



Southern Star Central Gas Pipeline, Inc.

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November 30, 2018

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

Re: Southern Star Central Gas Pipeline, Inc.
Docket No. RP19-289-000

Dear Ms. Bose:

Southern Star Central Gas Pipeline, Inc. ("Southern Star") hereby submits via eTariff its Reply Comments requesting approval of the unopposed Settlement in the above-referenced proceeding.

In accordance with Section 154.7(a)(1) of the Commission's regulations, submitted herewith is an eTariff XML filing package containing:

- A transmittal letter in PDF format
- Southern Star's Reply Comments

No tariff sheets are associated with this filing.

Pursuant to § 385.2010 of the Commission's regulations, copies of this filing are being served to each person whose name appears on the official service list for this proceeding. Please call the undersigned at (270) 852-4560 with any questions regarding the enclosed document.

Sincerely,

SOUTHERN STAR CENTRAL GAS PIPELINE, INC.

By: /s/ Scott LaMar

Scott LaMar

Director, Rates & Regulatory

(270) 852-4560

Enclosure

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

Southern Star Central Gas Pipeline, Inc.)

Docket No. RP19-289-000

**REPLY COMMENTS OF
SOUTHERN STAR CENTRAL GAS PIPELINE, INC.**

Southern Star Central Gas Pipeline, Inc. (“Southern Star”) files these reply comments requesting approval of the unopposed pre-arranged settlement filed November 14, 2018 in the above captioned docket.¹

I. BACKGROUND

On November 14, 2018, Southern Star filed, and petitioned the Commission for approval of, a Stipulation and Agreement of Settlement (“Agreement”) and related materials (collectively, the “Settlement”) that resolve issues related to the rate effect of the Tax Cuts and Jobs Act of 2017 and establish a cost recovery mechanism (“CRM”) for the modernization of facilities on Southern Star’s system consistent with the Commission’s policy statement on Cost Recovery Mechanisms for Modernization of Natural Gas Facilities.² The Settlement was the product of a collaborative process between Southern Star and its shippers to address numerous issues arising out of the recent Tax Cuts and Jobs Act of 2017 and recent and anticipated changes in pipeline safety and environmental requirements, as well as Southern Star’s efforts to enhance the safety and reliability of its pipeline system.

The Settlement provides for a base rate reduction to be effective January 1, 2019 in response to the Tax Cuts and Jobs Act of 2017. It provides for the amortization of excess accumulated deferred income taxes

¹ While the Commission’s notice issued November 16, 2018 did not specifically provide for reply comments, the Commission should accept these reply comments, noting the now confirmed unopposed nature of the Settlement and stating that Southern Star does not object to two late interventions, as these reply comments provide useful and relevant information that will aid the decision-making process.

² *Cost Recovery Mechanisms for Modernization of Natural Gas Facilities*, 151 FERC ¶ 61,047, at PP 31-34 (2015) (“*Policy Statement*”), *clarification denied*, 152 FERC ¶ 61,046 (2015).

("EDIT") and sets out the agreed upon accounting and ratemaking treatment associated with such EDIT. The Settlement also provides an avenue for Southern Star to undertake a robust Modernization Program in accordance with the Commission's Policy Statement to enhance the reliability and safety of its pipeline system, while complying with regulatory requirements. A list of Settling Parties was included as Appendix A of the Agreement; however, all parties and shippers supporting or not opposing the Settlement, including those parties or shippers who implicitly indicate they do not oppose by virtue of acquiescence, silence or inaction, are defined by the Agreement as Settling Parties.

II. REPLY COMMENTS

The Settlement was noticed on November 16, 2018, with a comment date of November 26, 2018. Timely interventions and/or comments were filed by Atmos Energy Corporation ("Atmos"); Black Hills Utility Holdings, Company, Inc. ("Black Hills"); City Utilities of Springfield, Missouri ("City Utilities"); the Kansas Corporation Commission ("KCC"); Midwest Energy, Inc. ("Midwest"); the Missouri Public Service Commission ("MOPSC"); NJR Energy Services Company ("NJR"); the Process Gas Consumers Group ("PGC"); Public Service Company of Colorado ("PSCo"); and Spire Missouri, Inc. ("Spire"). Exelon Corporation and Kansas Gas Service, a Division of ONE Gas, filed out-of-time interventions one day late. Southern Star does not object to either of these late interventions.

Atmos, PGC and the KCC commented positively on the Settlement, supporting or not opposing the Settlement. No one protested or commented in opposition to the Settlement. Notably, PGC,³ NJR, PSCo, and Spire, each of whom protested or submitted comments on Southern Star's FERC Form 501-G filed with the Commission on October 11, 2018,⁴ either filed comments in support of the Settlement or intervened and did not oppose the Settlement.

Accordingly, the Settlement is unopposed and should be approved by the Commission.

³ PGC and the American Forest and Paper Association ("AFPA") filed a joint protest of Southern Star's FERC Form 501-G. PGC, which has members who ship on Southern Star, filed comments in support of the Settlement; however, AFPA has no members who ship on or receive service from Southern Star.

⁴ See *Southern Star Central Gas Pipeline, Inc.* Docket No. RP19-75.

The unopposed Settlement is a fair and reasonable compromise on complex matters reflecting a delicate balance of competing interests achieved through a collaborative process. The Commission should issue an order approving the Settlement without modification and directing Southern Star to make a compliance filing to implement the pro forma tariff sheets in Appendix E-1 of the Settlement, allowing Southern Star to bill in February 2019 for January 2019 business at the reduced base rates provided for in the Settlement. Southern Star respectfully asks for any waivers necessary to accept these reply comments as part of the record in this proceeding.

III. CONCLUSION

WHEREFORE, Southern Star respectfully requests that the Commission accept Southern Star's Reply Comments and issue an order approving the Settlement without modification.

Respectfully submitted,

SOUTHERN STAR CENTRAL GAS PIPELINE, INC.

By: */s/ Douglas Field*

Senior Attorney
Southern Star Central Gas Pipeline, Inc.
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(270) 852-4657

November 30, 2018

CERTIFICATE OF SERVICE

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

Dated at Owensboro, Kentucky, this 30th day of November 2018.

/s/ Douglas Field

Douglas Field
Senior Attorney
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(270) 852-4657