170 FERC ¶ 61,274
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

March 30, 2020

In Reply Refer To:
High Island Offshore System, L.L.C.
Docket No. RP20-561-000

High Island Offshore System, L.L.C.
919 Milam
Suite 2100
Houston, TX 77002

Attention: Karen Pape
Senior Vice President and Controller

Dear Ms. Pape:

1. On February 26, 2020, High Island Offshore System, L.L.C (HIOS) submitted its annual company fuel use tracker filing pursuant to Section 28.2 of the General Terms and Conditions (GT&C) of its tariff. HIOS requests a waiver of the requirements of GT&C Section 28.2 to allow the continued use of its current company use percentage of zero effective April 1, 2020. As discussed below and for good cause shown, we grant the requested waiver so that HIOS may continue to set its company use fuel percentage at zero.

2. HIOS states that it is required to re-establish its company use percentage, effective April 1 of each year, based on the prior calendar year's actual experience. HIOS states the currently effective company use percentage of zero was initially established effective December 1, 2012, as part of a waiver granted to HIOS in a filing made in compliance with the interim adjustment mechanism contained in GT&C Section 28.4.[1] HIOS states that it no longer has compression on its system and therefore the company use percentage is limited to lost-and-unaccounted-for (LAUF) gas.[2] HIOS further states that as part of its 2019 annual tracker filing, HIOS requested and was granted a further waiver of its

[1] Petition at 1 (citing *High Island Offshore System, L.L.C.*, 141 FERC ¶ 61,162 (2012)).

[2] *Id*.

tracker mechanism to allow the continued effectiveness of its company use percentage of zero.[3]

3. HIOS states that it calculated the company use percentage based on the methodology set forth in GT&C Section 28.3, including a projection of required LAUF for the recovery period, which is based upon the previous calendar year experience divided by projected receipt quantities during the recovery period and adjusted to reflect a true-up of experience from the prior recovery period. HIOS states that the net result of the prospective company use calculation is 2.70%. HIOS further states that the required true-up calculation for the applicable prior period results in an over/under-recovery of zero dekatherms (Dth), which it asserts does not result in any additional adjustment to the prospective company use percentage.[4] HIOS states that its company use percentage is 2.70% and because HIOS no longer has compression on its system, its company use is related entirely to LAUF gas.[5]

4. HIOS states that it experienced LAUF gas in the months of June, August, and October of 2019 that was significantly greater than the 2.70% LAUF percentage for the entire year. HIOS states that the predominant cause of the high company use figures for these months was fluctuating line pressure on the Kinetica Energy Express, LLC (KEE) pipeline downstream of HIOS. HIOS explains that it does not have compression on its system so it cannot increase its line pressure at the West Cameron Block 167 delivery point to KEE as may be needed at any given time in order to deliver all HIOS receipt volumes to KEE. Thus, HIOS asserts that, for those months when total receipt volumes exceed total delivered volumes, the result is a positive company use/LAUF percentage or a gas loss for the month. HIOS further states that, for the months such as April, July, and November, where total receipt volumes were less than total delivered volumes, the result is a negative company use/LAUF percentage, or a gas gain on the system.[6]

5. HIOS states that it proposes to maintain the current company use percentage of zero as a matter of administrative convenience for its shippers. HIOS states that because its company use percentage is trued up to actual experience on a monthly basis, shippers will not be harmed by the interim use of a percentage that is different from the one that was calculated. Further, HIOS states that the zero Dth annual true-up required for last year's actual experience confirms that the combination of the monthly true-up, and the continuation of the company use percentage of zero, will likely be reflective of the actual

[3] *High Island Offshore System, L.L.C.*, 166 FERC ¶ 61,219 (2019).

[4] Petition at 2.

[5] *Id.*

[6] *Id.*

annual cumulative experience. HIOS contends that, even if that is not the case, the interim adjustment also required by HIOS' tariff will ensure that there is no impact on shippers as a result of granting its request for continued waiver of GT&C Section 28.2.[7]

6. Public notice of the filing was issued on March 2, 2020. Interventions and protests were due as provided in section 154.210 of the Commission's regulations.[8] Pursuant to Rule 214,[9] all timely filed motions to intervene and any unopposed motion to intervene filed 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.

7. We find good cause to grant the waiver requested by HIOS to allow the currently effective company use percentage of zero to remain in effect. We find that holding the company use percentage at zero is reasonable as long as any over- or under-recovered balance is carried forward to the next annual true-up adjustment period. This will ensure that neither HIOS nor its shippers are disadvantaged. Further, no party opposes HIOS' request for waiver. Accordingly, we grant the waiver to allow the continued use of the current company use percentage of zero, effective April 1, 2020.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.

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[7] Petition at 3.

[8] 18 C.F.R. § 154.210 (2019).

[9] 18 C.F.R. § 385.214 (2019).