



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

November 17, 2021

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

Re: Southern Natural Gas Company, L.L.C.
Fuel Tracker Tariff Updates
Docket No. RP22-

Dear Ms. Bose:

Southern Natural Gas Company, L.L.C. (“SNG”) submits for filing and acceptance by the Federal Energy Regulatory Commission (“Commission”) the following tariff record for inclusion in its FERC Gas Tariff (“Tariff”):

Section 4.35 Fuel Mechanism Version 5.0.0

This tariff record reflects some updates to how the SNG fuel tracker is determined and is proposed to be effective January 1, 2022.

Nature, Basis and Reasons for Proposed Tariff Changes

To help reduce the volatility of the SNG fuel retention rates which are currently updated each April 1st (for the April-September summer period) and October 1st (for the October-March winter period), SNG is proposing to add the provision (in Section 35 of its tariff) to have the ability to use projected volumes in its calculation of fuel retention rates and have the ability to make interim fuel tracker filings as necessary. Per the current tariff, only actual fuel usage data and actual throughput from the prior applicable summer or winter period is used to calculate the fuel retention rates for the upcoming summer or winter period. Having the ability to adjust the actual data to reflect a typical weather pattern should result in less over and under recoveries of fuel usage and thus help reduce the chance of having large changes in the fuel retention rates from winter to winter and from summer to summer.

Another update SNG is proposing is how SNG will account for gains and losses on the sale of transportation fuel retained for the cost of electricity used for electric compression. The amount of dth to sell is determined by dividing each month’s electric compression cost by that month’s index price. Currently, under Section 35.5 of SNG’s tariff, the gains and losses are determined

separately for the winter period (October-March) and the summer period (April-September). Any losses are carried forward to the next period. Any gains are first applied to any existing cumulative loss amount. If there is still a resulting gain, 85% of the gain is refunded to SNG's customers. As reflected in Appendix A, which shows the history of these gains and losses, refunds have only been given for various summer periods. The winter period, as of March 31, 2021, has a cumulative loss of \$(4,592,236). For system integrity reasons, SNG limits the sale of fuel retained in the winter in order to avoid these sales from negatively impacting SNG's firm storage service. As a result, much of the fuel retained during the winter is sold following the winter peak periods at prices that are often lower than during the peak winter months.¹ To correct this winter under-recovery situation, SNG is proposing to combine the summer and winter periods so as to calculate an annual gain or loss over a twelve month period. This initial twelve month period would begin April 1, 2022 for calculating the annual gain or loss.

SNG is also proposing to delete some language that is no longer pertinent which dealt with the start-up of having separate winter and summer period fuel retention rates.

Procedural Matters

In accordance with the applicable provisions of Part 154 of the Commission's regulations, SNG is submitting an eTariff XML filing package including the following:

1. A transmittal letter;
2. Appendix A, reflecting historical data of gains and losses;
3. Appendix B, containing a clean version of the tendered tariff record; and
4. Appendix C, containing a marked version of the tendered tariff record;

SNG respectfully requests the Commission to accept the tendered tariff record and permit it to become effective January 1, 2022. With respect to any tariff provisions the Commission allows to go into effect without change, SNG hereby moves to place the tendered tariff provisions into effect at the end of the suspension period, if any, specified by the Commission.

Additionally, SNG respectfully requests that the Commission grant all necessary waivers to effectuate this filing.

Copies of this filing are being served on SNG's customers and all interested state commissions.

¹ For example, on a cold winter day when SNG's system is delivering at capacity to meet firm obligations, SNG does not want to be delivering gas on its system related to a sale transaction to cover electric compression costs.

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SNG requests that all Commission orders and correspondence as well as pleadings and correspondence by other parties concerning this filing be served on the following:

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Pursuant to 18 CFR § 154.4(b) and § 385.2005 (a)(2) of the Commission's regulations, the undersigned, having full power and authority to execute this filing, has read this filing and knows its contents, and the contents are true as stated, to the best knowledge and belief of the undersigned.

Respectfully submitted,

/s/ T. Brooks Henderson
T. Brooks Henderson
Director – Rates & Regulatory
Southern Natural Gas Company

Enclosures

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all customers of Southern Natural Gas Company, L.L.C. and all interested state commissions.

Dated at Birmingham, Alabama, this 17th day of November 2021.

/s/ T. Brooks Henderson

T. Brooks Henderson

Director – Rates & Regulatory

Southern Natural Gas Company, L.L.C.

Appendix A

Southern Natural Gas Company, L.L.C. History of Gains and Losses From Selling Retained Fuel To Cover Electric Compression Costs

<u>Winter Periods</u>	<u>Over/(Under) Recovery</u>	<u>Cumulative Over/(Under) Recovery</u>	<u>Refund To Customers</u>
10/14 - 3/15	(\$1,457,625)	(\$1,457,625)	\$0
10/15 - 3/16	\$277,195	(\$1,180,430)	\$0
10/16 - 3/17	\$315,415	(\$865,015)	\$0
10/17 - 3/18	(\$1,361,475)	(\$2,226,490)	\$0
10/18 - 3/19	(\$2,201,802)	(\$4,428,292)	\$0
10/19 - 3/20	(\$217,226)	(\$4,645,518)	\$0
10/20 - 3/21	\$53,282	(\$4,592,236)	\$0
 <u>Summer Periods</u>			
4/14 - 9/14	(\$713,926)	(\$713,926)	\$0
4/15 - 9/15	\$261,156	(\$452,770)	\$0
4/16 - 9/16	\$1,043,447	\$590,677	\$502,075
4/17 - 9/17	\$147,774	\$147,774	\$125,608
4/18 - 9/18	\$66,742	\$66,742	\$56,731
4/19 - 9/19	(\$45,448)	(\$45,448)	\$0
4/20 - 9/20	\$2,612,749	\$2,567,301	\$2,182,206
4/21 - 9/21	\$357,048	\$357,048	\$303,491

Appendix B

Clean Version of Tendered Tariff Records

35. FUEL MECHANISM

35.1 Purpose

This Section 35 describes how COMPANY shall update the COMPANY's fuel retention percentages for its services on a periodic basis.

35.2 Procedures

The fuel retention rates under Rate Schedules CSS and ISS will be updated annually. The fuel retention rates under Rate Schedules FT, FTNN, IT and, if applicable, under Liquefiable Transportation Agreements will be updated semiannually. COMPANY will have the right to make interim filings if necessary. The COMPANY will make a filing (with workpapers) with the FERC at least thirty days before the effective date of April 1 of each year setting forth the updated fuel retention rates to be effective April 1 through March 31 to be applicable to Rate Schedules CSS and ISS ("Storage Fuel"). These updated fuel retention rates will be based upon the actual data for the twelve months ended the previous December 31 ("Storage Base Period") as adjusted for projections for the following twelve months. The COMPANY will make a filing (with workpapers) with the FERC at least 30 days before the effective date of April 1 of each year setting forth the updated fuel retention percentages to be effective from April 1 through September 30 to be applicable to Rate Schedules FT, FTNN, IT and, if applicable, under Liquefiable Transportation Agreements ("Summer Fuel"). The Storage Fuel filing and the Summer Fuel filing will be made together as a single filing. The updated Summer Fuel retention rates will be based on the actual data for the six months ended the previous September 30 ("Summer Base Period") as adjusted for projections for the upcoming six month summer period. The COMPANY will make a filing (with workpapers) with the FERC at least 30 days before the effective date of October 1 of each year setting forth the updated fuel retention percentages to be effective from October 1 through March 31 to be applicable to Rate Schedules FT, FTNN, IT and, if applicable, under Liquefiable Transportation Agreements ("Winter Fuel"). The updated Winter Fuel retention rates will be based on the actual data for the six months ended the previous March 31 ("Winter Base Period") as adjusted for projections for the upcoming six month winter period.

35.3 Calculation For Transportation Fuel Retention Rates

The Winter Fuel and Summer Fuel retention percentages for Rate Schedules FT, FT-NN, IT and, if applicable, under Liquefiable Transportation Agreements shall be determined by dividing the sum of items 1 and 2 by item 3 as described below:

1. The actual quantity of gas consumed by COMPANY for company use and lost and unaccounted for gas (as adjusted for projections) and the Dth equivalent of the costs of electricity used for COMPANY's electric compression associated with COMPANY's transmission facilities (as adjusted for projections) for the Winter Base Period or Summer Base Period, as applicable. Such resulting quantity shall be allocated to the various zones in accordance with the fuel allocation methods in effect on COMPANY's system.
2. Over-recovery (as a negative value) or under-recovery (as a positive value) amount associated with COMPANY's transmission facilities during the Winter Base Period or Summer Base Period, as applicable. Such amount shall be allocated to the various zones in accordance with the fuel allocation methods in effect on COMPANY's system.
3. The amount in item 1 above in this Section 35.3 plus the applicable quantity of gas delivered by COMPANY (as adjusted for projections) during the Winter Base Period or Summer Base Period, as applicable. Such resulting quantity shall be allocated to the various zones in accordance with the fuel allocation methods in effect on COMPANY's system.

The Dth equivalent of the costs of electricity used for electric compression shall be calculated as follows: each month's electricity costs used for electric compression shall

be divided by the Index Price set forth in Section 14.1 of these General Terms and Conditions for the applicable month to derive a Dth equivalent amount for that month.

The over-recovery or under-recovery amount during the Winter Base Period or Summer Base Period, as applicable, shall be calculated as the difference between a and b as follows: (a) the quantity of gas retained by COMPANY under the applicable rate schedules during the Winter Base Period or Summer Base Period, as applicable, plus the over-recovery amount (will be an addition to the quantity of gas retained) or under-recovery amount (will be a subtraction to the quantity of gas retained) for the prior year Winter Base Period or Summer Base Period, as applicable, and (b) the actual quantity of gas consumed by COMPANY for company use and lost and unaccounted for gas and the Dth equivalent of the costs of electricity used for COMPANY's electric compression associated with COMPANY's transmission facilities during the Winter Base Period or Summer Base Period, as applicable.

The backhaul fuel retention percentage will remain at .16% without adjustment.

35.4 Calculation For Storage Fuel Retention Rates

The fuel retention percentage for Rate Schedules CSS and ISS shall be determined by dividing the sum of items 1 and 2 by item 3 as described below:

1. The actual quantity of gas consumed by COMPANY for company use and lost and unaccounted for gas (as adjusted for projections) and the Dth equivalent of the costs of electricity used for COMPANY's electric compression associated with COMPANY's storage facilities (as adjusted for projections) for the applicable Base Period;
2. Over-recovery (as a negative value) or under-recovery (as a positive value) amount associated with COMPANY's storage facilities during the Storage Base Period;
3. The amount in item 1 above in this Section 35.4 plus the quantity of gas injected and plus the quantity of gas withdrawn (as adjusted for projections) under Rate Schedules CSS and ISS during the Storage Base Period.

The Dth equivalent of the costs of electricity used for electric compression shall be calculated as follows: each month's electricity costs used for electric compression shall be divided by the Index Price set forth in Section 14.1 of these General Terms and Conditions for the applicable month to derive a Dth equivalent amount for that month.

The over-recovery or under-recovery amount during the Storage Base Period shall be calculated as the difference between a and b as follows: (a) the quantity of gas retained by the COMPANY under the applicable rate schedules during the Storage Base Period plus the over-recovery amount (will be an addition to the quantity of gas retained) or under-recovery amount (will be a subtraction to the quantity of gas retained) for the prior year Storage Base Period and (b) the actual quantity of gas consumed by COMPANY for company use and lost and unaccounted for gas and the Dth equivalent of the costs of electricity used for COMPANY's electric compression associated with COMPANY's storage facilities during the Storage Base Period.

35.5 Gains and Losses on Electricity

COMPANY will account for gains and losses on the sale of transportation fuel retained for electricity as described below:

1. Beginning April 1, 2022 forward, COMPANY will determine the difference between the sales proceeds attributable to COMPANY's sale of the Dth equivalent of the cost of electricity used for electric compression as described in Section 35.3 and COMPANY's cost of electricity used for electric compression for the applicable combined Winter Base Period and Summer Base Period (i.e. for twelve months ending March 31st). If the difference is positive, the difference will be reduced by

- any cumulative losses existing in the combined Winter and Summer Deferred Electricity Losses Account, as applicable, described in item 4 below as of the beginning of the combined Winter Base Period and Summer Base Period to determine the net difference. The positive difference will be deducted from the combined Winter and Summer Deferred Electricity Losses Account, as applicable, provided, however, the resulting combined Winter and Summer Deferred Electricity Losses Account balance, as applicable, shall never be less than zero (0). If the net difference is positive, the net difference will be shared as described in item 2 below. If the net difference is negative, such net difference will remain in the combined Winter and Summer Deferred Electricity Losses Account and be carried over to the next applicable combined Summer and Winter Base Period.
2. If the net difference for the applicable combined Winter Base Period and Summer Base Period is positive, COMPANY will provide a monetary credit on SHIPPER's bill for 85% of SHIPPER's pro rata share of such net difference based on the volume of gas retained from SHIPPER for transportation fuel to the total volume of gas retained from all SHIPPERS for transportation fuel, during the applicable combined Winter Base Period and Summer Base Period. The monetary credit will be applied to SHIPPER's bill within 80 days of the end of the applicable combined Winter Base Period and Summer Base Period. The remaining 15% of any net positive difference will be retained by COMPANY and will be taken into income.
 3. If the difference is negative, the difference will be added to the combined Winter and Summer Deferred Electricity Losses Account, as applicable, described in item 4 below and no sharing will occur for that period.
 4. Any negative difference calculated as described in item 1 above for a combined Winter Base Period and Summer Base Period will be recorded in the combined Winter and Summer Deferred Electricity Losses Account, respectively, and carried over to the next combined Winter Base Period and Summer Base Period, as applicable.

Appendix C

Marked Version of Tendered Tariff Records

35. FUEL MECHANISM

35.1 Purpose

This Section 35 describes how COMPANY shall update the COMPANY's fuel retention percentages for its services on a periodic basis.

35.2 Procedures

The fuel retention rates under Rate Schedules CSS and ISS will be updated annually. The fuel retention rates under Rate Schedules FT, FTNN, IT and, if applicable, under Liquefiable Transportation Agreements will be updated semiannually. COMPANY will have the right to make interim filings if necessary. The COMPANY will make a filing (with workpapers) with the FERC at least thirty days before the effective date of April 1 of each year setting forth the updated fuel retention rates to be effective April 1 through March 31 to be applicable to Rate Schedules CSS and ISS ("Storage Fuel"). These updated fuel retention rates will be based upon the actual data for the twelve months ended the previous December 31 ("Storage Base Period") as adjusted for projections for the following twelve months. The COMPANY will make a filing (with workpapers) with the FERC at least 30 days before the effective date of April 1 of each year setting forth the updated fuel retention percentages to be effective from April 1 through September 30 to be applicable to Rate Schedules FT, FTNN, IT and, if applicable, under Liquefiable Transportation Agreements ("Summer Fuel"). The Storage Fuel filing and the Summer Fuel filing will be made together as a single filing. The updated Summer Fuel retention rates will be based on the actual data for the six months ended the previous September 30 ("Summer Base Period") as adjusted for projections for the upcoming six month summer period. The COMPANY will make a filing (with workpapers) with the FERC at least 30 days before the effective date of October 1 of each year setting forth the updated fuel retention percentages to be effective from October 1 through March 31 to be applicable to Rate Schedules FT, FTNN, IT and, if applicable, under Liquefiable Transportation Agreements ("Winter Fuel"). The updated Winter Fuel retention rates will be based on the actual data for the six months ended the previous March 31 ("Winter Base Period") as adjusted for projections for the upcoming six month winter period. ~~The initial Summer Fuel and Storage Fuel filing will be effective April 1, 2014 and the initial Winter Fuel filing will be effective October 1, 2014.~~

35.3 Calculation For Transportation Fuel Retention Rates

The Winter Fuel and Summer Fuel retention percentages for Rate Schedules FT, FT-NN, IT and, if applicable, under Liquefiable Transportation Agreements shall be determined by dividing the sum of items 1 and 2 by item 3 as described below:

1. The actual quantity of gas consumed by COMPANY for company use and lost and unaccounted for gas (as adjusted for projections) and the Dth equivalent of the costs of electricity used for COMPANY's electric compression associated with COMPANY's transmission facilities (as adjusted for projections) for the Winter Base Period or Summer Base Period, as applicable. Such resulting quantity shall be allocated to the various zones in accordance with the fuel allocation methods in effect on COMPANY's system.
2. Over-recovery (as a negative value) or under-recovery (as a positive value) amount associated with COMPANY's transmission facilities during the Winter Base Period or Summer Base Period, as applicable. Such amount shall be allocated to the various zones in accordance with the fuel allocation methods in effect on COMPANY's system.
3. The amount in item 1 above in this Section 35.3 plus the applicable quantity of gas delivered by COMPANY (as adjusted for projections) during the Winter Base Period or Summer Base Period, as applicable. Such resulting quantity shall be allocated to the various zones in accordance with the fuel allocation methods in effect on COMPANY's system.

The Dth equivalent of the costs of electricity used for electric compression shall be calculated as follows: each month's electricity costs used for electric compression shall be divided by the Index Price set forth in Section 14.1 of these General Terms and Conditions for the applicable month to derive a Dth equivalent amount for that month.

The over-recovery or under-recovery amount during the Winter Base Period or Summer Base Period, as applicable, shall be calculated as the difference between a and b as follows: (a) the quantity of gas retained by COMPANY under the applicable rate schedules during the Winter Base Period or Summer Base Period, as applicable, plus the over-recovery amount (will be an addition to the quantity of gas retained) or under-recovery amount (will be a subtraction to the quantity of gas retained) for the prior year Winter Base Period or Summer Base Period, as applicable, ~~(prior year Winter Base Period and prior year Summer Base Period over-recovery or under-recovery amount for the initial Winter Season and initial Summer Season filings will each include 50% of the cumulative transportation fuel over-recovery or under-recovery amount as of March 31, 2013~~ and (b) the actual quantity of gas consumed by COMPANY for company use and lost and unaccounted for gas and the Dth equivalent of the costs of electricity used for COMPANY's electric compression associated with COMPANY's transmission facilities during the Winter Base Period or Summer Base Period, as applicable.

The backhaul fuel retention percentage will remain at .16% without adjustment.

35.4 Calculation For Storage Fuel Retention Rates

The fuel retention percentage for Rate Schedules CSS and ISS shall be determined by dividing the sum of items 1 and 2 by item 3 as described below:

1. The actual quantity of gas consumed by COMPANY for company use and lost and unaccounted for gas (as adjusted for projections) and the Dth equivalent of the costs of electricity used for COMPANY's electric compression associated with COMPANY's storage facilities (as adjusted for projections) for the applicable Base Period;
2. Over-recovery (as a negative value) or under-recovery (as a positive value) amount associated with COMPANY's storage facilities during the Storage Base Period;
3. The amount in item 1 above in this Section 35.4 plus the quantity of gas injected and plus the quantity of gas withdrawn (as adjusted for projections) under Rate Schedules CSS and ISS during the Storage Base Period.

The Dth equivalent of the costs of electricity used for electric compression shall be calculated as follows: each month's electricity costs used for electric compression shall be divided by the Index Price set forth in Section 14.1 of these General Terms and Conditions for the applicable month to derive a Dth equivalent amount for that month.

The over-recovery or under-recovery amount during the Storage Base Period shall be calculated as the difference between a and b as follows: (a) the quantity of gas retained by the COMPANY under the applicable rate schedules during the Storage Base Period plus the over-recovery amount (will be an addition to the quantity of gas retained) or under-recovery amount (will be a subtraction to the quantity of gas retained) for the prior year Storage Base Period ~~(prior year Storage Base Period over-recovery or under-recovery amount will be the cumulative storage fuel over-recovery or under-recovery amount as of December 31, 2013 for the initial filing)~~ and (b) the actual quantity of gas consumed by COMPANY for company use and lost and unaccounted for gas and the Dth equivalent of the costs of electricity used for COMPANY's electric compression associated with COMPANY's storage facilities during the Storage Base Period.

35.5 Gains and Losses on Electricity

COMPANY will account for gains and losses on the sale of transportation fuel retained for electricity as described below:

1. ~~Beginning April 1, 2022 forward, Following the end of each Winter Base Period and each Summer Base Period, respectively,~~ COMPANY will determine the difference between the sales proceeds attributable to COMPANY's sale of the Dth equivalent of the cost of electricity used for electric compression as described in Section 35.3 and COMPANY's cost of electricity used for electric compression for the applicable combined Winter Base Period ~~and~~ ~~or~~ Summer Base Period ~~(i.e. for twelve months ending March 31st)~~. If the difference is positive, the difference will be reduced by any cumulative losses existing in the combined Winter ~~and~~ ~~or~~ Summer Deferred Electricity Losses Account, as applicable, described in item 4 below as of the beginning of the combined ~~applicable~~ Winter Base Period ~~and~~ ~~or~~ Summer Base Period to determine the net difference. The positive difference will be deducted from the combined Winter ~~and~~ ~~or~~ Summer -Deferred Electricity Losses Account, as applicable, provided, however, the resulting combined Winter ~~and~~ ~~or~~ Summer Deferred Electricity Losses Account balance, as applicable, shall never be less than zero (0). If the net difference is positive, the net difference will be shared as described in item 2 below. If the net difference is negative, such net difference will remain in the combined ~~applicable~~ Winter ~~and~~ ~~or~~ Summer Deferred Electricity Losses Account and be carried over to the next applicable combined Summer ~~and~~ ~~or~~ Winter Base Period. ~~For the initial Summer Base Period the calculation of the difference described above will exclude sales and costs attributable to the month of April, 2013.~~
2. If the net difference for the applicable combined Winter Base Period ~~and~~ ~~or~~ Summer Base Period is positive, COMPANY will provide a monetary credit on SHIPPER's bill for 85% of SHIPPER's pro rata share of such net difference based on the volume of gas retained from SHIPPER for transportation fuel to the total volume of gas retained from all SHIPPERS for transportation fuel, during the applicable combined Winter Base Period ~~and~~ ~~or~~ Summer Base Period. The monetary credit will be applied to SHIPPER's bill within 80 days of the end of the applicable combined Winter Base Period ~~and~~ ~~or~~ Summer Base Period. The remaining 15% of any net positive difference will be retained by COMPANY and will be taken into income.
3. If the difference is negative, the difference will be added to the combined Winter ~~and~~ ~~or~~ Summer Deferred Electricity Losses Account, as applicable, described in item 4 below and no sharing will occur for that period.
4. Any negative difference calculated as described in item 1 above for a combined Winter Base Period ~~and~~ ~~or~~ Summer Base Period will be recorded in the combined Winter ~~and~~ ~~or~~ Summer Deferred Electricity Losses Account, respectively, and carried over to the next combined Winter Base Period ~~and~~ ~~or~~ Summer Base Period, as applicable.