

131 FERC ¶ 61,107
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

May 5, 2010

In Reply Refer To:
High Island Offshore
System, L.L.C.
Docket No. RP10-71-001

High Island Offshore System, L.L.C.
1100 Louisiana St.
Houston, TX 77002

Attention: Jeffrey M. Molinaro
Lead Analyst, Rates and Regulatory Affairs

Reference: Compliance Filing

Ladies and Gentlemen:

1. On December 22, 2009, High Island Offshore System, L.L.C. (HIOS) filed additional information to comply with the Commission's order issued November 20, 2009.¹ As discussed below, the Commission accepts HIOS' compliance filing including revised lost and unaccounted for (L&U) quantities for December 2008 and August 2009 but rejects HIOS' methodology for calculating its L&U system fuel percentage and requires HIOS to revise its L&U system fuel percentage and file a revised tariff sheet within 10 days.

2. On October 23, 2009, HIOS submitted a filing to implement an interim adjustment to its Company Use percentage pursuant to the fuel tracker mechanism set forth in section 28 of the General Terms and Conditions of HIOS' FERC Gas Tariff, Third Revised Volume No. 1. HIOS represented that the increased Company Use percentage was primarily the result of the impact of Hurricane Ike and a compressor fire. HIOS proposed to mitigate the impact on shippers by eliminating compressor fuel collection from its Company Use on an interim basis and by basing L&U on a historical average of

¹ *High Island Offshore System, L.L.C.*, 129 FERC ¶ 61,167 (2009) (November 2009 Order).

36 months experience instead of using the interim adjustment methodology in its tariff. In the November 2009 Order, the Commission accepted HIOS' revised reimbursement percentages, subject to HIOS providing additional information supporting its L&U quantities.² The Commission directed HIOS to provide further detail illustrating how the 294,186 Dth L&U for August 2009 and the 419,415 Dth L&U for December 2008 were calculated and to highlight any volumes that may have been lost as a result of events outside the scope of normal pipeline operations. In addition, HIOS was directed to provide a clear explanation as to how its 0.84 percent L&U percentage was calculated.

3. HIOS' December 22, 2009 compliance filing states that 140,709 Dth of the 419,415 Dth of L&U originally reported for December 2008 can be reasonably attributed to damage caused by Hurricane Ike and that 14,771 Dth of the 294,186 Dth originally reported for August 2009 is related to the compressor fire. Therefore, HIOS states that it has recalculated its L&U percentages for December 2008 and August 2009 to remove the impact of Hurricane Ike and the compressor fire. In addition, HIOS states it has recalculated the 36-month average L&U as shown in Attachment 1 in order to remove the impact of Hurricane Ike and the compressor fire, resulting in a reduction in L&U from 0.84 percent to 0.73 percent. HIOS requests that the Commission permit HIOS to keep the posted 0.84 percent Company Use charge in effect given that this is a de minimus change and HIOS will be required to submit its annual true-up Company Use filing in approximately four months, and requests that the Commission remove the refund condition in this docket.

4. Public notice of HIOS' filing was issued on March 2, 2010, with comments due March 5, 2010. No comments or protests were filed.

5. The Commission accepts HIOS' compliance filing including revised L&U quantities for December 2008 and August 2009 but directs HIOS to recalculate its L&U system fuel percentage based on a revised methodology. HIOS has calculated its L&U percentage by summing the L&U percentage for each month in the three-year period ending August 31, 2009 and dividing by 36. However, calculating an average using this methodology minimizes the impact of months that experienced significant L&U activity, both positively and negatively. In contrast, for purposes of calculating the monthly L&U percentage HIOS divides each month's L&U volume by the net receipts for that month. Applying this methodology to the 36-month totals appears to be reasonable and consistent with the methodology HIOS has used to determine the L&U percentage in

² The Commission accepted and suspended Ninth Revised Sheet No. 11 of HIOS' FERC Gas Tariff to be effective November 1, 2009, subject to refund and conditions.

previously accepted fuel filings.³ When this methodology is applied to the three-year period ending August 31, 2009, the L&U average decreases to 0.62 percent. The Commission will require HIOS to revise its L&U and system fuel percentage using this methodology and file a revised tariff sheet within 10 days. In addition, since the revised L&U percentage of 0.62 percent results in a decrease of 26 percent from the filed rate, the Commission denies HIOS' request to keep the posted 0.84 percent Company Use charge in effect and to remove the refund condition in this docket.

By direction of the Commission.

Kimberly D. Bose,
Secretary.

³ See, e.g., *High Island Offshore System, L.L.C.*, Initial Filing, Docket No. RP08-226-000 (filed February 28, 2008); *High Island Offshore System, L.L.C.*, 122 FERC ¶ 61,287 (2008).