145 FERC ¶ 61,234
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Cheryl A. LaFleur, Acting Chairman;
Philip D. Moeller, John R. Norris,
and Tony Clark.

High Point Gas Transmission, LLC — Docket Nos. RP12-945-001, AC13-112-000

ORDER ON COMPLIANCE FILINGS

(Issued December 19, 2013)

1. On August 14 and 16, 2012, High Point Gas Transmission, LLC (High Point) filed tariff records to comply with a Commission order issued June 21, 2012, permitting High Point to acquire certain facilities from Southern Natural Gas Company, L.L.C. (Southern).[1] On September 28, 2012, the Commission accepted High Point's tariff to be effective November 1, 2012, subject to further review and refund.[2] The Commission finds that High Point's proposed initial rates comply with the June 21, 2012 Certificate Order.

**Background**

2. On October 13, 2011, High Point filed an application pursuant to section 7(c) of the Natural Gas Act (NGA)[3] and Parts 157 and 284 of the Commission's regulations[4] requesting certificate authorization to acquire from Southern the South of Toca Facilities

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[1] *Southern Natural Gas Co., L.L.C. & High Point Gas Transmission, LLC*, 139 FERC ¶ 61,237 (June 21, 2012 Certificate Order), *order on reh'g*, *High Point Gas Transmission, LLC*, 140 FERC ¶ 61,255 (2012).

[2] *High Point Gas Transmission, LLC*, 140 FERC ¶ 61,259 (2012) (September 28, 2012 Order), *order on reh'g*, *Southern Natural Gas Co., L.L.C. & High Point Gas Transmission, LLC*, 143 FERC ¶ 61,207 (2013).

[3] 15 U.S.C. § 717f(c) (2012).

[4] 18 C.F.R. Pts. 157 and 284 (2013).

and operate those facilities as jurisdictional transportation facilities.[5] High Point proposed to provide transportation and pooling services on the South of Toca Facilities. Specifically, High Point proposed to offer: (1) firm transportation service under Rate Schedule FTS; (2) interruptible transportation service under Rate Schedule ITS; (3) park and loan service on an interruptible basis under Rate Schedule PAL; (4) pooling service for the aggregation of gas supply under Rate Schedule PS, and; (5) title transfer service under Rate Schedule TTS.

3. The June 21, 2012 Certificate Order authorized High Point to acquire and operate the South of Toca Facilities as a NGA jurisdictional transportation service provider. The June 21, 2012 Certificate Order also found that portions of the South of Toca Facilities, proposed by High Point as transmission facilities, actually provided non-jurisdictional natural gas gathering service and that some portion of the facilities had not been used in 2011-2012.[6] The June 21, 2012 Certificate Order required High Point to refunctionalize several portions of the facilities found to be either gathering or not in use for the prior year.

4. Further, the June 21, 2012 Certificate Order required High Point to make tariff revisions to: (1) provide a minimum and maximum rate for the Hurricane Surcharge; (2) remove language stating that the Hurricane Surcharge could not be discounted; (3) provide for waiver of various shippers' obligations on a not unduly discriminatory basis; (4) develop a penalty revenue crediting mechanism; (5) identify the penalty revenues which will be subject to crediting; (6) conform its reservation charge crediting provision to Commission policy; (7) revise its service priorities for nominations and scheduling of transportation capacity such that all firm service is of equal priority; (8) provide a cash-out provision that includes allowances for netting and trading of imbalances, cash-out refunds, and language defining imbalance costs; (9) set the Annual Charge Adjustment to zero; (10) remove Rate Schedule TTS, the accompanying form of service agreement, and the title tracking fee; (11) reflect the latest version of the North American Energy Standards Board (NAESB) Wholesale Gas Quadrant (WGQ) Standards adopted by the Commission; and (12) file a table of all the NAESB WGQ Standards incorporated by reference and a cross-reference to the tariff provisions in which Standards that are not incorporated by reference are contained.

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[5] Southern's South of Toca Facilities are located on the East Leg of Southern's system upstream of the Toca Compressor Station in Plaquemines and St. Bernard Parishes, Louisiana, and the offshore Louisiana areas of Mississippi Canyon, West Delta, Main Pass, South Pass, Viosca Knoll, and Breton Sound.

[6] June 21, 2012 Certificate Order, 139 FERC ¶ 61,237 at PP 76-84.

5. Several parties requested rehearing of the June 21, 2012 Certificate Order. The Indicated Shippers[7] filed a request for clarification stating that only High Point had been authorized to acquire and operate any of the South of Toca Facilities and, therefore, that neither Southern nor High Point could transfer the gathering facilities to another company. They also asserted that High Point must therefore file a gathering service and a gathering rate. Parties also requested rehearing of the Commission's findings on Return on Equity (ROE), capital structure, and the Hurricane Surcharge amortization period.

6. On August 14 and 16, 2012, High Point filed to comply with the Commission's June 21, 2012 Certificate Order. On September 28, 2012, the Commission issued an order finding that it was unable to verify that High Point had complied with the June 21, 2012 Certificate Order regarding High Point's initial rates, proper refunctionalization and/or the removal of certain facilities costs from the proposed cost of service.[8] Accordingly, the Commission accepted the proposed tariff records subject to further order of the Commission, effective on the date on which High Point placed the South of Toca Facilities into service, and subject to refund.[9] The Commission noted that High Point did not submit a gathering rate as a part of its compliance filing, because it did not request to assess a rate for any service using the gathering facilities. Because High Point did not intend to assess a rate for gathering service, the June 21, 2012 Certificate Order did not require it to submit a gathering rate in connection with such a service. Beyond this point, the Commission found that "issues pertaining to the Commission's June 21, 2012 abandonment authorization of Southern and the findings related to High Point's acquisition of the South of Toca facilities and any resulting continuity of service concerns

[7] Indicated Shippers consists of Apache Corporation; BP America Production Company and BP Energy Company; and Shell Offshore, Inc.

[8] 140 FERC ¶ 61,259 at P 10. In order to assist the Commission's review of the subject rates, on September 6, and October 16, 2012, Staff issued two data requests to High Point directing High Point to provide work papers underlying its initial rate calculations (respectively, September 6, 2012 Data Request and October 16, 2012 Data Request). On September 13, and October 26, 2012 High Point responded to the September 6, 2012 Data Request and October 16, 2012 Data Request, respectively. On September 17, and October 31, 2012, the Commission issued notices to permit parties time to comment on High Point's data responses. The Commission's review of this information and the associated comments is discussed below.

[9] High Point went into service on November 1, 2012. High Point, Notice of Acquisition and Commencement of Service, Docket No. CP12-9-000 (filed Nov. 5, 2012).

will be addressed in the rehearing of the June 21, 2012 [Certificate] Order."[10] High Point requested rehearing of the September 28, 2012 Order, arguing that the Commission should not have imposed a refund condition on the compliance initial rates.

7. On June 5, 2013, the Commission issued an order, denying all the requests for rehearing and clarification of the June 21, 2012 Certificate Order and the September 28, 2012 order.[11] The Commission found no error in its findings permitting Southern to abandon the South of Toca Facilities and permitting High Point to acquire and operate the jurisdictional transmission facilities.[12] Further, the Commission found that High Point did not require Commission pre-approval to sell the gathering facilities on the South of Toca system.[13] With regard to initial rate and tariff issues, the Commission affirmed its findings regarding the appropriate ROE, capital structure and the Hurricane Surcharge amortization period.[14] The Commission also denied High Point's request for rehearing with regard to the imposition of the refund condition on High Point's compliance initial rates.[15]

**<u>Recalculated Initial Rates</u>**

8. In the instant proceeding, High Point filed actual tariff records with recalculated rates and revised tariff language, which High Point states complies with the requirements of the June 21, 2012 Certificate Order.[16] High Point asserts it has removed the costs of

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[10] September 28, 2012 Order, 140 FERC ¶ 61,259 at P 15.

[11] The Commission stated that it "denied all requests for rehearing of the June [21, 2012 Certificate] Order and the September [28, 2012] Order." 143 FERC ¶ 61,207 at P 4. However, the Commission noted that it would "issue a further order in High Point's Docket No. RP12-945 after the Commission has completed its review of High Point's initial section 7 rates filed in that docket." *Id*. at n.4.

[12] *Southern Natural Gas Co., L.L.C. & High Point Gas Transmission, LLC*, 143 FERC ¶ 61,207 (2013) (June 5, 2013 Rehearing Order).

[13] *Id.* PP 72-81.

[14] *Id.* PP 82-90.

[15] *Id.* PP 93-101.

[16] High Point's PDF supporting documents failed to comply with the Commission's requirements regarding text-searchable formats. These PDF documents must be either created through the print-to-PDF process or saved after applying Optical

(continued…)

service related to the non-jurisdictional and unused facilities from the revised initial jurisdictional transmission rates, as required by the June 21, 2012 Certificate Order.[17] High Point also states that its affiliate, High Point Gathering, will become the owner of the non-jurisdictional gathering facilities. High Point asserts it will not provide any gathering services and, therefore, it did not propose a gathering rate in its tariff.[18]

9. High Point proposes to allocate its cost of acquiring the South of Toca Facilities, its Operation and Maintenance (O&M), and Administrative and General (A&G) costs between its transmission and non-jurisdictional functions based on several different allocation factors.[19] High Point proposes rates based solely on the costs allocated to its transmission function, offering an initial firm monthly reservation rate under Rate Schedule FT of $8.8844 per Dth with no usage charge; an interruptible service rate under Rate Schedule ITS of $0.2921 per Dth; and a park and loan service rate under Rate Schedule PAL of $0.2921 per Dth. The proposed transportation rates are derived using a first year cost of service of $27,838,140,[20] reflecting a rate base of $53,849,947, and an overall rate of return of 11.87 percent. High Point designed its initial firm rate using the same throughput reported in the June 21, 2012 Certificate Order of 261,115 Dth per day. These rates are in effect subject to refund pursuant to the September 28, 2012 Order.

10. Protests to the instant filing were filed by Arena Energy, LP (Arena), Indicated Shippers, LLOG Exploration Company, LLC, Producer Coalition,[21] and Walter Oil &

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Character Recognition. *Electronic Tariff Filings*, Order No. 714, FERC Stats. & Regs. ¶ 31,276 at n.29 (2008) (citing *Filing Via the Internet*, Order No. 703, FERC Stats. & Regs. ¶ 31,259, at P 23 (2007)) (noting Order No. 703's requirements for the filing of electronic documents apply to eTariff filed documents). The Commission expects High Point to comply with these requirements with all its future electronically filed documents.

[17] High Point August 14 Transmittal Letter at 2.

[18] *Id.*

[19] *Id.* 3-4.

[20] The cost of service is composed of: (1) Operation and Maintenance expense of $14,280,881; (2) Depreciation Expense of $2,085,917; (3) Negative Salvage of $1,202,418; (4) Other Taxes of $815,606; (5) Return on Rate base of $6,390,912; (6) State Income taxes of $425,789; and (7) Federal Income Taxes of $2,636,618.

[21] Producer Coalition consists of Century Exploration New Orleans, LLC; Dynamic Offshore Resources, LLC; Energy XXI (Bermuda) Ltd.; Hilcorp Energy Company, Inc.; McMoRan Oil & Gas LLC; Pisces Energy LLC; and W&T Offshore, Inc.

Gas Corporation. The protesters argue that High Point's filing is deficient because it does not include gathering rates for the portions of the South of Toca Facilities that the June 21, 2012 Certificate Order determined performed a gathering function. These protests are consistent with their requests for rehearing of the June 21, 2012 Certificate Order. In addition, the protestors take issue with several of High Point's proposed cost allocations, arguing that the cost allocations are contrary to the June 21, 2012 Certificate Order and result in excess costs being allocated to the transmission function. The protestors also assert that as requests for rehearing of the June 21, 2012 Certificate Order remained pending before the Commission regarding certain cost of service items and if the Commission granted the requested rehearings, such action will affect High Point's cost of service and initial rates.

## Discussion

11. The Commission has completed its review of the August 14 and 16, 2012 filings by High Point to comply with the Commission's June 21, 2012 Certificate Order, as well as the data responses filed on September 13, and October 26, 2012 by High Point and the associated comments and protest. The Commission finds the initial rates filed by High Point are consistent with the public convenience and necessity as required by NGA section 7(c). As set forth above, the protests in this proceeding raise issues that were also raised by parties on rehearing to the June 21, 2012 Certificate Order and the September 28, 2012 Order. The Commission's June 5, 2013 Rehearing Order resolved issues such as whether High Point's failure to offer gathering services and rates was appropriate, as well as objections to the ROE, capital structure and Hurricane Surcharge amortization period High Point was permitted to use. Accordingly, issues that were raised in the instant compliance filing that were resolved in the June 5, 2013 Rehearing Order will not be revisited in this order. However, several protests of High Point's compliance filings remain relevant and the Commission will address these matters below.

12. As set forth above, the Commission Staff required High Point to provide additional work papers and explanation of its calculations.[22] The Indicated Shippers protest that High Point's initial compliance filings fail to provide adequate work papers and fail to explain its recalculation of the initial rates.Specifically, the Indicated Shippers, in their comments to High Point's September 13, 2012 Data Response, claim that High Point did not provide work papers that 1) show how it determined the allocation ratios used to allocate the acquisition costs of the South of Toca Facilities between its transmission and gathering functions, 2) apply the allocation ratios to two sets of costs, and then 3) link the allocated costs to the schedules that make up its rate calculation.

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[22] September 6, 2012 Data Request and October 16, 2012 Data Request.

13. The Commission agrees with the Indicated Shippers that High Point failed to comply with requests for electronic spread sheets that included the links and formulas.[23] Further, High Point's August 14 and 16, 2012 compliance filings did not contain rate calculation work papers in electronic spreadsheet format, including formulas, as required by Part 154.[24] However, the Commission finds that the work papers and explanations provided by High Point regarding its calculation of its proposed initial rates are sufficient to find that High Point has complied with the substantive directives in the June 21, 2012 Certificate Order, and therefore the resulting rates are in the public convenience and necessity.

14. The Indicated Shippers contend that High Point has incorrectly allocated costs between its transmission and gathering functions. First, the Indicated Shippers protest the proposed allocation of High Point's costs of acquiring the South of Toca Facilities from Southern.

15. High Point originally proposed to base its initial rates on plant in service of approximately $54,000,000, which reflected its acquisition costs from Southern and some plant expenses related to establishing a new business. High Point requested waiver of the Commission's Uniform System of Accounts[25] (USofA) to reflect the purchase price of the South of Toca Facilities, rather than the original cost of the facilities, as gas plant in service in Account 101, Gas Plant in Service. The June 21, 2012 Certificate Order denied High Point's request for waiver of the USofA stating that Gas Plant Instruction (GPI) No. 2, Gas Plant to be Recorded at Cost, requires gas plant previously devoted to public service to be recorded at original cost.[26] The Commission continued to state that pursuant to GPI No. 5, the original cost of the facilities acquired must be recorded in

[23] The data requests required High Point to provide work papers "in native format of any work papers or spreadsheets including all formulas." *Id.* at 1.b. The Commission reminds High Point that all Part 154 tariff filings with rate calculations must be in electronic spreadsheets with formulas. *Filing and Reporting Requirements for Interstate Natural Gas Company Rate Schedules and Tariffs*, Order No. 582, FERC Stats. & Regs., Regulations Preambles January 1991-June 1996 ¶ 31,025, at 31,435 (1995); re-affirmed *Filing via the Internet*, Order No. 703, FERC Stats. & Regs. ¶ 31,259, at PP 24-25 (2007). The Commission also notes that some of the electronic spread sheets were locked, which further inhibited the ability to examine High Point's work papers.

[24] 18 C.F.R. § 154.4(c) (2013).

[25] 18 C.F.R. Pt. 201 (2013).

[26] June 21, 2012 Certificate Order, 139 FERC ¶ 61,237 at PP 218-219.

Account 101 and the depreciation applicable to the original cost of the properties purchased must be recorded in Account 108. The Commission also stated that the difference between the purchase price and the net book value of the facilities acquired should be recorded as an acquisition adjustment in Account 114, Gas Plant Acquisition Adjustments. In addition, the Commission reasoned that when the net book value of an asset exceeds the purchase price, the resulting negative acquisition adjustment should be cleared from Account 114 to Account 108.[27] Therefore, the Commission found that because High Point was able to acquire the South of Toca Facilities at a cost significantly below the net book value of the facilities, High Point must clear the negative acquisition adjustment from Account 114 to Account 108.[28]

16. Further, the June 21, 2012 Certificate Order found that certain facilities perform a gathering function and some plant was unutilized. Therefore, High Point was directed to refile rates and supporting cost data to refunctionalize the costs of gathering and unutilized facilities included in the South of Toca Facilities out of the transmission plant accounts.[29]

17. Given these instructions, the Commission required High Point to establish the rate base in this proceeding based upon the original cost of the South of Toca facilities, as adjusted for the accumulated depreciation for each facility segment (in its various filings, High Point refers to these segments as individual property units) and as further modified by a negative acquisition adjustment for acquisition costs and certain unutilized facilities.

18. To comply with these requirements, High Point, in its September 13, 2012 Data Response, explains how it allocated the original cost and accumulated depreciation of the South of Toca Facilities between functions and how it made a corresponding allocation of the acquisition costs. High Point asserts that it determined the original cost of the transmission function facilities to be $243,344,516, as compared to the total original cost of the all of the facilities of $347,433,645. High Point states that it determined the amount of accumulated depreciation for the transmission facilities by using the actual recorded amount of accumulated depreciation on a vintage basis and transferred the accumulated provision for depreciation carried in the account for the functionalized property between functions. Using the original cost and the accumulated depreciation of

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[27] *Id*.

[28] As discussed below, the Commission finds that High Point has adequately complied with the Commission's accounting instructions with regard to the negative acquisition adjustment.

[29] June 21, 2012 Certificate Order, 139 FERC ¶ 61,237 at PP 135-137.

the individual property units, High Point states it determined the net book value of the individual property units. High Point asserts that the net book value of all the South of Toca facilities was $85,621,279, and the net book value attributable to the transmission function facilities was $79,752,126. High Point states that the result is that approximately 93 percent of the total net book of the South of Toca Facilities are attributable to transmission function facilities. Using this 93 percent allocation factor, High Point then allocated 93 percent of its acquisition cost for the South of Toca Facilities to the transmission function, resulting in a transmission functionalized acquisition cost of $49,618,762 to be used as part of High Point's rate base.

19. The Indicated Shippers, in its comments to High Point's September 13, 2012 Data Response, object to High Point's proposed net book value method of allocating the purchase price of the South of Toca Facilities among functions. The Indicated Shippers assert that the June 21, 2012 Certificate Order required High Point to use original cost to allocate the purchase price between functions.

20. Indicated Shippers' argument is premised upon an assumption that the Commission's order required High Point to allocate its purchase cost of the facilities between transmission and gathering functions solely on the basis of the original costs of the facilities without taking into account the accumulated depreciation on each facility so as to calculate the net book value. This is incorrect. The Commission's June 21, 2012 Certificate Order directed High Point to refunctionalize the cost of the facilities. The Commission also set forth the manner in which High Point's rate base should be calculated. High Point's methodology as utilized in its compliance filing is consistent with these instructions.

21. The original cost language referenced by Indicated Shippers applies only to the Commission's discussion of High Point's previous request for a waiver of the original cost accounting treatment for the determination of plant in service. The Commission denied this request and in doing so stated that High Point must use original cost in order to calculate plant in service. This language did not control the manner in which costs must be functionalized between gathering and transmission functions. This can easily be ascertained by the Commission's instructions to High Point regarding its calculation of rate base because the Commission required that High Point calculate its rate base upon the original cost of the South of Toca Facilities. Such rate base calculations require an adjustment to original costs for accumulated depreciation, as well as a negative adjustment for acquisition costs and unutilized utilities. Therefore, the direction to High Point to use the original costs was merely intended as a starting point for the correct calculation of rate base and not a requirement for an allocation methodology as suggested by Indicated Shippers. This refunctionalization need only be consistent with the Commission's instructions regarding the proper accounting for plant costs that control the appropriate calculation of High Point's rate base. Accordingly, the Commission finds

that High Point's refunctionalization as described above is reasonable and consistent with the Commission's instructions.

22. The June 21, 2012 Certificate Order also accepted High Point's proposed $16,101,418 O&M expenses, as adjusted to remove the expenses associated with the facilities to be refunctionalized.[30] The June 21, 2012 Certificate Order accepted High Point's proposed depreciation expense of $2,239,425, but required High Point to remove the depreciation expenses related to the unutilized facilities and refunctionalizing the remaining depreciation expense between transmission and gathering functions.[31]

23. High Point, in its compliance filing, states that it started with the Commission approved O&M and A&G costs of $16,101,418 and depreciation expense of $2,239,425. High Point states that it allocated the expenses in each of the accounts within O&M and A&G, and depreciation expense among the transmission, gathering and unutilized functions on the basis of one of three different allocation factors: 1) total net book; 2) inch-mile study; or 3) measuring/regulator equipment and structures total net book value. High Point, in support of these allocation factors, states that the Commission has approved proposals by new pipelines to allocate cost of service components in a manner that is not based upon the original costs of the facilities.[32]

24. The Indicated Shippers protest the use of these allocation factors. The Indicated Shippers contend that the June 21, 2012 Certificate Order required High Point to use original cost of plant to allocate these cost of service items, and that High Point did not support the use of any alternative allocation factors.

25. As the Commission has discussed above, the requirement that High Point use original cost was related to its accounting proposal for plant in service. The Indicated Shippers' allegation that High Point was required to use original cost of plant to allocate these costs among functions is incorrect. The June 21, 2012 Certificate Order did not prescribe specific allocation factors for High Point's O&M, A&G and depreciation expenses. Accordingly, the Commission accepts High Point's proposed transmission

[30] June 21, 2012 Certificate Order, 139 FERC ¶ 61,237 at P 142. Both High Point and the June 21, 2012 Certificate Order reference the $16,101,418 in expenses as "O&M." In fact, the figure included both O&M and A&G expenses.

[31] *Id.* P 144.

[32] High Point September 13, 2012 Data Response at 5 (citing *Natural Gas Pipeline Co. of Am.*, 105 FERC ¶ 61,383 (2003)).

function costs for O&M, A&G and depreciation expense as reasonable estimates for a new pipeline without actual operating experience.

26. The June 21, 2012 Certificate Order also required High Point to adjust its negative salvage costs to reflect its refunctionalized costs. High Point, in its compliance filing, reduced negative salvage costs from $2,035,715 to $1,202,418 per year. Subsequently, in its September 13, 2012 Data Response, High Point supported this $1,202,418 figure. High Point explains that it used the costs assigned to each of the facilities as shown in its negative salvage study to refunctionalize the facilities among transmission, gathering and unutilized, then aggregated the results, and used the same 25-year recovery period it initially proposed, to derive the new transmission negative salvage cost of $1,202,418 per year.

27. The Indicated Shippers assert that the negative salvage expense of $1,425,826 contained in High Point's October 26, 2012 Data Response may be incorrect. The Indicated Shippers argue that the October 16, 2012 Data Request directed High Point to allocate fewer costs (70 percent of total costs, as opposed to High Point's proposed 93 percent) to its transmission rates. Therefore, they argue that High Point's October 26, 2012 Data Response should only have reflected negative adjustments and this should have resulted in a lower negative salvage value. The Commission rejects the Indicated Shippers' protests. High Point's Appendix 5 of its compliance filing reflects that it allocated estimated negative salvage costs across three functions: transmission, gathering and unutilized. High Point amortized transmission function negative salvage cost over 25 years to obtain a negative salvage cost of $1,202,418 per year. The Commission finds that High Point has supported its negative salvage cost functionalization and its annual negative salvage cost figure.

28. Second, the October 16, 2012 Data Request did not direct High Point to change its proposal. Rather, the request directed High Point to provide revised initial transmission rates, rate derivation, and work papers showing functionalized rates based upon the original cost of the transmission, gathering, and unutilized facilities. High Point's recalculation of the transmission function's negative salvage expenses on the basis of original costs resulted in negative salvage expense of $1,425,826 per year. This is the figure that Indicated Shippers asserts is incorrect. However, High Point did not adopt this figure for it negative salvage value. Instead, High Point retained the lower transmission negative salvage costs of $1,202,418 per year that High Point proposed in its compliance filing. Accordingly, the amount of negative salvage value used to calculate the base rates is not $1,425,826 per year but rather, the $1,202,418 per year figure that High Point proposed in its compliance filing. The Commission accepts the method High Point used to functionalize the negative salvage costs and the proposed negative salvage cost of $1,202,418, as in compliance with the June 21, 2012 Certificate Order.

29. To the extent not discussed in this order, the Commission finds that High Point has complied with the findings of the June 21, 2012 Certificate Order. Moreover, given the findings here, the Commission finds that the technical conference requested by The Indicated Shippers, the Producer Coalition, and Arena is unnecessary because the existing written evidentiary record provides a sufficient basis for resolving the issues relevant to this proceeding.

**Accounting Compliance: Docket No. AC13-112-000**

30. On May 1, 2013, and as revised June 3, and July 22, 2013, in Docket No. AC13-112-000, High Point proposed accounting entries to reflect the acquisition of the South of Toca Facilities from Southern, as required by the June 21, 2012 Certificate Order. The initial accounting entries reflect the original cost and accumulated depreciation of all of the acquired South of Toca Facilities, and include the separation of the South of Toca Facilities between jurisdictional transmission facilities and non-jurisdictional non-transmission (gathering and unutilized) facilities, and the allocation of the purchase cost between these two functions.

31. High Point's proposed journal entries clear the purchase through Account 102, Gas Plant Purchased or Sold, and appropriately record the original cost and related accumulated depreciation on its books consistent with GPI No. 5.[33] High Point's proposed journal entries also recognize a $33,815,602 negative acquisition adjustment as a credit to Account 114, Gas Plant Acquisition Adjustments, for the amount paid less than the depreciated original cost of the facilities purchased. High Point further proposes to clear the negative acquisition adjustment with a debit to Account 114 and a credit to Account 108, Accumulated Provisions for Depreciation of Gas Utility Plant, consistent with Commission policy.[34] Accordingly, High Point's proposed final accounting for the transaction is approved.

[33] 18 C.F.R. Pt. 201, Gas Plant Instruction No. 5 (2013).

[34] *Locust Ridge Gas Co.*, 29 FERC ¶ 61,052, at 61,114 (1984); and *Southwestern Public Service Co. and New Mexico Electric Serv. Co.*, 23 FERC ¶ 61,153 (1983).

The Commission orders:

(A) High Point's compliance initial rates and final accounting are found to be in compliance with the June 21, 2012 Certificate Order.

(B) The refund condition imposed by the September 28, 2012 Order is removed.

By the Commission.

( S E A L )

Nathaniel J. Davis, Sr.,
Deputy Secretary.