Point, the maximum quantity of gas which COMPANY is obligated to accept for transportation for SHIPPER'S account. The MDRQ shall be specified on Exhibit A, if applicable, to the Service Agreement between COMPANY and SHIPPER. For all interruptible and alternate firm services, the MDRQ is the lesser of (i) the maximum quantity of gas COMPANY is capable of receiving at said point based on design capacity or historical operations, as may change from time to time, or (ii) the Transportation Demand or scheduled quantity, as applicable.
- (r) ~~Business Day—Monday through Friday, excluding Federal Banking holidays for transactions in the United States and similar holidays for transactions occurring in Canada and Mexico.~~ Mcf - 1,000 cubic feet of natural gas.
- (s) ~~Critical notices—Those notices issued by COMPANY which contain information about conditions that affect scheduling of service by COMPANY or adversely affect scheduled gas flow.~~ MMBtu - 1,000,000 Btu's. One MMBtu is equivalent to one dekatherm.
- (t) ~~NAESB—North American Energy Standards Board.~~ Month - A period beginning on the first day of the calendar month and ending on the commencement of the first day of the next succeeding calendar month.
- (u) ~~NAESB Standard—The standards issued by NAESB and adopted by the Federal Energy Regulatory Commission in its regulations governing interstate natural gas companies.~~ NAESB- North American Energy Standards Board.
- (v) ~~Operational Flow Orders (OFO)—An order issued to alleviate conditions, inter alia, which threaten the safe operations or system integrity of COMPANY'S system or to maintain operations required to provide efficient and reliable firm service. Whenever COMPANY experiences these conditions, any pertinent order shall be referred to as an OFO. A list of COMPANY'S current types of OFOs are set forth in Section 41 of these General Terms and Conditions.~~ NAESB Standard - The standards issued by NAESB and adopted by the Federal Energy Regulatory Commission in its regulations governing interstate natural gas companies.
- (w) ~~Ranked PDA—the predetermined allocation methodology used to allocate gas flow among scheduled line item nominations at a point where the line item nomination with the lowest rank value is allocated before the next sequentially higher ranked line item nomination.~~ Natural Gas or Gas - Natural gas processed or unprocessed, vaporized liquid natural gas, synthetic gas, or any mixture of these gases which meets the quality specifications set out in Section 3 of these General Terms and Conditions.
- (x) ~~Pro Rata PDA—the predetermined allocation methodology used to allocate gas flow among scheduled line item nominations at a point where the total quantity to be allocated is multiplied by the ratio established by taking each scheduled line item and dividing it by the total line items applicable to the quantity to be allocated.~~ Operational Flow Orders (OFO) - An order issued to

- alleviate conditions, inter alia, which threaten the safe operations or system integrity of COMPANY'S system or to maintain operations required to provide efficient and reliable firm service. Whenever COMPANY experiences these conditions, any pertinent order shall be referred to as an OFO. A list of COMPANY'S current types of OFOs are set forth in Section 41 of these General Terms and Conditions.
- (y) ~~Percentage PDA—the predetermined allocation methodology used to allocate gas flow among scheduled line item nominations at a point where the allocation is derived by taking the total quantity to be allocated at a location and multiplying it by the percentage provided for each line item.~~ Operator Provided Value (OPV) PDA - the predetermined allocation methodology used to allocate gas flow among scheduled line item nominations at a point where a quantity in Dth is provided for each scheduled line item nomination such that the sum of the quantities equals the metered flow at the point. If the sum of the Dth quantities allocated to the scheduled line item nominations at the point is different from the total Dth quantity metered at the point, the difference will be allocated to a designated swing contract. The swing contract will be allocated the difference in accordance with the instructions provided with the Swing PDA.
- (z) ~~Swing PDA—the predetermined allocation methodology used to allocate gas flow among scheduled line item nominations at a point where one of the scheduled line items, or alternatively a separate contract, is designated as the "swing." All other scheduled line items are allocated the scheduled quantity. The line item(s) identified as "swing" are allocated the remaining difference between the total quantity to be allocated and quantities allocated to non-swing line items, in accordance with the instructions provided with the PDA. The swing line item(s)/contract is not permitted to be allocated a quantity which would result in a negative number, therefore any negative quantity is allocated to the remaining scheduled line items on a pro-rata basis.~~ Percentage PDA - the predetermined allocation methodology used to allocate gas flow among scheduled line item nominations at a point where the allocation is derived by taking the total quantity to be allocated at a location and multiplying it by the percentage provided for each line item.
- (aa) ~~Operator Provided Value (OPV) PDA—the predetermined allocation methodology used to allocate gas flow among scheduled line item nominations at a point where a quantity in Dth is provided for each scheduled line item nomination such that the sum of the quantities equals the metered flow at the point. If the sum of the Dth quantities allocated to the scheduled line item nominations at the point is different from the total Dth quantity metered at the point, the difference will be allocated to a designated swing contract. The swing contract will be allocated the difference in accordance with the instructions provided with the Swing PDA.~~ Point Identification Number (PIN) – The number assigned to each point of receipt and delivery, including receipt and/or delivery for transportation, storage, pooling, and PAL services, which shall be specified on COMPANY'S Interactive Website and in Shipper's Agreement where Shipper may be entitled to service. A PIN may also be referred to as a Receipt Point, Delivery Point, Storage Point, Pool Location, or PT in this Tariff.
- (bb) ~~Gigajoule—The standard quantity for nominations, confirmations and scheduling per Gas Day in Canada. One gigajoule is equivalent to 1,000,000,000 joules. For commercial purposes, the standard conversion factor between dekatherms and gigajoules is 1.055056 gigajoules per dekatherm. The standard joule is the joule specified in the SI System of Units.~~ Pool Location – Geographic locations established by COMPANY on its pipeline system at which Shippers and TTT parties buying and selling gas can nominate aggregated supplies for delivery or receipt. All Pool Locations shall be provided on COMPANY'S Interactive Website.
- (cc) ~~Gigacalorie—The standard quantity for nominations, confirmations and scheduling per Gas Day in Mexico. One gigacalorie is equivalent to 1,000,000,000 calories. For commercial purposes, the standard conversion factor between dekatherms and gigacalories is 0.251996 gigacalories per dekatherm. The reporting basis for gigacalorie is 1.035646 Kg/cm2 at 15.6 degrees C and dry.~~ Primary Path – The path of gas from a Primary Point of Receipt as defined on Exhibit A to SHIPPER'S Service Agreement (Primary Receipt Point or Exhibit A Receipt Point) along SHIPPER'S contracted pipeline capacity path to a Primary Point of Delivery as defined on Exhibit B to SHIPPER'S Service Agreement (Primary Delivery Point or Exhibit B Delivery Point). The direction of the Primary Path shall be considered to be from the Primary Receipt Point to the Primary Delivery Point.

- (dd) ~~Rate Default—For index-based capacity release transactions, Rate Default is the term used to describe the non-biddable rate specified in the capacity release offer to be used for invoicing purposes when the result of the index-based formula is unavailable or cannot be computed. If a Rate Default is not otherwise specified, the Rate Floor should serve as the Rate Default. Pro Rata PDA - the predetermined allocation methodology used to allocate gas flow among scheduled line item nominations at a point where the total quantity to be allocated is multiplied by the ratio established by taking each scheduled line item and dividing it by the total line items applicable to the quantity to be allocated.~~
- (ee) ~~Rate Floor—Rate Floor is the term used to describe the lowest rate specified in the capacity release offer in dollars and cents that is acceptable to the Releasing Shipper. The Rate Floor may not be less than COMPANY's minimum reservation rate or zero cents when there is no stated minimum reservation rate. Ranked PDA - the predetermined allocation methodology used to allocate gas flow among scheduled line item nominations at a point where the line item nomination with the lowest rank value is allocated before the next sequentially higher-ranked line item nomination.~~
- (ff) ~~Gross Heating Value—Gross Heating Value shall mean the number of Btu's produced on a dry basis by the combustion, at a constant pressure, of the amount of Gas which would occupy a volume of one cubic foot at a temperature of 60 degrees Fahrenheit at a pressure of 14.73 p.s.i.a. with air of the same temperature and pressure as the Gas, when the products of combustion are cooled to the initial temperature of Gas and air and when the water formed by combustion is condensed to the liquid state. Rate Default – For index-based capacity release transactions, Rate Default is the term used to describe the non-biddable rate specified in the capacity release offer to be used for invoicing purposes when the result of the index-based formula is unavailable or cannot be computed. If a Rate Default is not otherwise specified, the Rate Floor should serve as the Rate Default.~~
- (gg) ~~Authorized Overrun Gas (AO)—Gas that is nominated by a SHIPPER and is scheduled by COMPANY for delivery to a Shipper that is in excess of the SHIPPER's firm Transportation Demand under its FT or FTNN Service Agreement. Rate Floor – Rate Floor is the term used to describe the lowest rate specified in the capacity release offer in dollars and cents that is acceptable to the Releasing Shipper. The Rate Floor may not be less than COMPANY's minimum reservation rate or zero cents when there is no stated minimum reservation rate.~~
- (hh) ~~Unauthorized Overrun Gas (UAO)—Gas that is taken by SHIPPER, but is not scheduled and is in excess of the SHIPPER'S Daily Entitlement. Nothing contained in this Tariff shall give SHIPPER the right to take Unauthorized Overrun Gas. Swing PDA - the predetermined allocation methodology used to allocate gas flow among scheduled line item nominations at a point where one of the scheduled line items, or alternatively a separate contract, is designated as the "swing." All other scheduled line items are allocated the scheduled quantity. The line item(s) identified as "swing" are allocated the remaining difference between the total quantity to be allocated and quantities allocated to non-swing line items, in accordance with the instructions provided with the PDA. The swing line item(s)/contract is not permitted to be allocated a quantity which would result in a negative number, therefore any negative quantity is allocated to the remaining scheduled line items on a pro rata basis.~~
- (ii) Title Transfer Tracking (TTT) - The process of accounting for the progression of title changes from party to party that does not affect a physical transfer of the gas (NAESB Standard 1.2.15).
- (jj) ~~Pool Location—Geographic locations established by COMPANY on its pipeline system at which Shippers and TTT parties buying and selling gas can nominate aggregated supplies for delivery or receipt. All Pool Locations shall be provided on COMPANY's Interactive Website. Transportation Demand (TD) - The maximum quantity of gas that COMPANY shall be obligated to receive and deliver on any day pursuant to a Service Agreement under the FT Rate Schedule or FT-NN Rate Schedule. The Transportation Demand shall be stated in the Service Agreement in Dth.~~
- (kk) ~~Primary Path—The path of gas from a Primary Point of Receipt as defined on Exhibit A to SHIPPER's Service Agreement (Primary Receipt Point or Exhibit A Receipt Point) along SHIPPER's contracted pipeline capacity path to a Primary Point of Delivery as defined on Exhibit B to SHIPPER's Service Agreement (Primary Delivery Point or Exhibit B Delivery Point). The direction of the Primary Path shall be considered to be from the Primary Receipt Point to the Primary Delivery~~

~~Point-Unauthorized Overrun Gas (UAO) – Gas that is taken by SHIPPER, but is not scheduled and is in excess of the SHIPPER'S Daily Entitlement. Nothing contained in this Tariff shall give SHIPPER the right to take Unauthorized Overrun Gas.~~

~~(II) — Point Identification Number (PIN) — The number assigned to each point of receipt and delivery, including receipt and/or delivery for transportation, storage, pooling, and PAL services, which shall be specified on COMPANY'S Interactive Website and in Shipper's Agreement where Shipper may be entitled to service. A PIN may also be referred to as a Receipt Point, Delivery Point, Storage Point, Pool Location, or PT in this Tariff.~~

33. ~~TAKE OR PAY BUY-OUT & BUY-DOWN RECOVERY MECHANISM~~RESERVED FOR FUTURE USE.

~~33.1 Purpose:~~

~~In order to recover the buy-out and buy-down costs incurred by COMPANY, i.e., costs incurred by COMPANY directly or indirectly to extinguish outstanding take-or-pay exposure under existing contracts, or to terminate the contracts, or to reform the price, volume or other pertinent economic terms of the contracts, consistent with the provisions of Section 2.104 of the Commission's Regulations governing the recovery of such costs, this Section 33 of the General Terms and Conditions is established to be applicable to all of COMPANY'S former rate schedules for the sale of gas for resale and all rate schedules for the transportation of gas contained in Volume No. 1 and Volume No. 2 of COMPANY'S FERC Gas Tariff.~~

~~33.2 Fixed Take-or-Pay Surcharge:~~

~~Pursuant to this Section 33.2 of the General Terms and Conditions, each of the PURCHASERS under COMPANY'S former OCD-1, OCDL-1, OCD-2, OCD-3, G-1, G-2 and G-3 sales rate schedules shall be assessed a fixed monthly take-or-pay charge in the amount authorized by the Commission and set forth for each such PURCHASER in Sections 3.7 through 3.9 of COMPANY'S FERC Gas Tariff. The total fixed monthly take-or-pay charge shall be equal to the buy-out and buy-down costs direct-billed to COMPANY from COMPANY'S pipeline suppliers and authorized for recovery by the Commission, all as set forth in Sections 3.7 through 3.9.~~

~~In addition, commencing on May 1, 1990, and each year thereafter, COMPANY shall recalculate the interest amounts that would have accrued under the actual Commission-prescribed interest rates in effect during the previous 12-month period and shall reflect any overcollections or undercollections during the next 12-month amortization period. Any PURCHASER may eliminate interest expense accruing under this section by remitting the total amount assessed under this section against such PURCHASER within sixty days of the effective date of any Commission order authorizing COMPANY to bill PURCHASER for buy-out and buy-down costs pursuant to this section.~~

~~Any PURCHASER whose sales Service Agreement with COMPANY under the above-referenced sales rate schedules expires prior to COMPANY'S recovery from such PURCHASER of all amounts due from such PURCHASER pursuant to this Section 33 shall at PURCHASER'S election exercisable within 60 days of the expiration of its sales Service Agreement with COMPANY either (1) remit to COMPANY the balance of amounts due to COMPANY from such PURCHASER pursuant to this Section 33 or (2) elect to continue to pay the fixed monthly charge provided for hereunder for the duration of any applicable amortization period. Unless COMPANY is advised in writing to the contrary within the 60-day period following expiration of its Service Agreement with PURCHASER, PURCHASER shall be deemed have agreed to continue to pay the fixed monthly charge for any applicable amortization period.~~

36. DIRECT DELIVERY CONNECTIONS

- (a) As used herein, the term direct delivery connection shall refer to interconnection, measurement, and appurtenant facilities necessary to deliver gas directly to an end-user.
- (b) A SHIPPER may request a new direct delivery connection by submitting to the attention of the COMPANY'S Transportation Services Department, Post Office Box 2563, Birmingham, Alabama 35202, a written request to COMPANY in the format set out in Appendix A to these General Terms and Conditions. If SHIPPER is currently receiving natural gas services from the local distributor serving the area, or if the direct delivery connection is within the authorized service area of a local distribution company, SHIPPER shall provide a copy of its request for a direct delivery connection to such local distribution company. SHIPPER shall notify COMPANY of the date SHIPPER has complied with this notice requirement, and COMPANY shall not make the filing required by Section 157.211(a)(2) of the Commission's Regulations until thirty (30) days after the date SHIPPER notified such local distribution company of its request for a direct delivery connection.
- (c) COMPANY will add a new direct delivery connection if such direct delivery connection is operationally and economically feasible.
- (d) A direct delivery connection is operationally feasible if, with such connecting facilities, COMPANY has the existing pipeline capacity to perform the requested service through the proposed direct connection and such service will not impair the COMPANY'S ability to provide service to its existing firm customers.
- (e) (1) A direct delivery connection is economically feasible if the proposed transportation service to be provided through the new direct delivery connection will produce a net revenue gain, as more particularly described in Section 6 of Rate Schedule FT, or is revenue positive or revenue neutral to COMPANY, as described in subsections (2) or (3) below.
- (2) To the extent that the new direct delivery connection serves an end-user that has historically been served by a firm customer of COMPANY, the proposed transportation service to be provided through the new direct delivery connection will be deemed revenue positive or revenue neutral if the costs set out in Sections 36(f)(1), ~~and (2), (3), and (4)~~, as applicable, are paid or reimbursed in full by the SHIPPER obtaining the direct delivery connection.
- (3) To the extent that the new direct delivery connection serves an end-user which represents new or incremental gas transportation volumes, the proposed transportation service to be provided through the new direct delivery connection will be deemed revenue positive or revenue neutral if the costs set out in Section 36(f)(1) are either paid or reimbursed in full by the SHIPPER obtaining the direct delivery connection.
- (f) The costs referenced in Sections 36(e)(2) and (3), as applicable, are:
- (1) All costs, including overheads and taxes, associated with construction of the required direct delivery connection facilities and with any modifications to existing facilities required to maintain service to existing firm customers.
- ~~(2) Any fixed monthly take or pay charges arising under Section 33.2 of these General Terms and Conditions which, as a result of the direct delivery connection, may no longer be recovered from the firm customer that has historically served the end user to be served through the direct delivery connection, as provided in Section 1(b) of Article XII of the Stipulation and Agreement approved in Southern Natural Gas Company, 46 FERC 61,336 (1989).~~
- ~~(3) As provided in Order Nos. 636 and 636-A, any Gas Supply Realignment Costs and other transition costs under Sections 31 and 32 of these General Terms and Conditions which the Commission orders to be (i) allocated or assigned to SHIPPER or (ii) paid by SHIPPER, as a result of the direct delivery connection.~~

| (42) Any other costs which the Commission orders to be (i) allocated or assigned to SHIPPER, or (ii) paid by SHIPPER, as a result of the direct delivery connection.

| (g) After the SHIPPER requesting the direct delivery connection executes an interconnection agreement agreeing to pay or reimburse COMPANY in full for the costs set out in Sections 36(f)(1), and (2), ~~(3), and (4)~~, as applicable, and COMPANY has received all necessary regulatory authorizations to construct, install, and operate the direct delivery connection facilities, COMPANY shall commence construction of the new direct delivery connection in accordance with the terms of such agreement and regulatory authorizations.