

## **R6-89 DEFERRAL ACCOUNTING FOR NATURAL GAS EXPANSION**

(a) An LDC may request Commission approval to create a regulatory asset account for the purpose of accruing a return on its investment in transmission lines constructed as part of a Project of the type that would be eligible for use of an expansion fund pursuant to G.S. 62-158. Such a request may be filed with the Commission as part of a request for approval of a Project pursuant to Rule R6-84 but in no event less than 45 days prior to the date the accrual is to begin. AFUDC will accrue during construction; however, the accrual under this Rule shall begin no sooner than the date construction is completed and continue until the date new rates become effective in the LDC's next general rate case in which the investment in the Transmission Facilities are included in the LDC's rate base. The Commission, however, may terminate the accrual upon the motion of any interested party and after notice to the LDC and opportunity for hearing. The accrual under this Rule for a particular project shall not exceed five (5) years unless so authorized by the Commission upon a showing by the LDC of good cause.

(b) For the purposes of this Rule, "Transmission Facilities" shall include the gas pipeline and all appurtenant related facilities, including land, mains, valves, meters, boosters, regulators, compressors and their driving units and appurtenances, and other related equipment constructed as part of the Project, the purpose of which is to facilitate the transportation of natural gas from an interstate pipeline, other portions of the LDC's system including existing transmission mains, or other suppliers of gas for ultimate delivery to a distribution system(s). Transmission Facilities shall end at the inlet side of the equipment which meters or regulates the entry of gas into one or more distribution systems.

(c) In determining whether to approve a request under this rule, the Commission will consider the desirability of providing gas service to the new area covered by the Project, the size and relative infeasibility of the Project for which deferral accounting is sought, the LDC's overall expansion plans as reported pursuant to G.S. 62-36A, the LDC's currently earned return on equity, the amount of the investment as a percentage of the LDC's rate base and the amount of the anticipated accrual as a percentage of the LDC's revenues, the estimated impact of the accrual on rates when the investment is included in the LDC's rate base in a general rate case, and any other factors affecting the public interest.

(d) The anticipated accrual under this Rule shall not affect the calculation of the net present value of a Project for the purpose of the use of an expansion fund pursuant to G.S. 62-158 and Rule R6-84. Approval of the use of expansion funds as partial funding for a Project pursuant to G.S. 62-158 is not required for the Project to be eligible for Commission approval of the deferral accounting treatment under this Rule.

(e) Upon receiving Commission approval, the LDC may, on a monthly basis, debit the account in an amount equal to the LDC's currently authorized overall rate of return on its investment in Transmission Facilities constructed as part of Projects that have been completed but not included in rate base.

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