



Southern Star Central Gas Pipeline, Inc.
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Scott LaMar
Director, Rates & Regulatory
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January 10, 2019

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. RP19-357-000
Compliance Filing

Dear Ms. Bose:

Pursuant to Part 154 of the Rules and Regulations of the Federal Energy Regulatory Commission ("Commission") and in compliance with the Commission's letter order issued December 26, 2018 in this proceeding (the "Order"),¹ Southern Star Central Gas Pipeline, Inc. ("Southern Star"), respectfully submits by eFiling the following revised tariff section, to its FERC Gas Tariff, Original Volume No. 2 ("Volume No. 2"), to be effective December 1, 2018.

<u>Tariff Records</u>	<u>Section</u>	<u>Version</u>
Non-Conforming Service Agreements		
TA22489 Empire District Electric Company - Discount Agreement**	2.1.3	1.0.0

**Discounted rate agreement contains non-conforming capacity release marketing right pursuant to GT&C Section 11.6.

Statement of Nature, Reasons and Basis for Filing

On November 30, 2018, Southern Star filed revised tariff records to its FERC Gas Tariff related to a non-conforming discount agreement and an amended FTS-M transportation service agreement between Southern Star and Empire District Electric Company ("Empire").² While the amended FTS-M transportation service agreement (extending

¹ *Southern Star Central Gas Pipeline, Inc.*, 165 FERC ¶ 61,270 (2018).

² Southern Star also proposed revised tariff records to remove two expired negotiated rate agreements from its tariff.

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Southern Star's Contract No. TA22489 with Empire to December 1, 2025) conforms to the *pro forma* FTS form of service agreement in Southern Star's tariff, the discount agreement establishing a new discounted rate for the extended contract term contained a marketing arrangement pursuant to Section 11.6 of the General Terms and Conditions ("GT&C") of its FERC Gas Tariff allowing Southern Star to market Empire's capacity at maximum rates or at negotiated rates above maximum rates for more than one year, with Empire having the right to retain the capacity by matching the rate. Although permitted by the tariff, this marketing arrangement made the discount agreement non-conforming. Southern Star requested an effective date of December 1, 2018 to match the commencement of the new Discount Agreement.

The Commission accepted the filed tariff records to be effective December 1, 2018, conditioned on Southern Star filing revised tariff records within 15 days "to either eliminate or modify the capacity release marketing arrangement in its discount agreement with Empire to be consistent with Commission policy." As explained in the Order, the Commission's capacity release regulations require that releases of greater than one year may not exceed the applicable maximum rate and under the terms of the capacity release marketing right the negotiated rate referenced in the instant agreement could impermissibly exceed the maximum rate. Southern Star intends to be fully compliant with the Commission's capacity release regulations and has elected to modify the capacity release marketing arrangement in its discount agreement with Empire to be consistent with Commission policy.

Therefore, Southern Star and Empire have entered into a revised discount agreement that supersedes and replaces *ab initio* the filed discount agreement. The terms of the revised agreement are identical to the filed agreement accepted by the Commission except that in the revised agreement the parties have modified the capacity release marketing arrangement to be consistent with Commission policy by deleting the phrase "or at a negotiated rate equal to or greater than maximum rates."

Accordingly, Southern Star is filing a revised Non-Conforming Discount Agreement³ (Tariff Volume No. 2, Section 2.1.3), which modifies the permissible marketing arrangement in that agreement to make it compliant with Commission policy. The Capacity Release Marketing Right is not effective until December 1, 2021 when the new discounted rate for the extended contract term is effective. Since the modified agreement supersedes and replaces the filed agreement *ab initio*, Southern Star requests that the revised tariff records maintain the effective date of December 1, 2018.

List of Materials Enclosed

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

- i. The proposed tariff record versions in RTF format with metadata attached;
- ii. A transmittal letter;
- iii. Appendix A – A clean version of the tariff records; and
- iv. Appendix B – A marked version of the tariff records.

Effective Date, Motion and Waiver

Southern Star respectfully requests that the Commission grant any necessary waivers of Section 154.207 of its regulations and accept the revised Non-Conforming Discount Agreement, effective on December 1, 2018, which

³ Southern Star and Empire also corrected a typographical error in the original Discount Agreement that referenced the wrong contract number (TA8385) on Page 3 of the Discount Agreement. This revised Discount Agreement correctly references TA22489 and should eliminate potential confusion in the future.

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is the day on which Southern Star commenced service at the discounted rates and the day the originally filed discount agreement was conditionally accepted. In the event that the Commission elects to accept and suspend the tariff records submitted herein, in accordance with section 154.7(a)(9) of the Commission's regulations, Southern Star moves to place such tariff records into effect at the end of the applicable suspension period.

Correspondence

Southern Star respectfully requests that all Commission orders and correspondence, as well as pleadings and correspondence from other persons, concerning this filing be served upon:

Scott LaMar
Director, Rates & Regulatory
Southern Star Central Gas Pipeline, Inc.
4700 Highway 56
Owensboro, KY 42301
Phone: (270) 852-4560
g.scott.lamar@sscgp.com

Douglas Field
Senior Attorney
Southern Star Central Gas Pipeline, Inc.
4700 Highway 56
Owensboro, KY 42301
Phone: (270) 852-4657
w.doug.field@sscgp.com

and copies provided to:

Joseph S. Koury
Ryan J. Collins
Wright & Talisman PC
1200 G Street N.W., Suite 600
Washington, D.C.
Phone: (202) 393-1200
koury@wrightlaw.com
collins@wrightlaw.com

If there are any questions pertaining to this filing, please contact any of the parties listed above.

Posting and Certification of Service

Copies of this filing are being distributed to Southern Star's jurisdictional customers and interested state commissions, as well as posted on CSI, Southern Star's online customer service system. A copy of this filing is available for public inspection during regular business hours at the office of Southern Star in Owensboro, Kentucky.

Sincerely,

SOUTHERN STAR CENTRAL GAS PIPELINE, INC.

By: /s/ Scott LaMar

Scott LaMar
Director, Rates & Regulatory
(270) 852-4560

Enclosures

Appendix A

Clean Version of the Tariff Records

January 7, 2019

Empire District Electric Company - a Liberty Utilities Company
ATTN: Blake Mertens
602 S. Joplin Street
Joplin, MO 64801

RE: Discount Agreement

Dear Blake:

Southern Star Central Gas Pipeline, Inc. (Southern Star) has reviewed the request of Empire District Electric Company (Shipper) for a discounted transportation rate for the time periods listed below. Accordingly, Southern Star is willing to offer Shipper the following discount:

Contract No.	TA 22489
Discount Time Period:	December 1, 2018 to December 1, 2025
Rate Schedule:	FTS-M
Maximum Daily Transportation Quantity (MDTQ):	50,280 Dth/d Market Area
Discounted Receipt Location:	Location 999000 –Prd/MktInterface (PMI) - Provided receipts of gas from the PMI were transported in the Production Area using the FTS-P contract No. TA22488
Discounted Delivery Locations:	378504 – Empire Stateline North (Primary Delivery Location) 378501 – Empire Riverton 378502 – Empire Energy Center 378503 – Empire Stateline South Off-System Delivery Locations listed in Appendix A
Discounted FTS-M Reservation Rates:	\$0.0867 (December 1, 2018 – December 1, 2021) \$0.1313 (December 1, 2021 – December 1, 2025)
All Other Charges at Max Rates:	FTS-M commodity rates, transportation fuel, any applicable surcharges, authorized overrun and any other applicable charges (except the Discounted FTS-M Reservation Rate) will be charged at maximum tariff rates per Southern Star’s tariff. Provided, however, no modernization surcharges in effect prior to December 1, 2021 shall be applicable to this agreement.

Special Conditions re Locations: Shipper's daily FTS-M reservation rate will be the applicable Discounted FTS-M Reservation Rate times the MDTQ, unless Shipper delivers to location(s) other than the Discounted Delivery Locations identified above. Any such deliveries to any other location(s) will be charged maximum reservation rates. Further, deliveries to Shipper's Primary Delivery Location in the Market Area must be received at the PMI from, and transported on, Shipper's Production Area Contract TA 22488 (or any replacement contract resulting from a release of TA 22488). For any deliveries not received and transported as stated above, the discounted rate will not apply. Any receipts and deliveries to or from any other location(s) are at maximum reservation rates. Shipper may request that the discount transportation rate be applied to different delivery points where Southern Star is providing discounted transportation services and Southern Star may grant a transportation discount rate at such other delivery points if Southern Star is granting discounts to similarly situated shippers at such other points.

Market Commitment: The Discounted FTS-M Reservation Rates set forth above are further conditioned upon all of each month's total quantities delivered to the Empire Facilities at State Line Units Combined Cycle always being transported under FTS Agreements TA 22488 and TA 22489, or under another original firm transportation agreement or agreements (a "TA" agreement) between Southern Star and Shipper, in both the production and market areas. Provided however, deliveries to the Empire Facilities at State Line Units Combined Cycle under a replacement agreement (an "RA" agreement) created by a release of capacity from FTS Agreement TA 22489 or from another original firm transportation agreement (a "TA" agreement) between Southern Star and Shipper, shall not be deemed a violation of this Market Commitment. Provided further, if Shipper is unable to meet the full demand of the Empire Facilities at State Line Units Combined Cycle after fully utilizing the sum of its Maximum Daily Transportation Quantities on all existing firm transportation agreements with Southern Star (including any such replacement agreements as identified above), then Shipper may use other firm transportation agreements, capacity release agreements or interruptible transportation agreements to meet such excess demand of the Empire Facilities at State Line Units Combined Cycle without losing its discount.

As noted in the Special Conditions re Locations, the Discounted FTS-M Reservation Rates set forth above are specifically designed for receipts from or deliveries to the above listed locations at the above discounted rates. The underlying contract can be utilized to receive from or deliver to other locations but the above discount(s) will not apply to those locations and the maximum applicable rates for all volumes received from or delivered to such other locations will be applied.

Shipper may release its contract to a replacement shipper, but the replacement shipper's rates will be determined by the terms of the release, not this discount agreement. Shipper may be subject to additional charges if it releases its capacity, as Shipper's reservation rates will not be discounted if the replacement shipper desires or receives service at different locations than provided herein. Shipper will be charged Southern Star's maximum tariff rates in effect on all quantities released to or nominated to locations other than the Discounted Delivery Locations provided herein (or from other locations as applicable). As a Special Term of the release, however, Shipper may obligate the replacement shipper to be responsible for

any such additional charges, in which case the additional charges collected from the replacement shipper will be credited against any additional charges owed by Shipper hereunder.

Further, the above discount is subject to any conditions set out herein. If any of the above conditions are not met during the discount time period, Southern Star will invoice Shipper the maximum applicable rates for all volumes delivered subsequent to the date the failure of the condition occurred.

Notwithstanding any other provision in this Discount Agreement, **Southern Star will not charge above maximum, or below the minimum, approved tariff rates for the relevant service agreement associated herewith.** In the event of a conflict between this agreement and Southern Star's FERC Gas Tariff, the Tariff will control.

Southern Star Capacity Release Marketing Right: Pursuant to Section 11.6 of the General Terms and Conditions (GT&C) of Southern Star's FERC Gas Tariff, beginning December 1, 2021 Southern Star may market Shipper's capacity under Contract No. TA 22489 as released capacity under the following terms:

- Any capacity proposed to be released must be released at maximum rates;
- The minimum quantity proposed to be released must be equal to or greater than 5,000 Dth/d;
- The term of the proposed release must be for more than one (1) year. If the requested term for the capacity is equal to or longer than the remaining term of Contract No. TA 22489, then the release will be a permanent release under GT&C Section 11.8; otherwise it will be a temporary release.

Southern Star will credit Shipper with any reservation charges to be received up to Shipper's Discounted Reservation Rate due under Contract No. TA 22489, but will retain all revenues in excess of Shipper's Discounted Reservation Rate due under Contract No. TA 22489 as a marketing fee. If Shipper does not wish to release the capacity to the maximum rate replacement shipper provided by Southern Star, Shipper may elect to retain its capacity by matching the bid of the proposed replacement shipper; provided, however, Shipper will not be required to match any rate above maximum rates nor any term of more than five (5) years to retain the capacity. Such election must be made within ten (10) days of Southern Star providing Shipper with a copy of the proposed replacement shipper's written request for Service. Southern Star and Shipper will then amend or modify this Discount Agreement and, if necessary, Contract No. TA 22489 to reflect Shipper's election to match the bid of the proposed replacement shipper. In the event that Shipper matches the bid of the proposed replacement shipper, no marketing fee shall be due. In the event that Shipper elects not to match the bid of the proposed replacement shipper and Southern Star effectuates a release of Shipper's capacity to such replacement shipper, Shipper shall not be liable for the difference between Shipper's Discounted Reservation Rate under Contract No. TA22489 and Southern Star's maximum rate for the term of the release.

This Discount Agreement supersedes and replaces *ab initio* the discount agreement between the parties dated November 19, 2018. This Discount Agreement also supersedes and replaces the prior discount agreement between the parties dated November 10, 2014 (the "Prior Discount Agreement") and such Prior Discount Agreement is hereby terminated, effective December 1, 2018.

[Remainder of page intentionally left blank.]

If Shipper has executed a CSI Electronic Contracting Agreement per Section 8.15 of the General Terms and Conditions of Southern Star's tariff, please indicate your acceptance of this discounted rate via electronic signature. Otherwise, to indicate your acceptance, please return a signed original of this Discount Agreement to Southern Star either (i) at the address listed above, (ii) via PDF attachment to an email directed to sscontractadministration@sscgp.com or (iii) via fax at 270/852-5027. The above discount will become null and void if changes are made to this original Discount Agreement.

Very truly yours,

SOUTHERN STAR CENTRAL GAS PIPELINE, INC.

By /s/Jimmy D. Staton

Jimmy D. Staton, President and CEO, Executive

Date of execution by Southern Star: 1/8/19

ACCEPTED AND AGREED TO this 7th day of January, 2019 by:

EMPIRE DISTRICT ELECTRIC COMPANY

By /s/Blake A Mertens

Title VP-Operations-Electric

[Signature page to Discount Agreement associated with FTS-M Agreement, Contract No. TA 22489]

SOUTHERN STAR CENTRAL GAS PIPELINE

OFF-SYSTEM RECEIPT AND DELIVERY LOCATIONS

RECEIPT	DELIVERY	LINE SEGMENT	LOCATION NAME	COUNTY	STATE	FLOW DIRECTION
	135533	496	PEPL Princeton	Franklin	KS	Delivery

Appendix B

Marked Version of the Tariff Records

~~January 7, 2019~~
~~November 19, 2018~~

Empire District Electric Company - a Liberty Utilities Company
ATTN: Blake Mertens
602 S. Joplin Street
Joplin, MO 64801

RE: Discount Agreement

Dear Blake:

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As noted in the Special Conditions re Locations, the Discounted FTS-M Reservation Rates set forth above are specifically designed for receipts from or deliveries to the above listed locations at the above discounted rates. The underlying contract can be utilized to receive from or deliver to other locations but the above discount(s) will not apply to those locations and the maximum applicable rates for all volumes received from or delivered to such other locations will be applied.

Shipper may release its contract to a replacement shipper, but the replacement shipper's rates will be determined by the terms of the release, not this discount agreement. Shipper may be subject to additional charges if it releases its capacity, as Shipper's reservation rates will not be discounted if the replacement shipper desires or receives service at different locations than provided herein. Shipper will be charged Southern Star's maximum tariff rates in effect on all quantities released to or nominated to locations other than the Discounted Delivery Locations provided herein (or from other locations as applicable). As a Special Term of the release, however, Shipper may obligate the replacement shipper to be responsible for

any such additional charges, in which case the additional charges collected from the replacement shipper will be credited against any additional charges owed by Shipper hereunder.

Further, the above discount is subject to any conditions set out herein. If any of the above conditions are not met during the discount time period, Southern Star will invoice Shipper the maximum applicable rates for all volumes delivered subsequent to the date the failure of the condition occurred.

Notwithstanding any other provision in this Discount Agreement, **Southern Star will not charge above maximum, or below the minimum, approved tariff rates for the relevant service agreement associated herewith.** In the event of a conflict between this agreement and Southern Star's FERC Gas Tariff, the Tariff will control.

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This Discount Agreement supersedes and replaces *ab initio* the discount agreement between the parties dated November 19, 2018. This Discount Agreement also supersedes and replaces the prior discount agreement between the parties dated November 10, 2014 (the "Prior Discount Agreement") and such Prior Discount Agreement is hereby terminated, effective December 1, 2018.

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If Shipper has executed a CSI Electronic Contracting Agreement per Section 8.15 of the General Terms and Conditions of Southern Star's tariff, please indicate your acceptance of this discounted rate via electronic signature. Otherwise, to indicate your acceptance, please return a signed original of this Discount Agreement to Southern Star either (i) at the address listed above, (ii) via PDF attachment to an email directed to sscontractadministration@sscgp.com or (iii) via fax at 270/852-5027. The above discount will become null and void if changes are made to this original Discount Agreement.

Very truly yours,

SOUTHERN STAR CENTRAL GAS PIPELINE, INC.

By /s/Jimmy D. Staton

Jimmy D. Staton, President and CEO, Executive

Date of execution by Southern Star: ~~1/8/19~~Nov. 27, 2018

ACCEPTED AND AGREED TO this ~~7th~~27 day of ~~January~~November, ~~2019~~2018 by:

EMPIRE DISTRICT ELECTRIC COMPANY

By /s/Blake A Mertens

Title VP-Operations-Electric

[Signature page to Discount Agreement associated with FTS-M Agreement, Contract No. TA 22489]

SOUTHERN STAR CENTRAL GAS PIPELINE

OFF-SYSTEM RECEIPT AND DELIVERY LOCATIONS

RECEIPT	DELIVERY	LINE SEGMENT	LOCATION NAME	COUNTY	STATE	FLOW DIRECTION
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