

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