

will thereafter be continuously published in the Airport/Facility Directory.

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Paragraph 6002—Subpart E-Class E Airspace Areas Designated as a Surface Area for an Airport

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AGL WI E2 Madison Dane County Regional Airport-Truax Field, WI [New]

Dane County Regional Airport-Truax Field, WI

(Lat. 43°08'22" N., long. 89°20'13" W.)

Wauwaukee Airport

(Lat. 43°11'00" N., long. 89°27'00" W.)

Within a 4.4-mile radius of the Dane County Regional Airport-Truax Field, and within 2.4 miles each side of the 358° bearing from the airport extending from the 4.4 mile radius to 7 miles north of the airport and within 2.4 miles each side of the 320° bearing from the airport extending from the 4.4-mile radius to 7 miles northwest of the airport, and within 2.4 miles each side of the 134° bearing from the airport extending from 4.4-mile radius to 7 miles southeast if the airport excluding that airspace within 1 1/2-mile radius of the Wauwaukee Airport. This Class E airspace area is effective during the specific dates and times established in advance by a Notice to Airmen. The effective date and time will thereafter be continuously published in the Airport/Facility Directory.

* * * * *

ASO MS E2 Jackson International Airport, MS [New]

Jackson International Airport, MS

(Lat. 32°18'41" N., long. 90°04'33" W.)

Within a 5-mile radius of Jackson International Airport. This Class E airspace area is effective during the specific dates and times established in advance by a Notice to Airmen. The effective date and time will thereafter be continuously published in the Airport/Facility Directory.

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Issued in Washington, DC, on January 6, 1995.

Nancy B. Kalinowski

Acting Manager, Airspace-Rules and Aeronautical Information Division.

[FR Doc. 95-950 Filed 1-12-95; 8:45 am]

BILLING CODE 4910-13-P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

18 CFR Part 154

[Docket No. RM95-3-000]

Filing and Reporting Requirements for Interstate Natural Gas Company Rate Schedules and Tariffs; Notice of Proposed Rulemaking

Issued: December 16, 1994.

AGENCY: Federal Energy Regulatory Commission.

ACTION: Notice of proposed rulemaking.

SUMMARY: The Federal Energy Regulatory Commission proposes to amend part 154 of the Commission's regulations under the Natural Gas Act. The Commission proposes to reorganize, rewrite and update its regulations governing the form, composition and filing of rates and charges for the transportation of natural gas in interstate commerce. This proposal is part of the Commission's ongoing program to review its filing and reporting requirements and reduce unnecessary burdens by eliminating the collection of data that are not necessary to the performance of the Commission's regulatory responsibilities. The Commission also proposes to require that certain data, necessary to the analysis of a proposed rate, be filed at an earlier stage of the process.

DATES: Comments are due no later than April 13, 1995.

ADDRESSES: An original and 14 copies of written comments must be filed. All filings must refer to Docket No. RM95-3-000 and be addressed to Office of the Secretary, Federal Energy Regulatory Commission, 825 North Capitol Street, NE., Washington, DC 20426.

FOR FURTHER INFORMATION CONTACT: Richard A. White, Office of the General Counsel, Federal Energy Regulatory Commission, 825 North Capitol Street, NE., Washington, DC 20426, (202) 208-0491.

SUPPLEMENTARY INFORMATION: In addition to publishing the full text of this document in the **Federal Register**, the Commission also provides all interested persons an opportunity to inspect or copy the contents of this document during normal business hours in Room 3104, 941 North Capitol Street, NE., Washington, DC 20426.

The Commission Issuance Posting System (CIPS), an electronic bulletin board service, provides access to the texts of formal documents issued by the Commission. CIPS is available at no charge to the user and may be accessed using a personal computer with a modem by dialing (202) 208-1397. To access CIPS, set your communications software to 19200, 14400, 12000, 9600, 7200, 4800, 2400, 1200, or 300 bps, full duplex, no parity, 8 data bits, and 1 stop bit. The full text of this document will be available on CIPS for 60 days from the date of issuance in ASCII and WordPerfect 5.1 format. After 60 days, the document will be archived, but still accessible. The complete text on diskette in Wordperfect format may also be purchased from the Commission's copy contractor, La Dorn Systems

Corporation, also located in Room 3104, 941 North Capitol Street, NE., Washington, DC 20426.

I. Introduction

The Federal Energy Regulatory Commission (Commission) proposes to amend part 154 of its regulations governing the form and composition of interstate natural gas pipeline tariffs and the filing of rates and charges for the transportation of natural gas in interstate commerce under sections 4 and 5 of the Natural Gas Act (NGA) and section 311 of the Natural Gas Policy Act. This notice of proposed rulemaking is a companion to the notice of proposed rulemaking, issued concurrently, titled "Revisions to the Uniform System of Accounts and to Forms and Statements and Reporting Requirements for Natural Gas Companies" which proposes to amend, among other things, the Uniform System of Accounts and FERC Form No. 2.

The Commission intends to make the filing and reporting requirements reflect recent regulatory changes, in particular the implementation of Order No. 636, and the realities of the process of a modern rate case.¹ The restructuring of the pipeline industry has rendered many of the current rate and tariff regulations superfluous or outdated. The Commission is proposing filing requirements that reflect the current part 284 service regulations that mandate unbundled pipeline sales and open-access transportation of natural gas. The current part 154 rate regulations are not designed for the type of rate changes that will occur in the restructured service environment. These filing requirements were originally designed to focus on pipeline sales activities. The revised regulations focus on transportation services.

Before the recent industry restructuring, natural gas pipelines primarily provided a merchant service. A typical pipeline company would purchase gas from producers or other suppliers, transport the gas from the supply area to storage fields or sales delivery points, and sell the gas on a bundled basis. Now, pipeline

¹ Pipeline Service Obligations and Revisions to Regulations Governing Self-Implementing Transportation; and Regulation of Natural Gas Pipelines After Partial Wellhead Decontrol, Order No. 636, 57 FR 13267 (April 16, 1992), FERC Statutes and Regulations ¶ 30,939 (April 8, 1992); order on reh'g, Order No. 636-A, 57 FR 36128 (August 12, 1992), FERC Statutes and Regulations ¶ 30,950 (August 3, 1992); order on reh'g, Order No. 636-B, 57 FR 57911 (December 8, 1992), 61 FERC ¶ 61,272 (1992), reh'g denied, 62 FERC ¶ 61,007 (1993), appeal re-docketed sub nom. *Atlanta Gas Light Company and Chattanooga Gas Company, et al. versus FERC*, No. 94-1171 (D.C. Cir. May 27, 1994).

companies are primarily transporters of natural gas. However, in the Commission's view, the change in the primary role of the pipeline from merchant to transporter requires that the filing requirements be adapted to the change. Therefore, the Commission proposes to delete all of the current regulations in part 154 and replace them with new regulations that reflect the restructured industry.

The changes to the Commission's regulations are proposed to be effective 90 days after publication in the **Federal Register**.

II. Public Reporting Burden

Due to offsetting changes, the expected impact of the proposal is minimal.

The Commission estimates the public reporting burden for filing under the rule will decrease the existing reporting burden by an average of 69 hours per filing.

Interested persons may send comments regarding these burden estimates or any other aspect of this information collection, including suggestions for reducing the burden, by contacting the Federal Energy Regulatory Commission, 941 North Capitol Street, NE., Washington, DC 20426 [Attention: Michael Miller, Information Services Division, (202) 208-1415], and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Washington DC 20503 (Attention: Desk Officer for the Federal Energy Regulatory Commission), FAX: (202) 395-5167.

III. Discussion

A. Overview and Objectives of the Proposed Rule

Section 4(a) of the Natural Gas Act (NGA) requires that any rate charged by a natural gas company must be "just and reasonable."² In order to aid the Commission in establishing whether a change in a rate meets the statutory standard, section 4 of the NGA grants authority to the Commission to establish procedures for the review of proposed changes. Section 4(c) of the NGA requires that a natural gas company file proposed changes in rates with the Commission thirty days prior to the proposed effective date.³ The Commission may suspend the effectiveness of the proposed changes to that rate for up to five months, permit the changed rates to take effect subject to refund, and may order a hearing to determine the lawfulness of the

proposed rates.⁴ At such hearing, the company bears the burden of proof that the proposed changed rates are just and reasonable. Part 154 currently imposes specific filing and reporting requirements on jurisdictional natural gas companies in order for the Commission to fulfill its statutory review functions.

In this proceeding, the Commission proposes a major overhaul of its regulations governing natural gas company filing and reporting requirements. The proposed new part 154 incorporates both basic "housekeeping" changes to eliminate obsolete language and sections, and substantive changes to update the regulations to reflect the many developments that have taken place in the natural gas industry since the regulations were first promulgated.

The proposed part 154 represents the reorganization, rewriting, updating, modification, consolidation, and pruning of the current regulations. The changes provide for more useful and less burdensome data filed in electronic format; a schedule by schedule revision of the current § 154.63 filing requirements for an NGA section 4(e) general rate case; and, new filing requirements for initial rates and various limited section 4 filings, miscellaneous tariff change filings, and cost tracking filings.

1. Organization and Editorial Changes

Proposed Part 154—Rate Schedules and Tariffs has been reorganized into subparts: Subpart A—General Provisions and Conditions; Subpart B—Form and Composition of Tariff; Subpart C—Procedures for Changing Tariffs; Subpart D—Material to be Filed With Changes; Subpart E—Limited Rate Changes; Subpart F—Refunds and Reports; Subpart G—Other Tariff Changes.

The revised part 154 is organized in such a way that the filing requirements are cumulative. That is, all filings must meet the requirements of Subpart A even if no other subpart applies. All tariff sheets or executed service agreements must conform to the requirements of Subpart B. Changes to tariff sheets or executed service agreements, whether additions or modifications, must conform to the requirements of Subpart B and comply with the filing requirements of Subpart C. Additional filing or reporting requirements applicable to specific types of filings fall under Subparts D through G.

The entire part 154 has been edited for clarity and to remove outdated references. For example all references to filing fees have been removed because fees are no longer required. Also, the current regulations contain some sections which have never been updated and refer to the Commission as the "FPC" or direct the applicant to comply with sections that have been removed. The Commission proposes appropriate editorial revisions to these sections.

Some current sections contain provisions on several different matters and, for the sake of clarity, have been broken out into several smaller sections. For example, the provisions of current § 154.63 are proposed to be redistributed throughout the proposed part 154. Current § 154.38(d)(5) and (6) deal with the substantive rules for obtaining rate treatment for research, development, and demonstration costs (RD&D) and annual charge adjustment (ACA) expenditures, respectively. These sections are proposed to be moved to a separate subpart and revised.

Many provisions the Commission proposes to redraft to reflect prevalent practice in the industry. For example, proposed § 154.207 formally adds to the regulations the requirement that the company must serve notice upon its customers. Proposed § 154.208 sets out a new form of notice to reflect current practice. Proposed § 154.107 formalizes the general practice of providing a detailed statement of rates and charges in a particular location in the tariff. Proposed § 154.107(b) requires rates to be stated in terms of thermal units instead of units of volume. Proposed § 154.4 provides that any filing must be on electronic media and proposed § 154.2(d) allows mailing to customers and state commissions to be accomplished either through electronic media or traditional methods.

2. Substantive Changes

The Commission is proposing changes to create filing requirements that reflect the current service regulations that mandate unbundled pipeline sales and open-access transportation of natural gas. The primary objectives of the substantive changes are to update the filing and reporting requirements to reflect restructured services and operations, streamline rate case processing by receiving important information earlier in the process, and remove outdated requirements. The Commission does not intend to propose changes in its substantive rate policies in this rulemaking, but rather to bring its filing requirements and procedures up to date to match its current substantive policies.

² 15 U.S.C. 717c(a).

³ 15 U.S.C. 717c(d).

⁴ 15 U.S.C. 717(c).

As a result of Order No. 636, virtually all of a pipeline's services are covered by a blanket certificate issued under section 7 of the NGA and pursuant to part 284 of this chapter. As a practical matter, this means that filings for changes in transportation services or new services generally will be treated as tariff filings under section 4 of the NGA; not certificate amendment applications under section 7. Therefore, the Commission must act within 30 days of filing and can suspend the changes for no more than five months. This usually does not leave sufficient time to complete a full hearing that involves extensive discovery. Therefore, it is important that filings contain as full an explanation of the rate or tariff change as possible.

Currently, when a pipeline proposes a rate increase its customers routinely ask for a hearing and the rates are routinely suspended. When the issues are clear and the parties committed to rapid closure, the hearing process need not take an inordinate length of time. The time required to complete a hearing and ready the case for decision is affected by a variety of factors including the scope of issues set for hearing, the scope of discovery needed, and the progress of settlement discussions. The proposed filing requirements would improve the support of a pipeline's filing, reduce discovery needs by all parties, and facilitate more rapid settlement or adjudication of pipeline rate proposals. More complete support of rate filings would enable the Commission to speed the processing of rate cases by resolving as many issues as possible in the suspension order.

The proposed filing requirements are intended to permit parties to address the important issues more quickly. For example, pipelines currently file their Statement P testimony 15 days after filing the rate proposal. The Commission's experience is that Statement P provides the most comprehensive description of the proposed change. The proposed rule would require Statement P to be filed concurrently with the rate case so as to make a more complete explanation of the rate proposal available at the outset. To achieve its intended purpose of expediting the hearing, Statement P must serve as the applicant's complete case-in-chief not a mere description of proposed rates.

One of the most time consuming aspects of the hearing process is discovery. Parties must often resort to discovery to obtain an adequate explanation of the pipeline's rate proposals. The Commission proposes to expand the filing requirements in

certain areas so that discovery can be reduced, and eliminate other data that are not being used by the parties. Therefore, though the burden on filing companies to provide information in the first submittal is increased, the net burden remains relatively unaffected because the only change is in the timing of the submission.

The current approach to rate regulation sets an annual revenue requirement based on operating and capital costs occurring during a test period adjusted for known and measurable changes expected to occur by the time suspended rates take effect. Rates are generally designed to recover the required revenue based on contract capacity entitlements and projected annual volumes. The proposed filing requirements have been designed to obtain the information needed to justify rates under this cost-of-service method. However, the Commission has been receiving increasing numbers of rate filings in which the pipeline seeks to justify its rates on a basis other than the traditional cost-of-service method.

However, the Commission also recognizes that the significant changes in the industry over the last decade have also heightened interest in the industry in the prospect for non-cost-based rate proposals. In the past several years, the Commission has processed on a case-by-case basis proposals that are not necessarily confined to a traditional revenue requirement. For example, the Commission has approved market-based rates for storage services in several cases.⁵ The Commission plans to continue the case-by-case evaluation of new filings. However, in the process of developing specific new filing requirements in this proceeding, the Commission has concluded that it should also begin a more comprehensive examination of different ratemaking standards and methodologies. These might include, for example, market-based rates or incentive rates. Among other things, the Commission must consider the appropriate criteria to evaluate such proposals, to ensure consistency with the just and reasonable standard, and to develop filing requirements for the information that would be needed to justify those rates. Such alternative rate designs may provide customers and pipelines with needed flexibility as the market continues to evolve. The Commission, therefore, will move

⁵ E.g., Avoca Natural Gas Storage, 68 FERC ¶ 61,045 (1994); Koch Gateway Pipeline Co., 66 FERC ¶ 61,385 (1994); Bay Gas Storage Co., Ltd., 66 FERC ¶ 61,354 (1994); Petal Gas Storage Co., 64 FERC ¶ 61,190 (1993); Richfield Gas Storage System, 59 FERC ¶ 61,316 (1992).

forward with an initiative in the very near future in which it will explore the criteria and filing requirements that could be employed to achieve non-cost based rates that also meet the "just and reasonable" standard of the NGA. The Commission will not commence such a proceeding here since the instant rulemaking is limited to filing and reporting requirements for rates justified under the traditional cost-of-service method.

Certain regulations are, as a practical matter, no longer of general interest. The Commission proposes to remove them from the general regulations. The regulations concerning Research, Development, and Demonstration expenses (RD&D) for example, are currently a lengthy and cumbersome part of § 154.38. These regulations were originally developed to apply to all pipelines and to any number of RD&D organizations. However, in practice, there is one predominant and principal research organization, Gas Research Institute (GRI). Thus, the Commission proposes to streamline the regulations, recognizing that GRI is the principal research organization funded by the natural gas industry.

The Commission proposes to remove the regulations governing Purchase Gas Adjustments (PGAs) from the general regulations. As a result of the restructuring of the industry under Order No. 636, most pipelines have shed their traditional merchant function. Only two natural-gas companies, Eastern Shore Natural Gas Company and West Texas Gas, Inc., continue to pass through gas purchase costs under the PGA regulations.⁶ The Commission proposes to require those two natural-gas companies to incorporate all of the existing PGA regulatory requirements applicable to them into their tariffs. The PGA regulations will be removed from part 154. The Commission also proposes to require the provisions governing PGAs in current § 154.111 to be incorporated into these companies' tariffs so that the section may also be removed.

The Commission is proposing to delete current § 154.201-213. Those regulations apply primarily to shippers seeking to recover charges incurred for the conditioning and transportation of Alaska natural gas through the Alaska Natural Gas System (ANGTS) for sale in the contiguous 48 states of the United States. Those provisions establish the terms and conditions for a permanent

⁶ These pipelines do not provide open access transportation under part 284 of this chapter; and so, were not subject to restructuring under Order No. 636.

tariff provision that a shipper may propose to adjust its rates semiannually to flow through to its jurisdictional customers the jurisdictional portion of changes its ANGTS charges. Alternatively, a shipper may recover the jurisdictional portion of these charges through a cost-of-service tariff approved by the Commission.

The Commission proposes to delete these regulations because the ANGTS project has not been built as originally contemplated, and the regulations are obsolete in light of the post-Order No. 636 unbundled environment. Nonetheless, the Commission remains ready to facilitate the construction of ANGTS, which Congress has found to be in the public interest.⁷ Hence, if action is warranted in the future to facilitate financing and progress on the ANGTS and the recovery of ANGTS costs, the Commission will act expeditiously. What was stated in Order No. 636-A applies here as well: "nothing in the rule [Order No. 636] is intended to disturb the United States government's commitment to the ANGTS prebuild."⁸ Further, the Commission continues to view the Northern Border prebuild segment as remaining subject to the various agreements between the United States and Canadian governments and subsequent findings in Commission orders certificating Northern Border Pipeline Company's system.⁹ Removing these regulations is not intended to have any effect on the ANGTS prebuild revenue stream.

3. Electronic Filing

The Commission recognizes that changes to these regulations and to the forms in the companion notice of proposed rulemaking titled "Revisions to the Uniform System of Accounts and to Forms and Statements and Reporting Requirements for Natural Gas Companies" necessitate modifications to the electronic formats for the affected filings and forms. To ensure the widest possible input, the Commission directs its staff to convene a technical conference to obtain the participation of the industry and other users of the filed information in designing the electronic filing requirements. By the time the Commission issues a final rule in these companion rulemakings, the Commission expects staff, with the participation of interested parties, to have developed the changes needed to

make the electronic filings that would be required under the regulations proposed in these two notices of proposed rulemaking. The Commission intends to move toward a PC-based electronic filing system and away from mainframes. The Commission intends to employ user friendly form-fill, word processing, or spreadsheet application software as much as possible. If these revisions are not complete by the time the Commission issues the final rule, since the changes will make the current electronic formats obsolete upon the adoption of revised filing requirements and forms, the Commission would suspend collection of the formats for rate filings subject to proposed Subpart D in electronic form, until new electronic formats are devised.

The electronic tariff sheet formats will not be included in this effort. The Commission has derived substantial benefit from the electronic tariff sheet filings and proposes only modest changes to the electronic tariff filing requirements. Those changes are attached as an appendix and briefly discussed below.

B. The Revised Regulations

The proposed part 154 has a completely new organization from the current regulations, and virtually every section has been changed in some way. The text has been edited to remove outdated and incorrect references, and rewritten in a more concise style. Although many filing and reporting requirements have not been changed, they have been relocated. The proposed regulations may be best understood by a comparison to the current regulations they replace. Details of the proposed regulations are provided below.

a. Subpart A—General Provisions and Conditions

i. *Section 154.1 Application; obligation to file*—The Commission proposes to retain the description of the purpose of part 154 (current § 154.1(a)), which reflects the requirement of Section 4(c) of the NGA that every natural gas company must file with the Commission, and maintain for open inspection, its schedules and contracts. The Commission proposes to delete outdated language (i.e., "On or after December 1, 1948"). The Commission proposes to remove the electronic medium requirements from this paragraph and place them in proposed § 154.4.

The Commission proposes to require that any executed service agreement which deviates in a material aspect from the form of service agreement in the tariff must be filed with the

Commission. (See also discussion of proposed § 154.112). This requirement conforms to current Commission policy as set forth in Tennessee Gas Pipeline Co.¹⁰ In that order, the Commission recognized that parties may negotiate terms in their service agreements but indicated a preference for all part 284 services to be conducted under the same terms and conditions. The Commission clarified that if parties agree to terms that in any way materially differ from the form of service agreement on file, then the pipeline must file the agreement under NGA section 4.

b. Section 154.2 Definitions

The Commission proposes to define terms of general applicability in proposed § 154.2. The Commission is proposing stylistic changes only to definitions for: "Rate Schedule," currently in § 154.11, "Contract," currently in § 154.12, "Service Agreement," currently in § 154.13, and "Tariff or FERC Gas Tariff," currently in § 154.14. "Posting," currently in § 154.16, has been defined to allow the parties to agree to alternative methods of "mailing" such as electronic mail.

c. Section 154.3 Effective Tariff

The Commission proposes to describe the term "Effective tariff" in § 154.3, currently § 154.21. The proposed description clarifies that a pipeline may not avoid filing for a rate change by making the rate subject to an exception or condition, such as a periodic rate change under a price index. At present this concept is found in § 154.38(d)(3).

d. Section 154.4 Electronic and Paper Media

Current § 154.26 calls for 6 paper copies to cover the Commission's internal distribution needs but allows electronic filing as an exception. Proposed § 154.4 requires electronic media filings in addition to paper copies.

The proposed section consolidates in one place the Commission's requirements with respect to electronic submittal of filings required by part 154. Currently, these requirements are strewn throughout part 154, often redundantly.

The appendix to this notice of proposed rulemaking includes updated electronic tariff filing formats as well as tariff pagination guidelines.¹¹ The

⁷ Alaska Natural Gas Transportation System Act, 15 U.S.C. 719-719.

⁸ Order No. 636-A, III FERC Stats. & Regs. Preambles ¶ 30,950 at p. 30,674 (1992).

⁹ Northern Border Pipeline Co., 63 FERC ¶ 61,289 (1993).

¹⁰ 65 FERC ¶ 61,356 (1993); reh'g denied, 67 FERC ¶ 61,196 (1994).

¹¹ The appendix will not appear in the Code of Federal Regulations. The formats for the electronic filing and paper copy can be obtained at the Federal Energy Regulatory Commission, Division of Public Information, Washington, DC 20426.

revised formats take into consideration improvements in the FASTR software which reads the tariff ASCII files submitted by the companies to the Commission.¹² All companies that have not yet restated their paper tariffs electronically must do so on or before June 1, 1995.

e. Section 154.5 Incomplete Filings

Proposed § 154.5 replaces current § 154.15 with a description of filing date based on § 35.2(c) of the Commission's regulations for public utilities under the Federal Power Act (16 U.S.C. 797(b)). Proposed § 154.5 provides that a document will be considered filed on the date of receipt in the Office of the Secretary, if it is complete and is not rejected. The Commission proposes to allow the Director of the Office of Pipeline Regulation to notify a natural gas company that its filing is incomplete within 15 days of receipt of the document. Under this proposal, the date of receipt stamped by the Secretary may not be the officially recognized filing date.

f. Section 154.6 Acceptance for Filing Not Approval

Proposed § 154.6 would replace current §§ 154.23 and 24. The rejection language of § 154.24 is amended and the reference to fees is deleted.

g. Section 154.7 General Requirements for the Submission of a Tariff Filing or Executed Service Agreement

The Commission proposes § 154.7 as a new section setting forth the content of a tariff filing or executed service agreement. In part, proposed § 154.7 reflects current § 154.63(b)(1). Proposed § 154.7 concerns all filings of tariff sheets and executed service agreements. In light of the short time period in which the Commission and interested parties have to review the filing, several items have been added to speed processing of the filing and minimize additional requests for information. These include an expanded definition of the reference to the authority under which the filing is made, addition of the name and telephone number of an official able to respond to questions regarding the filing, and clarification of the contents of the statement of the nature, reasons, and basis for the filing.

h. Section 154.8 Informal Submission for Staff Suggestions

The Commission proposes § 154.8 to replace current § 154.25.

2. Subpart B—Form and Composition of Tariff

a. *Section 154.101 Form.* The Commission proposes § 154.101 as the replacement for current § 154.32. The Commission is proposing to eliminate the requirement that electronic media record format duplicate the page size, borders, and margins of the paper copy. The electronic filing requirements are in proposed § 154.4. In addition, the Commission proposes to eliminate the requirement of a binder.

b. *Section 154.102 Title Page and Arrangement.* The Commission proposes § 154.102 as the replacement for current § 154.33. The Commission proposes to eliminate the reference to § 154.52, as special exceptions are covered by proposed § 154.112. The Commission proposes to eliminate the requirement of a binder, and to require that the numbering of sheets be as provided in the Tariff Sheet Pagination Guidelines.¹³

Currently, compliance with these guidelines is optional although the Commission has required use of the pagination guidelines in individual cases. Many companies have already voluntarily adopted the use of the Commission's guidelines. The Commission proposes to make these guidelines mandatory. The guidelines provide the only means to ensure that tariff sheets are in the proper order in the Commission's electronic database. The guidelines also provide the basic knowledge necessary to create a sorting methodology for any party that wishes to create a database. Most importantly, the guidelines help to create a clear guide to the succession of tariff sheets.

c. *Section 154.103 Composition of Tariff.* The Commission proposes § 154.103 as the replacement for current § 154.34. In recognition of prevailing practice, the proposed section specifically requires that the tariff set forth all the currently effective rates. The Commission also proposes to delete the reference to special exceptions and change the examples of classes of service to reflect the current prevalent designations.

d. *Section 154.104 Table of Contents.* The Commission proposes § 154.104 as the replacement for current § 154.35 with the clarification that the table of contents must contain a list of the sections of the general terms and conditions.

e. *Section 154.105 Preliminary Statement.* The Commission proposes

§ 154.105 as the replacement for current § 154.36 with stylistic changes only.

f. *Section 154.106 Map.* The Commission proposes § 154.106 as the replacement for current § 154.37. The Commission proposes that maps must be submitted on paper and updated to reflect major changes. The proposed section states a preference for zones to be displayed on separate sheets.

g. *Section 154.107 Currently Effective Rates.* The Commission proposes new § 154.107 to govern the tariff sheets setting forth the natural gas company's currently effective rates. In part, this new section would replace § 154.38(d)(1) and (2) and would require rates to be stated in thermal units, as is the prevalent practice, rather than in units of volume.

h. *Section 154.108 Composition of Rate Schedules.* The Commission proposes § 154.108 as a replacement for current § 154.38. Current § 154.38(d)(4), Refunds, is moved to proposed § 154.501. Current § 154.38(d)(5), RD&D, is moved to proposed § 154.401. Current § 154.38(d)(6), ACA expenditures, is moved to § 154.402. Current §§ 154.38(d)(1) and (2) are revised and moved to proposed § 154.107. Current § 154.38(d)(3) is moved to § 154.3. Current § 154.38(e), minimum bill, is deleted.

i. *Section 154.109 General Terms and Conditions.* The Commission proposes § 154.109 as the replacement for current § 154.39. The company's discounting policies are added to the tariff.

j. *Section 154.110 Form of Service Agreement.* The Commission proposes § 154.110 as the replacement for current § 154.40 with the addition of receipt points as an item for insertion on the form when appropriate.

k. *Section 154.111 Index of Customers.* The Commission proposes § 154.111 as a replacement for current § 154.41, Index of Purchasers, but with applicability specifically limited to natural gas activities not subject to part 284 of this chapter. The Commission proposes to expand the index of customers to include all firm transportation services and contract demand for each customer for each rate schedule. In the order issued in Tennessee Gas Pipeline Company's restructuring proceeding,¹⁴ the Commission clarified that § 154.41 is not limited to the requirement to file sales-related information. The changes proposed here make that interpretation explicit. Some pipelines have provided contract demand information on a

¹² On February 28, 1990, the Commission issued the "Notice of Tariff Retrieval System Software Availability," otherwise referred to as the FASTR software package.

¹³ The guidelines and electronic and filing instructions for tariff sheets may be obtained at the Federal Energy Regulatory Commission, Division of Public Information, Washington, DC 20426.

¹⁴ Tennessee Gas Pipeline Company, 65 FERC ¶ 61,224 (1993).

voluntary basis before this. The information has proven valuable to the Commission in analyzing pipelines' filings and in eliminating additional requests for information.

The Commission proposes that pipelines that offer services under part 284 of this chapter, exclusively or in addition to services authorized under part 157 of this chapter, comply with the requirements proposed in the companion rulemaking instead of this provision. In the companion rulemaking, the Commission is proposing that pipelines providing service pursuant to part 284 of this chapter, provide an index of customers on the electronic bulletin board (EBB). The Commission proposes, as an interim measure, to require pipelines providing transportation service under part 284 to comply with the non-electronic index of customers requirements as set forth in § 154.111 until the electronic index is implemented.

1. *Section 154.112 Exception to Form and Composition of Tariff.* The Commission proposes § 154.112 as a replacement for current § 154.52 with the deletion of those paragraphs dealing with the sale of gas or purchased gas cost tracking. Because the requirements of proposed § 154.101 (Form) and § 154.102 (Title page and arrangements) are applicable, the proposed § 154.112 does not refer to those matters. Proposed § 154.112 specifies that special rate schedules for service under part 157 of this chapter would be included in Volume No. 2 and that non-conforming contracts for service under part 284 of this chapter would be included in Volume No. 1.

3. Subpart C—Procedures for Changing Tariffs

a. *Section 154.201 Filing Requirements.* The Commission proposes § 154.201 as a replacement for current § 154.63(b)(1)(v), Marked Versions of Tariff Changes, and current § 154.63(e)(4), Workpapers and Supporting Data. The intent of this proposed regulation is to ensure that any mathematical calculations are complete and logically follow from the first calculation to the last; so that, anyone attempting to recreate the calculations can do so, and to ensure that any numbers that are not directly from the company's source documents are explained.

Other parts of current § 154.63 are revised and distributed elsewhere in proposed part 154 (discussed supra).

b. *Section 154.202 Filings To Initiate a New Rate Schedule.* The Commission proposes § 154.202 as the replacement

for current § 154.62. The proposed section does not apply to initial executed service agreements. Very little data is currently required to support an initial rate schedule or executed service agreement. Because many services are now provided under blanket authorizations, there is no review prior to the tariff filing. Thus, the current filing requirements are no longer consistent with the needs of the Commission for reviewing new rate schedules. The proposed section relates to the requirements for a new rate schedule under the blanket authority granted under part 284 of this chapter as well as to other initial filings.

c. *Section 154.203 Compliance Filings.* Section 154.203 is a proposed new section dealing with filings to comply with a Commission order. Filings made to comply with Commission orders must include only those changes required to comply with the order. Such compliance filings must not be combined with other rate or tariff change filings. A compliance filing that includes other changes or that does not comply with the applicable order in every respect may be rejected.

d. *Section 154.204 Changes Related to Suspended Tariffs, Executed Service Agreements or Parts Thereof.* The Commission proposes § 154.204 as the replacement for current § 154.66. The proposed change adds two exceptions to the ban on tariff filings during a suspension period. The exceptions are "changes made under previously accepted tariff provisions permitting periodic limited rate changes" and "accepted limited rate changes." Proposed § 154.204 recognizes that the Commission allows periodic limited rate changes pursuant to accepted tariff provisions and ACA and GRI surcharge changes to take place during the period of suspension. This reflects current Commission policy.

e. *Section 154.205 Motion To Place Suspended Rates Into Effect.* The Commission proposes § 154.205 as the replacement for current § 154.67. Current § 154.67(b), Reports, is deleted. The proposed section requires that, when rates have been suspended for more than a minimal period and the Commission has ordered changes or the rates include costs of facilities that are not in service, the motion to place suspended tariff sheets into effect must be filed not less than 30 days nor more than 60 days prior to the date the sheets are to take effect. This will allow the Commission sufficient time to ensure compliance with its orders and rules before the rates take effect at the end of the suspension period. A motion is not required in all circumstances; only

where the Commission has ordered changes or the rates include facilities that are not in service. Further, if the rates have been suspended for a minimal period, they will go into effect without a motion, as has been the Commission practice.

f. *Section 154.206 Notice Requirements.* The Commission proposes § 154.206 as the replacement for current § 154.22 and § 154.51. The proposed section applies only to proposed changes. Reference to § 154.5, which is no longer in part 154, is removed.

g. *Section 154.207 Service on Customers and Other Parties.* The Commission proposes new § 154.207 to formally require the filing company to serve its customers and state regulatory commissions on or before the filing date. The Commission invites comments on whether the informational needs of customers and state regulatory commissions would be adequately fulfilled if the filing company was only required to serve the transmittal letter and provide the rest of the filing upon request. Some pipelines have used this procedure recently to minimize the costs of reproduction and mailing where their lists of shippers are quite large.

h. *Section 154.208 Form of Notice for Federal Register.* The Commission proposes § 154.208, as the replacement for current § 154.28. The modified form reflects current practice. The Commission invites comments on whether the **Federal Register** notice is useful and should be retained in addition to the Commission's electronic notice.

i. *Section 154.209 Protests, Interventions and Comments.* The Commission proposes § 154.209 as the replacement for current § 154.27. The intervention, comment, and protest periods are proposed to be standardized as has been the practice with oil pipeline tariff filings. Interventions, comments, and protests must be filed within 10 days of the filing date and comments must be filed at the same time as interventions and protests.

The Commission intends to continue the practice of liberally granting motions for late intervention in the early stages of a proceeding.

4. Subpart D—Material To Be Filed With Changes

a. *Section 154.301 Changes in Rate Schedules, Forms of Service Agreements, or the General Terms and Conditions.* Proposed § 154.301 provides distinct requirements for filings to change rate schedules, forms of service agreements, or the general terms and conditions of a tariff. Such

filings must explain the necessity for the change and the impact on existing customers.

b. *Section 154.302 Changes in Rates.*

Proposed § 154.302 establishes that proposed subpart D pertains to rate change filings under the cost-of-service methodology; i.e., all rate change filings except those filed under subparts E, F, G, H, and I. The Commission proposes subpart D to be applicable to both rate increase and decrease filings and proposes to eliminate special filing requirements for "minor pipelines." The Commission proposes § 154.302(c) as the replacement for current § 154.63(e)(1). Minor rate increase filings, as now covered by § 154.63(b)(4), and rate decreases have reduced filing requirements under proposed § 154.314. In addition, the Commission proposes that changes other than in rate level be made under subpart G, discussed supra.

c. *Section 154.303 Previously Submitted Material.* The Commission proposes § 154.303 as the replacement for current § 154.63(c)(1) and (2). A current FERC Form No. 2 must accompany the filing.

d. *Section 154.304 Test Periods.* The Commission proposes § 154.304 as a replacement for current § 154.63(e)(2)(i) and (ii). The section has been completely rewritten. The Commission proposes to clarify that the pipeline must remove from its rates moved into effect the cost of any facilities not certificated (where a certificate is required) and in service as of the end of the test period.

e. *Section 154.305 Format of Statements, Schedules, Workpapers, and Supporting Data.* The Commission proposes § 154.305 as the replacement for current § 154.63(c)(3) and § 154.63(e)(4). The Commission proposes to require a narrative explanation of each proposed adjustment to base period actual volumes and costs.

f. *Section 154.306 Tax Normalization.* The Commission proposes § 154.306 to replace current § 154.63a with revisions to clarify the section's applicability. Pipelines will continue to be required to use tax normalization to compute the income tax component of cost-of-service and to adjust rate base by accumulated deferred income taxes related to jurisdictional activities.

g. *Section 154.307 Cash Working Capital.* The Commission proposes § 154.307 to replace current § 154.63b.

h. *Section 154.308 Joint Facilities.* The Commission proposes § 154.308 as the replacement for current § 154.63(e)(3) with stylistic changes.

i. *Section 154.309 Representation of Chief Accounting Officer.* Proposed § 154.309 replaces current § 154.63(e)(5) with only stylistic changes.

j. *Section 154.310 Incremental Expansions.* Proposed § 154.310 requires separate statements and schedules for incremental facilities, including those with Commission imposed at-risk provisions. In some cases, pipelines maintain independent rate schedules (incremental rates) that are based on the costs of specific facilities. Separate statements and schedules for such facilities need to be provided to permit a proper evaluation of the rates based on the costs of those facilities. When pipelines have been unable to fully subscribe certain construction projects, the Commission has permitted construction to go forward with the pipeline placed at-risk for recovery of the unsubscribed capacity. Separate statements and schedules for at-risk facilities need to be provided so that the Commission can compare the revenue generated from the use of the facilities with the cost of the facilities, and determine whether to remove the at-risk condition.

k. *Section 154.311 Zones.* Proposed § 154.311 requires a cost breakdown by zone if the pipeline maintains records of costs by zone.

l. *Section 154.312 Updating of Statements.* The Commission proposes to require certain Statements and Schedules to be updated, quarterly, for each month of the test period. Under this provision, the last update would be one month after the end of the test period.

m. *Section 154.313 Composition of Statements.* The Commission proposes § 154.313 as the replacement for current § 154.63(f) with revisions to the statements and schedules as discussed below. Many changes are self explanatory or merely editorial and are not discussed here.

In proposed Schedule C-1, End of Base Period Plant Functionalized, the Commission proposes to (1) no longer list storage facilities as "underground" or "local" and (2) require the showing of plant in service by functional classifications.

Proposed Schedule C-2, Plant in Service as Adjusted, requires the test year adjusted plant in service to be set out by function.

Proposed Schedule C-3 shows, for Account Nos. 106 and 107, a list of work orders claimed in the rate base.

Proposed Schedule D-1 requires actual end of base period depreciation, depletion, and amortization by functional classifications.

Proposed Schedule D-2 requires projected end of test year depreciation, depletion, and amortization by functional classifications.

Proposed Statement F-2 revises and clarifies the information required with respect to the claimed overall rate of return.

The Commission proposes to remove current Statement F-5.

Proposed Statement G, Revenues, Credits, and Billing Determinants, replaces current Statement G (Gas operating revenues and sales volumes) to reflect the need for complete information on all jurisdictional services. The sixth paragraph of current Statement G(e), dealing with credits, would be moved to Statement G. The Commission proposes to require the allocated GSR component of IT rates to be unbundled and treated as a separate component for rate case filing purposes in order to better compare and reconcile the cost-of-service to revenues.

Proposed Schedule G-1, Base Period Revenues, requires actual revenues for all services and customers rather than solely sales revenues, as in present Schedule G(a), or solely aggregate transportation revenues, as in present Schedule G(c). The proposed Schedule G-1 also requires (1) identification of revenues by customer, by rate schedule, by contract, by month and by billing determinant (not adjusted for discounting) similar to present Schedule G(e) fifth paragraph, (2) separate identification of revenues for short-term firm transportation services, (3) capacity release information, (4) an identification of affiliated customers, and (5) an identification of rate schedules where revenues are credited as in present Schedule G(c).

The Commission proposes Schedule G-2, Adjustment Period Revenues, with information similar to that required in proposed Schedule G-1.

The Commission proposes Schedule G-3, a description of adjustments to the base period, as a replacement for current Schedule G(e) third paragraph. The Commission proposes Schedule G-3 in order to require a quantification of the impact of each proposed change rather than providing only the throughput and contract level differences. The Commission believes this requirement is necessary in order for a pipeline to meet its burden of proof.

The Commission proposes Schedule G-4, At-risk Revenue, to compare revenues generated by "at-risk" facilities to the cost of those facilities, as specified in § 154.310.

The Commission proposes Schedule G-5, Other Revenues, to collect revenue data regarding the sale of products

extracted from natural gas and other activities reported in Account Nos. 490-495. New requirements to quantify and explain changes to base period actuals and provide information about releases, penalties, cash outs, other imbalances, and exit fees are incorporated in this schedule. Revenues from miscellaneous services must be reflected in Account No. 495, as is currently required. Further, the pipeline must explain the circumstances relating to revenues from "special" types of "X" rate schedules. Revenues from the release of Account No. 858 capacity must be reflected as a credit to Account No. 858 in both Schedule G-5 and the proposed Schedule I-4.

The Commission proposes Schedule I-1, Functionalization of Cost of Service, to replace current Statement I (Allocation of overall cost of service). The jurisdictional and nonjurisdictional sales allocation is eliminated as no longer needed.

The Commission proposes Schedule I-2(i) and (ii) as a replacement for present Schedule I-2. Proposed Schedule I-2(iii) requires an explanation of changes in classification from the currently effective rates. This information is required by current Schedule K-2, but is often difficult to distinguish from other information.

The Commission proposes Schedule I-3, Allocation of Cost-of-Service, to replace current Schedule J. Schedule I-3(ii) bridges the gap between the cost of service and rates. The information required is now filed under current Schedule K-1. Proposed Schedule I-3(ii) follows a more logical order. It also recognizes that there are often several allocation steps before rates are actually calculated. Proposed Schedule I-3(iii) requires the formulae and allocation determinants. Proposed Schedule I-3(iv) requires an explanation of any changes from the current methodology as is required under current Schedule K-2.

The Commission proposes Schedule I-4, Transmission and Compression of Gas by Others (Account No. 858), to replace current Schedule I-4. The proposed revisions reflect current operations. Proposed Schedule I-4(i) requires information on the expiration date of each contract with an upstream pipeline. This will provide the Commission with information about the status of contracts. Proposed Schedule I-4(ii) requires the pipeline to report monthly usage volumes and monthly revenues. Proposed Schedule I-4(v) requires minimal information about capacity release. It does not request any information on the identity of the contracting party. The information on

revenues for releases is necessary to ensure that the pipelines' customers that pay the Account No. 858 costs receive a credit for revenue from capacity releases made by the pipeline of this upstream capacity.

Current Schedule I-5, requiring information on meters, is deleted. Proposed Schedule I-5, Three-day peak deliveries, replaces current Schedule I-6 and clarifies that data on deliveries must be by customer by rate schedule. Proposed Schedule I-5 also requires a breakout by zone. Current Schedule I-6 requires information on deliveries to non-jurisdictional customers. Current Schedule I-6 requires information on storage withdrawals, line pack fluctuations and temperature. Proposed Schedules I-5 (iii), (iv), and (v) require the same information. However, proposed Schedule I-5(iii) requires that storage be broken out by field and between contract storage and system use. This information was not needed when pipelines were primarily in the sales business; however, since storage has been unbundled and the pipelines can only retain storage for operational purposes, more detail is necessary in order to examine how storage is used at peak times.

The Commission proposes Schedule I-6, Gas Balance, to replace current Schedule I-7 with the deletion of that schedule's last sentence.

The Commission proposes Statement J, Comparison and Reconciliation of Estimated Revenues With Cost-of-service, as a replacement for current Statement K. Proposed Statement J will provide the same type of comparison as the current schedule, except that it specifically states that Schedule G-2 must be compared to Statement I. It also requires surcharges to be reflected and recognizes that they are not derived from the cost of service, but are jurisdictional revenues.

The Commission proposes new Schedule J-1, Summary of Billing Determinants, to help correlate the volumes in proposed Schedule G to the volumes used to develop rates.

The Commission proposes Schedule J-2, Derivation of Rates, to replace current Schedule K-1. Proposed J-2 more clearly specifies what information is required and requires the costs and billing determinants to be cross-referenced. Proposed Schedule J-2(iii) requires the same information as current Schedule K-2.

xiii. Section 154.314 Schedules for Minor Rate Changes

The Commission proposes that the filing burden for minor rate increases and rate decreases be less than other

rate changes. Minor rate increases usually relate to a few schedules and are designed to bring such schedules into harmony with general tariff policy, to eliminate inequities, and to achieve other formal adjustments, in cases where any increase in revenue is subordinate to some other purpose. They include changes that are not designed to provide general revenue increases such as to offset increased costs or otherwise achieve a fair return on the overall jurisdictional business. The Commission proposes that increases in rates or charges which, for the test period, do not exceed the smaller of \$1,000,000 or 5 percent of the revenues under the jurisdiction of the Commission will be considered minor. A change in rate level, no part of which directly or indirectly results in any increased charge to a customer or class of customers, will also be considered a minor rate change.

xiv. Section 154.315 Other Support for a Filing

Proposed § 154.315 provides that any company filing for a rate change is responsible for preparing prior to filing, and maintaining, workpapers sufficient to support the filing. In addition to the workpapers, certain other material, related to the test period, must be provided such as copies of monthly financial reports prepared for management purposes and copies of accounting analyses of balance sheet accounts.

6. Subpart E—Limited Rate Changes

i. Section 154.401 RD&D Expenditures. The Commission proposes § 154.401 to replace current § 154.38(d)(5).

ii. Section 154.402 ACA Expenditures. The Commission proposes § 154.402 to replace current § 154.38(d)(6).

iii. Section 154.403 Periodic Rate Adjustments. The Commission proposes new § 154.403 to govern the passthrough on a periodic basis of a single cost item or revenue item not otherwise covered by subpart E, such as remaining purchased gas adjustment mechanisms, Fuel Loss and Unaccounted-For, and transition cost filings. These new regulations are consistent with current Commission policy governing these filings and generally reflect currently effective tariff provisions.

The requirements of this section are subdivided into two parts. The initial part sets forth the minimum general requirements the Commission proposes a pipeline to meet if it proposes, or the Commission requires, a periodic

passthrough mechanism in the future. Significant among the proposed requirements of this section is the requirement to include a sample calculation in the tariff provision governing the periodic rate change methodology. This sample calculation will assist the Commission and interested parties in understanding the proposal and ensure that the tariff language adequately explains the calculation steps. Further, it will provide a template for future filings under the tariff provision.

The general requirements portion of section 154.503 also includes the requirement that all periodic rate change mechanisms include a description of the timing and methodology of the adjustments, including a description of all mathematical calculations. No steps should be excluded. Given the numbers from the source documents, anyone reading the tariff should be able to arrive at the rate component by following the steps described in the tariff.

The second portion of proposed section 154.503 is devoted to the information to be submitted with each filing. The filings should contain working papers which show the calculations described by the tariff. The Commission proposes to collect sufficient supporting calculations to show a clear path from the source data to the rate component.

7. Subpart F—Refunds and Reports

i. *Section 154.501 Refunds.* The Commission proposes § 154.501 to replace current § 154.67(c). The refund carrying charge rule, currently § 154.38(d)(4), is proposed to apply to all refunds. The proposed section reflects current Commission policy.

The Commission proposes to add a requirement for refunds of the pipeline to be made within 60 days to ensure refunds are disbursed on a timely basis. Refunds received by the pipeline must be disbursed within 30 days of receipt. This period of time should be adequate to disburse a refund.

Proposed § 154.501(c) is added to reflect current Commission policy with respect to supplier refunds which apply to the period during which the company had a purchased gas adjustment clause in its tariff. Instructions regarding the contents of a refund report are added to provide guidance.

ii. *Section 154.502 Reports.* The Commission proposes new § 154.502 to require that the tariff include information about reports required by the Commission.

8. Subpart G—Other Tariff Changes

i. *Section 154.601 Change in Executed Service Agreement.* The Commission proposes § 154.601 to replace current § 154.63(d)(2). The proposed section concerns executed service agreements “on file with the Commission” and does not refer to “well names.”

ii. *Section 154.602 Cancellation or Termination of a Tariff, Executed Service Agreement or Part Thereof.* The Commission proposes § 154.602 as the replacement for current § 154.64. The proposed section does not require sales information. It does require a list of the affected customers and the contract demand under the service to be canceled.

iii. *Section 154.603 Adopting of a Tariff by a Successor.* The Commission proposes § 154.603 as the replacement for current § 154.65. The proposed section concerns adopted tariffs or contracts “on file with the Commission” as opposed to any tariff or contracts.

IV. Regulatory Flexibility Act Certification

The Regulatory Flexibility Act (RFA)¹⁵ requires agencies to prepare certain statements, descriptions, and analyses of proposed rules that will have a significant economic impact on a substantial number of small entities. The Commission is not required to make such analyses if a rule would not have such an effect.

The Commission does not believe that this rule will have such an impact on small entities. Most filing companies regulated by the Commission do not fall within the RFA's definition of small entity.¹⁶ Further, the filing requirements of small entities are reduced by the rule. Therefore, the Commission certifies that this rule will not have a significant economic impact on a substantial number of small entities.

V. Environmental Statement

The Commission has excluded certain actions not having a significant effect on the human environment from the requirement to prepare an environmental assessment or an environmental impact statement.¹⁷ No environmental consideration is raised by the promulgation of a rule that is clarifying, corrective, or procedural or that does not substantially change the

effect of legislation or regulations being amended.¹⁸ The instant rule changes the information to be filed, and the manner by which that information is filed, with the Commission but does not substantially change the effect of the underlying legislation or the regulations being replaced or revised. Accordingly, no environmental consideration is necessary.

VI. Information Collection Statement

The Office of Management and Budget's (OMB) regulations¹⁹ require that OMB approve certain information and recordkeeping requirements imposed by an agency. The information collection requirements in this proposed rule are contained in the following:

FERC Form 542 “Gas Pipeline Rates: Initial Rates, Rate Change and Rate Tracking” (1902–0070); FERC Form 542A Tracking and Recovery of Alaska Natural Gas Transportation System” (1902–0129); FERC Form 543 “Gas Pipeline Rates: Rate Tracking, Formal Rates” (1902–0152); FERC Form 544 “Gas Pipeline Rates: Rate Change, Formal Rates” (1902–0153); FERC Form 545 “Gas Pipeline Rates: Rate Change, Nonformal Rates” (1902–0154); FERC Form 546 “Certificated Rate Filings: Gas Pipeline Rates” (1902–0155); and, FERC Form 547 Gas Pipeline Rates: Refund Report Requirements” (1902–0084).

The Commission, in this proposed, rule intends to modernize its regulations to reflect the current regulatory environment that it instituted with Order No. 636 and the restructuring of the natural gas industry. Specifically, the Commission intends to replace its regulations in part 154 to focus on transportation services instead of pipeline sales activities. The proposed filing requirements will improve the internal support of a pipeline's filing, reduce the discovery process in rate hearings for all parties and facilitate more rapid settlement or adjudication of pipeline rate proposals. The Commission's Office of Pipeline Regulation uses the data in its various rate proceedings to review rate and tariff changes by natural gas companies for the transportation of gas and for general industry oversight under the Natural Gas Act. The Commission's Office of Economic Policy also uses these data in its analysis of interstate natural gas pipelines.

The Commission is submitting to the Office of Management and Budget a notification of these proposed collections of information. Interested persons may obtain information on

¹⁵ 5 U.S.C. 601–612.

¹⁶ 5 U.S.C. 601(3), citing to section 3 of the Small Business Act, 15 U.S.C. 632. Section 3 of the Small Business Act defines a “small-business concern” as a business which is independently owned and operated and which is not dominant in its field of operation.

¹⁷ 18 CFR 380.4.

¹⁸ 18 CFR 380.4(a)(2)(ii).

¹⁹ 5 CFR 1320.13.

these reporting requirements by contacting the Federal Energy Regulatory Commission, 941 North Capitol Street, NE., Washington, DC 20426 [Attention: Michael Miller, Information Services Division, (202) 208-1415]. Comments on the requirements of this rule can be sent to the Office of Information and Regulatory Affairs of OMB, Washington, D.C. 20503, (Attention: Desk Officer for Federal Energy Regulatory Commission) FAX: (202)395-5167.

VII. Public Comment Procedures

The Commission invites all interested persons to submit written comments on this proposal. An original and 14 copies must be filed with the Commission by April 13, 1995. Comments must refer to Docket No. RM95-3-000 and be submitted to the Office of the Secretary, Federal Energy Regulatory Commission, 825 North Capitol Street, NE., Washington DC 20426.

All written submissions will be placed in the Commission's public file and will be available for public inspection, during regular business hours, at the Commission's Public Reference Section, Room 3104, 941 North Capitol Street, NE., Washington DC 20426.

List of Subjects in 18 CFR Part 154

Natural gas companies, Rate schedules and tariffs.

By direction of the Commission.

Lois D. Cashell,
Secretary.

For the reasons set out in the preamble, 18 CFR part 154 is proposed to be revised to read as follows.

PART 154—RATE SCHEDULES AND TARIFFS

Subpart A—General Provisions and Conditions

- Sec.
- 154.1 Application; obligation to file.
 - 154.2 Definitions.
 - 154.3 Effective tariff.
 - 154.4 Electronic and paper media.
 - 154.5 Incomplete filings.
 - 154.6 Acceptance for filing not approval.
 - 154.7 General requirements for the submission of a tariff filing or executed service agreement.
 - 154.8 Informal submission for staff suggestions.

Subpart B—Form and Composition of Tariff

- 154.101 Form.
- 154.102 Title page and arrangement.
- 154.103 Composition of tariff.
- 154.104 Table of contents.
- 154.105 Preliminary statement.
- 154.106 Map.
- 154.107 Currently effective rates.
- 154.108 Composition of rate schedules.

- 154.109 General terms and conditions.
- 154.110 Form of service agreement.
- 154.111 Index of customers.
- 154.112 Exception to form and composition of tariff.

Subpart C—Procedures for Changing Tariffs

- 154.201 Filing requirements.
- 154.202 Filings to initiate a new rate schedule.
- 154.203 Compliance filings.
- 154.204 Changes related to suspended tariffs, executed service agreements, or parts thereof.
- 154.205 Motion to place suspended rates into effect.
- 154.206 Notice requirements.
- 154.207 Service on customers and other parties.
- 154.208 Form of notice for **Federal Register**.
- 154.209 Protests, interventions, and comments.

Subpart D—Material to be Filed With Changes

- 154.301 Changes in rate schedules, forms of service agreements, or the general terms and conditions
- 154.302 Changes in rates.
- 154.303 Previously submitted material.
- 154.304 Test periods.
- 154.305 Format of statements, schedules, workpapers and supporting data.
- 154.306 Tax normalization.
- 154.307 Cash working capital.
- 154.308 Joint facilities.
- 154.309 Representation of chief accounting officer.
- 154.310 Incremental expansions.
- 154.311 Zones.
- 154.312 Updating of statements.
- 154.313 Composition of statements.
- 154.314 Schedules for minor rate changes.
- 154.315 Other support for a filing.

Subpart E—Limited Rate Changes

- 154.400 Additional requirements.
- 154.401 RD&D expenditures.
- 154.402 ACA expenditures.
- 154.403 Periodic rate adjustments.

Subpart F—Refunds and Reports

- 154.501 Refunds.
- 154.502 Reports.

Subpart G—Other Tariff Changes

- 154.600 Compliance with other subparts.
- 154.601 Change in executed service agreement.
- 154.602 Cancellation or termination of a tariff, executed service agreement or part thereof.
- 154.603 Adoption of the tariff by a successor.

Authority: 15 U.S.C. 717-717w; 31 U.S.C. 9701; 42 U.S.C. 7102-7352.

Subpart A—General Provisions and Conditions

§ 154.1 Application; Obligation to file.

(a) The provisions of this part apply to filings pursuant to section 4 of the Natural Gas Act.

(b) Every natural gas company must file with the Commission and post in conformity with the requirements of this part, schedules showing all rates and charges for any transportation or sale of natural gas subject to the jurisdiction of the Commission, and the classifications, practices, rules, and regulations affecting such rates, charges, and services.

(c) No natural gas company may file, under this part, any new or changed rate schedule or contract for the performance of any service for which a certificate of public convenience and necessity or certificate amendment must be obtained pursuant to section 7(c) of the Natural Gas Act, until such certificate has been issued.

(d) For the purposes of paragraph (b) of this section, any contract that conforms to the form of service agreement that is part of the pipeline's tariff pursuant to § 154.110 does not have to be filed. Any contract or executed service agreement which deviates in any material aspect from the form of service agreement in the tariff is subject to the filing requirements of this part.

§ 154.2 Definitions.

(a) *Contract* means any agreement which in any manner affects or relates to rates, charges, classifications, practices, rules, regulations, or services for any transportation or sale of natural gas subject to the jurisdiction of the Commission. This term includes an executed service agreement.

(b) *FERC Gas Tariff* or *tariff* means a compilation, either in book form or on electronic media, of all of the effective rate schedules of a particular natural gas company, and a copy of each form of service agreement.

(c) *Form of service agreement* means an unexecuted agreement for service included as an example in the tariff.

(d) *Post* means: to make a copy of a natural gas company's tariff and contracts available during regular business hours for public inspection in a convenient form and place at the natural gas company's offices where business is conducted with affected customers; and, to mail to each affected customer and interested state commission a copy of the tariff, or part thereof. Mailing must be accomplished by U.S. Mail, unless some other method is agreed to by the parties.

(e) *Rate schedule* means a statement of a rate or charge for a particular classification of transportation or sale of natural gas subject to the jurisdiction of the Commission, and all terms, conditions, classifications, practices,

rules, and regulations affecting such rate or charge.

§ 154.3 Effective tariff.

(a) The effective tariff of a natural gas company is the tariff filed pursuant to the requirements of this part, and permitted by the Commission to become effective. A natural gas company must not directly or indirectly, demand, charge, or collect any rate or charge for, or in connection with, the transportation or sale of natural gas subject to the jurisdiction of the Commission, or impose any classifications, practices, rules, or regulations, different from those prescribed in its effective tariff and executed service agreements on file with the Commission, unless otherwise specifically permitted by order of the Commission.

(b) No tariff provision may purport to change an effective rate or charge except in the manner provided in section 4 of the Natural Gas Act, and the regulations in this part. The tariff may not provide for any rate or charge to be automatically changed by an index or other periodic adjustment, without filing for a rate change pursuant to these regulations.

§ 154.4 Electronic and paper media.

(a) *General rule.* All statements filed pursuant to subpart D of this part, and all workpapers in spreadsheet format, and tariff sheets other than those in Volume No. 2, must be submitted on electronic media. Filings pursuant to part 154 of this chapter must also include the prescribed number of paper copies. Tariffs, rate schedules and contracts, or parts thereof, and material related thereto, including any change in rates, notice of cancellation or termination, and certificates of adoption, must be submitted to the Commission in an original and 6 paper copies, except that filings pursuant to subpart D of this part must be submitted in an original and 12 paper copies.

(b) All filings must be signed in compliance with the following.

(1) The signature on a filing constitutes a certification that: the signer has read the filing signed and knows the contents of the paper copies and electronic media; the paper copies contain the same information as contained on the electronic media; the contents as stated in the copies and on the electronic media are true to the best knowledge and belief of the signer; and, the signer possesses full power and authority to sign the filing.

(2) A filing must be signed by one of the following:

(i) the person on behalf of whom the filing is made;

(ii) an officer, agent, or employee of the governmental authority, agency, or instrumentality on behalf of which the filing is made; or,

(iii) a representative qualified to practice before the Commission under § 385.2101 of this chapter who possesses authority to sign.

(c) Electronic media suitable for Commission filings are listed in the instructions for each form and filing. Lists of suitable electronic media are available upon request from the Commission. The formats for the electronic filing and paper copy can be obtained at the Federal Energy Regulatory Commission, Division of Public Information, 825 North Capitol Street, NE., Washington, DC 20426.

(d) *Where to file.* The electronic media, the paper copies and accompanying transmittal letter must be submitted in one package to: Office of the Secretary, Federal Energy Regulatory Commission, Washington, D.C. 20426.

(e) *Waiver.* A natural gas company may request a waiver of the requirement to submit filings by electronic media, by filing an original and 6 copies of a request for waiver. The request must demonstrate that the natural gas company does not have, and is unable to acquire, the technical capability to file the information on electronic media.

§ 154.5 Incomplete filings.

Incomplete filings will not be accepted for filing. If the material submitted is incomplete, the Director of the Office of Pipeline Regulation will so notify the submitter within 15 days of receipt of the material by the Commission. A filing is complete and will be accepted for filing, when all supporting cost or other data required to be filed by this part is received by the Office of the Secretary. The date of receipt stamped on the material by the Secretary is not necessarily the filing date and does not fix the date upon which the 30-day notice requirement of section 4(c) of the NGA begins. The 30-day notice period will begin when the filing is complete. The affixing of a date stamp is not a determination that the document is in compliance with the rules and regulations of the Commission.

§ 154.6 Acceptance for filing not approval.

The acceptance for filing of any tariff, contract or part thereof does not constitute approval by the Commission. Any filing which does not comply with any applicable statute, rule, or order, may be rejected.

§ 154.7 General requirements for the submission of a tariff filing or executed service agreement.

The following must be included with the filing of any tariff, executed service agreement, or part thereof, or change thereto.

(a) A letter of transmittal containing:

(1) A list of the material enclosed,
(2) The name of a responsible company official to whom questions regarding the filing may be addressed, with a telephone number at which the official may be reached,

(3) The date on which such filing is proposed to become effective,

(4) Reference to the authority under which the filing is made, including the specific section of a statute, subpart of these regulations, order of the Commission, provision of the company's tariff, or any other appropriate authority. If an order is referenced, the letter must include the citation to the FERC Reports, the date of issuance, and the lead docket number of the proceeding in which the order was issued.

(5) A list of the tariff sheets enclosed,

(6) A statement of the nature, the reasons, and the basis for the filing. The statement must include a summary of the changes or additions made to the tariff or executed service agreement, as appropriate. A detailed explanation of the need for each change or addition to the tariff or executed service agreement must be included. The natural gas company also must note all relevant precedents relied upon to prepare its filing.

(7) Any requests for waiver. A request for waiver must include a reference to the specific section of the statute, regulations, or the company's tariff from which waiver is sought, and a justification for the waiver.

(b) a certification of service to all affected customers and interested state commissions.

§ 154.8 Informal submission for staff suggestions.

Any natural gas company may informally submit a proposed tariff or any part thereof or material relating thereto for the suggestions of the Commission staff prior to filing. Opinions of the Commission staff are not binding upon the Commission.

Subpart B—Form and Composition of Tariff

§ 154.101 Form.

The paper copies of the tariff must be printed, typewritten, or otherwise reproduced on 8½ by 11 inch sheets of a durable paper so as to result in a clear

and permanent record. The sheets of the tariff must be ruled to set off borders of 1 ¼ inches on top, bottom, and left sides and ½ inch on the right side, and punched (3 holes) on the left side.

§ 154.102 Title page and arrangement.

(a) The title page must show on the front cover:

FERC Gas Tariff
[Volume number. For example: "Original Volume No. 1"] of [Name of Natural-Gas Company]
Filed with The Federal Energy Regulatory Commission

(b) If the tariff consists of two or more volumes, the volumes must be identified by "(Original) Volume No. (1)", directly below the words "FERC Gas Tariff."

(c) When any volume of a tariff is to be superseded or replaced in its entirety, the replacing volume must show prominently on the title page the volume number being superseded or replaced. For example:

FERC Gas Tariff
First Revised Volume No. 1
(Supersedes Original Volume No. 1)

(d) The first page must be a title page which must carry the information shown in paragraph (b) of this section and, in addition, the name, title, and address of the person to whom communications concerning the tariff should be sent.

(e) All sheets must have the following information placed in the margins:

(1) *Identification.* At the left, above the top marginal ruling, the exact name of the company must be shown, under which must be set forth the words "FERC Gas Tariff," together with volume identification.

(2) *Numbering of sheets.* Except for the title page, at the right above the top marginal ruling, the sheet number must appear after the words "(Original) Sheet No. (number)." All sheets must be numbered in the manner set forth in the Tariff Sheet Pagination Guidelines contained in the instructions for filing natural gas company tariffs on electronic media.

(3) *Issuing officer and issue date.* On the left below the lower marginal ruling, must be placed "Issued by": followed by the name and title of the person authorized to issue the sheet. Immediately below must be placed "Issued on" followed by the date of issue.

(4) *Effective date.* On the right below the lower marginal ruling must be placed "Effective": followed by the specific effective date proposed by the company.

(5) *Tariff Sheets filed to comply with Commission orders.* Tariff sheets which

are filed to comply with Commission orders must carry the following notation in the bottom margin: "Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. (number), issued (date), (FERC Reports citation)."

§ 154.103 Composition of tariff.

(a) The tariff must contain sections, in the following order: a table of contents, a preliminary statement, a map of the system, currently effective rates, composition of rate schedules, general terms and conditions, form of service agreement, and an index of customers.

(b) Rate schedules must be grouped according to class and numbered serially within each group, using letters before the serial number to indicate the class of service. For example: FT-1, FT-2 may be used for firm transportation service; IT-1, IT-2 may be used for interruptible transportation service; X-1, X-2 may be used for schedules for which special exception has been obtained.

§ 154.104 Table of contents.

The table of contents must contain a list of the rate schedules, sections of the general terms and conditions, and other sections in the order in which they appear, showing the sheet number of the first page of each section. The list of rate schedules must consist of: the alphanumeric designation of each rate schedule, a very brief description of the service, and the sheet number of the first page of each rate schedule.

§ 154.105 Preliminary statement.

The preliminary statement must contain a brief general description of the company's operations and may also contain a general explanation of its policies and practices. General rules and regulations, and any material necessary for the interpretation or application of the rate schedules, may not be included in the preliminary statement.

§ 154.106 Map.

(a) The map must show the general geographic location of the company's principal pipeline facilities and of the points at which service is rendered under the tariff. The boundaries of any rate zones or rate areas must be shown and the areas or zones identified. The entire system should be displayed on a single map. In addition, a separate map should be provided for each zone.

(b) The map must be provided on paper only.

(c) The map must be revised to reflect any major changes. The revised map must be filed no later than April 30 of the calendar year after the major change.

§ 154.107 Currently effective rates.

(a) This section of the tariff must present the currently effective rates and charges under each rate schedule.

(b) All rates must be clearly stated in cents or in dollars and cents per thermal unit. The unit of measure must be stated for each component of a rate.

(c) A rate having more than one part must have each component set out separately under appropriate headings (e.g., "Reservation Charge," "Usage Charge.")

(d) Where a component of a rate is adjusted by a limited rate change, the adjustment must be stated in a separate column on the rate sheet.

(e) A total rate, indicating the sum of the rate components under paragraph (c) of this section plus the adjustments under paragraph (d) of this section, must be shown in the last column at the end of a line for a rate, so that a reader can readily determine the separate components comprising the total rate for a service.

§ 154.108 Composition of rate schedules.

The rate schedule must contain a statement of the rate or charge and all terms and conditions governing its application, arranged as follows:

(a) *Title.* Each rate schedule must have a title consisting of a designation of the type or classification of service (see § 154.103(b)), and a statement of the type or classification of service to which the rate is applicable.

(b) *Availability.* This paragraph must describe the conditions under which the rate is offered, including any geographic zone limitations.

(c) *Applicability and character of service.* This paragraph must fully describe the kind or classification of service to be rendered.

(d) *Summary of rates.* This paragraph must briefly set forth all components of the rates, refer to the location of the rates in the Currently Effective Rates, and provide a description of the calculation of the monthly charges for each rate component.

(e) *Other provisions.* All other major provisions governing the application of the rate schedule, such as determination of billing demand, contract demand, heat content, and measurement base, must be set forth with appropriate headings or incorporated by reference to the applicable general terms and conditions.

(f) *Applicable terms and conditions.* This paragraph either states that all of the general terms and conditions set forth in the tariff apply to the rate schedule, or specifies which of the general terms and conditions do not apply.

§ 154.109 General terms and conditions.

(a) This section of the tariff contains terms and conditions of service applicable to all or any of the rate schedules. Subsections and paragraphs must be numbered for convenient reference.

(b) The general terms and conditions of the tariff must contain a statement of the company's policy with respect to the financing or construction of laterals including when the pipeline will pay for or contribute to the construction cost. The term "lateral" means any pipeline extension (other than a mainline extension) built from an existing pipeline facility to deliver gas to one or more customers, including new delivery points and enlargements or replacements of existing laterals.

(c) The general terms and conditions of the tariff must contain a statement of the manner in which the company discounts its rates and charges. The statement, specifying the order in which each rate component will be discounted, must be in accordance with Commission policy.

§ 154.110 Form of service agreement.

The tariff must contain an unexecuted pro forma copy of each form of service agreement. The form for each service must refer to the service to be rendered and the applicable rate schedule of the tariff; and, provide spaces for insertion of the name of the customer, effective date, expiration date, and term. Spaces may be provided for the insertion of receipt and delivery points, contract quantity, and other specifics of each transaction as appropriate.

§ 154.111 Index of customers.

(a) If a pipeline is in compliance with the reporting requirements of § 284.106 or § 284.223 of this chapter, then an index of customers need not be provided in the tariff.

(b) If all of a pipeline's jurisdictional transportation and sales are pursuant to part 157 of this chapter, then an index of customers must be provided that contains an alphabetical list of all firm transportation, storage, and sales customers under the tariff, and show, for each rate schedule or schedules: the execution date, effective date, expiration date, and the term of the contract, and the contract units (in Mcf, MMBtu, therm, or Dth).

(c) The index of customers must be kept current by filing new or revised sheets semi-annually. The filings must coincide with the filings of the company's FERC Form No. 2 or 2-A and FERC Form No. 11.

§ 154.112 Exception to form and composition of tariff.

(a) The Commission may permit a special rate schedule to be filed in the form of an agreement in the case of a special operating arrangement, previously certificated pursuant to part 157 of this chapter, such as for the exchange of natural gas. The special rate schedule must contain a title page showing the parties to the agreement, the date of the agreement, a brief description of services to be rendered, and the designation: "Rate Schedule X-[number]." Special rate schedules may not contain any supplements.

Modifications must be by revised or insert sheets. Special rate schedules must be included in Volume No. 2 of the tariff. Volume No. 2 must contain a table of contents which is incorporated with the table of contents of Volume No. 1.

(b) Contracts for service pursuant to part 284 of this chapter that do not conform to the form of service agreement must be filed. Such non-conforming agreements must be referenced in Volume No. 1.

Subpart C—Procedures for Changing Tariffs**§ 154.201 Filing requirements.**

In addition to the requirements of subparts A and B of this part, the following must be included with the filing of any tariff, executed service agreement, or part thereof, that changes or supersedes any tariff, contract, or part thereof, on file with the Commission.

(a) A marked version of the pages to be changed or superseded showing additions and deletions. All new language must be marked by either highlight, background shading, bold text, or underlined text. Deleted language must be indicated by strike-through. A marked version of the pages to be changed must be included in each copy of the filing required by these regulations.

(b) Documentation whether in the form of worksheets, or otherwise, sufficiently detailed to support the company's proposed change.

(1) The documentation must include but is not limited to the schedules, workpapers, and supporting documentation required by these rules and regulations and the Commission's orders.

(2) All rate changes in the filing must be supported by step-by-step mathematical calculations and sufficient written narrative to allow the Commission and interested parties to duplicate the company's calculations.

(3) Any data or summaries included in the filing purporting to reflect the books of account must be supported by accounting workpapers setting forth all necessary particulars from which an auditor may readily verify that such data are in agreement with the company's books of account. All statements, schedules, and workpapers must be prepared in accordance with the classifications of the Commission's Uniform System of Accounts. Workpapers in support of all adjustments, computations, and other information, properly indexed and cross-referenced to the filing and other workpapers, must be available for Commission examination.

(4) Where a rate, cost, or volume is derived from another rate, cost, or volume, the derivation must be shown mathematically and be accompanied by a written narrative sufficient to allow the Commission and interested parties to duplicate the calculations. If the derivation is due to a load factor adjustment, application of a percentage, or other adjusting factor, the pipeline must also note or explain the origin of the adjusting factor.

(5) Where workpapers show progressive calculations, any discontinuity between one working paper and another must be explained.

§ 154.202 Filings to initiate a new rate schedule.

(a) When the filing is to initiate a new service authorized under a blanket authority in part 284 of this chapter, the filing must comply with the requirements of this paragraph.

(1) Filings under this paragraph must:

- (i) Adhere to the requirements of subparts A, B, and C of this part;
- (ii) Contain a description of the new service, including, but not limited to, the proposed effective date for commencement of service, applicability, whether the service is interruptible or firm, and the necessity for the service;
- (iii) Explain how the new service will differ from existing services, including a concise description of the natural gas company's existing operations;
- (iv) Explain the impact of the new service on existing firm and interruptible customers, including but not limited to:

(A) The adequacy of existing capacity, if the proposed service is a firm service, and

(B) The effect on receipt and delivery point flexibility, nominating and scheduling priorities, allocation of capacity, operating conditions, and curtailment, for any new service;

(v) Include workpapers that detail the computations underlying the proposed

rate under the new rate schedule; or, if the rate is a currently effective rate, include the appropriate reference and an explanation of why the rate is appropriate;

(vi) Give a justification, similar in form to filed testimony in a general section 4 rate case, explaining why the proposed rate design and proposed allocation of costs are just and reasonable;

(vii) If the costs relating to existing services are reallocated to new services, explain the method for allocating the costs and the impact on the existing customers;

(viii) Include workpapers showing the estimated effect on revenue and costs over the twelve-month period commencing on the proposed effective date of the filing.

(ix) List other filings pending before the Commission at the time of the filing which may significantly affect the filing. Explain how the instant filing would be affected by the outcome of each related pending filing;

(2) Any interdependent filings must be filed concurrently and contain a notice of the interdependence.

(b) If a new service, facility, or rate is specifically authorized by a Commission order pursuant to section 7 of the Natural Gas Act, with the filing of tariff sheets to implement the new rate schedule, the natural gas company must:

(1) Comply with the requirements of § 154.203; and

(2) Where the rate or charge proposed differs from the rate or charge approved in the certificate order, the natural gas company must: show that the change is due to a rate adjustment under a periodic rate change mechanism previously accepted under § 154.505 which has taken effect since the certificate order was issued; or, show that the rate change is in accordance with the terms of the certificate, and provide workpapers justifying the change.

§ 154.203 Compliance filings.

(a) In addition to the requirements of subpart A, B, and C of this part, filings made to comply with orders issued by the Commission, including those issued under delegated authority, must contain the following:

(1) A list of the directives with which the company is complying;

(2) Revised workpapers, data, or summaries with cross-references to the originally filed workpapers, data, or summaries;

(b) Filings made to comply with Commission orders must include only those changes required to comply with

the order. Such compliance filings may not be combined with other rate or tariff change filings. A compliance filing that includes other changes or that does not comply with the applicable order in every respect may be rejected.

§ 154.204 Changes related to suspended tariffs, executed service agreements, or parts thereof.

(a) *Changes in suspended tariffs, executed service agreements, or parts thereof.* A natural gas company may not, within the period of suspension, file any change in a proposed tariff, executed service agreement, or part thereof, that has been suspended by order of the Commission, except by special permission of the Commission granted upon application therefor and for good cause shown.

(b) *Changes in tariffs, executed service agreements, or parts thereof continued in effect, and which were to be changed by the suspended filing.* A natural gas company may not, within the period of suspension, file any change in a tariff, executed service agreement, or part thereof, that is continued in effect by operation of the order of suspension, and that was proposed to be changed by the suspended filing, except:

(1) Under a previously approved tariff provision permitting a limited rate change, or

(2) By special permission of the Commission.

§ 154.205 Motion to place suspended rates into effect.

(a) If a rate proceeding initiated under section 4(e) of the Natural Gas Act has not been concluded and an order issued by the Commission before the expiration of the suspension period, the filed change of rate, charge, classification, or service will go into effect upon motion of the pipeline company.

(b) If, prior to the end of the suspension period, the Commission has issued an order requiring changes in the filed rates, or the filed rates recover costs for facilities not certificated and in service as of the proposed effective date, the pipeline must file a motion to place the suspended rates into effect not less than 30 days nor more than 60 days prior to the end of the suspension period, or such later effective date requested by the pipeline. The motion must be accompanied by revised tariff sheets reflecting any changes ordered by the Commission or modifications approved by the Commission during the suspension period under § 154.204. The filing of the revised tariff sheets must:

(1) Comply with the requirements of subparts A, B, and C of this part;

(2) Identify the Commission order directing the revision;

(3) List the modifications made to the currently effective rate during the suspension period, the docket number in which the modifications were filed, and identify the order permitting the modifications.

(c) Where the Commission has suspended the effective date of a change of rate, charge, classification, or service for less than one day, the proposed change of rate, charge, classification, or service will go into effect without a motion, subject to refund, on the authorized effective date.

§ 154.206 Notice requirements.

All proposed changes in tariffs, contracts, or any parts thereof must be filed with the Commission and posted not less than 30 days nor more than 60 days prior to the proposed effective date thereof, unless a waiver of the time periods is granted by the Commission.

§ 154.207 Service on customers and other parties.

The company must serve copies of the filing upon the company's customers and state regulatory commissions on or before the filing date.

§ 154.208 Form of notice for Federal Register.

The company must file a form of notice suitable for publication in the **Federal Register**. The company must also submit a copy of the notice on a separate 3½" diskette in ASCII format. Each diskette must be labelled with the name of the company and the words "notice of filing." The notice must be in the following form:

UNITED STATES OF AMERICA FEDERAL
ENERGY REGULATORY COMMISSION
(Name of Company)
Docket No.
Notice of Proposed Changes in FERC Gas
Tariff

Take notice that on (date), (name of company) tendered for filing as part of its FERC Gas Tariff, Volume No. (number), the following tariff sheets, to become effective (insert effective date). (List tariff sheets) [The following language in the first paragraph applies only to rate change filings.] The proposed changes would (increase/decrease) revenues from jurisdictional service by (dollar amount) based on the 12-month period ending (date), as adjusted. [For proposed changes other than changed rates and charges, the company must state concisely the nature of these changes.]

[The company must briefly describe the reasons for the proposed changes in the second paragraph.]

Any person desiring to be heard or to protest this filing should file a motion to intervene or protest with the Federal Energy Regulatory Commission, Washington, DC 20426, in accordance with sections 385.214 and 385.211 of the Commission's Rules and Regulations. All such motions or protests

must be filed on or before (insert date 10 days after filing date). Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a motion to intervene. Copies of this filing are on file with the Commission and are available for public inspection in the Public Reference Room.

§ 154.209 Protests, interventions, and comments.

(a) Unless the notice issued by the Commission provides otherwise, any protest, intervention or comment to a tariff filing made pursuant to this part must be filed in accordance with § 385.211 of this chapter, not later than 10 days after the subject tariff filing. A protest must state the basis for the objection. A protest will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make the protestant a party to the proceeding. A person wishing to become a party to the proceeding must file a motion to intervene.

(b) Any motion to intervene must be filed in accordance with § 385.214 of this chapter.

Subpart D—Material To Be Filed With Changes

§ 154.301 Changes in rate schedules, forms of service agreements, or the general terms and conditions.

A filing to revise rate schedules, forms of service agreements, or the general terms and conditions, must:

- (a) Adhere to the requirements of subparts A, B, and C, of this part;
- (b) Contain a description of the change in service, including, but not limited to, applicability, necessity for the change, identification of services and types of customers that will be affected by the change;
- (c) Explain how the proposed tariff provisions differ from those currently in effect, including an example showing how the existing and proposed tariff provisions operate. Explain why the change is being proposed at this time;
- (d) Explain the impact of the proposed revision on firm and interruptible customers, including any changes in a customer's rights to capacity in the manner in which a customer is able to use such capacity, receipt or delivery point flexibility, nominating and scheduling, curtailment, capacity release.

(e) Include workpapers showing the estimated effect on revenues and costs over the 12-month period commencing on the proposed effective date of the filing. If the filing proposes to change an existing penalty provision, provide workpapers showing the penalty

revenues and associated quantities under the existing penalty provision during the latest 12-month period.

(f) List other filings pending before the Commission which may significantly affect the filing.

§ 154.302 Changes in rates.

(a) Except for changes in rates pursuant to subparts E, F, G, and H, of this part, any natural gas company filing for a change in rates or charges, except for a minor rate change, must submit, in addition to the material required by subparts A, B, and C of this part, the Statements and Schedules described in § 154.313.

(b) A natural gas company filing for a minor rate change must file the Statements and Schedules described in § 154.314.

(c) A natural gas company filing for a change in rates or charges must be prepared to go forward at a hearing and sustain, solely on the material submitted with its filing, the burden of proving that the proposed changes are just and reasonable. The filing and supporting workpapers must be of such composition, scope, and format as to comprise the company's complete case-in-chief in the event that the change is suspended and the matter is set for hearing.

§ 154.303 Previously submitted material.

(a) If all, or any portion, of the information called for by this part has already been submitted to the Commission within six months of the filing date of this application, or is included in other data filed pursuant to this part, specific reference thereto may be made in lieu of resubmission.

(b) If a new FERC Form No. 2 or 2-A is required to be filed within 60 days from the end of the base period, the new FERC Form No. 2 or 2-A must be filed concurrently with the rate change filing. There must be furnished to the Director, Office of Pipeline Regulation, with the rate change filing, one copy of the FERC Form No. 2 or 2-A.

§ 154.304 Test periods.

Statements A through M, O, P, and supporting schedules, in § 154.313 and § 154.314, must be based upon a test period.

(a) If the natural gas company has been in operation for 12 months on the filing date, then the test period consists of a base period followed by an adjustment period.

(1) The base period consists of 12 consecutive months of the most recently available actual experience. The last day of the base period may not be more than 4 months prior to the filing date. The

rate factors (volumes, costs, and billing determinants) established during the base period may be adjusted for changes in revenues and costs which are known and measurable with reasonable accuracy at the time of the filing and which will become effective within 9 months after the base period. The base period factors must be adjusted to eliminate nonrecurring items. The company may adjust its base period factors to normalize items eliminated as nonrecurring.

(2) The period of up to 9 months after the base period is the adjustment period.

(3) The test period may not extend more than 9 months beyond the filing date.

(b) If the natural gas company has not been in operation for 12 months on the filing date, then the test period must consist of 12 consecutive months ending not more than one year after the filing date. Rate factors may be adjusted as above but must not be adjusted for occurrences anticipated after the 12-month period.

(c)(1) Adjustments to base period experience, or to estimates where 12 months' experience is not available, may include the costs for facilities for which either a permanent or temporary certificate has been granted, provided such facilities will be in service within the test period; or a certificate application is pending. The filing must identify facilities, related costs and the docket number of each such outstanding certificate. Adjustments to base period experience, or to estimates where 12 months' experience is not available, may not include any amounts for facilities that require a certificate of public convenience and necessity, if a certificate has not been issued by the filing date.

(2) When a pipeline files a motion to place the rates into effect, the filing must be revised to exclude the costs associated with any facilities not in service as of the earlier of the effective date or the end of the test period.

(d) The Commission may allow reasonable deviation from the prescribed test period.

§ 154.305 Format of statements, schedules, workpapers and supporting data.

(a) All statements, schedules, and workpapers must be prepared in accordance with the Commission's Uniform System of Accounts.

(b) The data in support of the proposed rate change must include the required particulars of book data, adjustments, and other computations and information on which the company

relies, including a detailed narrative explanation of each proposed adjustment to base period actual volumes and costs.

(c) Book data included in statements and schedules required to be prepared or submitted as part of the filing must be reported in a separate column or columns. All adjustments to book data must also be reported in a separate column or columns so that book amounts, adjustments thereto, and adjusted amounts will be clearly disclosed. All adjustments must be supported by a narrative explanation.

(d) Certain of the statements and schedules of § 154.313 are workpapers. Any data or summaries reflecting the books of account must be supported by accounting workpapers setting forth all necessary particulars from which an auditor may readily identify the book data included in the filing and verify that such data are in agreement with the company's books of account.

§ 154.306 Tax normalization.

(a) *Applicability.* (1) An interstate pipeline must compute the income tax component of its cost-of-service by using tax normalization for all transactions. This section applies, with respect to rate schedules filed under this part, to the ratemaking treatment of the tax effects of all transactions for which there are timing differences.

(2) Except as provided in paragraph (d) of this section, application of tax normalization to compute the income tax component of the cost-of-service will not be subject to case-by-case adjudication.

(b) *Definitions.*

(1) *Tax normalization* means computing the income tax component as if the amounts of timing difference transactions recognized in each period for ratemaking purposes were also recognized in the same amount in each such period for income tax purposes.

(2) *Timing differences* means differences between amounts of expenses or revenues recognized for income tax purposes and amounts of expenses or revenues recognized for ratemaking purposes, which differences arise in one time period and reverse in one or more other time periods so that the total amounts of expenses or revenues recognized for income tax purposes and for ratemaking purposes are equal.

(3) *Commission-approved ratemaking method* means a ratemaking method approved by the Commission in a final decision. This includes a ratemaking method that is part of an approved settlement providing that the

ratemaking method is to be effective beyond the term of the settlement.

(4) *Income tax purposes* means for the purpose of computing income tax under the provisions of the Internal Revenue Code or the income tax provisions of the laws of a State or political subdivision of a State (including franchise taxes).

(5) *Income tax component* means that part of the cost-of-service that covers income tax expenses allowable by the Commission.

(6) *Ratemaking purposes* means for the purpose of fixing, modifying, accepting, approving, disapproving or rejecting rates under the Federal Power Act or the Natural Gas Act.

(7) *Tax effect* means the tax reduction or addition associated with a specific expense or revenue transaction.

(8) *Transaction* means an activity or event that gives rise to an accounting entry that is used in determining revenues or expenses.

(c) *Reduction of, and Addition to, Rate Base.* (1) The rate base of an interstate pipeline using tax normalization under this section must be reduced by the balances that are properly recordable in Account No. 281, "Accumulated deferred income taxes—accelerated amortization property"; Account No. 282, "Accumulated deferred income taxes—other property"; and Account No. 283, "Accumulated deferred income taxes—other." Balances that are properly recordable in Account No. 190, "Accumulated deferred income taxes," must be treated as an addition to rate base.

(2) Such rate base reductions or additions must be limited to deferred taxes related to rate base, construction, or any revenue or expense item that affects the jurisdictional cost-of-service.

(3) If an interstate pipeline uses an approved cost tracking mechanism, the rate base reductions or additions required under this paragraph apply only to the extent that the balances referenced in paragraph (c)(1) of this section are not used in calculations of carrying charges on amounts subject to the cost tracking mechanism.

(d) *Special rules.* (1) This paragraph applies:

(i) If the rate applicant has not provided deferred taxes in the same amount that would have accrued had tax normalization been applied for the tax effects of timing difference transactions originating at any time prior to the test period; or

(ii) If, as a result of changes in tax rates, the accumulated provision for deferred taxes becomes deficient in or in excess of amounts necessary to meet future tax liabilities as determined by application of the current tax rate to all

timing difference transactions originating in the test period and prior to the test period.

(2) The interstate pipeline must compute the income tax component in its cost-of-service by making provision for any excess or deficiency in deferred taxes.

(3) The interstate pipeline must apply a Commission-approved ratemaking method made specifically applicable to the interstate pipeline for determining the cost-of-service provision described in paragraph (d)(2) of this section. If no Commission-approved ratemaking method has been made specifically applicable to the interstate pipeline, then the interstate pipeline must use some ratemaking method for making such provision, and the appropriateness of such method will be subject to case-by-case determination.

(4) An interstate pipeline must continue to include, as an addition or reduction to rate base, any deficiency or excess attributable to prior flow-through or changes in tax rates (paragraphs (d)(1)(i) and (d)(1)(ii) of this section), until such deficiency or excess is fully amortized in accordance with a Commission approved ratemaking method.

§ 154.307 Cash working capital.

A natural gas company that files a tariff change under this part may not receive a cash working capital adjustment to its rate base unless the company or other participant in a rate proceeding under this part demonstrates, with a fully developed and reliable lead-lag study, a net revenue receipt lag or a net expense payment lag (revenue lead). Any demonstrated net revenue receipt lag will be credited to rate base; and, any demonstrated net expense payment lag will be deducted from rate base.

§ 154.308 Joint facilities.

The Statements required by § 154.313 must show all costs (investment, operation, maintenance, depreciation, taxes) that have been allocated to the natural gas operations involved in the subject rate change and are associated with joint facilities. The methods used in making such allocations must be provided.

§ 154.309 Representation of chief accounting officer.

The filing must include a statement executed by the chief accounting officer or other authorized accounting representative of the filing company representing that the cost statements, supporting data, and workpapers, that purport to reflect the books of the

company do, in fact, set forth the results shown by such books.

§ 154.310 Incremental expansions.

(a) For every expansion for which incremental rates are charged and for every major expansion since the pipeline's last rate case, the company must show, on separate statements and schedules under § 154.313 and § 154.314, the costs associated with the expansion, until the Commission authorizes the costs of the incremental facilities to be rolled-in to the pipeline's rates. For every expansion that has an at-risk provision in the certificate authorization, the costs associated with the facility must be shown on separate statements and schedules under § 154.313 and § 154.314, until the Commission removes the at-risk condition.

(b) The statements and schedules must provide the formulae and explain the bases used in the allocation of common costs to each incremental facility.

§ 154.311 Zones.

If the company maintains records of costs by zone, and proposes a zone rate methodology based on these costs, the statements and schedules in § 154.313 and § 154.314 must reflect costs detailed by zone.

§ 154.312 Updating of statements.

(a) Certain statements and schedules in § 154.313, that include test period data, must be updated with actual data by month and must be resubmitted in the same format and with consecutive 12 month running totals, for each month of the adjustment period. The first updated statement or schedule must be submitted to the Commission one month after the filing date or one month after the quarter following the base period, whichever is later. Subsequent updated statements or schedules must be filed, quarterly, one month after the end of the quarter for each month of the test period. The updated filings must reference the associated docket number and must be filed in the same format, form, and number as the original filing.

(b) The statements and schedules to be updated are: Statements C, D and H-4; Schedules B-1, B-2, C-3, D-2, E-2, E-4, G-1, G-4, G-5, G-6, H-1(1)(a), H-1(1)(b), H-1(1)(c), H-1(3)(a) through H-1(3)(l), H-2(1), H-3(3), I-4, and I-6.

§ 154.313 Composition of Statements.

(a) *Statement A. Cost-of-service Summary.* Summarize the overall gas utility cost-of-service: operation and maintenance expenses, depreciation, taxes, credits to cost-of-service, and

return as developed in other statements and schedules.

(b) *Statement B. Rate Base and Return Summary.* Summarize the overall gas utility rate base shown in Statements C, D, and E and Schedules B-1 and B-2. Show the application of the claimed rate of return to the overall rate base.

(1) *Schedule B-1. Accumulated Deferred Income Taxes* (Account Nos. 190, 282, and 283). Show monthly book balances of accumulated deferred income taxes for each of the 12 months during the base period. List all items for which the accumulated deferred income taxes are calculated. In adjoining columns, show additions and reductions for the adjustment period balance and the total adjusted balance. Separately identify the individual components and the amounts in these accounts that the company seeks to include in its rate base.

(2) *Schedule B-2. Regulatory Asset and Liability.* Show monthly book balances of regulatory assets (Account No. 182.3) and liabilities (Account No. 254) for each of the 12 months during the base period. In adjoining columns, show additions and reductions for the adjustment period balance and the total adjusted balance. Separately identify the individual components and the amounts in these accounts that the company seeks to include in its rate base. Identify any specific Commission authority that required the establishment of these amounts.

(c) *Statement C. Cost of Plant Summary.* Show the amounts of gas utility plant classified by Account Nos. 101, 102, 103, 104, 105, 106, 107, 117.1, 117.2, and 117.3 as of the beginning of the 12 months of actual experience, the book additions and reductions (in separate columns) during the 12 months, and the book balances at the end of the 12-month period. In adjoining columns, show the claimed adjustments, if any, to the book balances and the total cost of plant to be included in rate base. Explain all adjustments in the following schedules.

(1) *Schedule C-1. End of Base Period Plant Functionalized.* Demonstrate the ending base period balance for Plant in Service, in columnar form, by detailed plant account prescribed by the Commission's Uniform System of Accounts for Natural Gas Companies (part 201 of this chapter) with subtotals by functional classifications, e.g., Intangible Plant, Manufactured Gas Production Plant, Natural Gas Production and Gathering Plant, Products Extraction Plant, Storage Plant, Transmission Plant, Distribution Plant, and General Plant. Show zones, to the extent required by § 154.311, and

expansions, to the extent required by § 154.310.

(2) *Schedule C-2. Plant in Service as Adjusted.* Show the proposed test period Adjusted Plant in Service by function as in Schedule C-1. Separately identify those facilities and associated costs claimed for the test period that require certificate authority but such authority has not been obtained at the time of filing. Give the docket number of the certificate proceeding.

(3) *Schedule C-3.* Show, for Accounts 106 and 107, a list of work orders claimed in the rate base. Give the work order number, docket number, description, amount of each work order, and the amounts of each type of undistributed construction overhead.

(4) *Schedule C-4.* Give details of each storage project owned, showing cost by major functions. Show storage gas quantities and associated costs by account for the test period and for the 12 months of actual experience.

(5) *Schedule C-5.* This schedule is part of the workpapers. State the methods and procedures followed in capitalizing the allowance for funds used during construction and other construction overheads.

(6) *Schedule C-6.* This schedule is part of the workpapers. Set forth the cost of Plant in Service carried on the company's books as gas utility plant which was not being used in rendering gas service. Describe the plant. This schedule must be provided only if there is a significant change in such amounts since the end of the year reported in the company's last FERC Form No. 2 or 2-A.

(d) *Statement D. Accumulated Provisions for Depreciation, Depletion, and Amortization.* Show the accumulated provisions for depreciation, depletion, amortization, and abandonment (Account No. 108, detailed by functional plant classification, and Account No. 111), as of the beginning of the 12 months of actual experience, the book additions and reductions during the 12 months, and the balances at the end of the 12-month period. In adjoining columns, show adjustments to these ending book balances and the total adjusted balances. All adjustments must be explained in the supporting material. Any authorized negative salvage must be reflected as a separate part of Account 108. For each functional plant classification, show depreciation reserve associated with offshore and onshore plant separately. The following schedules and additional material must be submitted as part of Statement D:

(1) *Schedule D-1.* This schedule is part of the work papers. Show the

depreciation reserve book balance applicable to that portion of the depreciation rate not yet approved by the Commission, the depreciation rates, the docket number of the order approving such rate, and an explanation of any difference. Reflect actual end of base period depreciation reserve functionalized. Show accumulated depreciation and amortization, in columnar form, for the ending base period balances by functional classifications. (Examples are provided in Schedule C-1). For each functional plant classification, show depreciation reserve associated with offshore and onshore plant separately.

(2) *Schedule D-2*. Projected End of Test Period Depreciation Reserve Functionalized. Show the ending test period balance of Accumulated Depreciation Reserve, in columnar form. Show the balance by functional classifications. (Examples are provided in Schedule C-1). For each functional plant classification, show depreciation reserve associated with offshore and onshore plant separately.

(3) *Schedule D-3*. This schedule is part of the workpapers. Give a description of the methods and procedures used in depreciating, depleting, and amortizing plant and recording abandonments. This schedule must be filed only if a policy change has been made effective since the period covered by the last annual report on FERC Form No. 2 or 2-A was filed with the Commission.

(e) *Statement E*. Working Capital. Show the components of working capital in sufficient detail to explain how the amount of each component was computed. Components of working capital, other than cash working capital, may include an allowance for the average of 13 monthly balances of materials and supplies and prepayments actually expended. To the extent the applicant files to adjust the average of any 13 monthly balances, workpapers must be submitted that support the adjustment(s). The following schedules and material must be submitted as part of Statement E:

(1) *Schedule E-1*. Show the computation of cash working capital claimed as an adjustment to the gas company's rate base. Any adjustment to rate base requested must be based on a fully-developed and reliable lead-lag study. The components of the lead-lag study must include actual total company revenues, purchased gas costs, storage expense, transportation and compression of gas by others, salaries and wages, administrative and general expenses, income taxes payable, taxes other than income taxes, and any other

operating and maintenance expenses for the base period. Cash working capital allowances in the form of additions to rate base may not exceed one-eighth of the annual operating expenses, as adjusted, net of non-cash items.

(2) *Schedule E-2*. Set forth monthly balances for materials, supplies and prepayments in such detail as to disclose, either by subaccounts regularly maintained on the books or by analysis of the principal items included in the main account, the nature of such charges.

(3) *Schedule E-3*. This schedule must be submitted only by applicants utilizing an authorized PGA mechanism. Show the quantities and the respective costs of natural gas stored at the beginning of the test period; the input, output, and balance remaining in storage (on a Dth basis); and, associated costs, by months, method of pricing the input, output and balance. Any claimed adjustments must be explained.

(4) *Schedule E-4*. If gas is priced in and out of storage through FERC Account Nos. 164.1, 164.2, and 164.3, the base period's storage activity must be reconciled with amounts charged to such accounts and any difference must be explained. Companies using the last-in-first-out (LIFO) method of storage inventory accounting, must provide the data required by this schedule by LIFO "layers."

(5) *Schedule E-5*. Show the computations, cross-references, and sources from which the data used in computing claimed working capital are derived.

(f) *Statement F-1*. Rate of Return Claimed. Show the percentage rate of return claimed and the general reasons therefor. Where any component of the capital of the filing company is not primarily obtained through its own financing, but is primarily obtained from a company by which the filing company is controlled, as defined in the Commission's Uniform System of Accounts, then the data required by these statements must be submitted with respect to the debt capital, preferred stock capital, and common stock capital of such controlling company or any intermediate company through which such funds have been secured. Furnish the Commission staff a copy of the latest prospectus issued by the filing natural gas company, any superimposed holding company, or subsidiary companies.

(g) *Statement F-2*. Show.

(1) The capitalization, capital structure, cost of debt capital, preferred stock capital, and the claimed return on stockholders' equity;

(2) The weighted cost of each capital class based on the capital structure; and,

(3) The overall rate of return claimed.

(h) *Statement F-3*. Debt Capital. Show the weighted average cost of debt capital based upon the following data for each class and series of long-term debt outstanding according to the balance sheet, as of the end of the 12-month base period of actual experience and as of the end of the 9-month test period.

(1) Title.

(2) Date of issuance and date of maturity.

(3) Interest rate.

(4) Principal amount of issue: Gross proceeds; Underwriters' discount or commission: Amount; Percent gross proceeds; Issuance expense: Amount; Percent gross proceeds; Net proceeds; Net proceeds per unit.

(5) Cost of money: Yield to maturity based on the interest rate and net proceeds per unit outstanding determined by reference to any generally accepted table of bond yields. The yield to maturity is to be expressed as a nominal annual interest rate. For example, for bonds having semiannual payments, the yield to maturity is twice the semiannual rate.

(6) If the issue is owned by an affiliate, state the name and relationship of the owner.

(7) If the filing company has acquired, at a discount or premium, some part of the outstanding debt which could be used in meeting sinking fund requirements, or for other reasons, separately show: the annual amortization of the discount or premium for each series of debt from the date of reacquisition over the remaining life of the debt being retired; and, the total discount and premium, as a result of such amortization, applicable to the test period.

(i) *Statement F-4*. Preferred Stock Capital. Show the weighted average cost of preferred stock capital based upon the following data for each class and series of preferred stock outstanding according to the balance sheet, as of the end of the 12-month base period of actual experience and as of the end of the nine-month test period.

(1) Title.

(2) Date of issuance.

(3) If callable, call price.

(4) If convertible, terms of conversion.

(5) Dividend rate.

(6) Par or stated amount of issue: Gross proceeds; Underwriters' discount or commission: Amount; Percent gross proceeds; Issuance expenses: Amount; Percent gross proceeds; Net proceeds; Net proceeds per unit.

(7) Cost of money: Annual dividend rate divided by net proceeds per unit.

(8) State whether the issue was offered to stockholders through subscription rights or to the public.

(9) If the issue is owned by an affiliate, state the name and relationship of owner.

(j) *Statement G. Revenues, Credits and Billing Determinants.* Show the total revenues, from jurisdictional and non-jurisdictional services, classified in accordance with the Commission's Uniform System of Accounts for the base period and for the base period as adjusted. Separate operating revenues (e.g., reservation charges, demand charges, usage charges, commodity charges, injection charges, withdrawal charges, etc.) from revenues received from penalties, surcharges or other sources (e.g., ACA, GRI, transition costs). Show each service separately. Show separately the information for firm services under contracts with a primary term of less than one year. Show the principal components comprising each of the various items which are reflected as credits to the cost-of-service in preparing Statement A, Overall Cost-of-service. Any transition cost component of interruptible transportation revenue must not be treated as operating revenues as defined above. The following schedules must be submitted as part of Statement G:

(1) *Schedule G-1. Base Period Revenues.* For the base period, show total actual revenues for each customer by rate schedule, by contract, by month, by billing determinant and totals. Billing determinants must not be adjusted for discounting. Provide actual throughput (i.e., usage or commodity quantities, unadjusted for discounting) and actual contract demand levels (unadjusted for discounting). Provide this information separately for firm service under contracts with a primary term of less than one year. For each customer that released capacity during the base period, show separately the released usage quantities and associated revenues by rate schedule, by contract, by month and totals for the base period. Separate operating revenues from revenues received from surcharges or other sources (e.g., ACA, GRI, transition costs). Identify customers who are affiliates. Identify rate schedules under which costs are allocated and rate schedules under which revenues are credited for the base period with cross-references to the other filed statements and schedules.

(2) *Schedule G-2. Adjustment Period Revenues.* Show comparative revenues for each customer by rate schedule, by contract, by month, by billing determinant, and totals for the base

period adjusted for known and measurable changes which are expected to occur within the adjustment period computed under the rates charged during the base period; and computed under the rates expected to be charged. Billing determinants must not be adjusted for discounting. Provide projected throughput (i.e., usage or commodity quantities, unadjusted for discounting) and projected contract demand levels (unadjusted for discounting). Provide this information separately for firm service under contracts with a primary term of less than one year. For each customer that is expected to release capacity, show separately the projected released usage quantities (unadjusted for discounting) and associated revenues by rate schedule, by contract, by month, and totals for the projected period. Separate operating revenues from revenues received from surcharges or other sources (e.g., ACA, GRI, transition costs). Identify customers who are affiliates. Identify rate schedules under which costs are allocated and rate schedules under which revenues are credited for the adjustment period with cross-references to the other filed statements and schedules.

(3) *Schedule G-3.* Specify, quantify, and justify each proposed adjustment (discounting, capacity release, plant closure, contract termination, etc.) to base period actual billing determinants, and provide a detailed explanation for each factor contributing to the adjustment. Include references to any certificate docket authorizing changes. Submit workpapers with all formulae.

(4) *Schedule G-4. At-Risk Revenue.* For each instance where there is a separate cost-of-service associated with facilities for which the applicant is "at risk," show the base period and adjustment period revenue by customer, by rate schedule, by contract, by billing determinant and as 12-month totals. Provide projected throughput (i.e., usage or commodity quantities, unadjusted for discounting) and projected contract demand levels (unadjusted for discounting).

(5) *Schedule G-5. Other Revenues.*
(i) Describe and quantify, by month, the types of revenue included in Account Nos. 490-495 for the base and test periods. Show revenues applicable to the sale of products. Show the principal components comprising each of the various items which are reflected as credits to cost-of-service in Statement A.

(ii) To the extent the credits to the cost-of-service reflected in Statement A differ from the amounts shown on Schedule G-5, compare and reconcile

the two statements. Quantify and explain each proposed adjustment to base period actuals. For Account No. 490, show the name and location of each product extraction plant processing gas for the applicant, and the inlet and outlet monthly dth of the pipeline's gas at each plant. Show the revenues received by the applicant by product by month for each extraction plant for the base period and proposed for the test period.

(iii) Separately state each item and revenue received for the transportation of liquids, liquefiable hydrocarbon, or nonhydrocarbon constituents owned by shippers. For both the base and test periods, indicate by shipper contract: the quantity transported and the revenues received.

(iv) Separately state the revenues received from the release by the pipeline of transportation and compression capacity it holds on other pipeline systems. The revenues must equal the revenues reflected on Schedule I-4(iv).

(6) *Schedule G-6. Miscellaneous Revenues.*

(i) Separately state by month the base and adjustment period revenues and the associated quantities received as penalties from jurisdictional customers; the revenues received from cash outs and other imbalance adjustments; and, the revenues received from exit fees.

(ii) Statement G must be submitted to all affected customers and State commissions having jurisdiction over the affected customers. The submittal to each of the affected customers may exclude the above details by months (Schedules G-1 and G-2) with respect to service for all other customers. Provided, however, that a copy of Statement G, including details by months with respect to service for a particular customer, must be promptly submitted to that customer upon request.

(k) *Statement H-1. Operation and Maintenance Expenses.* Show the gas operation and maintenance expenses according to each applicable account of the Commission's Uniform System of Accounts for Natural Gas Companies. Show the expenses under columnar headings, with subtotals for each functional classification, as follows: Operation and maintenance expense by months, as booked, for the 12 months of actual experience, and the 12-month total; adjustments, if any, to expenses as booked; and, total adjusted operation and maintenance expenses. Provide a detailed narrative explanation of, and the basis and supporting workpapers for, each adjustment. Specify the month or months during which the

adjustments would be applied. The following schedules and additional material must be submitted as part of Statement H-1:

(1) *Schedule H-1(1)*. This schedule is part of the workpapers. Show the labor costs, materials and other charges (excluding purchased gas costs) and expenses associated with Account Nos. 810, 811, and 812 recorded in each gas operation and maintenance expense account of the Uniform System of Accounts. Show these expenses, under the columnar headings, with subtotals for each functional classification, as follows: operation and maintenance expenses by months, as booked, for the 12 months of actual experience, and the 12-month total; adjustments, if any, to expenses as booked; and total adjusted operation and maintenance expenses. Disclose and explain any special accrual or other normalizing accounting entries for internal purposes reflected in the monthly expenses presented per book. Explain any amounts not currently payable, except depreciation charged through clearing accounts, included in operation and maintenance expenses.

(2) *Schedule H-1(1)(a)*. Labor Costs.

(3) *Schedule H-1(1)(b)*. Materials and Other Charges (Excluding Purchased Gas Costs and items shown in Schedule H-1 (1)(c)).

(4) *Schedule H-1(1)(c)*. Expenses and Associated Quantities Applicable to Accounts Nos. 810, 811, and 812. Show the expenses and quantities for each of the contra-accounts for both base and test periods.

(5) *Schedule H-1(2)(a)*.

(i) This schedule is to be filed only by a pipeline which has a Commission approved PGA clause in its tariff.

(ii) Show total system weighted average current unit cost of purchased gas reflected in the pipeline's latest effective PGA rate adjustment. Explain any adjustments to the volumes of gas taken from any source during the 12 months of actual experience. No adjustments are to be made to reflect the attachment of new gas supplies unless the facilities of the filing company and the supplier are or will have been in operation during the test period.

(iii) In the event adjustments to the volume of gas purchased aggregate more than 10 percent of the total volume of gas purchased during the 12 months of actual experience, and are due to changes in gas purchasing patterns or additional gas supply, show the minimum take-or-pay-for quantities for each source of supply applicable at the end of the test year period and explain the adjustments.

(6) *Schedule H-1(2)(b)*.

(i) This schedule is to be filed only by a pipeline that has a Commission approved PGA clause in its tariff.

(ii) Show the development of the purchased gas costs for the test period including volumes, the PGA rate utilized, the filing date, the docket number and date of Commission order underlying such unit rate. If the company purchases and sells gas under exchange agreements, show the methods of recording on the books, total gross volumes exchanged, net dollar amounts involved and details of each major exchange.

(7) *Schedule H-1(3)*. This schedule is part of the workpapers. Show, for the 12 months of actual experience and claimed adjustments: a classification of principal charges, credits and volumes; particulars of supporting computations and accounting bases; a description of services and related dollar amounts for which liability is incurred or accrued; and, the name of the firm or individual rendering such services. Expenses reported in Schedules H-1(3)(a) through H-1(3)(k) of \$100,000 or less per type of service may be grouped.

(8) *Schedule H-1(3)(a)*. Account Nos. 806, 808.1, 808.2, 809.1, 809.2, 823, and any other account used to record fuel use or gas losses.

(9) *Schedule H-1(3)(b)*. Account No. 813. Other Gas Supply Expenses. Provide details of each type of expense.

(10) *Schedule H-1(3)(c)*. Account Nos. 913 and 930.1. Advertising Expenses. Disclose principal types of advertising such as TV, newspaper, etc.

(11) *Schedule H-1(3)(d)*. Account No. 921. Office Supplies and Expenses.

(12) *Schedule H-1(3)(e)*. Account No. 922. Administrative Expenses Transferred Credit.

(13) *Schedule H-1(3)(f)*. Account No. 923. Outside Services Employed.

(14) *Schedule H-1(3)(g)*. Account No. 926. Employee Pensions and Benefits.

(15) *Schedule H-1(3)(h)*. Account No. 928. Regulatory Commission Expenses.

(16) *Schedule H-1(3)(i)*. Account No. 929. Duplicate Charges. Credit.

(17) *Schedule H-1(3)(j)*. Account No. 930.2. Miscellaneous General Expenses.

(18) *Schedule H-1(3)(k)*. Intercompany and Interdepartmental Transactions. If the expense accounts contain charges or credits to and from associated or affiliated companies or nonutility departments of the company, submit a schedule, or schedules, as to each associated or affiliated company or nonutility department showing:

(i) The amount of the charges, or credits, during each month and in total for the base period and the adjustment period.

(ii) The FERC Account No. charged (or credited).

(iii) Descriptions of the specific services performed for, or by, the associated/affiliated company or nonutility department.

(iv) The bases used in determining the amounts of the charges (credits) and an explanation for the bases.

(19) *Schedule H-1 (3)(l)*. Show all lease payments contained in the operation and maintenance accounts. Leases of \$500,000 or less may be grouped by type of lease.

(l) *Statement H-2*. Depreciation, Depletion, Amortization and Negative Salvage Expenses. Show, separately, the gas plant depreciation, depletion, amortization, and negative salvage expenses by functional classifications. For each functional plant classification, show depreciation reserve associated with offshore and onshore plant separately. Show, in separate columns: expenses for the 12 months of actual experience; adjustments, if any, to such expense; and, the total adjusted expense claimed. Explain the bases, methods, essential computations, and derivation of unit rates for the calculation of depreciation, depletion, and amortization expense for the 12 months of actual experience and for the adjustments. The amounts of depreciable plant must be shown by the functions specified in paragraph C of Account No. 108, Accumulated Provisions for Depreciation of Gas Utility Plant, and Account No. 111, Accumulated Provision for Amortization and Depletion of Gas Utility Plant, of the Commission's Uniform System of Accounts for Natural Gas Companies, and, if available, for each detailed plant account (300 Series) together with the rates used in computing such expenses. Explain any deviation from the rates determined to be just and reasonable by the Commission. Show the rate or rates previously used together with supporting data for the new rate or rates used for this filing. The following schedule and additional material must be submitted as a part of Statement H-2:

(1) *Schedule H-2 (1)*. Depreciable Plant.

(i) Reconcile the depreciable plant shown in Statement H-2 with the aggregate investment in gas plant shown in Statement C, and the expense charged to other than prescribed depreciation, depletion, amortization, and negative salvage expense accounts. Identify the amounts of plant costs and associated plant accounts used as the bases for depreciation expense charged to clearing accounts. For each functional

plant classification, show depreciation reserve associated with offshore and onshore plant separately.

(ii) Schedule H-2(1) must be updated, as set forth in § 154.312, with actual depreciable plant and reconciled with updated Statement C.

(m) *Statement H-3. Income Taxes.* Show the computation of allowances for Federal and State income taxes for the test period based on the claimed return applied to the overall gas utility rate base. To indicate the accounting classification applicable to the amount claimed, the computation of the Federal income tax allowance must show, separately, the amounts designated as current tax and deferred tax. The following schedules and additional material must be submitted as a part of Statement H-3:

(1) *Schedule H-3(1).* This schedule is part of the work papers. Reconcile the book net income with taxable net income as reported to the Internal Revenue Service for the most recent year for which a tax return was filed. Explain any items appearing in either the reconciliation or the tax return but not both.

(2) *Schedule H-3(2).* This schedule is a part of the workpapers. If tax depreciation differs from book depreciation, show the computation of the tax depreciation indicating differences between book and tax depreciation on a straight-line basis; and the excess of liberalized depreciation over straight-line depreciation for tax purposes for the taxable year or years.

(3) *Schedule H-3(3).* This schedule is part of the workpapers. Show the income tax paid each State in the current and/or previous year covered by the test period.

(4) *Schedule H-3(4).* This schedule is part of the workpapers. Show the computation of an updated reconciliation between book depreciable plant and tax depreciable plant and accumulated provision for deferred income taxes, for the base period or latest calendar or fiscal year (depending on the company's reporting period).

(n) *Statement H-4. Other Taxes.* Show the gas utility taxes, other than Federal or state income taxes, in separate columns, as follows: Tax expense per books for the 12 months of actual experience (separately identify the amounts expensed or accrued during the period); adjustments, if any, to amounts booked; and, the total adjusted taxes claimed. Show the kind and amount of taxes paid under protest or in connection with taxes under litigation. Show taxes by state and by type of tax. The following schedules and additional

material must be submitted as a part of Statement H-4:

(1) *Schedule H-4(1).* This schedule is part of the workpapers. Show the computations of adjusted taxes claimed in Statement H(4).

(o) *Statement I.* Statement I consists of the following Schedules:

(1) *Schedule I-1.* Functionalization of Cost-of-service. Show the overall cost-of-service contained in Statement A as supported by Statements B, C, D, E, G (revenue credits) and H:

(i) Separate overall cost-of-service by function of facility.

(ii) Separate the transmission, storage and gathering facilities between incremental and non-incremental facilities. If the pipeline proposes to directly assign the costs of specific facilities, it must provide a separate cost-of-service for every directly assigned facility (e.g., lateral or storage field).

(iii) For each zone, separately state transmission, storage, and gathering costs.

(iv) Show the method used to allocate common and joint costs to various functions. Provide the factors underlying the allocation of general costs (e.g., miles of pipe, cost of plant, labor). Show the formulae used and explain the bases for the allocation of common and joint costs.

(2) *Schedule I-2.* Classification of Costs-of-service.

(i) For each functionalized cost-of-service provided in Schedule I-1 (i), (ii), and (iii), show the classification of costs between fixed costs and variable costs and between reservation costs and usage costs. The classification must be for each element of the cost-of-service (e.g., depreciation expenses, state income taxes). For operation and maintenance expenses and general and administrative expenses, the classification must be provided by account and by total.

(ii) Explain the basis for the classification of costs.

(iii) Explain any difference between the method for classifying costs and the classification method underlying the pipeline's currently effective rates.

(3) *Schedule I-3.* Allocation of Cost-of-service.

(i) If the company provides gas sales and transportation as a bundled service, show the allocation of costs between direct sales or distribution sales and the other services. If the company provides unbundled transportation, show the allocation of costs between services with cost-of-service rates and services with market-based rates, including products extraction, sales, and company-owned production. If the cost-

of-service is allocated among rate zones, show how the classified cost-of-service is allocated among rate zones by function. If the pipeline proposes to establish rate zones for the first time, or to change existing rate zone boundaries, explain how the rate zone boundaries are established.

(ii) Show how the classified costs of service provided in Schedule I-2 or Schedule I-3 (i) are allocated among the pipeline's services and rate schedules.

(iii) Provide the formulae used in the allocation of the cost-of-service. Provide the factors underlying the allocation of the cost-of-service (e.g., contract demand, annual billing determinants, three-day peak). Provide the load factor or other basis for any imputed demand quantities.

(iv) Explain any changes in the basis for the allocation of the cost-of-service from the allocation methodologies underlying the currently effective rates.

(4) *Schedule I-4.* Transmission and Compression of Gas by Others (Account No. 858). Provide the following information for each transaction for the base and adjustment period:

(i) The name of the transporter.

(ii) The name of the rate schedule under which service is provided, and the expiration date of the contract.

(iii) Monthly usage volumes.

(iv) Monthly revenues.

(v) The monthly revenues for volumes flowing under released capacity. The revenues in Schedule I-4(iv) must also be reflected, separately, as a credit in Schedule G-5.

(5) *Schedule I-5.* Three-day Peak Deliveries. Provide the following data for the three continuous days of maximum transmission system deliveries during the winter heating season within the 12 months of actual experience:

(i) Deliveries by customer by rate schedule by zone;

(ii) Deliveries to direct sale and distribution customers;

(iii) Withdrawals from storage for contract storage customers;

(iv) Withdrawals from storage for no-notice service;

(v) Withdrawals from storage for system use including balancing;

(vi) Fluctuations in line pack or gas stored in the pipeline;

(vii) Dates and average temperatures;

(viii) If three-day peak deliveries are used for allocation purposes, explain any adjustments to the actual three-day peak deliveries.

(6) *Schedule I-6.* Gas Balance. Show by months and total, for the 12 months of actual experience, the company's Gas Account, in the form required by FERC Form No. 2 pages 520 and 521. Show

corresponding estimated data, if claimed to be different from actual experience. Provide the basis for any variation between estimated and actual base period data.

(p) *Statement J. Comparison and Reconciliation of Estimated Operating Revenues With Cost-of-service.* Compare the total revenues by rate schedule (Schedule G-2) to the allocated cost-of-service (Statement I). Identify any surcharges that are reflected in Statement G but not in Statement I.

(1) *Schedule J-1. Summary of Billing Determinants.* Provide a summary of all billing determinants used to derive rates. Provide a reconciliation of customers' total billing determinants as shown on Schedule G-2 with those used to derive rates in Schedule J-2. Provide an explanation of how any discount adjustment is developed. If billing determinants are imputed for interruptible service, explain the method for calculating the billing determinants.

(2) *Schedule J-2. Derivation of Rates.* Show the derivation of each rate component of each rate. For each rate component of each rate schedule, include:

(i) A reference (by page, line, and column) to the allocated cost-of-service in Statement I;

(ii) A reference to the appropriate billing determinants in Schedule J-1.

(iii) Explain any changes in the method used for the derivation of rates from the method used in developing the underlying rates.

(q) *Statement K.* [Reserved]

(r) *Statement L. Balance Sheet.* Provide a balance sheet in the form prescribed by the Commission's Uniform System of Accounts for Natural Gas Companies as of the beginning and end of the base period. Include any notes. If the natural gas company is a member of a group of companies, also provide a balance sheet on a consolidated basis.

(s) *Statement M. Income Statement.* Provide an income statement, including a section on earnings, in the form prescribed by the Commission's Uniform System of Accounts for Natural Gas Companies for the base period. Include any notes. If the natural gas company is a member of a system group of companies, provide an income statement on a consolidated basis.

(t) *Statement N.* [Reserved]

(u) *Statement O. Description of Company Operations.* Provide a description of the company's service area and diversity of operations. Include the following:

(1) Only if significant changes have occurred since the filing of the last

FERC Form No. 2 or 2-A, provide a detailed system map.

(2) A list of each major expansion and abandonment since the company's last general rate case. Provide brief descriptions, approximate dates of operation or retirement from service, and costs classified by functions.

(3) A detailed description of how the company designs and operates its systems. Include design temperature.

(v) *Statement P. Explanatory Text and Prepared Testimony.* Provide copies of prepared testimony indicating the line of proof which the company would offer for its case-in-chief in the event that the rates are suspended and the matter set for hearing. Name the sponsoring witness of all text and testimony. Statement P must be filed concurrently with the other schedules.

§ 154.314 Schedules for minor rate changes.

(a) A change in a rate or charge that, for the test period, does not increase the company's revenues by the smaller of \$1,000,000 or 5 percent is a minor rate change. A change in a rate level that does not directly or indirectly result in an increased rate or charge to any customer or class of customers is a minor rate change.

(b) In addition to the schedules in this section, filings for minor rate changes must include Statements L, M, O, P, I-1 through I-4, and J of § 154.313.

(c) The schedules of this section must contain the principal determinants essential to test the reasonableness of the proposed minor rate change. Any adjustments to book figures must be separately stated and the basis for the adjustment must be explained.

(d) Schedules B-1, B-2, C, D, E, H, H-2, and H-4 of this section must be updated with actual data by month and must be resubmitted in the same format and with consecutive 12 month running totals, for each month of the adjustment period. The first updated statement or schedule must be submitted to the Commission one month after the filing date or one month after the quarter, whichever is later. Subsequent updated statements or schedules must be made, quarterly, one month after the end of the quarter being updated. The updated filings must reference the associated docket number.

(e) Composition of schedules for a minor rate changes.

(1) *Schedule A. Overall Cost-of-service by Function.* Summarize the overall cost-of-service (operation and maintenance expenses, depreciation, taxes, return, and credits to cost-of-service) developed from the supporting schedules below.

(2) *Schedule B. Overall Rate Base and Return.* Summarize the overall gas utility rate base by function. Include the claimed rate of return and show the application of the claimed rate of return to the overall rate base.

(3) *Schedule B-1. Accumulated Deferred Income Taxes* (Account Nos. 190, 281, 282, and 283). Show monthly book balances of accumulated deferred income taxes for each of the 12 months during the base period. In adjoining columns, show additions and reductions for the adjustment period balance and the total adjusted balance.

(4) *Schedule B-2. Regulatory Asset and Liability.* Show monthly book balances of regulatory asset (Account No. 182.3) and liability (Account No. 254) for each of the 12 months during the base period. In adjoining columns, show additions and reductions for the adjustment period balance and the total adjusted balance. Only include these accounts if recovery of these balances are reflected in the company's costs. Identify the specific Commission authority which required the establishment of these accounts.

(5) *Schedule C. Cost of Plant by Functional Classification as of the End of the Base and Adjustment Periods.*

(6) *Schedule D. Accumulated Provisions for Depreciation, Depletion, Amortization, and Abandonment by Functional Classifications as of the Beginning and as of the End of the Test Period.*

(7) *Schedule E. Working Capital.* Show the various components provided for in § 154.313, Statement E.

(8) *Schedule F.* Show the rate of return claimed with a brief explanation of the basis.

(9) *Schedule G.* (i) Show actual throughput and revenues for the base period at rates charged during that period classified in accordance with the Commission's Uniform System of Accounts and by jurisdictional rate schedule.

(ii) Show total comparative operating revenues by month, by rate schedule, by customer, for the base period as adjusted for known and measurable changes which are expected to occur within the test period computed under the rates charged during the base period and computed under the rates expected to be charged. Provide projected throughput (i.e., usage or commodity quantities, unadjusted for discounting) and projected contract demand levels (unadjusted for discounting). Separate operating revenues from revenues received from penalties, surcharges or other sources (e.g., ACA, GRI, transition costs). Identify customers who are replacement shippers under capacity

release. Identify customers who are affiliates.

(iii) Identify rate schedules under which costs are allocated and rate schedules under which revenues are credited for the test period with cross-references to the other filed statements and schedules.

(10) *Schedule H. Operation and Maintenance Expenses.* Show the gas operation and maintenance expenses according to each applicable account of the Commission's Uniform System of Accounts for Natural Gas Companies. The expenses must be shown under appropriate columnar-headings, by labor, materials and other charges, and purchased gas costs, with subtotals for each functional classification: Operation and maintenance expense by months, as booked, for the 12 months of actual experience, and the total thereof; adjustments, if any, to expenses as booked; and, total adjusted operation and maintenance expenses claimed. Explain all adjustments. Specify the month or months during which the adjustments would be applicable.

(11) *Schedule H-1. Workpapers for Expense Accounts.* Furnish workpapers for the 12 months of actual experience and claimed adjustments and analytical details as set forth in § 154.313, Schedule H-1(3).

(12) *Schedule H-2. Depreciation, Depletion, Amortization and Negative Salvage Expenses.* Show, separately, the gas plant depreciation, depletion, amortization and negative salvage expenses by functional classifications. For each functional plant classification, show depreciation reserve associated with offshore and onshore plant separately. The bases, methods, essential computations and derivation of unit rates for the calculation of depreciation, depletion, amortization and negative salvage expenses for actual experience must be explained.

(13) *Schedule H-3. Income Tax Allowances Computed on the Basis of the Rate of Return Claimed.* Show the computation of allowances for Federal and State income taxes based on the claimed return applied to the overall gas utility rate base.

(14) *Schedule H-3(1).* This schedule is part of the workpapers. Show the computation of an updated reconciliation between book depreciable plant and tax depreciable plant and accumulated provision for deferred income taxes, for the base period or latest calendar or fiscal year (depending on the company's reporting period).

(15) *Schedule H-4. Other Taxes.* Show the gas utility taxes, other than Federal or state income taxes in separate columns, as follows: Tax expense per

books for the 12 months of actual experience;) adjustments, if any, to amounts booked; and, the total adjusted taxes claimed. Provide the details of the kind and amount of taxes paid under protest or in connection with taxes under litigation. The taxes must be shown by states and by kind of taxes. Explain all adjustments.

§ 154.315 Other support for a filing.

(a) Any company filing for a rate change is responsible for preparing prior to filing, and maintaining, workpapers sufficient to support the filing. In addition to the workpapers accompanying the filing, the following material, related to the test period, must be provided to the Commission on request:

(1) Copies of monthly financial reports prepared for management purposes.

(2) Copies of accounting analyses of balance sheet accounts.

(3) Complete trial balances of all the balance sheet accounts, and revenue and expense accounts for each month of actual experience used for the base period with updates for the subsequent months of the adjustment period.

(4) Analyses of the miscellaneous revenues (Account No. 495) and related expenses included in the submitted cost-of-service.

(5) Copies of all Office of the Chief Accountant orders, instructions, letters, findings, and settlements since the pipeline's last rate change.

(b) If the natural gas company has relied upon data other than those in Statements A through P in § 154.313 in support of its general rate change, such other data must be identified and submitted.

Subpart E—Limited Rate Changes

§ 154.400 Additional requirements.

In addition to the requirements of subparts A, B, and C of this part, any proposal to implement a limited rate change must comply with this subpart.

§ 154.401 RD&D expenditures.

(a) *Requirements.* Upon approval by the Commission, a natural gas company may file to recover research, development, and demonstration (RD&D) expenditures in its rates under this subpart.

(b) *Applications for Rate Treatment Approval.* (1) An application for advance approval of rate treatment may be filed by a natural gas company for RD&D expenditures related to a project or group of projects undertaken by the company or as part of a project undertaken by others. When more than

one company supports an RD&D organization, the RD&D organization may submit an application that covers the organization's RD&D program. Approval by the Commission of such an RD&D application and program will constitute approval of the individual companies' contributions to the RD&D organization.

(2) An application for advance approval of rate treatment must include a 5-year program plan and must be filed at least 180 days prior to the commencement of the 5-year period of the plan.

(3) A 5-year program plan must include at a minimum:

(i) A statement of the objectives for the 5-year period that relates the objectives to the interests of ratepayers, the public, and the industry and to the objectives of other major research organizations.

(ii) Budget, technical, and schedule information in sufficient detail to explain the work to be performed and allow an assessment of the probability of success and a comparison with other organizations' research plans.

(iii) The commencement date, expected termination date, and expected annual costs for individual RD&D projects to be initiated during the first year of the plan.

(iv) A discussion of the RD&D efforts and progress since the preparation of the program plan submitted the previous year and an explanation of any changes that have been made in objectives, priorities, or budgets since the plan of the previous year.

(v) A statement identifying all jurisdictional natural gas companies that will support the program and specifying the amounts of their budgeted support.

(vi) A statement identifying those persons involved in the development, review, and approval of the plan and specifying the amount of effort contributed and the degree of control exercised by each.

(c) Applications must describe the RD&D projects in such detail as to satisfy the Commission that the RD&D expenditures qualify as valid, justifiable, and reasonable.

(d) Within 120 days of the filing of an application for rate treatment approval and a 5-year program plan, the Commission will state its decision with respect to acceptance, partial acceptance, or rejection of the plan, or, when the complexity of issues in the plan so requires, will set a date certain by which a final decision will be made, or will order the matter set for hearing. Partial rejection of a plan by the Commission will be accompanied by a

decision as to the partial level of acceptance which will be proportionally applied to all contributions listed for jurisdictional companies in the plan. Approval by the Commission of a 5-year plan constitutes approval for rate treatment of all projects identified as starting during the first year of the approved plan. Continued rate treatment will depend upon review and evaluation of subsequent annual applications and 5-year program plans.

§ 154.402 ACA expenditures.

(a) *Requirements.* Upon approval by the Commission, a natural gas pipeline company may adjust its rates, annually, to recover from its customers annual charges assessed by the Commission under part 382 of this chapter pursuant to an annual charge adjustment clause (ACA clause). The ACA clause must be filed with the Commission and indicate the amount of annual charges to be flowed through per unit of energy sold or transported (ACA unit charge). The ACA unit charge will be specified by the Commission at the time the Commission calculates the annual charge bills. A company must reflect the ACA unit charge in each of its rate schedules applicable to sales or transportation deliveries. The company must apply the ACA unit charge to the usage component of rate schedules with two-part rates. A company may recover annual charges through an ACA unit charge only if its rates do not otherwise reflect the costs of annual charges assessed by the Commission under § 382.106(a) of this chapter. The applicable annual charge, required by § 382.103 of this chapter, must be paid before the company applies the ACA unit charge.

(b) *Application for Rate Treatment Approval.* A company seeking authorization to use an ACA unit charge must file with the Commission a separate ACA tariff sheet containing:

(1) A statement that the company is collecting an ACA per unit charge, as approved by the Commission, applicable to all the pipeline's sales and transportation schedules,

(2) The per unit charge of the ACA,

(3) The proposed effective date of the tariff change (30 days after the filing of the tariff sheet, unless a shorter period is specifically requested in a waiver petition and approved), and

(4) A statement that the pipeline will not recover any annual charges recorded in FERC Account No. 928 in a proceeding under subpart D of this part.

(c) Changes to the ACA unit charge must be filed annually, to reflect the annual charge unit rate authorized by the Commission each fiscal year.

§ 154.403 Periodic rate adjustments.

(a) This section applies to the passthrough, on a periodic basis, of a single cost item or revenue item for which passthrough is not regulated under another section of this subpart, and to revisions on a periodic basis of a gas reimbursement percentage.

(b) Where a pipeline recovers fuel use and unaccounted-for natural gas in kind, the fuel reimbursement percentage must be stated in the tariff either on the tariff sheet stating the currently effective rate or on a separate tariff sheet in such a way that it is clear what amount of natural gas must be tendered in kind for each service rendered.

(c) A natural gas company that passes through a cost or revenue item or adjusts its fuel reimbursement percentage under this section, must state within the general terms and conditions of its tariff, the methodology and timing of any adjustments. The following must be included in the general terms and conditions:

(1) A statement of the nature of the revenue or costs to be flowed through to the customer;

(2) A statement of the manner in which the cost or revenue will be collected or returned, whether through a surcharge, offset, or otherwise;

(3) A statement of which customers are recipients of the revenue credit and which rate schedules are subject to the cost or fuel reimbursement percentage;

(4) A statement of the frequency of the adjustment and the dates on which the adjustment will become effective;

(5) A step-by-step description of the manner in which the amount to be flowed through is calculated and a step-by-step description of the flowthrough mechanism, including how the costs are classified and allocated. Where the adjustment modifies a rate established under subpart D of this part, the methodology must be consistent with the methodology used in the proceeding under subpart D of this part;

(6) Where costs or revenue credits are accumulated over a past period for periodic recovery or return, the past period must be defined and the mechanism for the recovery or return must be detailed on a step-by-step basis. Where the natural gas company proposes to use a surcharge to clear an account in which the difference between costs or revenues, recovered through rates, and actual costs and revenues accumulate, a statement must be included detailing, on a step-by-step basis, the mechanism for calculating the entries to the account and for passing through the account balance.

(7) Where carrying charges are computed, the calculations must be

consistent with the methodology and reporting requirements set forth in § 154.501 using the carrying charge rate required by that section. A natural gas company must normalize all income tax timing differences which are the result of differences between the period in which expense or revenue enters into the determination of taxable income and the period in which the expense or revenue enters into the determination of pre-tax book income. Any balance upon which the natural gas company calculates carrying charges must be adjusted for any recorded deferred income taxes.

(8) Where the natural gas company discounts the rate component calculated pursuant to this section, explain on a step-by-step basis how the natural gas company will adjust for rate discounts in its methodology to reflect changes in costs under this section.

(9) If the costs passed through under a mechanism approved under this section are billed by an upstream natural gas company, explain how refunds received from upstream natural gas companies will be passed through to the natural gas company's customers, including the allocation and classification of such refunds;

(10) A step-by-step explanation of the methodology used to reflect changes in the fuel reimbursement percentage, including the allocation and classification of the fuel use and unaccounted for natural gas. Where the adjustment modifies a fuel reimbursement percentage established under subpart D of this part, the methodology must be consistent with the methodology used in the proceeding under subpart D of this part;

(11) A statement of whether the difference between quantities actually used or lost and the quantities retained from the customers for fuel use and loss will be recovered or returned in a future surcharge. Include a step-by-step explanation of the methodology used to calculate such surcharge. Any period during which these differences accumulate must be defined;

(d) Filing Requirements.

(1) Filings under this section must include:

(i) A summary statement showing the rate component added to each rate schedule with workpapers showing all mathematical calculations.

(ii) If the filing establishes a new fuel reimbursement percentage or surcharge, include computations for each fuel reimbursement or surcharge calculated, broken out by service, classification, area, zone, or other subcategory.

(iii) Workpapers showing the allocation of costs or revenue credits by

rate schedule and step-by-step computations supporting the allocation, segregated into reservation and usage amounts, where appropriate.

(iv) Where the costs, revenues, rates, quantities, indices, load factors, percentages, or other numbers used in the calculations are publicly available, include references by source.

(v) Where a rate or quantity underlying the costs or revenue credits is supported by publicly available data (such as another natural gas company's tariff or EBB), the source must be referenced to allow the Commission and interested parties to review the source. If the rate or quantity does not match the rate or quantity from the source referenced, provide step-by-step instructions to tie the rate in the referenced source to the rate in the filing.

(vi) Where a number is derived from another number by applying a load factor, percentage, or other adjusting factor not referenced in paragraph (d)(1)(i) of this section, include workpapers and a narrative to explain the calculation of the adjusting factor.

(2) If the natural gas company is adjusting its rates to reflect changes in transportation and compression costs paid to others:

(i) The changes in transportation and compression costs must be based on the rate on file with the Commission. If the rate is not on file with the Commission or a discounted rate is paid, the rate reflected in the filing must be the rate the natural gas company is contractually obligated to pay;

(ii) The filing must include appropriate credits for capacity released under § 284.243 of this chapter with workpapers showing the quantity released, the revenues received from the release, the time period of the release, and the natural gas pipeline on which the release took place; and,

(iii) The filing must include a statement of the refunds received from each upstream natural gas company which are included in the rate adjustment. The statement must conform to the requirements set forth in § 154.501.

(3) If the natural gas company is reflecting changes in its fuel reimbursement percentage, the filing must include:

(i) A summary statement of actual gas inflows and outflows for each month used to calculate the fuel reimbursement percentage or surcharge. For purposes of establishing the surcharge, the summary statement must be included for each month of the period over which the differences

defined in paragraph (c) of this section accumulate.

(ii) Where the fuel reimbursement percentage is calculated based on estimated activity over a future period, the period must be defined and the estimates used in the calculation must be justified. If any of the estimates are publicly available, include a reference to the source.

(4) The natural gas company must not recover costs and is not obligated to return revenues which are applicable to the period pre-dating the effectiveness of the tariff language setting forth the periodic rate change mechanism, unless permitted or required to do so by the Commission.

Subpart F—Refunds and Reports

§ 154.501 Refunds.

(a) *Refund Obligation.* (1) Any natural gas company that collects rates or charges pursuant to this chapter must refund that portion of any increased rates or charges either found by the Commission not to be justified, or approved for refund by the Commission as part of a settlement, together with interest as required in paragraph (d) of this section. The refund plus interest must be distributed as specified in the Commission order requiring or approving the refund, or if no date is specified, within 60 days of the order.

(2) Any natural gas company must refund to its jurisdictional customers the jurisdictional portion of any refund it receives within 30 days of receipt.

(b) *Costs of Refunding.* Any natural gas company required to make refunds pursuant to this section must bear all costs of such refunding.

(c) *Supplier Refunds.* The jurisdictional portion of supplier refunds (including interest received), applicable to periods in which a purchased gas adjustment clause was in effect, must be flowed through to the natural gas company's jurisdictional gas sales customers during that period with interest as computed in paragraph (d) of this section.

(d) *Interest on Refunds.* Interest on the refund balance must be computed from the date of collection from the customer until the date refunds are made as follows:

(1) At a rate of seven percent simple interest per annum on all excessive rates or charges held prior to October 10, 1974;

(2) At a rate of nine percent simple interest per annum on all excessive rates or charges held between October 10, 1974 and September 30, 1979; and

(3)(i) At an average prime rate for each calendar quarter on all excessive rates or

charges held (including all interest applicable to such rates and charges) on or after October 1, 1979. The applicable average prime rate for each calendar quarter must be the arithmetic mean, to the nearest one-hundredth of one percent, of the prime rate values published in the Federal Reserve Bulletin, or in the Federal Reserve's "Selected Interest Rates" (Statistical Release G, 13), for the fourth, third, and second months preceding the first month of the calendar quarter.

(ii) The interest required to be paid under paragraph (d)(3)(i) of this section must be compounded quarterly.

(4) The refund balance must be either:

(i) The revenues resulting from the collection of the portion of any increased rates or charges found by the Commission not to be justified; or

(ii) An amount agreed upon in a settlement approved by the Commission; or

(iii) The jurisdictional portion of a refund the natural gas company receives.

(e) Unless otherwise provided by the order, settlement or tariff provision requiring the refund, the natural gas company must file a report of refunds, within 30 days of the date the refund was made, which complies with § 154.502 and includes the following:

(1) Workpapers and a narrative sufficient to show how the refunds for jurisdictional services were calculated;

(2) Workpapers and a narrative sufficient to determine the origin of the refund, including step-by-step calculations showing the derivation of the refund amount described in paragraphs (d)(4)(i) or (d)(4)(ii) of this section, if necessary;

(3) References to any publicly available sources which confirm the rates, quantities, or costs, which are used to calculate the refund balance or which confirm the refund amount itself. If the rate, quantity, cost or refund does not directly tie to the source, a workpaper must be included to show the reconciliation between the rate, quantity, cost, or refund in the natural gas company's report and the corresponding rate, quantity, cost or refund in the source document;

(4) Workpapers showing the calculation of interest on a monthly basis, including how the carrying charges were compounded quarterly;

(5) Workpapers and a narrative explaining how the refund was allocated to each jurisdictional customer. Where the numbers used to support the allocation are publicly available, a reference to the source must be included. Where the allocation methodology has been approved

previously, a reference to the order or tariff provision approving the allocation methodology must be included.

(6) A letter of transmittal containing:

- (i) A list of the material enclosed;
- (ii) The name and telephone number of a company official who can answer questions regarding the filing;
- (iii) A statement of the date the refund was disbursed;
- (iv) A reference to the authority by which the refund is made, including the specific subpart of these regulations, an order of the Commission, a provision of the company's tariff, or any other appropriate authority. If a Commission order is referenced, include the citation to the FERC Reports, the date of issuance, and the docket number;

(v) Any requests for waiver. Requests must include a reference to the specific section of the statute, regulations, or the company's tariff from which waiver is sought, and a justification for the waiver.

(7) A certification of service to all affected customers and interested state commissions.

(f) Each report filed under paragraph (e) of this section must be posted no later than the date of filing.

§ 154.502 Reports.

(a) When the natural gas company is required to make a report on a periodic basis, either by Commission order or as a part of a settlement, details about the nature and contents of the report must be provided in an appropriate section of the general terms and conditions of its tariff.

(b) The details in the general terms and conditions of the tariff must include the frequency and timing of the report. Explain whether the report is filed annually, semi-annually, monthly, or is triggered by an event. If triggered by an event, explain how soon after the event the report must be filed. If the report is periodic, state the dates on which the report must be filed.

(c) Each report must include:

- (1) A letter of transmittal containing:
 - (i) A list of the material enclosed;
 - (ii) The name and telephone number of a company official who can answer questions regarding the filing;
 - (iii) A reference to the authority by which the report is made, including the specific subpart of these regulations, an order of the Commission, a provision of the company's tariff, or any other appropriate authority. If a Commission order is referenced, include the citation to the FERC Reports, the date of issuance, and the docket number;

(iv) Any requests for waiver. Requests must include a reference to the specific section of the statute, regulations, or the

company's tariff from which waiver is sought, and a justification for the waiver.

(2) A certification of service to all affected customers and interested state commissions.

(d) Each report filed under paragraph (b) of this section must be posted no later than the date of filing.

Subpart G—Other Tariff Changes

§ 154.600 Compliance with other subparts.

Any proposal to implement a tariff change other than in rate level must comply with subparts A, B, and C of this part.

§ 154.601 Change in executed service agreement.

Agreements intended to effect a change or revision of an executed service agreement on file with the Commission must be in the form of a superseding executed service agreement only. Service agreements may not contain any supplements, but may contain exhibits which may be separately superseded. The exhibits may show, among other things, contract demand delivery points, delivery pressures, names of industrial customers of the distributor-customer, or names of distributors (with one distributor named as agent where delivery to several distributors is effected at the same delivery points).

§ 154.602 Cancellation or termination of a tariff, executed service agreement or part thereof.

When an effective tariff, contract, or part thereof on file with the Commission, is proposed to be canceled or is to terminate by its own terms and no new tariff, executed service agreement, or part thereof, is to be filed in its place, the natural gas company must notify the Commission of the proposed cancellation or termination on the form indicated in § 250.2 or § 250.3 of this chapter, whichever is applicable, at least 30 days prior to the proposed effective date of such cancellation or termination. With such notice, the company must submit a statement showing the reasons for the cancellation or termination, a list of the affected customers and the contract demand provided to the customers under the service to be canceled. A copy of the notice must be duly posted.

§ 154.603 Adoption of the tariff by a successor.

Whenever the tariff or contracts of a natural gas company on file with the Commission are to be adopted by another company or person as a result of an acquisition, or merger, authorized

by a certificate of public convenience and necessity, or for any other reason, the succeeding company must file with the Commission, and post within 30 days after such succession, a certificate of adoption on the form prescribed in § 250.4 of this chapter. Within 90 days after such notice is filed, the succeeding company must file a revised tariff with the sheets bearing the name of the successor company.

Note: This Appendix will not appear in the *Code of Federal Regulations*.

Appendix

Natural Gas Pipeline Company Tariff Filings

Revised

Docket No. RM95-3-000

This document replaces the Tariff Filing Record Formats issued August 31, 1989.

General Information

I. Purpose

All companies which maintain a gas tariff with the Federal Energy Regulatory Commission (FERC) are required to submit, along with the paper copies, an electronic version of all tariff filings pursuant to section 385.2011 of the Commission's regulations. Companies are required to have an electronic version of their entire gas tariff (excluding Volume No. 2 contractual rate schedules) on file with FERC on or before June 1, 1995. This form does not modify the existing tariff sheet format required in section 154.102 or section 385.2003 for tariff sheets filed on paper. Nor does it modify the requirement in section 154.201(a) to file a marked paper version of the pages to be changed by showing additions and deletions using highlighting, background shading, bold text, or underlined text.

II. Who Must File

All companies who are required to maintain a FERC Gas Tariff on file with the Commission.

III. What To Submit

All proposed revisions to the FERC Gas Tariff will be submitted in conformance with this form. Such proposed revisions include, but are not limited to, rate changes pursuant to a section 4 filing or changes in service pursuant to a certificate issued as a result of a section 7 proceeding. Upon request of the Secretary of the Commission, companies must submit such additional supporting and clarifying data and information as may be specified.

All data will be submitted on diskette(s), preferably 3.5" High Density diskettes, and must conform to the specific instructions provided in Exhibit A. The diskette(s) must be accompanied by paper copies of the information submitted on the diskette. The paper copies must conform in all respects to the requirements of parts 154 and 157 and will consist of the required number of copies of the transmittal letter, the tariff sheets, the certification of service, and a form of notice suitable for publication in the **Federal Register**.

The letter of transmittal and the service list will be submitted on paper only. The letter of transmittal must include the subscription provided in section 385.2005(a). The subscription provided must state, in addition to the requirement in section 385.2005(a), that the paper copies contain the same information as the diskette(s) and that the signer has read and knows the contents of the paper copies and that the contents as stated in the paper copies are true to the best knowledge and belief of the signer.

Respondents claiming that information is privileged must file in accordance with section 385.1112; otherwise, all data submitted will be considered non-privileged and will be made available to the public upon request.

IV. When To Submit

The tariff sheets should be filed with the Commission at the time the company proposes a change in service or rate. The notice period should be consistent with the Commission's regulations.

V. Where To Submit

(1) Submit this report to: Office of the Secretary, Federal Energy Regulatory Commission, Room 3110, 825 N. Capitol Street, NE, Washington, DC 20426.

(2) Hand deliveries may be made to the same address.

General Instructions

(1) Schedule TF. Records TF01 through TF06 and the text line records are intended to capture all of the tariff elements which the pipeline has historically filed as part of its FERC Gas Tariff. Record TF01 identifies the company and the filing date. Record TF02 captures information about the tariff volume; and Records TF03, TF04, TF05, and TF06 contain requisite marginal information for an individual tariff sheet. The actual tariff sheet text will follow Record TF06.

Each tariff sheet should be identified by the nature of the sheet, and assigned the appropriate "Text ID" from among those listed in the layout for Record TF03. For example, a tariff sheet which includes the table of contents must be assigned Text ID = "1". The text of a tariff sheet should include any footnotes applicable to the individual

tariff sheet. When filing the tariff sheet on paper, footnotes should appear inside the ruled borders required by section 154.101.

All of the marginal information required under 18 CFR 154.102(d) is to be included only in the tariff sheet header records. These header records will be utilized to print a hard copy with the appropriate marginal information.

If a tariff sheet is filed to be read vertically in hard copy, this is referred to hereinafter as "Portrait" orientation. If the sheet will be read horizontally, the orientation is referred to as "Landscape". The requirements of section 154.102(d) imply that the length of a line of actual text is 6.75 inches in Portrait orientation, and 10.0 inches in Landscape. The pitch, the number of print characters per horizontal inch (cpi); the number of lines per vertical inch (lpi); and the page orientation for printing the tariff sheet must be given in the first Tariff Sheet Header Record, (Record TF03). The number of characters per horizontal inch (cpi) must not exceed 17. The acceptable lines per vertical inch are 6 or 8. The maximum line length and lines per page for Portrait and Landscape orientation are as follows:

Page orientation	Maximum line length (characters)				Maximum lines per page	
	10cpi	12cpi	15cpi	17cpi	6lpi	8lpi
Vertical (Portrait)	65	79	98	112	50	70
Horizontal (Landscape)	98	118	148	168	31	44

(2) Record Types. Records must be filed in the following order:

Company Header Record (TF01): One record per dataset.

Volume Header Record (TF02): One record per volume. All pages for the same volume will be grouped together. If more than one dataset is required for the filing of a volume, this record must appear in each dataset. Note: When more than one dataset is needed to accommodate a filing, name the datasets in accordance with the instructions in Exhibit A.

Note: The appropriate tariff sheet header records must precede each tariff sheet!

Sheet Header Record (TF03): One record per sheet.

Superseded Sheet Header Record (TF04): This record pertains to the superseded sheet information. One record per sheet unless there is no superseded sheet (e.g., Original and Substitute Original sheets). In that case, this record may be omitted.

Issuing Officer Header Record (TF05): One record per filing, unless the filing contains sheets that reference more than one issuing officer or the tariff sheets are submitted in more than one dataset. Optionally, this record may precede every tariff sheet filed.

Date and Docket Header Record (TF06): One record per filing, unless the effective date or other information in this record changes from sheet to sheet or the tariff sheets are submitted in more than one dataset. Optionally, this record may precede every tariff sheet filed.

Text Line Records: The actual tariff sheet text. Note: any special codes placed in the text (such as bold, italic, underline, etc.) are removed when converting to ASCII format.

(3) Numeric Fields. All numeric fields in Records TF01 through TF06 must not be left blank, and must be right justified unless indicated otherwise. The following conventions should be followed in preparing each header record in the filing:

(A) If a numeric data item is not applicable to the respondent, enter the numeric value "0" in the field provided for this data item.

(B) Do not include commas in reporting any numeric value.

(C) Report all dates as six digit numerics (month, day, year, MMDDYY).

(4) Pipeline Company ID. Use the code for the pipeline as contained in the Buyer Seller Code List, U.S. Department of Energy's publication DOE/EIA-0176. A code may be obtained by calling EIA at (202) 586-8841.

(5) Record Lengths. Do not pad the end of data records with blanks.

Specific Instructions

(1) Effective Date. The date, given as month, day, and year, on which the respondent expects the filing to be put into effect subject to the concurrence of the Commission.

(2) Tariff Volume Number. The number of the volume to which the tariff sheets belong. For example, if the volume is labeled "First Revised Volume No. 1", report a "1" in this field.

(3) Tariff Volume Revision Number. Report the number of the revision. For example, if

the tariff volume is labelled "Second Revised Volume No. 1", report a "2" in this field. If the tariff volume is an original volume, report a zero in this field.

(4) Tariff Volume ID. Report the full tariff volume name in this field. For example, if the volume is labelled "First Revised Volume No. 1", report "First Revised Volume No. 1" in this field.

(5) Sheet Number. Report the number of the tariff sheet being filed. For example, if the sheet is numbered "First Revised Sheet No. 3 superseding Original Sheet No. 3", report a "3" in this field.

(6) Sheet Revision Number. Report the number of the revision. For example, if the tariff sheet is numbered "Second Substitute Third Revised Sheet No. 4 superseding Second Revised Sheet No. 4", report a "3" in this field. If this is an original tariff sheet, report a "0" in this field.

(7) Sheet ID. Report the full designation for the tariff sheet being reported. For example, if the sheet is designated "First Revised Sheet No. 3 superseding Original Sheet No. 3", report "First Revised Sheet No. 3" in this field. If the Sheet ID exceeds the allowed 40 character positions for this item, use the "Abbreviation Conventions List" at Exhibit C.

(8) Superseded Sheet ID. Report the full designation for the tariff sheet being superseded. For example, if the tariff sheet being filed is designated "First Revised Sheet No. 3 superseding Original Sheet No. 3", report "Original Sheet No. 3" in this field. If the Superseded Sheet ID exceeds the allowed 40 character positions for this item, use the

“Abbreviation Conventions List” at Exhibit C.

(9) First Superseded Sheet Number. When a single sheet supersedes a range of sheets (such as canceling a rate schedule or reserving sheets for future use), report the number of the first sheet in the range. Otherwise this field may be left blank.

(10) Last Superseded Sheet Number. When a single sheet supersedes a range of sheets (such as canceling a rate schedule or reserving sheets for future use), report the

number of the last sheet in the range. Otherwise this field may be left blank.

(11) Alternate Sheet ID. When filing primary and alternative tariff sheets, the sheets are uniquely identified by reporting “00” in this field for the primary sheet, “01” for the first alternate, “02” for the second alternate, and so on.

(12) Issuing Officer. Report the name and title of the person authorized to issue the tariff sheet.

(13) Issue Date. The date given as month, day, and year when the tariff sheet is issued.

(14) Order Reference. For tariff sheets which are filed to make rate schedules or provisions ordered by the Commission effective, report the Docket Number and the date of such order. (If more than one docket applies, report the lead docket relating to the filing company in the proceeding.)

ELECTRONIC TARIFF FILE LAYOUT—SCHEDULE TF

Item	Character Position	Data Type	Comments
(1) Company Header Record			
Schedule ID	1-2	Character	Sch = TF.
Record ID	3-4	Numeric	Code = 01.
Company ID	5-10	Numeric	Company code from buyer/seller code list, see general instruction 4.
Date Submitted	11-16	Numeric	Month, day and year report is filed (mmdyy).
Company Name	17-65	Character	Name of filing company.
(2) Volume Header Record			
Schedule ID	1-2	Character	Sch = TF.
Record ID	3-4	Numeric	Code = 02.
Tariff Volume Number	5-8	Character	See specific instruction 2.
Tariff Volume Revision Number	9-11	Numeric	See specific instruction 3.
Tariff Volume ID	12-51	Character	See specific instruction 4.
(3) Sheet Header Record			
Schedule ID	1-2	Character	Sch = TF.
Record ID	3-4	Numeric	Code = 03.
Sheet Number	5-12	Character	See specific instruction 5.
Sheet Revision Number	13-15	Numeric	See specific instruction 6.
Alternate Sheet ID	16-17	Numeric	See specific instruction 11.
Text ID	18-19	Numeric	0 = Title Page. 1 = Table of Contents. 2 = Preliminary Statement. 3 = Rate Sheets. 4 = Rate Schedule Text. 5 = General Terms and Conditions. 6 = Form of Service Agreements. 7 = Index of Customers. 8 = Other Indices. 9 = Other Tariff Sheets. 10 = Sheets Reserved for Future Use.
Orientation	20	Character	P = Portrait. L = Landscape.
Pitch	21-22	Numeric	Characters per Horizontal Inch = 10, 12, 15, or 17.
Lines Per Inch	23	Numeric	Lines per Vertical Inch = 6 or 8.
Sheet ID	24-63	Character	See specific instruction 7.
(4) Superseded Sheet Header Record			
Schedule ID	1-2	Character	Sch = TF.
Record ID	3-4	Numeric	Code = 04.
First Superseded Sheet Number	5-12	Character	See specific instruction 9.
Last Superseded Sheet Number	13-20	Character	See specific instruction 10.
Superseded Sheet ID	21-60	Character	See specific instruction 8.
(5) Issuing Officer Header Record			
Schedule ID	1-2	Character	Sch = TF.
Record ID	3-4	Numeric	Code = 05.
Issued By	5-58	Character	Name and title of issuing official; see specific instruction 12.

ELECTRONIC TARIFF FILE LAYOUT—SCHEDULE TF—Continued

Item	Character Position	Data Type	Comments
(6) Date and Docket Header Record			
Schedule ID	1-2	Character	Sch = TF.
Record ID	3-4	Numeric	Code = 06.
Date Issued	5-10	Numeric	(mmddy); see specific instruction 13.
Order Date	11-16	Numeric	(mmddy); see specific instruction 14.
Docket Number	17-36	Character	See specific instruction 14.
Effective Date	37-42	Numeric	(mmddy); see specific instruction 1.

(7) Sheet Text Line Records.

Each entire record consists of the text of the corresponding line of the tariff sheet, without prefix of any kind.

Exhibit A—Diskette Filing Procedures

Diskette(s) containing the information specified for each record ID of the tariff filing filed with the Commission must conform with the following requirements:

(1) The character code for representing all data should be the American National Standard Code for Information Interchange (ASCII) as defined in FIPS PUB 1-2. An exception will be made for the cents (¢) symbol, which should be coded as hexadecimal 8B, or decimal 155, as defined in the IBM-US (PC-8) symbol set. Note that there are symbol sets which define it differently.

(2) The definitions, instructions, and schedule ID/record ID data layouts for this form specify explicitly the data items to be reported and the sequence for recording the information on the diskette(s). The information required for a tariff filing should be recorded on the diskette(s) exactly as specified in the data layout for each schedule/record and in accordance with the general instructions.

(3) All tariff sheets filed under a given docket number should all be included in the same "file" or data set, if possible. (Large files may be split as a matter of convenience or diskette size limitation). The file should be named: "TFMMDDYY.ASC" where "TF" stands for "Tariff Filing", and "MMDDYY" is the two digit month, day, and year the tariff filing is submitted. If more than one tariff filing is made on the same day, the subsequent filings should be given file names "TFMMDDYY.BSC", "TFMMDDYY.CSC", etc., where "BSC" indicates the second filing of the day, "CSC" the third filing, etc. The file name for each submission should be included in the transmittal letter accompanying the respondent's filing.

(4) Each logical record must be terminated by a CR (ASCII carriage return—13 decimal, OD hexadecimal). An ASCII line feed (LF) following a CR is accepted but not required as part of termination. Do Not pad the end of data records with spaces.

(5) Do not omit any numeric item. Numeric items do not require leading zeros unless specifically noted in the description of the data item. See the General Instructions of this form for detailed instructions for recording numeric data on the diskette(s).

(6) When refiling a diskette only to correct an electronic data error on the electronic

version of a tariff sheet and not in the paper version, use the same file name, pagination and submittal date.

(7) Each diskette must state on the label that tariff sheets are enclosed. If more than one diskette is necessary to accommodate a filing, the diskettes should be numbered 1 of N, 2 of N, etc., where N is the total number of diskettes.

Exhibit B—Tariff Sheet Pagination Guidelines

Section 154.102(d)(2) of the Commission's regulations requires companies to number their tariff sheets as provided below.

(1) Original Sheets. Paginate a sheet as "Original Sheet No. ____" when the sheet number has not been used previously in the tariff volume. When filing an entire original or revised tariff volume, all sheets should be paginated as "Original Sheet No. ____" unless the sheet falls within the exception under Guideline (11).

(2) Revised Sheets. Designate a sheet as "Revised" if it is (a) filed in a different proceeding than the sheet it is superseding or (b) filed in the same proceeding but given a new proposed effective date. Each subsequent "Revised" pagination should be numbered sequentially. (See Examples 1 and 2.)

(3) Substitute Sheets. Designate a sheet as "Substitute ____ Revised Sheet No. ____" if it is filed to replace a sheet filed in the same proceeding with the same effective date. If a substitute sheet needs to be replaced, paginate the new sheet as "Second Substitute," and so on. (See Example 1.)

(4) Superseded Sheets. Designate as the superseded sheet the most recent sheet filed in a different proceeding effective or proposed to be effective on the same day or on a day prior to the new sheet. This means when filing a substitute sheet the designated superseded sheet stays the same. Provided that the sheet does not fall under the exception in guideline (9). Never designate a rejected or suspended sheet as the superseded sheet. However, if a sheet designated as superseded is subsequently rejected, it is not necessary to refile solely to correct the superseded sheet designation. (See Example 1.)

(5) Rejected Sheets. If a sheet is rejected by order of the Commission, do not reuse the pagination of the rejected sheets. Designate a sheet "Substitute" if it is filed to replace a rejected sheet in the same proceeding, but do not designate a rejected sheet as the superseded sheet. Refer to Guidelines (3) and (4).

(6) Alternate Sheets. When filing two versions of a proposed tariff sheet, designate the sheets "____ Revised Sheet No. ____" and "Alternate ____ Revised Sheet No. ____." Paginate a replacement alternate sheet "Sub Alternate."

(7) Inserted Sheets. Designate sheets inserted between two consecutively numbered sheets using an uppercase letter following the first sheet number (e.g., sheets inserted between sheets 8 and 9 would be 8A, 8B, etc.). For sheets inserted between two consecutively lettered sheets, add a "." followed by a two digit number (e.g., sheets inserted between sheets 8A and 8B would be 8A.01 through 8A.99). For further insertions, add a lowercase letter (e.g., between sheets 8A.01 and 8A.02 would be 8A.01a, 8A.01b, etc.).

(8) Pre-dated Sheets. When a sheet is filed with a proposed effective date which pre-dates the effective date of a suspended or effective sheet with the same number filed in a different proceeding, designate the new sheet "____ Rev ____ Revised Sheet No. ____" where the second and third blanks are numbered the same as the sheet with the later effective date and the first blank contains "1st," "2nd," etc. Commonly, this situation occurs when a sheet is suspended for five months and subsequent sheets need to be made effective prior to the date the suspended sheet becomes effective. (See Example 3.) Note: When using the "1st Rev" pagination, drop extraneous words if the superseded sheet provides the same information. (See Example 4.)

(9) Retroactive Sheets. When filing a retroactive change back to a certain date, all sheets which are or were in effect from that date forward need to be changed. The first sheet should be designated either as "Substitute" in accordance with Guideline (3) above or "____ Rev" in accordance with Guideline (8), depending on whether the retroactive filing is in the same docket as or a different docket from the sheet being replaced. The rest of the sheets should be designated as a "Substitute" of each sheet already on file. For the first new sheet in the series of sheets, the superseded sheet shall be designated in accordance with Guideline (4) above. However, the remainder of the sheets in the series should supersede each other in order, even though they are all filed in the same docket. In this way, the "superseded" designation will reflect the last sheet in effect on each given effective date. (See Examples 5 and 6.)

(10) Canceled Sheets. When filing to cancel a rate schedule, file one sheet with a new

revision number and the sheet number of the first canceled sheet. Designate as superseded "Sheet Nos. _____-_____" where the blanks refer to the first and last canceled sheet numbers in a series. The specific pagination of each individual canceled sheet should be included in the body of the tariff sheet. When using the formerly canceled sheet numbers, refer to the pagination of the sheets listed in the body of the canceling sheet, and paginate

each sheet with the next higher revision number. See Example 8.

(11) Sheets Reserved For Future Use. When reserving a number of sheets for future use, file one sheet paginated "Sheet Nos. _____-_____", where the blanks refer to the first and last reserved sheet numbers in series. In the body of the sheet state "Reserved for Future Use." (See Example 9.) Note: in the electronic tariff sheet records, report the first sheet number in the series in the "Sheet No."

field and the full pagination in the "Sheet ID" field.

(12) Abbreviations. *Pagination cannot exceed 40 characters.* Abbreviate from left to right using the Abbreviation Conventions List in Exhibit C. *Abbreviate only as needed* to reduce the pagination to 40 characters or less. (See Example 7.) Electronic and paper versions of a tariff sheet must be paginated *exactly* alike, including abbreviations.

Example 1

"Original Sheet No. 4" is filed in Docket No. CP94-44-000 to be effective January 1, 1994. Subsequently, a sheet filed in Docket RP94-1-000 is to be effective February 1, 1994. Paginate that sheet "First Revised Sheet No. 4 superseding Original Sheet No. 4." A mistake is discovered and a corrected sheet needs to be filed in Docket No. RP94-1-001. Paginate that sheet "Substitute First Revised Sheet No. 4 superseding Original Sheet No. 4." Note the superseded sheet is from the prior proceeding.

Docket	Filed	Effective	Pagination	Superseded sheet
CP94-44-000	11/30/93	1/1/94	Original.	
RP94-1-000	12/31/93	2/1/94	First Revised	Original.
RP94-1-001	2/15/94	2/1/94	Sub First Revised	Original.

Example 2

"Second Revised Sheet No. 4" is filed in Docket No. TM94-1-77-000 to be effective April 1, 1994. Subsequently, a sheet is filed in Docket No. RS94-1-50-000 to be effective on the same date. Paginate that sheet with the next revision number, "Third Revised Sheet No. 4" even though it is to be effective on the same date.

Docket	Filed	Effective	Pagination	Superseded sheet
TM94-1-77-000	2/28/94	4/1/94	Second Revised	Sub First Revised.
RS94-1-50-000	3/31/94	4/1/94	Third Revised	Second Revised.

Example No. 3

"Fourth Revised Sheet No. 4" is filed July 31, 1994, in Docket No. RP94-134-000 to be effective September 1, 1994. An order suspends this sheet until February 1, 1995. Subsequently two filings are to be made effective prior to February 1, 1995. Paginate these sheets as "1st Rev Third Revised Sheet No. 4" and "2nd Rev Third Revised Sheet No. 4." When filing to move the suspended tariff sheet into effect, paginate the revised tariff sheet as "Sub Fourth Revised Sheet No. 4". Note: using the alpha-numeric "1st, 2nd" for the additional revision number assists in keeping the pagination clear.

Docket	Filed	Effective	Pagination	Superseded sheet
RP94-134-000	7/31/94	2/1/95	Fourth Revised	Third Revised.
TM94-2-77-000	8/31/94	10/1/94	1st Rev Third Revised	Third Revised.
TM94-3-77-000	10/31/94	11/1/94	2nd Rev Third	1st Rev Third.
RP94-134-001	1/31/95	2/1/95	Sub Fourth Revised	2nd Rev Third.

Example 4

When needing to insert a sheet between "Third Revised" and "Sub Alt Second Revised" with the designation 1st Rev Sub Alt Second Revised, paginate the new sheet "1st Rev Second Revised" (dropping "Sub Alt" from the name), and designate the superseded sheet "Sub Alt Second Revised." In the alternative, the abbreviations in Exhibit C may be used.

Example No. 5

The sheet given in Example No. 1, "Sub First Revised Sheet No. 4" filed in Docket No. RP94-1-001 is in effect February 1, 1994, subject to the resolution of issues. A year later, settlement is reached resulting in a restatement of base rates back to that date. The revised sheets filed under Docket No. RP94-1-002 (using prior examples):

Docket	Filed	Effective	Pagination	Superseded sheet
RP94-1-002	4/15/95	2/1/94	2nd Sub First Revised	Original.
		4/1/94	Sub Second Revised	2nd Sub First.
		4/1/94	Sub Third Revised	Sub Second.
		10/1/94	Sub 1st Rev Third Revised	Sub Third.
		11/1/94	Sub 2nd Rev Third	1st Rev Third.
		2/1/95	2nd Sub Fourth Revised	2nd Rev Third.

Example No. 6

Continuing from Example 5, a subsequent tracker filing retroactive to November 1, 1994:

Docket	Filed	Effective	Pagination	Superseded sheet
TM96-1-77-000	4/30/95	11/1/94 2/1/95	3rd Rev Third Revised 3rd Sub Fourth Revised	Sub 2nd Rev Third. 3rd Rev Third.

Example No. 7

Abbreviate "Fourth Revised Twenty-Third Revised Sheet No. 4" as "4th Rev Twenty-Third Revised Sheet No. 4."

Example No. 8

To cancel Rate Schedule X-26 which consists of Original Sheet No. 10, First Revised Sheet Nos. 11 through 36, Substitute First Revised Sheet No. 37, and Second Revised Sheet Nos. 38 and 39, file "First Revised Sheet No. 10:"

My Pipeline Company
FERC Gas Tariff
Original Volume No. 1
First Revised Sheet No. 10 Superseding
Sheet Nos. 10 Through 39

Notice of Cancellation

Rate Schedule X-26
Exchange Agreement with YOUR Pipeline
Company
Dated January 1, 1980

The following tariff sheets have been superseded:

Original Sheet No. 10
First Revised Sheet Nos. 11 through 36
Substitute First Revised Sheet No. 37
Second Revised Sheet Nos. 38 and 39

Example No. 9

Your general terms and conditions end on page 75 and you want to reserve sheets 76 through 99 for future use:

My Pipeline Company
FERC Gas Tariff
Original Volume No. 1
Sheet Nos. 76 through 99

Sheet Nos. 76 through 99 are reserved for future use.

Exhibit C—Abbreviation Conventions List

Substitute: Sub
Alternate: Alt
Revised: /
First, Second, etc.: 1st, 2nd, etc.
Sheet No.: (omit these words)

[FR Doc. 95-654 Filed 1-12-95; 8:45 am]

BILLING CODE 6717-01-P

18 CFR Parts 158, 201, 250, 260, and 284

[Docket No. RM95-4-000]

Revisions to Uniform System of Accounts, Forms, Statements, and Reporting Requirements for Natural Gas Companies; Notice of Proposed Rulemaking

December 16, 1994.

AGENCY: Federal Energy Regulatory Commission.

ACTION: Notice of proposed rulemaking.

SUMMARY: The Federal Energy Regulatory Commission is proposing to amend its Uniform System of Accounts, its forms, and its reports and statements for natural gas companies. The proposed revisions reflect the current regulatory environment of unbundled pipeline sales for resale at market-based prices and open-access transportation of natural gas. The Commission seeks to simplify and streamline its requirements to reduce the burden of respondents.

DATES: Comments are due no later than April 13, 1995.

ADDRESSES: An original and 14 copies of written comments must be filed. All filings should refer to Docket No. RM95-4-000 and should be addressed to Office of the Secretary, Federal Energy Regulatory Commission, 825 North Capitol Street, NE., Washington, DC 20426.

FOR FURTHER INFORMATION CONTACT: Jeffrey A. Braunstein, Office of the General Counsel, Federal Energy Regulatory Commission, 825 North Capitol Street, NE., Washington, DC 20426, (202) 208-2114.

SUPPLEMENTARY INFORMATION: In addition to publishing the full text of this document, excluding Appendices A (FERC Form No. 2), B (FERC Form No. 2-A), and C (FERC Form No. 11), in the **Federal Register**, the Commission also provides all interested persons an opportunity to inspect or copy the contents of this document during normal business hours in Room 3104, 941 North Capitol Street, NE., Washington, DC 20426.

The Commission Issuance Posting System (CIPS), an electronic bulletin board service, provides access to the texts of formal documents issued by the Commission. CIPS is available at no charge to the user and may be accessed using a personal computer with a modem by dialing (202) 208-1397. To access CIPS, set your communications software to 19200, 14400, 12000, 9600, 7200, 4800, 2400, 1200 or 300 bps, full duplex, no parity, 8 data bits and 1 stop bit. The full text of this document will be available on CIPS for 60 days from the date of issuance in ASCII and WordPerfect 5.1 format. After 60 days the document will be archived, but still

accessible. The complete text on diskette in Wordperfect format may also be purchased from the Commission's copy contractor, La Dorn Systems Corporation, also located in Room 3104, 941 North Capitol Street, NE., Washington, DC 20426.

I. Introduction

The Federal Energy Regulatory Commission (Commission) proposes to amend its Uniform System of Accounts,¹ its forms, and its reports and statements for natural gas companies.² This Notice of Proposed Rulemaking (NOPR) is a companion to the Commission's Notice of Proposed Rulemaking "Filing Requirements for Interstate Natural Gas Company Rate Schedules and Tariffs", which proposes to amend Part 154 of the Commission's regulations and is issued contemporaneously with this NOPR. In brief, the Commission proposes, in this NOPR, changes to the Uniform System of Accounts' treatment of gas stored underground,³ revenues,⁴ gas supply expenses,⁵ and to eliminate all accounts for Nonmajor respondents and to redesignate accounts used only by Major respondents for use by all respondents. The Commission also proposes to change or eliminate various forms, reports, and statements. This includes changes to, and deletions from, FERC Form No. 2 (Form No. 2), Annual report

¹ Section 8 of the Natural Gas Act (NGA), 15 U.S.C. 717g (1988), authorizes the Commission to prescribe rules and regulations concerning accounts, records and memoranda as necessary or appropriate for purposes of administering the NGA. The Commission may prescribe a system of accounts for jurisdictional companies and, after notice and opportunity for hearing, may determine the accounts in which particular outlays and receipts will be entered, charged, or credited.

² Section 10 of the NGA, 15 U.S.C. 717i (1988), authorizes the Commission to prescribe rules and regulations concerning annual and other periodic or special reports, as necessary or appropriate for purposes of administering the NGA. The Commission may prescribe the manner and form in which such reports are to be made, and require from natural gas companies specific answers to all questions on which the Commission may need information. The reports must be made under oath unless the Commission otherwise specifies.

³ The Commission proposes to amend Account 117, Account 164.1, and other accounts that refer to Account 117.

⁴ The Commission proposes to amend Account 489 and Account 495.

⁵ The Commission proposes to amend Account 806.