

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