



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

November 19, 2020

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. RP21-\_\_\_\_\_  
Annual Storage Cost Reconciliation Mechanism Report

Dear Ms. Bose:

Enclosed for electronic filing is the Annual Storage Cost Reconciliation Mechanism ("SCRM") report of Southern Natural Gas Company, L.L.C. ("Southern") made pursuant to Section 14 of the General Terms and Conditions of Southern's FERC Gas Tariff for the twelve-month period ending October 31, 2020. Southern is proposing no change to the current rate of \$(0.0000).

**Nature, Basis and Reasons for the Filing**

Section 14.2(a) of the General Terms and Conditions of Southern's Tariff, which was approved by the Commission's Order Accepting Settlement, Severing Contesting Parties, Issuing Certificates and Approving Abandonment issued in Docket Nos. RP89-224-012, et al., on September 29, 1995<sup>1</sup> ("Order"), provides for an annual reconciliation of Southern's storage gas costs to reflect differences between the cost to Southern of its storage gas inventory and the amount Southern receives for such gas arising out of (i) the purchase and sale of such gas in order to resolve shipper imbalances and (ii) the purchase and sale of gas as necessary to maintain an appropriate level of storage gas inventory for system management purposes. The Order authorized said procedure to become effective as of November 1, 1993, the date Southern's Order No. 636 restructuring plan was put into effect. Pursuant to Section 14.2(b) of Southern's Tariff, Southern established a Storage Cost Reconciliation Deferred Account ("Deferred Account") to track such storage cost differences as of such date.

In Southern's general rate case filed on August 31, 2004 in Docket No. RP04-523, Southern proposed to revise Section 14.2 of its General Terms and Conditions to include supply pooling

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<sup>1</sup> *Southern Natural Gas Company*, 72 FERC 61,322 (1995), *order on reh'g*, 75 FERC 61,046 (1996)

volumes in the SCRM. On April 29, 2005, Southern filed a comprehensive Settlement in this docket which incorporated Southern's revised SCRM. The Settlement was approved by letter order dated July 13, 2005 in Docket Nos. RP04-523-000 and RP04-523-001.

Under Section 14.2(c) of the General Terms and Conditions of Southern's Tariff, at the end of each twelve-month period after initiating service under Order No. 636 (i.e. twelve months ending October), Southern shall determine whether the balance in the Deferred Account is in excess of \$500,000. If so, Southern is required to refund or to surcharge, as appropriate, over the twelve months beginning the following January the portion of the Deferred Account balance representing fixed and realized gains or losses from the purchase and sale of Southern's storage gas inventory. If the balance is less than or equal to \$500,000, the balance is carried forward in the Deferred Account. As specified under Section 14.2(c) of the General Terms and Conditions of Southern's Tariff, such refund or surcharge, applicable during the following twelve-month period beginning in January, is to be determined by dividing the fixed and realized gain or loss by (1) the total quantity received under supply pool balancing agreements in Dth, excluding receipts from a storage point and PAL points of transactions and (2) the total quantity delivered under rate schedules FT, FT-NN, and IT in DTH.

As set forth on Sheet 1 of Schedule No. 1, the Balance to be Recovered in the instant filing is \$(319,336). In accordance with Southern's tariff and as set forth on Schedule No. 1, Sheet 1, Southern computes the Balance to be Recovered of \$(319,336) by taking (1) the Balance filed for Recovery in Docket No. RP20-252 of \$(381,694) then subtracting (2) the SCRM surcharge credits distributed to Southern's customers for November 2019 through October 2020 of (\$245,147), then adding (3) the Realized (Gains)/Losses under Section 14.2(c) for November 2019 through October 2020 of (\$150,661) and then subtracting (4) the penalty revenue collected during the period November 2019 through October 2020 of \$32,128. Since the \$(319,336) Balance to be Recovered is less than \$500,000 in accordance with Section 14.2 of Southern's tariff, the surcharge to be effective on January 1, 2021 is \$(0.0000)/DTH and the \$(319,336) will be carried forward in the Deferred Account. Since the currently effective surcharge is also \$(0.0000)/DTH, Southern is proposing no change to the rate sheets in its FERC Gas Tariff.

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:

1. A transmittal letter;
2. Appendix A, containing Schedule 1, Sheets 1-8 showing the derivation of the surcharge amount, in PDF format.

As required by Section 154.208 of the Commission's Regulations, copies of this filing are being made available at Southern's office in Birmingham, Alabama, and electronically mailed to Southern's customers and 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:

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Respectfully submitted,

SOUTHERN NATURAL GAS COMPANY, L.L.C

/s/ T. Brooks Henderson  
T. Brooks Henderson  
Director, Rates and Regulatory

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon all Southern's customers and interested state commissions.

Dated at Birmingham, Alabama this 19th day of November, 2020.

/s/ T. Brooks Henderson  
T. Brooks Henderson  
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**Appendix A**  
**Derivation of Surcharge Amount**

**Southern Natural Gas Company  
Derivation of Surcharge Adjustment Pursuant  
to Section 14.2 (c) of the General Terms and  
Conditions of Southern's FERC Gas Tariff**

**Schedule No. 1  
Sheet 1 of 8**

| <u>Line No.</u> | <u>Description</u>                                | <u>Amount</u>        |
|-----------------|---|----------------------|
| 1               | Balance Filed for Recovery in Docket No. RP20-252 | \$ (381,694) 1/      |
| 2               | Less Surcharge Recoveries/ (credits)              | <u>(245,147) 2/</u>  |
| 3               | Remaining Balance                                 | \$ (136,547)         |
| 4               | Realized (Gains) Losses Under Section 14.2 (c)    | (150,661) 3/         |
| 5               | Less Penalties Collected and Credited             | <u>32,128 4/</u>     |
| 6               | Balance to be Recovered                           | \$ (319,336)         |
| 7               | Throughput - Dth                                  | <u>1,288,143,135</u> |
| 8               | Surcharge Effective January 1, 2021               | <u>\$ - 5/</u>       |

1/ See Southern's November 29, 2019 Filing in Docket No. RP20-252

2/ Schedule No. 1, Sheet 3, Line 13

3/ Schedule No. 1, Sheet 2, Column 2, Line 3

4/ Schedule No. 1, Sheet 4, Line 13

5/ In accordance with Section 14.2 of the General Terms and conditions of Southern's tariff,  
since the Balance to be Recovered is less than or equal to \$500,000 the surcharge is \$0.0000/DTH.

Southern Natural Gas Company  
Storage Cost Reconciliation Deferred Account  
Realized and Unrealized Gains and Losses  
November, 2019 Through October, 2020

Schedule No. 1  
Sheet 2 of 8

| Line No. | Description                    | Realized Amounts |                     | Unrealized Amounts 1/ |               | Total             |                     |
|----------|--------------------------------|------------------|---------------------|-----------------------|---------------|-------------------|---------------------|
|          |                                | Dth              | (Gain) / Loss       | Dth                   | (Gain) / Loss | (Col. 1 + Col. 3) | (Col. 2 + Col. 4)   |
|          |                                | (1)              | (2)                 | (3)                   | (4)           | (5)               | (6)                 |
| 1        | Volumes Injected Into Storage  | 5,401,594        | \$ (2,192,120)      | -                     | \$ -          | 5,401,594         | \$ (2,192,120) 2/   |
| 2        | Volumes Withdrawn From Storage | <u>5,401,594</u> | <u>2,041,459</u>    | <u>-</u>              | <u>-</u>      | <u>5,401,594</u>  | <u>2,041,459</u> 3/ |
| 3        | Balance                        | <u>-</u>         | <u>\$ (150,661)</u> | <u>-</u>              | <u>\$ -</u>   | <u>-</u>          | <u>\$ (150,661)</u> |

1/ Contingent and unrealized gains and losses are carried forward in the deferred account pursuant to Section 14.2(c) of the General Terms and Conditions of Southern's FERC Gas Tariff. The amount of such gains and losses that may become fixed and realized is dependent on the cost of gas at the time storage volumes are replaced.

2/ Schedule No.1, Sheet 5, Column 5, Line 13

3/ Schedule No.1, Sheet 6, Column 5, Line 14

**Southern Natural Gas Company  
Storage Cost Reconciliation Deferred Account  
Surcharge Credits During The Period  
November, 2019 Through October, 2020**

**Schedule No. 1  
Sheet 3 of 8**

| <u>Line No.</u> | <u>Month</u>   | <u>Amount</u>       |
|-----------------|----------------|---------------------|
| 1               | November, 2019 | \$ (117,632)        |
| 2               | December       | (127,515)           |
| 3               | January, 2020  | -                   |
| 4               | February       | -                   |
| 5               | March          | -                   |
| 6               | April          | -                   |
| 7               | May            | -                   |
| 8               | June           | -                   |
| 9               | July           | -                   |
| 10              | August         | -                   |
| 11              | September      | -                   |
| 12              | October        | <u>-</u>            |
| 13              | Total          | <u>\$ (245,147)</u> |



**Southern Natural Gas Company  
Storage Cost Reconciliation Deferred Account  
Penalties Collected During The Period  
November, 2019 Through October, 2020**

**Schedule No. 1  
Sheet 4 of 8**

| <u>Line No.</u> | <u>Month</u>   | <u>Amount</u>    |
|-----------------|----------------|------------------|
| 1               | November, 2019 | \$ 18,180        |
| 2               | December       | 5,004            |
| 3               | January, 2020  | 8,944            |
| 4               | February       | -                |
| 5               | March          | -                |
| 6               | April          | -                |
| 7               | May            | -                |
| 8               | June           | -                |
| 9               | July           | -                |
| 10              | August         | -                |
| 11              | September      | -                |
| 12              | October        | -                |
| 13              | Total          | <u>\$ 32,128</u> |

Southern Natural Gas Company  
Derivation of Amounts Debited and Credited to the  
Storage Cost Reconciliation Deferred Account  
Volumes Injected Into Storage  
November, 2019 Through October, 2020

Schedule No. 1  
Sheet 5 of 8

| <u>Line No.</u> | <u>Month</u>   | <u>Volumes<br/>Injected 1/</u> | <u>Unit Cost<br/>Of Storage</u> | <u>Per Dth<br/>Unit Price<br/>Paid For<br/>Volumes<br/>Injected 2/</u> | <u>Difference<br/>(Col. 2 - Col. 3)</u> | <u>Amount<br/>(Debited)<br/>Credited<br/>To Deferred<br/>Account<br/>(Col. 1 x Col. 4)</u> |
|-----------------|----------------|--------------------------------|---------------------------------|--|---|--|
|                 |                | (1)                            | (2)                             | (3)  | (4)                                     | (5)  |
| 1               | November, 2019 | 481,158                        | \$2.383                         | \$2.4260   | (\$0.044)                               | \$ (20,953)  |
| 2               | December       | 1,016,083                      | \$2.383                         | \$1.9791   | \$0.403                                 | \$ 409,903   |
| 3               | January, 2020  | 283,053                        | \$2.383                         | \$1.8901   | \$0.492                                 | \$ 139,361   |
| 4               | February       | 441,552                        | \$2.383                         | \$1.7781   | \$0.604                                 | \$ 266,883   |
| 5               | March          | 468,439                        | \$2.383                         | \$2.1904   | \$0.192                                 | \$ 90,009  |
| 6               | April          | 414,962                        | \$2.383                         | \$2.0534   | \$0.329                                 | \$ 136,566   |
| 7               | May            | 436,481                        | \$2.383                         | \$1.8816   | \$0.501                                 | \$ 218,640   |
| 8               | June           | 190,401                        | \$2.383                         | \$1.4495   | \$0.933                                 | \$ 177,648   |
| 9               | July           | 369,311                        | \$2.383                         | \$1.9253   | \$0.457                                 | \$ 168,851   |
| 10              | August         | 397,182                        | \$2.383                         | \$1.3962   | \$0.986                                 | \$ 391,754   |
| 11              | September      | 358,590                        | \$2.383                         | \$2.5014   | (\$0.119)                               | \$ (42,645)  |
| 12              | October        | <u>544,382</u>                 | \$2.383                         | \$1.9121   | \$0.470                                 | <u>\$ 256,102</u>  |
| 13              | Total          | <u>5,401,594</u>               |                                 |  |   | <u>\$ 2,192,120</u>  |

1/ Schedule No. 1, Sheet 7, Column 5

2/ Schedule No. 1, Sheet 7, Column 7

Southern Natural Gas Company  
Derivation of Amounts Debited and Credited to The  
Storage Cost Reconciliation Deferred Account  
Volumes Withdrawn From Storage  
November, 2019 Through October, 2020

Schedule No. 1  
Sheet 6 of 8

| <u>Line No.</u> | <u>Month</u>      | <u>Volumes<br/>Withdrawn 1/</u> | <u>Unit Cost<br/>Of Storage</u> | <u>Per Dth<br/>Unit Price<br/>Received For<br/>Volumes<br/>Withdrawn 2/</u> | <u>Difference<br/>(Col. 2 - Col. 3)</u> | <u>Amount<br/>Debited<br/>(Credited)<br/>To Deferred<br/>Account<br/>(Col. 1 x Col. 4)</u> |
|-----------------|-------------------|---------------------------------|---------------------------------|---|---|--|
|                 |                   | (1)                             | (2)                             | (3)   | (4)                                     | (5)  |
| 1               | Beginning Balance | -                               | \$2.383                         | \$0.0000  | \$2.3825                                | \$ -   |
| 2               | November, 2019    | 481,158                         | \$2.383                         | 2.2427  | 0.1398                                  | 67,265   |
| 3               | December          | 1,016,083                       | \$2.383                         | 2.1507  | 0.2318                                  | 235,492  |
| 4               | January, 2020     | 283,053                         | \$2.383                         | 2.0247  | 0.3578                                  | 101,266  |
| 5               | February          | 441,284                         | \$2.383                         | 1.9362  | 0.4463                                  | 196,964  |
| 6               | March             | 511,251                         | \$2.383                         | 1.6814  | 0.7011                                  | 358,446  |
| 7               | April             | 370,287                         | \$2.383                         | 1.6449  | 0.7376                                  | 273,119  |
| 8               | May               | 427,193                         | \$2.383                         | 1.7066  | 0.6759                                  | 288,752  |
| 9               | June              | 188,145                         | \$2.383                         | 1.5704  | 0.8121                                  | 152,784  |
| 10              | July              | 382,974                         | \$2.383                         | 1.6709  | 0.7116                                  | 272,528  |
| 11              | August            | 396,997                         | \$2.383                         | 2.1735  | 0.2090                                  | 82,973   |
| 12              | September         | 371,016                         | \$2.383                         | 1.9478  | 0.4347                                  | 161,280  |
| 13              | October           | <u>532,153</u>                  | \$2.383                         | 2.6633  | (0.2808)                                | <u>(149,410)</u>   |
| 14              | Total             | <u>5,401,594</u>                |                                 |   |   | <u>\$ 2,041,459</u>  |

1/ Schedule No. 1, Sheet 8, Column 5

2/ Schedule No. 1, Sheet 8, Column 7

Southern Natural Gas Company  
Derivation of Unit Cost of Volumes Injected into Storage  
November, 2019 Through October, 2020

Schedule No. 1  
Sheet 7 of 8

| Line No. | Month          | Volumes Injected Into Storage |                 |                      |               |                          |                                  |                          |
|----------|----------------|-------------------------------|-----------------|----------------------|---------------|--------------------------|----------------------------------|--------------------------|
|          |                | Imbalance Cash Outs 1/        |                 | System Management 2/ |               | Total                    |                                  | Unit Price               |
|          |                | Dth                           | Amount Paid     | Dth                  | Amount Paid   | (Col. 1 + Col. 3)<br>Dth | (Col. 2 + Col. 4)<br>Amount Paid | (Col. 6 / Col. 5)<br>Dth |
| (1)      | (2)            | (3)                           | (4)             | (5)                  | (6)           | (7)                      |                                  |                          |
| 1        | November, 2019 | 481,158                       | \$ 1,167,311.79 | -                    | \$ -          | 481,158                  | \$ 1,167,311.79                  | \$2.4260                 |
| 2        | December       | 1,016,083                     | \$ 2,010,914.80 | -                    | \$ -          | 1,016,083                | \$ 2,010,914.80                  | 1.9791                   |
| 3        | January, 2020  | 283,053                       | \$ 535,012.55   | -                    | \$ -          | 283,053                  | \$ 535,012.55                    | 1.8901                   |
| 4        | February       | 441,552                       | \$ 785,114.82   | -                    | \$ -          | 441,552                  | \$ 785,114.82                    | 1.7781                   |
| 5        | March          | 168,439                       | \$ 279,046.62   | 300,000              | \$ 747,000.00 | 468,439                  | \$ 1,026,046.62                  | 2.1904                   |
| 6        | April          | 94,962                        | \$ 157,680.48   | 320,000              | \$ 694,400.00 | 414,962                  | \$ 852,080.48                    | 2.0534                   |
| 7        | May            | 206,481                       | \$ 341,526.21   | 230,000              | \$ 479,750.00 | 436,481                  | \$ 821,276.21                    | 1.8816                   |
| 8        | June           | 190,401                       | \$ 275,982.18   | -                    | \$ -          | 190,401                  | \$ 275,982.18                    | 1.4495                   |
| 9        | July           | 176,311                       | \$ 290,222.35   | 193,000              | \$ 420,810.00 | 369,311                  | \$ 711,032.35                    | 1.9253                   |
| 10       | August         | 87,382                        | \$ 188,659.59   | 309,800              | \$ 365,873.00 | 397,182                  | \$ 554,532.59                    | 1.3962                   |
| 11       | September      | 106,590                       | \$ 206,832.85   | 252,000              | \$ 690,152.50 | 358,590                  | \$ 896,985.35                    | 2.5014                   |
| 12       | October        | 213,387                       | \$ 332,198.89   | 330,995              | \$ 708,689.07 | 544,382                  | \$ 1,040,887.96                  | 1.9121                   |

1/ Volumes Purchased Pursuant To Section 14.1(c) Of The General Terms And Conditions Of Southern's FERC Gas Tariff And Section 2.2 Of Southern's Pipeline Balancing Agreement.

2/ Volumes Purchased Pursuant To Section 14.2(b) (iii) Of The General Terms And Conditions Of Southern's FERC Gas Tariff.

Southern Natural Gas Company  
Derivation of Unit Cost of Volumes Withdrawn From Storage  
November, 2019 Through October, 2020

Schedule No. 1  
Sheet 8 of 8

Volumes Withdrawn From Storage

| Line No. | Month             | Imbalance Cash Outs 1/ |                 | System Management 2/ |                 | Total                     |                                       | Unit Price                |          |
|----------|-------------------|------------------------|-----------------|----------------------|-----------------|---------------------------|---------------------------------------|---------------------------|----------|
|          |                   | Dth                    | Amount Received | Dth                  | Amount Received | (Col. 1 + Col. 3 )<br>Dth | (Col. 2 + Col. 4 )<br>Amount Received | (Col. 6 / Col. 5 )<br>Dth |          |
|          |                   | (1)                    | (2)             | (3)                  | (4)             | (5)                       | (6)                                   | (7)                       |          |
| 1        | Beginning Balance | -                      | \$ -            | -                    | \$ -            | -                         | \$ -                                  | -                         | \$0.0000 |
| 2        | November, 2019    | 134,667                | \$ 337,603.43   | 346,491              | \$ 741,490.74   | 481,158                   | \$ 1,079,094.17                       |                           | 2.2427   |
| 3        | December          | 146,081                | \$ 323,521.73   | 870,002              | \$ 1,861,804.28 | 1,016,083                 | \$ 2,185,326.01                       |                           | 2.1507   |
| 4        | January, 2020     | 192,457                | \$ 379,232.52   | 90,596               | \$ 193,875.44   | 283,053                   | \$ 573,107.96                         |                           | 2.0247   |
| 5        | February          | 238,373                | \$ 420,166.07   | 202,911              | \$ 434,229.54   | 441,284                   | \$ 854,395.61                         |                           | 1.9362   |
| 6        | March             | 511,251                | \$ 859,609.04   | -                    | \$ -            | 511,251                   | \$ 859,609.04                         |                           | 1.6814   |
| 7        | April             | 370,287                | \$ 609,089.68   | -                    | \$ -            | 370,287                   | \$ 609,089.68                         |                           | 1.6449   |
| 8        | May               | 427,193                | \$ 729,035.58   | -                    | \$ -            | 427,193                   | \$ 729,035.58                         |                           | 1.7066   |
| 9        | June              | 188,145                | \$ 295,471.73   | -                    | \$ -            | 188,145                   | \$ 295,471.73                         |                           | 1.5704   |
| 10       | July              | 382,974                | \$ 639,907.06   | -                    | \$ -            | 382,974                   | \$ 639,907.06                         |                           | 1.6709   |
| 11       | August            | 396,997                | \$ 862,871.96   | -                    | \$ -            | 396,997                   | \$ 862,871.96                         |                           | 2.1735   |
| 12       | September         | 371,016                | \$ 722,665.49   | -                    | \$ -            | 371,016                   | \$ 722,665.49                         |                           | 1.9478   |
| 13       | October           | 232,153                | \$ 574,264.86   | 300,000              | \$ 843,000.00   | 532,153                   | \$ 1,417,264.86                       |                           | 2.6633   |

1/ Volumes Sold Pursuant To Section 14.1(b) Of The General Terms And Conditions Of Southern's FERC Gas Tariff And Section 2.2 Of Southern's Pipeline Balancing Agreement.

2/ Volumes Sold Pursuant To Section 14.2(b) (iii) Of The General Terms And Conditions Of Southern's FERC Gas Tariff.