

121 FERC ¶ 61,215
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

November 29, 2007

In Reply Refer To:
High Island Offshore System, L.L.C.
Docket No. RP08-36-000

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

Attention: Richard W. Porter, Director
Rates and Regulatory Affairs

Reference: Interim Adjustment to Company Use Percentage

Ladies and Gentlemen:

1. On October 26, 2007, High Island Offshore System, L.L.C. (HIOS) filed Sixth Revised Sheet No. 11 to its FERC Gas Tariff, Third Revised Volume No. 1 in order to implement an interim adjustment to its Company Use percentage pursuant to section 28.4 of its General Terms and Conditions (GT&C). HIOS requested the Commission permit the interim adjustment to be effective November 1, 2007. In addition, HIOS filed Fourth Revised Sheet No. 173B, and requested the Commission permit the modified language proposed in section 28.4 concerning the deadline for HIOS to make future interim adjustment filings to become effective December 1, 2007.

2. On March 1, 2007, HIOS filed its annual fuel tracker for calendar year 2006 activity (Docket No. RP07-333) pursuant to section 28 of the GT&C implementing a total Company Use percentage of 1.44 percent. Section 28.4 of HIOS's GT&C, which was recently incorporated in HIOS's FERC Gas Tariff as part of a settlement,¹ requires that HIOS make an interim adjustment to the percentage if the Company Use Variance

¹ *High Island Offshore System*, 117 FERC ¶ 61,163 (2006).

(CUV)² is greater than 15 percent of actual company use for the period March through August of the current year. Section 28.4, as currently effective, requires HIOS to make such an interim adjustment filing by September 20 of the current year, to be effective October 1. HIOS recently determined that its CUV was 17.8 percent of actual company use for the period March 1, 2007, through August 31, 2007, resulting in a revised Company Use percentage of 1.07 percent.

3. Although section 28.4 contemplates that interim fuel adjustment filings should be made by September 20 to be effective on October 1, HIOS filed its interim adjustment proposal on October 26, 2007, requesting the Commission grant all necessary waivers and permit the new percentages to become effective November 1, 2007. HIOS stated that it experienced delay in obtaining actual August 2007 numbers, and could not confirm with certainty that the threshold trigger for making the filing had been reached by the time that the filing was due. In order to ensure that the numbers filed were as accurate as possible, HIOS stated that it delayed filing of the interim adjustment until such time as actual August 2007 data was available, and it could confirm the necessity of an interim adjustment to the Company Use percentage. No one protested the proposed reduction in the Company Use rate or the request for a waiver of the Commission's 30 day prior notice requirement. The Acting Director of the Division of Tariffs & Market Development-Central accepted HIOS's new Company Use percentages as stated in Sixth Revised Sheet No. 11, by unpublished letter order issued November 21, 2007, to be effective November 1, 2007, as proposed.

4. On October 26, 2007, HIOS also filed Fourth Revised Sheet No. 173B, proposing to modify the deadline in section 28.4 of its GT&C for making future interim adjustment filings. HIOS states that the current September 20 deadline for filing interim adjustments is impractical because the interim adjustment is based on data for the months of March through August, and HIOS cannot finalize its own internal numbers for that period, as well as gather and process data provided by a third party by the September 20 deadline. HIOS states that, as shown by its experience preparing this year's interim adjustment filing, the current filing deadline does not give HIOS an opportunity to verify with any certainty that a filing is required. Accordingly, HIOS proposes to modify section 28.4 to require that it file interim adjustments as soon as final data for the March through August period is available, to be effective the first day of the month following the filing but in no event later than November 1. HIOS states that this slight delay in the process will not harm HIOS shippers for the same reason stated above in that any difference between fuel collected and actual total company use in a given month is accounted for in each

² The CUV represents the difference between its actual fuel use and the amount of gas HIOS has retained pursuant to its current Company Use Percentage.

shipper's cash out calculation. HIOS proposes that Fourth Revised Sheet No. 1 become effective December 1, 2007.

5. Public notice of the filing was issued on October 30, 2007. Interventions and protests were due as provided in section 154.210 of the Commission's regulations (18 C.F.R. § 154.210 (2007)). Pursuant to Rule 214, 18 C.F.R. § 385.214, all timely motions to intervene and any motions to intervene out-of-time filed before the issuance date of this order are granted. ExxonMobil Gas & Power Marketing Company (ExxonMobil) filed an adverse comment only on the proposal to modify section 28.4.

6. ExxonMobil states that it does not oppose what it believes to be the intent of HIOS's proposal to modify section 28.4 of the GT&C. ExxonMobil adds that it recognizes that the time originally provided for, between the August end of the period upon which the adjustment is based and the date of the filing, may not be adequate to make the filing, and it does not object to HIOS's proposal to amend the tariff to postpone the effective date of future interim filings beyond October 1.

7. However, ExxonMobil states that its main concern is that HIOS's proposed tariff revisions would not require that the interim filing be made prior to its effective date. ExxonMobil points out that the proposed revisions do not include a deadline for HIOS to make the interim adjustment filing, but require that the adjustment take effect no later than November 1. ExxonMobil believes this would create the possibility that HIOS would make an interim filing after November 1 to be effective retroactive to November 1.

8. ExxonMobil states that it raised this concern informally with HIOS, and is authorized to state that HIOS would agree to modify its filing "to make the effective date of any interim Company Use adjustment filing the first day of the month *following* the filing."³ Therefore, ExxonMobil states that it agrees that HIOS's proposed modification would address ExxonMobil's concern with the proposal, and HIOS's GT&C section 28.4 would read as follows (incorporating all of HIOS's other proposed modifications, and showing the proposed additional revision with strikeout).

HIOS shall monitor the CUV monthly. Each September, HIOS shall calculate the percentage relationship of CUV to actual Company Use for the previous six (6) month period (i. e. March-August). If the CUV is more than fifteen percent (15%) of the actual Company Use, HIOS shall revise the Company Use Percentage to equal the average monthly actual Company Use during such six month period, and shall

³ ExxonMobil Comment at 4.

file a tariff sheet and supporting workpapers with the Commission as soon as final data for the months March through August is available, to be effective the first day of the month following the filing, ~~but in no event later than November 1,~~ to implement the revision in the Company Use Percentage. Such filing shall become effective on the proposed effective date following a minimum suspension.

9. We accept the proposed revision to section 28.4 of HIOS's GT&C contained in Fourth Revised Sheet No. 173B, subject to HIOS filing a revised tariff sheet reflecting the agreed-to modification to section 28.4 of its GT&C within 15 days of the date this order issues.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.