

141 FERC ¶ 61,162
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

November 28, 2012

In Reply Refer To:
High Island Offshore System, L.L.C.
Docket No. RP13-182-000

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

Attention: Jeffrey M. Molinaro
Senior Specialist, Regulatory Affairs

Reference: Letter Order on Interim Adjustment to
Company Use Percentage and Waiver Request

Dear Mr. Molinaro:

1. On October 25, 2012, High Island Offshore System, L.L.C. (HIOS) filed a revised tariff record¹ pursuant to section 28.4 of its General Terms and Conditions (GT&C) in order to implement an interim adjustment to its Company Use percentage, proposed to be effective December 1, 2012. HIOS requests waiver from the requirements of the interim adjustment mechanism of section 28.4 to allow a Company Use percentage of zero and any waiver that may be required to permit the tariff to become effective on December 1, 2012. As discussed below, the Commission grants the limited waiver and accepts the tariff record to be effective December 1, 2012, as proposed.

2. HIOS calculates its Company Use percentage in accordance with section 28 of its GT&C. On February 28, 2012, in Docket No. RP12-404-000, HIOS filed its annual fuel tracker implementing a total Company Use percentage of 0.46 percent,

¹ [Schedule of Company Use %, Sheet No. 8, 5.0.0](#), 5.0.0, FERC NGA Gas Tariff, NGA Gas Tariff.

effective April 1, 2012.² Section 28.4 of HIOS's GT&C, incorporated as part of a settlement,³ requires HIOS to make an interim adjustment to the Company Use percentage, effective the first day of the month following the filing, if the variance in actual Company Use from the posted Company Use percentage (Company Use Variance or CUV) is greater than 15 percent for the period March through August of the current calendar year. HIOS states, as shown and calculated in Attachment A to this filing, that the CUV exceeded the 15 percent threshold for the comparison period of March 1 - August 31, 2012. HIOS states that the resulting interim adjustment required by section 28.4 would result in a Company Use Percentage of -0.94 percent. HIOS states that this was due in large part to the impact of Hurricane Isaac which resulted in an abnormal Company Use overrecovery in August 2012. However, HIOS proposes, in lieu of a negative Company Use percentage, to make an interim adjustment reducing its Company Use percentage to zero.

3. HIOS explains that it is proposing this slight variance from its interim adjustment mechanism as a matter of administrative convenience for its shippers because: (a) the implementation of a negative Company Use percentage is likely to result in somewhat large underrecoveries of fuel now that the system has returned to normal operations following Hurricane Isaac with the result that HIOS would likely have to post an unusually high Company Use percentage during the next annual recovery period; and (b) since HIOS's Company Use is trued up to actual experience on a monthly basis, shippers will not be harmed by the interim use of a Company Use percentage that is somewhat higher than that calculated on Attachment A. Therefore, HIOS proposes an interim adjustment to update its Company Use percentage to 0.0 percent, effective December 1, 2012 through its next required annual filing to be effective April 1, 2013.

4. Public notice of the filing was issued on October 26, 2012. Interventions and protests were due as provided in section 154.210 of the Commission's regulations.⁴ Pursuant to Rule 214,⁵ all timely filed motions to intervene and any

² The Commission approved the 2012 annual fuel tracker filing on March 27, 2012. *High Island Offshore System*, 138 FERC ¶ 61,217 (2012). Pursuant to section 28.3, the Company Use percentage is the sum of the compressor fuel percentage, lost and unaccounted for (LAUF) gas percentage, and the Company Use true up percentage. HIOS states that its Company Use percentage now consists entirely of LAUF gas.

³ *High Island Offshore System*, 117 FERC ¶ 61,163 (2006).

⁴ 18 C.F.R. § 154.210 (2012).

⁵ 18 C.F.R. § 385.214 (2012).

unopposed motions to intervene out-of-time before the issuance date of this order are granted. Granting late intervention at this stage of the proceeding will not disrupt the proceeding or place additional burdens on existing parties. No protests or adverse comments were filed.

5. The Commission accepts HIOS's proposed reimbursement percentage as just and reasonable, effective December 1, 2012, as requested. We also find good cause to grant the waiver requested by HIOS and accept the revised tariff record to effectuate the adjusted fuel reimbursement percentages. The Commission has previously found that holding reimbursement rates at zero, rather than allowing the overall reimbursement rates to go negative, is reasonable so long as all of the over-recovered amount is eventually returned to the shippers.⁶ HIOS's Deferred Component true-up mechanism will carry this balance to the next annual adjustment period, and thus ensure that neither HIOS nor its shippers are disadvantaged.

By direction of the Commission.

Kimberly D. Bose,
Secretary.

⁶ See *Columbia Gulf Transmission Co.*, 132 FERC ¶ 61,134, at P 43 (2010).