

SGA GENERAL ACCOUNTING/FINANCIAL REPORTING ROUNDTABLE Preliminary Questions 2007

- FAS 133
 - What is your process to ensure that there are no derivatives or embedded derivatives?
 - How long do you retain the documentation?
- SEC filings
 - Who is responsible? Is it a separate department?
- Work Management System
 - Which one do you use?
 - Does it track projects?
 - What financial system does your work management system interface with? Inventory, Accts Payable, Purchasing, Payroll
- Rate Cases
 - Period 2 (Forecasted period)
 - How far out from the historical year---18 months, 21 months, etc
 - Accounting adjustments
 - What type of adjustments do you use in rate cases?
 - Managing Recoverable/non-recoverable expenses
 - Special Coding
 - Managing Jurisdictional data vs. company/statewide data
 - System wide vs. jurisdictional rates
 - How is corporate costs allocated for rate cases vs. accounting?
 - Do you allocate corporate costs for accounting purposes?
 - Weather normalization
 - 10 year average?
 - 30 year average?
 - Decoupling initiatives
- FERC Application costs
 - What costs are included?
 - We are including all legal costs, employee time associated with planning for the merger, meals associated with planning and merger celebration, etc
- Expansion Costs
 - What costs are included?
- Loss for Reserves Policy
 - How do you determine your loss reserve?

- How often is it adjusted?
 - We adjust monthly
- How has SOX changed your reserve policy?
- How do you handle the lag between calculated reserves and rate case recovery?
- What items are generally reserved for?
- Which items are the most difficult to estimate?

- Estimated Assets/Liabilities
 - What are your largest estimates?
 - Do you true up in current year or following year?
 - How does the closing period affect the estimates?
 - Impacted by SOX?

- FIN 48 (Accounting for Uncertainty in Income Taxes)

- Acct 806 (Expense for Exchange gas)
 - What are the offsetting accounts?
 - What is the effect to your income statement?
 - Are these transactions related to acct 117.4 (gas owed to system gas)
 - How do other interstate pipelines' tariffs address transportation imbalances?
 - Exchange gas
 - Cash out settlements
 - Monthly?
 - Carry forward?

- Acct 117.4 (Gas Owed to System Gas)
 - How / when do other interstate pipeline's use this account

- Impairments
 - Testing procedures?
 - We use an internal person to do all of our testing.
 - Granularity of analysis?
 - For fixed assets
 - Over what period of time are non-discounted net cash flows determined?
 - How was the time period determined?
 - What is the appropriate cap rate for the terminal value?

- FAS 71
 - How do you manage situations where GAAP and FERC diverge?
 - Historical cost of purchase assets vs. the fair market value of assets in purchase accounting
 - Handling the rate recovery risk of the difference

- SOX
 - Account reconciliations
 - How long do you retain your reconciliations?
- Current value accounting
 - Is this a regulated/non-regulated issue?
 - Are we moving toward being appraisers rather than accountants?
- Alignment of General Ledger and regulatory reporting