



**Bear Creek Storage  
Company, L.L.C.**

a Kinder Morgan operated company

April 1, 2019

Ms. Kimberly D. Bose, Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426

Re: Bear Creek Storage Company, L.L.C.  
Docket No. RP19-51  
Cost and Revenue Study

Dear Ms. Bose:

In accordance with the Federal Energy Regulatory Commission's ("Commission") January 16, 2019 Order Instituting Investigation and Setting Matter for Hearing Pursuant to Section Five of the Natural Gas Act (the "Order")<sup>1</sup> in the above-referenced proceeding, On February 15, 2019, Bear Creek Storage Company, L.L.C. ("Bear Creek") filed a request for rehearing of such Order. Notwithstanding such request for rehearing, Bear Creek electronically submits herewith a cost and revenue study required by the Order and one additional cost and revenue study permitted by the Order as described more fully below. Bear Creek is serving this transmittal letter and filing on each party on the official service list in this proceeding.

As required by the Order, the first cost and revenue study (Appendix A) provides Bear Creek's cost and revenues for the twelve-month period from January 1, 2018 through December 31, 2018 (which is the latest 12-month period available as of the date of the Order). In compliance with the Order, this cost and revenue study includes each of the applicable schedules specified in Section 154.312 of the Commission's regulations except for Statement P. Furthermore, as required by the Order, it does not reflect any projections that may be attributable to a test period<sup>2</sup>. The Appendix A study reflects an overall annual cost of service of \$28,885,526. At Bear Creek's current rates, Bear Creek would under-collect this cost of service by \$1,745,382, absent an increase in Bear Creek's rates.

As permitted by the Order, Bear Creek has prepared a second study (Appendix B) illustrating cost and revenues that reflect adjustments for changes that are expected to occur through June 30, 2019 (i.e. a six month test period). The Appendix B study reflects an overall cost

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<sup>1</sup> 166 FERC ¶ 61,034 (2019).

<sup>2</sup> Operating expenses were adjusted to remove fuel related gas costs since Bear Creek has a fuel tracker.

of service of \$28,948,501. At Bear Creek's current rates, Bear Creek would under-collect this cost of service by approximately \$1,808,357, absent an increase in Bear Creek's rates.

Bear Creek is submitting these two cost and revenue studies to comply with the Commission's Order. Nothing contained herein shall serve as evidence of Bear Creek's preferred rate design or cost allocation methodology. Bear Creek reserves the right to propose, in any answering testimony in this proceeding, in any Section 4 rate proceeding, at hearing, or in any other appropriate filing, without prejudice, different methods of allocating and adjusting costs and revenues than are contained in this cost and revenue study, updated costs or revenues (including the provision for a test period adjustment), different rate designs, a different rate of return, different depreciation rates, a negative salvage rate, modified services or tariff provisions, including storage cycling provisions, as well as alternative methods to establish just and reasonable rates. This filing is without prejudice to any petition Bear Creek may make for judicial review of the Order and/or Bear Creek's request for rehearing of the Order filed on February 15, 2019.

The names, addresses, and telephone numbers of the persons to whom communications concerning this filing are to be addressed and upon whom service is to be made are as follows:

T. Brooks Henderson  
Director, Rates & Regulatory  
Bear Creek Storage Company, L.L.C.  
Post Office Box 2563  
Birmingham, Alabama 35202-2563  
(205) 325-3843  
[brooks\\_henderson@kindermorgan.com](mailto:brooks_henderson@kindermorgan.com)

Patricia S. Francis  
Assistant General Counsel  
Bear Creek Storage Company, L.L.C.  
Post Office Box 2563  
Birmingham, Alabama 35202-2563  
(205) 325-7696  
[patricia\\_francis@kindermorgan.com](mailto:patricia_francis@kindermorgan.com)

Respectfully submitted,

Bear Creek Storage Company, L.L.C.

By: /s/ T. Brooks Henderson  
T. Brooks Henderson  
Director, Rates & Regulatory  
Bear Creek Storage Company, L.L.C.

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding in accordance with the requirements of Rule 2010 of the Federal Energy Regulatory Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.2010.

Dated at Birmingham, Alabama this 1<sup>st</sup> day of April, 2019.

/s/ T. Brooks Henderson  
T. Brooks Henderson  
Director, Rates & Regulatory  
Bear Creek Storage Company, L.L.C.

**STATEMENT OF ACCOUNTING DIRECTOR**

Filing of Cost and Revenue Study on April 1, 2019  
For Bear Creek Storage Company, L.L.C.  
Docket No. RP19-51

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To the Federal Energy Regulatory Commission:

I, Lindsey Glisson, Director of Accounting of Bear Creek Storage Company, L.L.C. (“Bear Creek”), do hereby represent that the financial cost statements, supporting data and workpapers submitted as a part of the above identified filing by Bear Creek, which purport to reflect the books of Bear Creek do, in fact, set forth the results shown by such books.

/s/ Lindsey Glisson  
Lindsey Glisson  
Director of Accounting  
Bear Creek Storage Company, L.L.C.

Dated: April 1, 2019

Birmingham, Alabama

**BEAR CREEK STORAGE COMPANY, L.L.C.**

**APPENDIX A**

**WITHOUT TEST PERIOD**

**Bear Creek Storage Company, L.L.C.**  
**Overall Cost of Service**  
**Twelve Months Ended December 31, 2018, As Adjusted**

<u>Line No.</u>	<u>Description</u> (a)	<u>Reference</u> (b)	<u>Total</u> (c)
	Operation and Maintenance Expenses		
1	Underground Storage	Statement H-1	\$ 5,530,294
2	Administrative and General	Statement H-1	<u>1,418,090</u>
3	Total Operation and Maintenance Expenses		\$ 6,948,384
4	Depreciation/Amortization Expense	Statement H-2	\$ 940,811
5	Amortization of DIT Regulatory Liability	Statement H-2	(45,565)
6	Taxes Other than Income Taxes	Statement H-4	2,315,640
7	State Income Taxes	Statement H-3	1,011,790
8	Federal Income Taxes	Statement H-3	3,149,108
9	Return	Statement B	<u>14,565,358</u>
10	Total Cost of Service		<u><u>\$ 28,885,526</u></u>

**Bear Creek Storage Company, L.L.C.**  
**Rate Base and Return**  
**Twelve Months Ended December 31, 2018, As Adjusted**

<u>Line No.</u>	<u>Description</u> (a)	<u>Reference</u> (b)	<u>Total Storage</u> (c)
1	Gas Plant in Service	Statement C	\$ 186,277,348
2	Gas Plant Purchased or Sold	Statement C	-
3	Gas Plant Held for Future Use	Statement C	-
4	Construction Work In Progress	Statement C	-
5	Gas Plant Stored Underground (Non-Current)	Statement C	95,598,428
6	Accumulated Provision for Depreciation of Gas Utility Plant	Statement D	(155,074,268)
7	Accumulated Provision for Depletion and Amortization of Gas Utility Plant	Statement D	(534,391)
8	Net Utility Plant		<u>\$ 126,267,117</u>
9	Working Capital	Statement E	\$ 2,673,737
10	Accumulated Deferred Income Taxes	Schedule B-1	(2,358,506)
11	Regulatory Assets /(Liabilities)	Schedule B-2	<u>(1,342,812)</u>
12	Total Rate Base		<u>\$ 125,239,536</u>
13	Return on Rate Base at	11.63%	<u>\$ 14,565,358</u>

**Bear Creek Storage Company, L.L.C.**  
**Accumulated Deferred Income Taxes**  
**12 Month Period Ending December 31, 2018**

<u>Line No.</u>	<u>Description</u> (a)	<u>Account No. 190</u> (b)	<u>Account No. 282</u> (c)	<u>Account No. 283</u> (d)	<u>Total</u> (e)
Monthly Balances					
1	January, 2018	\$ -	\$ (3,032,862)	\$ (38,504)	\$ (3,071,366)
2	February	0	(3,122,179)	(38,710)	(3,160,889)
3	March	338,137	(2,248,286)	(38,712)	(1,948,861)
4	April	338,137	(2,362,684)	(39,348)	(2,063,895)
5	May	338,137	(2,390,848)	(39,263)	(2,091,974)
6	June	338,137	(2,504,169)	(39,219)	(2,205,251)
7	July	338,137	(2,524,571)	(39,216)	(2,225,650)
8	August	338,137	(2,539,989)	(39,247)	(2,241,099)
9	September	350,640	(2,626,802)	(39,247)	(2,315,409)
10	October	350,640	(2,641,562)	(39,115)	(2,330,037)
11	November	350,640	(2,659,125)	(39,067)	(2,347,552)
12	December	349,034	(2,826,813)	(40,241)	(2,518,020)
13	Adjustments	-	119,273	40,241	159,514
14	Claimed in Rate Base	<u>\$ 349,034</u>	<u>\$ (2,707,540)</u>	<u>\$ -</u>	<u>\$ (2,358,506)</u>



**Bear Creek Storage Company, L.L.C.**  
**Accumulated Deferred Income Taxes**  
**12 Month Period Ending December 31, 2018**

<u>Line No.</u>	<u>Description</u> (a)	<u>Acct</u> (b)	<u>Base Period Balance</u> (c)	<u>Excluded From Rate Base</u> (d)	<u>Adjusted Balance</u> (e)
	Account 190				
1	Excess DFIT	190	\$ 349,034	\$ -	\$ 349,034
2	Total Account 190		\$ 349,034	\$ -	\$ 349,034
	Account 282				
3	Depreciation	282	\$ (1,911,353)	\$ -	\$ (1,911,353)
4	AFUDC - Post 1987	282	(119,273)	119,273	-
5	Interest Capitalized	282	41,706	-	41,706
6	Removal Cost	282	(837,893)	-	(837,893)
7	Total Account 282		\$ (2,826,813)	\$ 119,273	\$ (2,707,540)
	Account 283				
8	AFUDC Gross-up	283	\$ (40,241)	\$ 40,241	\$ -
9	Total Account 283		(40,241)	40,241	-
10	Total DIT		\$ (2,518,020)	\$ 159,514	\$ (2,358,506)

**Bear Creek Storage Company, L.L.C.**  
**Regulatory Assets and Liabilities**  
**Twelve Months Ended December 31, 2018, As Adjusted**

<u>Line No.</u>	<u>Description</u> (a)	<u>Total</u> (b)	<u>Account 182.3</u> (c)	<u>Account 254</u> (d)
1	January, 2018	\$ (955,647)	\$ 186,879	\$ (1,142,526)
2	February	(917,065)	163,116	(1,080,181)
3	March	(2,216,753)	180,914	(2,397,667)
4	April	(2,371,078)	177,371	(2,548,449)
5	May	(2,508,073)	172,755	(2,680,828)
6	June	(2,621,299)	168,299	(2,789,598)
7	July	(2,692,589)	164,008	(2,856,597)
8	August	(2,825,306)	212,011	(3,037,317)
9	September	(2,976,455)	207,453	(3,183,908)
10	October	(1,508,315)	202,862	(1,711,177)
11	November	(1,947,056)	198,325	(2,145,381)
12	December	(2,405,274)	193,930	(2,599,204)
13	Adjustments	<u>\$ 1,062,462</u>	<u>\$ (193,930)</u>	<u>\$ 1,256,392</u>
14	Adjusted Balance	<u>\$ (1,342,812)</u>	<u>\$ -</u>	<u>\$ (1,342,812)</u>

**Bear Creek Storage Company, L.L.C.**  
**Regulatory Assets and Liabilities**  
**Twelve Months Ended December 31, 2018, As Adjusted**

<u>Line No.</u>	<u>Description</u> (a)	<u>Balance 12/31/18</u> (b)	<u>Adjustments</u> (c)	<u>Adjusted Balance</u> (d)
<b><u>Account No. 182.3</u></b>				
1	FERC ACA Regulatory Asset	\$ 39,122	\$ (39,122)	\$ -
2	AFUDC Regulatory Asset	<u>154,808</u>	<u>(154,808)</u>	<u>-</u>
3	Total Account No. 182.3	<u>\$ 193,930</u>	<u>\$ (193,930)</u>	<u>\$ -</u>
<b><u>Account No. 254</u></b>				
4	L& U Fuel Regulatory Liability	\$ (1,256,392)	\$ 1,256,392	\$ -
5	DIT Regulatory Liability 1/	<u>(1,342,812)</u>	<u>-</u>	<u>(1,342,812)</u>
6	Total Account No. 254	<u>\$ (2,599,204)</u>	<u>\$ 1,256,392</u>	<u>\$ (1,342,812)</u>
7	Total	<u>\$ (2,405,274)</u>	<u>\$ 1,062,462</u>	<u>\$ (1,342,812)</u>

1/ Established per Tax Cuts and Jobs Act of 2017.

**Bear Creek Storage Company, L.L.C.**  
**Cost of Plant**  
**Twelve Months Ended December 31, 2018**

<u>Line No.</u>	<u>Description</u> (a)	<u>FERC</u> <u>Account No.</u> (b)	<u>Balance Per</u> <u>Books at</u> <u>January 1, 2018</u> (c)	<u>Additions</u> (d)	<u>Reductions</u> (e)	<u>Other</u> <u>Changes</u> (f)	<u>Balance Per</u> <u>Books at</u> <u>December 31, 2018</u> (g)	<u>Adjustments</u> (h)	<u>Plant as</u> <u>Adjusted</u> (i)
1	Gas Plant in Service	101	\$ 183,311,932	\$ 3,546,346	\$ (580,929)	\$ -	\$ 186,277,348	\$ -	\$ 186,277,348
2	Gas Plant Purchased or Sold	102	-	-	-	-	-	-	-
3	Experimental Gas Plant, Unclassified	103	-	-	-	-	-	-	-
4	Gas Plant Leased to Others	104	-	-	-	-	-	-	-
5	Gas Plant Held for Future Use	105	-	-	-	-	-	-	-
6	Completed Construction, Not Classified	106	-	-	-	-	-	-	-
7	Construction Work in Progress	107	642,570	3,190,422	(3,507,657)	-	325,335	(325,335)	-
8	Gas Stored Underground - Noncurrent	117.1	95,598,428	-	-	-	95,598,428	-	95,598,428
9	Gas Stored Underground - Noncurrent	117.2	-	-	-	-	-	-	-
10	Total Cost of Plant		<u>\$ 279,552,930</u>	<u>\$ 6,736,768</u>	<u>\$ (4,088,586)</u>	<u>\$ -</u>	<u>\$ 282,201,112</u>	<u>\$ (325,335)</u>	<u>\$ 281,875,777</u>

**Bear Creek Storage Company, L.L.C.**  
**Detailed Plant Accounts**  
**FERC Prime Account Nos. 101 and 105**  
**Twelve Months Ended December 31, 2018**

<u>Line No.</u>	<u>Account No.</u> (a)	<u>Description</u> (b)	<u>Balance Per</u> <u>Books at</u> <u>December 31, 2018</u> (c)	<u>Adjustments</u> (d)	<u>Plant as</u> <u>Adjusted</u> (e)
<b>Intangible</b>					
1	301	Organization	\$ -	\$ -	\$ -
2	302	Franchises and Consents	477,992		477,992
3	303	Miscellaneous Intangible Plant	187,793	-	187,793
4	Total Intangible		\$ 665,785	\$ -	\$ 665,785
<b>Production and Gathering</b>					
5	325.4	Rights-of-Way	\$ -	\$ -	\$ -
6	325.5	Other Land and Land Rights	-	-	-
7	328	Field Measuring and Regulating Station Structures	-	-	-
8	329	Other Structures	-	-	-
9	332	Field Lines	-	-	-
10	334	Field Measuring and Regulating Station Equipment	-	-	-
11	336	Purification Equipment	-	-	-
12	371	Other Equipment	-	-	-
13	Total Production		\$ -	\$ -	\$ -
<b>Natural Gas Storage - Underground</b>					
14	350.1	Land	\$ 1,205,252	\$ -	\$ 1,205,252
15	350.2	Rights-of-Way	1,888,059	-	1,888,059
16	351	Structures and Improvements	13,560,561	-	13,560,561
17	352	Wells	43,142,346	-	43,142,346
18	352.1	Storage Leaseholds and Rights	3,169,669	-	3,169,669
19	352.2	Reservoirs	21,840,651	-	21,840,651
20	352.3	Nonrecoverable Natural Gas	6,896,425	-	6,896,425
21	353	Lines	20,083,667	-	20,083,667
22	354	Compressor Station Equipment	53,677,186	-	53,677,186
23	355	Measuring and Regulating Equipment	4,181,298	-	4,181,298
24	356	Purification Equipment	15,122,911	-	15,122,911
25	357	Other Equipment	32,806	-	32,806
26	369	Measuring and Regulating Equipment	-	-	-
27	Total Natural Gas Storage - Underground		\$ 184,800,829	\$ -	\$ 184,800,829
<b>Transmission - Onshore</b>					
28	365.1	Land and Land Rights	\$ -	\$ -	\$ -
29	365.2	Rights-of-Way	-	-	-
30	366	Structures and Improvements	-	-	-
31	367	Mains	-	-	-
32	368	Compressor Station Equipment	-	-	-
33	369	Measuring and Regulating Station Equipment	-	-	-
34	370	Communication Equipment	-	-	-
35	371	Other Equipment	-	-	-
36	Total Transmission - Onshore		\$ -	\$ -	\$ -

**Bear Creek Storage Company, L.L.C.**  
**Detailed Plant Accounts**  
**FERC Prime Account Nos. 101 and 105**  
**Twelve Months Ended December 31, 2018**

<u>Line No.</u>	<u>Account No.</u> (a)	<u>Description</u> (b)	<u>Balance Per</u> <u>Books at</u> <u>December 31, 2018</u> (c)	<u>Adjustments</u> (d)	<u>Plant as</u> <u>Adjusted</u> (e)
<b>Transmission - Offshore</b>					
37	365.1	Land and Land Rights	\$ -	\$ -	\$ -
38	365.2	Rights-of-Way	-	-	-
39	366	Structures and Improvements	-	-	-
40	367	Mains	-	-	-
41	368	Compressor Station Equipment	-	-	-
42	369	Measuring and Regulating Station Equipment	-	-	-
43	370	Communication Equipment	-	-	-
44	371	Other Equipment	-	-	-
45	Total Transmission - Offshore		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
46	<b>Total Transmission Plant</b>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>General Plant</b>					
47	389.1	Land	\$ -	\$ -	\$ -
48	390	Structures and Improvements	-	-	-
49	391.1	Office Furniture and Supplies	25,710	-	25,710
50	391.2	Computer Equipment	64,807	-	64,807
51	391.3	Electronic Test Equipment	-	-	-
52	392	Transportation Equipment	150,304	-	150,304
53	393	Stores Equipment	-	-	-
54	394	Tools, Shop and Garage Equipment	464,675	-	464,675
55	395	Laboratory Equipment	-	-	-
56	396	Power Operated Equipment	69,020	-	69,020
57	397	Communication Equipment	23,743	-	23,743
58	398	Miscellaneous Equipment	12,476	-	12,476
59	Total General Plant - Onshore		<u>\$ 810,734</u>	<u>\$ -</u>	<u>\$ 810,734</u>
60	<b>Total Account 101</b>		<u>\$ 186,277,348</u>	<u>\$ -</u>	<u>\$ 186,277,348</u>
<b>Gas Plant - Held for Future Use</b>					
61	302	Franchise and Consents	\$ -	\$ -	\$ -
62	365.1	Land and Land Rights	-	-	-
63	365.2	Rights-of-Way	-	-	-
64	366.2	Measuring and Regulating Station Structures	-	-	-
65	367	Mains	-	-	-
66	369	Measuring and Regulating Station Equipment	-	-	-
67	Total Gas Plant - Held for Future Use		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
68	<b>Total Account 105</b>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
69	<b>Total Accounts 101 and 105</b>		<u>\$ 186,277,348</u>	<u>\$ -</u>	<u>\$ 186,277,348</u>

**Bear Creek Storage Company, L.L.C.**  
**Work Orders Claimed in Rate Base**

<u>Line No.</u>	<u>Work Order Number</u> (a)	<u>Description</u> (b)	<u>Docket Number</u> (c)	<u>Account 106</u> (d)	<u>Dollar Amounts</u> <u>Account 107</u> (e)	<u>Account 108</u> (f)
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No work orders claimed in rate base since using 12/31/18 actuals per paragraph #15 in FERC order issued 1/16/19 in RP19-51.

Bear Creek Storage Company, L.L.C  
 Storage Data  
 Twelve Months Ending 12/31/18  
 Volumes in Dth

Line No.	Storage Account	Storage Account Name	Storage Activity Date	Beginning Balance Volume	Beginning Balance Cost	Storage Activity Volume	Storage Activity Cost	Ending Balance Volume	Ending Balance Cost
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	117.1	Base Gas	January-18	43,225,310	\$ 95,598,428	-	-	43,225,310	\$ 95,598,428
2	117.1	Base Gas	February-18	43,225,310	\$ 95,598,428	-	-	43,225,310	\$ 95,598,428
3	117.1	Base Gas	March-18	43,225,310	\$ 95,598,428	-	-	43,225,310	\$ 95,598,428
4	117.1	Base Gas	April-18	43,225,310	\$ 95,598,428	-	-	43,225,310	\$ 95,598,428
5	117.1	Base Gas	May-18	43,225,310	\$ 95,598,428	-	-	43,225,310	\$ 95,598,428
6	117.1	Base Gas	June-18	43,225,310	\$ 95,598,428	-	-	43,225,310	\$ 95,598,428
7	117.1	Base Gas	July-18	43,225,310	\$ 95,598,428	-	-	43,225,310	\$ 95,598,428
8	117.1	Base Gas	August-18	43,225,310	\$ 95,598,428	-	-	43,225,310	\$ 95,598,428
9	117.1	Base Gas	September-18	43,225,310	\$ 95,598,428	-	-	43,225,310	\$ 95,598,428
10	117.1	Base Gas	October-18	43,225,310	\$ 95,598,428	-	-	43,225,310	\$ 95,598,428
11	117.1	Base Gas	November-18	43,225,310	\$ 95,598,428	-	-	43,225,310	\$ 95,598,428
12	117.1	Base Gas	December-18	43,225,310	\$ 95,598,428	-	-	43,225,310	\$ 95,598,428
13	117.2	System Gas	January-18	-	-	-	-	-	-
14	117.2	System Gas	February-18	-	-	-	-	-	-
15	117.2	System Gas	March-18	-	-	-	-	-	-
16	117.2	System Gas	April-18	-	-	-	-	-	-
17	117.2	System Gas	May-18	-	-	-	-	-	-
18	117.2	System Gas	June-18	-	-	-	-	-	-
19	117.2	System Gas	July-18	-	-	-	-	-	-
20	117.2	System Gas	August-18	-	-	-	-	-	-
21	117.2	System Gas	September-18	-	-	-	-	-	-
22	117.2	System Gas	October-18	-	-	-	-	-	-
23	117.2	System Gas	November-18	-	-	-	-	-	-
24	117.2	System Gas	December-18	-	-	-	-	-	-
25	117.4	Gas Owed to System	January-18	285,129	\$ 321,716	(2,926)	\$ (13,292)	282,203	\$ 308,423
26	117.4	Gas Owed to System	February-18	282,203	\$ 308,423	135,810	\$ 575,547	418,013	\$ 883,970
27	117.4	Gas Owed to System	March-18	418,013	\$ 883,970	(16,869)	\$ (254,094)	401,144	\$ 629,876
28	117.4	Gas Owed to System	April-18	401,144	\$ 629,876	12,618	\$ (26,622)	413,762	\$ 603,255
29	117.4	Gas Owed to System	May-18	413,762	\$ 603,255	47,645	\$ 152,228	461,407	\$ 755,482
30	117.4	Gas Owed to System	June-18	461,407	\$ 755,482	9,813	\$ 67,663	471,220	\$ 823,145
31	117.4	Gas Owed to System	July-18	471,220	\$ 823,145	40,516	\$ 167,445	511,736	\$ 990,590
32	117.4	Gas Owed to System	August-18	511,736	\$ 990,590	35,133	\$ 53,302	546,869	\$ 1,043,892
33	117.4	Gas Owed to System	September-18	546,869	\$ 1,043,892	46,845	\$ 166,297	593,714	\$ 1,210,189
34	117.4	Gas Owed to System	October-18	593,714	\$ 1,210,189	27,204	\$ 102,495	620,918	\$ 1,312,684
35	117.4	Gas Owed to System	November-18	620,918	\$ 1,312,684	(577,896)	\$ (1,515,680)	43,022	\$ (202,996)
36	117.4	Gas Owed to System	December-18	43,022	\$ (202,996)	197,425	\$ 817,291	240,447	\$ 614,296



Docket No. RP19-51  
Schedule C-4  
(Working Papers)

**Bear Creek Storage Company, L.L.C.  
Methods and Procedures Used in  
Capitalizing Allowance for Funds Used  
During Construction and Other Construction Overheads**

The company has not changed the methods and procedures used in capitalizing the allowance for funds used during construction and other construction overheads since the end of the year reported in the last FERC Form No. 2.

Docket No. RP19-51  
Schedule C-5  
(Working Papers)

**Bear Creek Storage Company, L.L.C.  
Gas Utility Plant Which Is Not  
Being Used In Rendering Gas Service**

No significant change in amount has occurred since the end of the year reported in the last FERC Form 2.

**Bear Creek Storage Company, L.L.C.**  
**Accumulated Provision for Depreciation and Amortization**  
**Twelve Months Ended December 31, 2018**

<u>Line No.</u>	<u>Description</u> (a)	<u>Beginning Balance January 1, 2018</u> (b)	<u>Accruals</u> (c)	<u>Retirements</u> (d)	<u>Other</u> (e)	<u>Balance Per Books December 31, 2018</u> (f)
<u>Account 108.1 Accumulated Provision for Depreciation of Gas Utility Plant</u>						
Production Plant						
Natural Gas Production and Gathering Plant						
1	Onshore	\$ -	\$ -	\$ -	\$ -	\$ -
2	Offshore	-	-	-	-	-
3	Products Extraction Plant	-	-	-	-	-
4	Total Production Plant	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
5	Underground Storage Plant	<u>\$ 156,254,894</u>	<u>\$ 911,012</u>	<u>\$ (2,242,854)</u>	<u>\$ -</u>	<u>\$ 154,923,052</u>
Transmission Plant						
6	Onshore	\$ -	\$ -	\$ -	\$ -	\$ -
7	Offshore	-	-	-	-	-
8	Total Transmission Plant	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
9	General Plant	<u>\$ 147,480</u>	<u>\$ 3,736</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 151,216</u>
10	Total Account 108.1	<u>\$ 156,402,374</u>	<u>\$ 914,748</u>	<u>\$ (2,242,854)</u>	<u>\$ -</u>	<u>\$ 155,074,268</u>
11	<u>Account 108.2 Retirement Work in Progress</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Account 108.3 Reimbursements for Alterations to Existing Facilities</u>						
Natural Gas Production & Gathering Plant						
12	Onshore	\$ -	\$ -	\$ -	\$ -	\$ -
13	Offshore	-	-	-	-	-
Transmission Plant						
14	Onshore	\$ -	\$ -	\$ -	\$ -	\$ -
15	Offshore	-	-	-	-	-
16	Underground Storage Plant	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
17	Total Account 108.3	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
18	Total Account 108	<u>\$ 156,402,374</u>	<u>\$ 914,748</u>	<u>\$ (2,242,854)</u>	<u>\$ -</u>	<u>\$ 155,074,268</u>
<u>Account 111.3 Accumulated Provision for Amortization of Other Gas Plant in Service</u>						
19	Intangible Plant	\$ 517,262	\$ 17,130	\$ -	\$ -	\$ 534,391
20	General Plant	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
21	Total Account 111.3	<u>\$ 517,262</u>	<u>\$ 17,130</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 534,391</u>
22	Total Accumulated Provision for Depreciation and Amortization	<u>\$ 156,919,636</u>	<u>\$ 931,878</u>	<u>\$ (2,242,854)</u>	<u>\$ -</u>	<u>\$ 155,608,660</u>

Docket No. RP19-51  
Schedule D-1  
(Working Papers)

**Bear Creek Storage Company, L.L.C.  
Depreciation Reserve Book Balance Workpaper**

Bear Creek's current depreciation rates were established as part of a settlement approved by the FERC on August 15, 2012 in Docket No. RP121-121-000 (140 FERC ¶ 61,129).

**Bear Creek Storage Company, L.L.C.  
Methods and Procedures for Depreciating,  
Depleting, and Amortizing Plant**

Bear Creek has not made a change in the methods and procedures followed in depreciating, depleting, or amortizing plant and recording abandonments since the period covered by the last annual report on FERC Form 2 (pages 336-338).

**Bear Creek Storage Company, L.L.C.**  
**Working Capital**  
**Twelve Months Ended December 31, 2018**

<u>Line</u> <u>No.</u>	<u>Description</u> (a)	<u>Reference</u> (b)	<u>Total</u> (c)
1	Prepaid Rent	Schedule E-2	\$ -
2	Other Prepayments	Schedule E-2	20,860
3	Materials and Supplies	Schedule E-2	<u>2,652,877</u>
4	Total Working Capital		\$ 2,673,737

**Bear Creek Storage Company, L.L.C.  
Cash Working Capital**

Bear Creek has not reflected any cash working capital in the rate base calculation.

**Bear Creek Storage Company, L.L.C.**  
**Working Capital - Monthly Balances**  
**Twelve Months Ended December 31, 2018**

<u>Line No.</u>	<u>Description</u> (a)	<u>Account 165</u>		<u>Account 154</u>	<u>Total</u> (e)
		<u>Prepaid Rent</u> (b)	<u>Prepayments</u> (c)	<u>Materials and Supplies</u> (d)	
1	December, 2017	\$ -	\$ 37,000	\$ 2,654,140	\$ 2,691,140
2	January, 2018	-	-	2,660,321	2,660,321
3	February	-	-	2,695,765	2,695,765
4	March	-	-	2,586,669	2,586,669
5	April	-	-	2,554,990	2,554,990
6	May	-	-	2,528,042	2,528,042
7	June	-	-	2,481,207	2,481,207
8	July	-	38,060	2,668,475	2,706,535
9	August	-	30,448	2,662,868	2,693,316
10	September	-	22,836	2,748,545	2,771,381
11	October	-	55,224	2,693,970	2,749,194
12	November	-	47,612	2,767,952	2,815,564
13	December	-	40,000	2,784,457	2,824,457
14	13 Month Total	\$ -	\$ 271,180	\$ 34,487,401	\$ 34,758,581
15	13 Month Average Balance	\$ -	\$ 20,860	\$ 2,652,877	\$ 2,673,737
16	Test Period Adjustment	\$ -	\$ -	\$ -	\$ -
17	Adjusted Balance	\$ -	\$ 20,860	\$ 2,652,877	\$ 2,673,737



**Bear Creek Storage Company, L.L.C.**  
**Storage Information**  
**Twelve Months Ended December 31, 2018**

Schedule E-3 is not applicable since there are no quantities and respective costs for FERC accounts 117.3, 164.1, 164.2 and 164.3.

Rate of Return For Bear Creek Storage Company, L.L.C.

This cost and revenue study reflects an overall rate of return of 11.63%. Bear Creek is owned 50% by Southern Natural Gas Company, L.L.C. (“SNG”) and 50% by Tennessee Gas Pipeline Company, L.L.C. (“TGP”). Consequently, as depicted on Statement F-2, the overall rate of return reflects the average equity capitalization of SNG and TGP of 65.22% and the average debt capitalization of SNG and TGP of 34.78% as of December 31, 2018. A return on equity of 14.50% is utilized. This return on equity of 14.50% is equivalent to equity returns filed in recent proceedings (Texas Eastern, RP19-343; WBI Energy Transmission, RP19-165). Bear Creek reserves the right to support a different return on equity in its answering testimony. Statement F-3 indicates a debt cost of 6.23%, which is the average debt cost of SNG and TGP as of December 31, 2018. Statement F-4 indicates that Bear Creek has no preferred stock.

Bear Creek Storage Company, L.L.C.  
Capitalization and Rate of Return

<u>Line No.</u>	<u>Capital Categories</u> (a)	<u>Base Period Capitalization At 12/31/18</u> (b)	<u>Percent of Total Capital (%)</u> (c)	<u>Cost of Capital (%)</u> (d)	<u>Claimed Rate of Return (%)</u> (e)
1	Long-Term Debt	\$ 1,450,500,000 1/	34.78%	6.23% 3/	2.17%
2	Preferred Stock	\$ -	0.00%	0.00%	0.00%
3	Common Stock	\$ <u>2,719,972,628</u> 2/	<u>65.22%</u>	14.50%	<u>9.46%</u>
4	Total Capital	\$ 4,170,472,628	100.00%		11.63%

1/ Reflects average of TGP and SNG as follows:

SNG debt \$1,111,000,000

TGP debt \$1,790,000,000

Average \$1,450,500,000

2/ Reflects average of TGP and SNG as follows:

SNG equity \$1,400,806,128

TGP equity \$4,039,139,128

Average \$2,719,972,628

3/ Reflects average of TGP and SNG debt cost as reflected in Statement F-3

Bear Creek Storage Company, L.L.C.  
Long -Term Debt Capital As of December 31, 2018

Line No.	Debt Instrument	Date of Issuance	Date of Maturity	Interest Rate	Acct No. 221 Principal Amount Outstanding	Acct No. 226 Unamortized Debt Discount	Acct No. 181 Unamortized Debt Expense	Acct No. 189/257 Unamortized Loss on Recquired Debt	Net Proceeds Amount	Net Proceeds as a Percent of Principal	Interest Cost on Principal	428 Amortization of Debt Discount	Acc No. 428 Amortization of Debt Expense	428.1/429.1 Amortization of Loss on Recquired Debt	Annual Cost	Debt Cost
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j) / (e)	(k) x (e)	(l)	(m)	(n)	(o)	(p)
									(e-f-g-h)	(j) / (e)	(k) x (e)	(l)	(m)	(n)	(k+l+m+n)	(o) / (j)
<b>TGP</b>																
1	TGP 4.75% Intercompany Note	2/1/16	2/1/19	4.750%	250,000,000	-	-	-	250,000,000	100.00%	11,875,000	-	-	-	11,875,000	
2	TGP 7% Debenture Due 2027	3/31/1997	3/15/2027	7.000%	300,000,000	1,039,449	226,851	-	298,733,700	99.58%	21,000,000	126,677	27,646	-	21,154,323	
3	TGP 7% Debenture Due 2028	10/9/1988	10/15/2028	7.000%	400,000,000	2,904,620	115,786	-	396,979,594	99.24%	28,000,000	296,726	11,828	-	28,308,554	
4	TGP 3.00% Intercompany Note	4/1/17	4/1/2020	3.000%	300,000,000	-	-	-	300,000,000	100.00%	9,000,000	-	-	-	9,000,000	
5	TGP 7.625% Debenture Due 2037	3/13/1997	4/1/2037	7.625%	300,000,000	3,029,365	88,754	-	296,881,881	98.96%	22,875,000	165,993	4,863	-	23,045,856	
6	TGP 8.375% Debenture Due 2032	6/10/2002	6/15/2032	8.375%	<u>240,000,000</u>	<u>1,060,921</u>	<u>45,426</u>	-	<u>238,893,653</u>	<u>99.54%</u>	<u>20,100,000</u>	<u>78,846</u>	<u>3,376</u>	-	<u>20,182,222</u>	
7	Total TGP At 12/31/18				1,790,000,000	8,034,355	476,817	-	1,781,488,828		112,850,000	668,242	47,714	-	113,565,955	<u>6.37%</u>
<b>SNG</b>																
8	SNG 4.80% Due 2047	04/15/17	04/15/47	4.80%	\$400,000,000	\$0	\$1,122,302	\$3,816,083	\$395,061,615	98.77%	\$19,200,000	\$0	\$17,941	\$60,547	\$ 19,278,488	
9	SNG 7.35% Due 2031	02/15/01	02/15/31	7.35%	\$153,280,000	\$5,293,145	\$65,016	\$948,381	\$146,973,458	95.89%	\$11,266,080	\$403,373	\$4,955	\$72,435	\$ 11,746,843	
10	SNG 8.00% Due 2032	03/01/02	03/01/32	8.00%	\$257,720,000	\$3,556,865	\$345,631	\$1,703,144	\$252,114,360	97.82%	\$20,617,600	\$251,073	\$24,397	\$120,222	\$ 21,013,292	
11	SNG 4.40% Due 2021	06/15/11	06/15/21	4.40%	<u>\$300,000,000</u>	<u>\$0</u>	<u>\$92,059</u>	<u>\$1,013,878</u>	<u>\$298,894,063</u>	<u>99.63%</u>	<u>\$13,200,000</u>	<u>\$0</u>	<u>\$26,641</u>	<u>\$293,403</u>	<u>\$ 13,520,044</u>	
12	Total SNG At 12/31/18				\$1,111,000,000	\$8,850,010	\$1,625,008	\$7,481,486	\$1,093,043,496		\$64,283,680	\$654,446	\$73,934	\$546,607	\$65,558,667	<u>6.00%</u>

13 Weighted Average Debt Cost of TGP and SNG

14 (Bear Creek owned 50% by TGP and 50% by SNG; therefore, using average debt cost of TGP and SNG)

**6.23%**

Bear Creek Storage Company, L.L.C.  
Preferred Stock Capital As of December 31, 2018

Bear Creek has no preferred stock as of December 31, 2018.

BEAR CREEK STORAGE COMPANY, L.L.C.  
SUMMARY OF REVENUES, CREDITS AND BILLING DETERMINANTS  
TWELVE MONTH PERIOD ENDING 12/31/2018  
BASE PERIOD

<u>Line No.</u>	<u>Service Type</u>	<u>Billing Determinants (Dth)</u>	<u>Revenue</u>
	(a)	(b)	(c)
1	SSP-DELIVERABILITY	6,126,000	\$ 13,260,003
2	SSP-CAPACITY	796,380,000	\$ 13,259,727
3	SSP-INJECTIONS/WITHDRAWALS	115,168,817	\$ <u>620,414</u>
4	TOTAL REVENUE		\$ 27,140,144

BEAR CREEK STORAGE COMPANY, L.L.C.  
SUMMARY OF REVENUES, CREDITS AND BILLING DETERMINANTS  
TWELVE MONTH PERIOD ENDING 12/31/2018, AS ADJUSTED FOR UPDATED RATES

Line No.	Service Type	Billing Determinants (Dth)	Revenue
	(a)	(b)	(c)
1	SSP-DELIVERABILITY	6,126,000	\$ 13,157,764
2	SSP-CAPACITY	796,380,000	\$ 13,157,764
3	SSP-INJECTIONS/WITHDRAWALS	115,168,817	<u>\$ 2,569,998</u>
4	TOTAL REVENUE		\$ 28,885,526

BEAR CREEK STORAGE COMPANY, L.L.C.  
BILLING DETERMINANTS  
12 MONTHS ENDING DECEMBER 31, 2018  
(DTH)

Line No.	Affiliate	Rate Schedule	Shipper Name	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	12 Mo. Total
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	
1		<b>Reservation - Demand</b>														
2	*	SSP-DELIVERABILITY	SOUTHERN NATURAL GAS COMPANY	255,250	255,250	255,250	255,250	255,250	255,250	255,250	255,250	255,250	255,250	255,250	255,250	3,063,000
3	*	SSP-DELIVERABILITY	TENNESSEE GAS PIPELINE	255,250	255,250	255,250	255,250	255,250	255,250	255,250	255,250	255,250	255,250	255,250	255,250	3,063,000
4		TOTAL RESERVATION - SSP DELIVERABILITY		510,500	510,500	510,500	510,500	510,500	510,500	510,500	510,500	510,500	510,500	510,500	510,500	6,126,000
5		<b>Reservation - Capacity</b>														
6	*	SSP-CAPACITY	SOUTHERN NATURAL GAS COMPANY	33,182,500	33,182,500	33,182,500	33,182,500	33,182,500	33,182,500	33,182,500	33,182,500	33,182,500	33,182,500	33,182,500	33,182,500	398,190,000
7	*	SSP-CAPACITY	TENNESSEE GAS PIPELINE	33,182,500	33,182,500	33,182,500	33,182,500	33,182,500	33,182,500	33,182,500	33,182,500	33,182,500	33,182,500	33,182,500	33,182,500	398,190,000
8		TOTAL RESERVATION - SSP CAPACITY		66,365,000	66,365,000	66,365,000	66,365,000	66,365,000	66,365,000	66,365,000	66,365,000	66,365,000	66,365,000	66,365,000	66,365,000	796,380,000
9		<b>Commodity</b>														
10	*	SSP-INJECTIONS/WITHDRAWALS	SOUTHERN NATURAL GAS COMPANY	6,952,353	3,741,005	2,343,589	3,278,289	4,162,915	3,359,179	2,399,333	2,084,161	1,856,530	2,587,653	3,791,689	5,075,047	41,631,743
11	*	SSP-INJECTIONS/WITHDRAWALS	TENNESSEE GAS PIPELINE	11,632,276	5,891,120	7,172,458	3,764,195	3,477,179	4,017,805	3,322,807	4,722,619	4,459,521	5,124,145	9,171,787	10,781,162	73,537,074
12		TOTAL COMMODITY - SSP-INJECTIONS/WITHDRAWALS		18,584,629	9,632,125	9,516,047	7,042,484	7,640,094	7,376,984	5,722,140	6,806,780	6,316,051	7,711,798	12,963,476	15,856,209	115,168,817

\*Affiliate



BEAR CREEK STORAGE COMPANY, L.L.C.  
BILLING REVENUES  
12 MONTHS ENDING DECEMBER 31, 2018

Line No.	Rate Affiliate	Schedule	Shipper Name	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	12 Mo. Total
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	
1			<b>Reservation - Demand</b>													
2	*	SSP-DELIVERABILITY	SOUTHERN NATURAL GAS COMPANY	\$ 552,500	\$ 552,500	\$ 552,500	\$ 552,500	\$ 552,500	\$ 552,500	\$ 552,500	\$ 552,500	\$ 552,500	\$ 552,500	\$ 552,500	\$ 552,500	\$ 6,630,001
3	*	SSP-DELIVERABILITY	TENNESSEE GAS PIPELINE	\$ 552,500	\$ 552,500	\$ 552,500	\$ 552,500	\$ 552,500	\$ 552,500	\$ 552,500	\$ 552,500	\$ 552,500	\$ 552,500	\$ 552,500	\$ 552,500	\$ 6,630,001
4			TOTAL RESERVATION - SSP DELIVERABILITY	\$ 1,105,000	\$ 1,105,000	\$ 1,105,000	\$ 1,105,000	\$ 1,105,000	\$ 1,105,000	\$ 1,105,000	\$ 1,105,000	\$ 1,105,000	\$ 1,105,000	\$ 1,105,000	\$ 1,105,000	\$ 13,260,003
5			<b>Reservation - Capacity</b>													
6	*	SSP-CAPACITY	SOUTHERN NATURAL GAS COMPANY	\$ 552,489	\$ 552,489	\$ 552,489	\$ 552,489	\$ 552,489	\$ 552,489	\$ 552,489	\$ 552,489	\$ 552,489	\$ 552,489	\$ 552,489	\$ 552,489	\$ 6,629,864
7	*	SSP-CAPACITY	TENNESSEE GAS PIPELINE	\$ 552,489	\$ 552,489	\$ 552,489	\$ 552,489	\$ 552,489	\$ 552,489	\$ 552,489	\$ 552,489	\$ 552,489	\$ 552,489	\$ 552,489	\$ 552,489	\$ 6,629,864
8			TOTAL RESERVATION - SSP CAPACITY	\$ 1,104,977	\$ 1,104,977	\$ 1,104,977	\$ 1,104,977	\$ 1,104,977	\$ 1,104,977	\$ 1,104,977	\$ 1,104,977	\$ 1,104,977	\$ 1,104,977	\$ 1,104,977	\$ 1,104,977	\$ 13,259,727
9			<b>Commodity</b>													
10	*	SSP-INJECTIONS/WITHDRAWALS	SOUTHERN NATURAL GAS COMPANY	\$ 37,452	\$ 20,153	\$ 12,625	\$ 17,660	\$ 22,426	\$ 18,096	\$ 12,925	\$ 11,227	\$ 10,001	\$ 13,940	\$ 20,426	\$ 27,339	\$ 224,270
11	*	SSP-INJECTIONS/WITHDRAWALS	TENNESSEE GAS PIPELINE	\$ 62,663	\$ 31,735	\$ 38,638	\$ 20,278	\$ 18,732	\$ 21,644	\$ 17,900	\$ 25,441	\$ 24,023	\$ 27,604	\$ 49,408	\$ 58,078	\$ 396,144
12			TOTAL COMMODITY - SSP-INJECTIONS/WITHDRAWALS	\$ 100,115	\$ 51,888	\$ 51,263	\$ 37,938	\$ 41,157	\$ 39,740	\$ 30,825	\$ 36,668	\$ 34,025	\$ 41,543	\$ 69,834	\$ 85,417	\$ 620,414

\*Affiliate

BEAR CREEK STORAGE COMPANY, L.L.C.  
BILLING DETERMINANTS  
12 MONTHS ENDING DECEMBER 31, 2018, AS ADJUSTED FOR UPDATED RATES

Billing determinants same as reflected on Schedule G-1.1.

BEAR CREEK STORAGE COMPANY, L.L.C.  
BILLING REVENUES  
12 MONTHS ENDING December 31, 2018, AS ADJUSTED FOR UPDATED RATES

Line No.	Rate Affiliate Schedule	Shipper Name	January	February	March	April	May	June	July	August	September	October	November	December	12 Mo. Total
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)
1	<b>Reservation - Demand</b>														
2	* SSP-DELIVERABILITY	SOUTHERN NATURAL GAS COMPANY	\$ 548,240	\$ 548,240	\$ 548,240	\$ 548,240	\$ 548,240	\$ 548,240	\$ 548,240	\$ 548,240	\$ 548,240	\$ 548,240	\$ 548,240	\$ 548,240	\$ 6,578,882
3	* SSP-DELIVERABILITY	TENNESSEE GAS PIPELINE	\$ 548,240	\$ 548,240	\$ 548,240	\$ 548,240	\$ 548,240	\$ 548,240	\$ 548,240	\$ 548,240	\$ 548,240	\$ 548,240	\$ 548,240	\$ 548,240	\$ 6,578,882
4	TOTAL RESERVATION - SSP DELIVERABILITY		\$ 1,096,480	\$ 1,096,480	\$ 1,096,480	\$ 1,096,480	\$ 1,096,480	\$ 1,096,480	\$ 1,096,480	\$ 1,096,480	\$ 1,096,480	\$ 1,096,480	\$ 1,096,480	\$ 1,096,480	\$ 13,157,764
5	<b>Reservation - Capacity</b>														
6	* SSP-CAPACITY	SOUTHERN NATURAL GAS COMPANY	\$ 548,240	\$ 548,240	\$ 548,240	\$ 548,240	\$ 548,240	\$ 548,240	\$ 548,240	\$ 548,240	\$ 548,240	\$ 548,240	\$ 548,240	\$ 548,240	\$ 6,578,882
7	* SSP-CAPACITY	TENNESSEE GAS PIPELINE	\$ 548,240	\$ 548,240	\$ 548,240	\$ 548,240	\$ 548,240	\$ 548,240	\$ 548,240	\$ 548,240	\$ 548,240	\$ 548,240	\$ 548,240	\$ 548,240	\$ 6,578,882
8	TOTAL RESERVATION - SSP CAPACITY		\$ 1,096,480	\$ 1,096,480	\$ 1,096,480	\$ 1,096,480	\$ 1,096,480	\$ 1,096,480	\$ 1,096,480	\$ 1,096,480	\$ 1,096,480	\$ 1,096,480	\$ 1,096,480	\$ 1,096,480	\$ 13,157,764
9	<b>Commodity</b>														
10	* SSP-INJECTIONS/WITHDRAWALS	SOUTHERN NATURAL GAS COMPANY	\$ 155,142	\$ 83,481	\$ 52,297	\$ 73,155	\$ 92,896	\$ 74,960	\$ 53,541	\$ 46,508	\$ 41,429	\$ 57,744	\$ 84,612	\$ 113,250	\$ 929,014
11	* SSP-INJECTIONS/WITHDRAWALS	TENNESSEE GAS PIPELINE	\$ 259,575	\$ 131,461	\$ 160,054	\$ 83,998	\$ 77,593	\$ 89,658	\$ 74,149	\$ 105,385	\$ 99,514	\$ 114,346	\$ 204,669	\$ 240,582	\$ 1,640,984
12	TOTAL COMMODITY - SSP-INJECTIONS/WITHDRAWALS		\$ 414,717	\$ 214,941	\$ 212,351.07	\$ 157,153	\$ 170,489	\$ 164,618	\$127,689.84	\$151,893.64	\$140,943.00	\$ 172,089	\$ 289,281	\$ 353,832	\$ 2,569,998

\*Affiliate

BEAR CREEK STORAGE COMPANY, L.L.C.  
SUMMARY OF BILLING DETERMINANT ADJUSTMENTS  
TWELVE MONTH PERIOD ENDING 12/31/2018

Not Applicable

-

Docket No. RP19-51  
Schedule G-4

BEAR CREEK STORAGE COMPANY, L.L.C.  
AT-RISK REVENUE  
TWELVE MONTH PERIOD ENDING 12/31/2018

Not Applicable

**Bear Creek Storage Company, L.L.C.**  
**Other Revenues**  
**Twelve Months Ended December 31, 2018**

Line No.	Description (a)	FERC Account No. (b)	Jan-18 (c)	Feb-18 (d)	Mar-18 (e)	Apr-18 (f)	May-18 (g)	Jun-18 (h)	Jul-18 (i)	Aug-18 (j)	Sep-18 (k)	Oct-18 (l)	Nov-18 (m)	Dec-18 (n)	Total (o)
1	Sales of Products Extracted from Natural Gas	490	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Revenue from Natural Gas Processed by Others	491	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Incidental Gasoline and Oil Sales	492	\$ 197,354	\$ 618,613	\$ 142,523	\$ -	\$ 9,485	\$ 10,069	\$ 29,051	\$ 51,300	\$ 58,625	\$ 83,156	\$ -	\$ 278,645	\$ 1,478,820 <sup>1/</sup>
4	Rent from Gas Property	493	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Interdepartmental Rents	494	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Other Gas Revenues	495	-	-	-	-	-	-	-	-	-	-	-	-	-

1/ These revenues are from condensate sales and are partially offset by gas purchases in FERC account 803 relating to the replacement of gas from these condensate sales (ie the removal of condensate from the gas stream reduces the btu content of the gas). As set forth on Statement H-1.1, the cost of such gas purchases has also been excluded from Bear Creek's cost of service reflected in this cost and revenue study. Furthermore, such condensate sale activity and the associated gas purchases are not subject to the FERC's jurisdiction since they are attributable to the production of condensates from the Pettit reservoir.

Docket No. RP19-51  
Schedule G-6

BEAR CREEK STORAGE COMPANY, L.L.C.  
MISCELLANEOUS REVENUE  
TWELVE MONTH PERIOD ENDING 12/31/2018

Not Applicable

BEAR CREEK STORAGE COMPANY, L.L.C.  
OPERATION AND MAINTENANCE EXPENSES  
TWELVE MONTHS ENDED DECEMBER 31, 2018 PER BOOKS AND AS ADJUSTED

LINE NO.	FERC ACCT. #	DESCRIPTION	JAN 2018	FEB 2018	MAR 2018	APR 2018	MAY 2018	JUN 2018	JUL 2018	AUG 2018	SEP 2018	OCT 2018	NOV 2018	DEC 2018	TOTAL PER BOOKS	ADJ.	TOTAL AS ADJUSTED
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	
1		Production Expenses															
2		Natural Gas Prod. & Gath. Exp	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3		Operation															
4	750	Supervision and Engineering	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5	751	Production maps and records	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	753	Field lines expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	754	Field compressor station expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	755	Field compressor sta fuel and powe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	756	Field meas and regulating station e)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	757	Purification Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	759	Other expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	760	Rents	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13		Total Operation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14		Maintenance															
15	761	Supervision and engineering	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16	762	Structures and improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	764	Field lines	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	765	Field compressor station equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	766	Field meas and regulating station e)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20	767	Purification expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21		Total Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22		Total Natural Gas Prod	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
23		Products and Extraction Expenses															
24		Operation															
25	772	Gas shrinkage	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
26	777	Gas processed by others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27		Total Operation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
28		Total Products Extraction Ex	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
29		Purchased Gas Expenses															
30		Purchased Gas Cost															
31	800	Natural gas well head purchases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
32	801	Natural gas field line purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33	802	Natural gas gasoline plant outlet pu	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34	803	Natural gas transmission line purch.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35	805	Other gas purchases	655,818	(62,384)	(22,946)	150,747	67,523	173,551	67,198	180,486	96,989	(1,472,766)	434,163	501,337	769,715	(769,715)	-
36	8051	Purchased gas cost adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
37	806	Exchange gas	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
38	806a	Adjusted purchased gas cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39		Total Purchased Gas	\$ 655,818	\$ (62,384)	\$ (22,946)	\$ 150,747	\$ 67,523	\$ 173,551	\$ 67,198	\$ 180,486	\$ 96,989	\$ (1,472,766)	\$ 434,163	\$ 501,337	\$ 769,715	\$ (769,715)	\$ -
40	807	Purchased gas expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
41	8072	Operations of meter stations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
42	8073	Maintenance of meter stations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
43	8074	Calculation expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
44	8075	Other expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
45		Total Purchased Gas expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
46	8081	Gas withdrawn from storage	\$ (41,031)	\$ 379,580	\$ 106,294	\$ -	\$ 2,517	\$ 2,654	\$ 52,781	\$ 13,087	\$ 15,742	\$ 23,758	\$ 75	\$ 136,974	\$ 692,433	\$ (692,433)	\$ -
47	8082	Gas delivered to storage	(538,751)	(143,331)	(46,720)	(150,747)	(67,523)	(173,551)	(112,268)	(180,486)	(96,989)	1,472,766	(434,163)	(513,251)	(985,013)	985,013	-





BEAR CREEK STORAGE COMPANY, L.L.C.  
OPERATION AND MAINTENANCE EXPENSES  
TWELVE MONTHS ENDED DECEMBER 31, 2018 PER BOOKS AND AS ADJUSTED

LINE NO.	FERC ACCT. #	DESCRIPTION	JAN 2018	FEB 2018	MAR 2018	APR 2018	MAY 2018	JUN 2018	JUL 2018	AUG 2018	SEP 2018	OCT 2018	NOV 2018	DEC 2018	TOTAL PER BOOKS	ADJ.	TOTAL AS ADJUSTED
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	
91	853	Compressor station labor and expel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
92	854	Gas for compressor station fuel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
93	855	Other fuel and power for compressc	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
94	856	Mains expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
95	857	Measuring and regulation station ex	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
96	858	Transmission and comp of gas by o	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
97	859	Other expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
98	860	Rents	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
99		<b>Total Operation</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
100		<b>Maintenance</b>															
101	861	Supervision and engineering	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
102	862	Structures and improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
103	863	Mains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
104	864	Compressor station equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
105	865	Measuring and regulation station	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
106	866	Communication equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
107	867	Other equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
108		<b>Total Maintenance</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
109		<b>Total Transmission Expenses</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
110		<b>Customer Accounts</b>															
111	901	Supervision	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
112	903	Customer records & collections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
113	904	Uncollectable accounts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
114		<b>Total Customer Accounts</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
115		<b>Customer Serv. &amp; Informational</b>															
116	907	Supervision	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
117	908	Customer assistance expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
118	909	Informational & instructional adverti	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
119		<b>Total Customer &amp; Information</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
120		<b>Sales</b>															
121	911	Supervision	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
122	912	Demonstration & selling	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
123	913	Advertising expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
124	916	Miscellaneous sales expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125		<b>Total Sales</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
126		<b>Administrative and General</b>															
127	920	Administrative and general salaries	\$ 58,628	\$ 52,623	\$ 39,854	\$ 53,401	\$ 59,008	\$ 35,070	\$ 55,250	\$ 64,515	24,609	\$ 64,811	\$ 70,847	\$ 25,737	\$ 604,352	\$ -	\$ 604,352
128	921	Office supplies and expenses	3,873	5,063	1,169	175	461	2,662	7,665	1,593	481	673	6,778	(9,226)	21,366	-	21,366
129	922	Administrative expenses transferrec	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
130	923	Outside services employed	42,466	5,155	6,182	4,172	6,589	4,292	6,178	6,799	4,695	7,411	8,469	7,198	109,605	-	109,605
131	924	Property insurance	3,664	3,664	3,664	3,664	3,370	3,370	3,370	3,336	3,335	3,336	3,336	2,718	40,823	-	40,823
132	925	Injuries and damages	6,143	6,143	6,238	6,143	6,149	6,149	6,149	5,077	5,077	5,077	5,077	2,486	65,906	-	65,906
133	926	Employee pensions and benefits	38,296	85,070	22,245	34,286	37,480	30,912	34,693	35,092	27,111	39,113	41,079	(15,174)	410,203	-	410,203
134	927	Franchise requirements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
135	928	Regulatory commission expenses	4,281	4,281	4,281	4,281	4,281	4,281	4,281	4,281	4,347	4,347	4,347	-	51,568	-	51,568

BEAR CREEK STORAGE COMPANY, L.L.C.  
OPERATION AND MAINTENANCE EXPENSES  
TWELVE MONTHS ENDED DECEMBER 31, 2018 PER BOOKS AND AS ADJUSTED

LINE NO.	FERC ACCT. #	DESCRIPTION	JAN 2018	FEB 2018	MAR 2018	APR 2018	MAY 2018	JUN 2018	JUL 2018	AUG 2018	SEP 2018	OCT 2018	NOV 2018	DEC 2018	TOTAL PER BOOKS	ADJ.	TOTAL AS ADJUSTED
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	
136	929	Duplicate charges - credit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
137	9301	General advertising expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
138	9302	Miscellaneous general expenses	6,470	6,941	1,364	7,108	7,386	(2,611)	6,157	5,132	(4,254)	6,458	5,821	(10,279)	35,691	-	35,691
139	931	Rents	6,756	6,733	6,730	6,724	6,662	7,630	6,744	6,800	6,726	6,692	7,567	2,813	78,576	-	78,576
140	935	Maintenance of general plant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
141	<b>Total A&amp;G</b>		\$ 170,576	\$ 175,671	\$ 91,725	\$ 119,951	\$ 131,387	\$ 91,754	\$ 130,487	\$ 132,623	72,060	\$ 137,917	\$ 153,320	\$ 10,619	\$ 1,418,090	\$ -	\$ 1,418,090
142	<b>Total Gas Operating expenses</b>		\$ 497,139	\$ 690,688	\$ 522,150	\$ 618,220	\$ 660,800	\$ 556,972	\$ 456,278	\$ 684,301	472,213	\$ 1,032,157	\$ 714,175	\$ 520,426	\$ 7,425,519	\$ (477,135)	\$ 6,948,384

**Bear Creek Storage Company, L.L.C.**  
**Adjustment No. 1**

To eliminate Bear Creek's base period cost of purchased gas and costs associated with withdrawals from storage and deliveries to storage.

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>Total</u>
	(a)	(b)	(c)
1	803	Transmission Line Purchases	\$ -
2	805	Other Gas Purchases	(769,715)
3	808.1	Gas Withdrawn from Storage - Debit	(692,433)
4	808.2	Gas Delivered to Storage - Credit	985,013
5	813	Other Gas Costs	-
	Total		<u>\$ (477,135)</u>

**Bear Creek Storage Company, L.L.C.**  
**Adjustment No. 2**

To eliminate gas used from Bear Creek's operations and maintenance expenses.

<u>Line No.</u>	<u>Account No.</u>	<u>Description</u>	<u>Amount</u>
	(a)	(b)	(c)
1	810	Gas Used for Compressor Station Fuel	\$ 1,870,534
2	812	Gas used for other utility operations	148,849
3	817	Line expenses	(148,849)
4	819	Compressor station fuel & power	(1,870,534)
5		Total	<u>\$ -</u>









BEAR CREEK STORAGE COMPANY, L.L.C.  
 OPERATION AND MAINTENANCE EXPENSES  
 LABOR COSTS  
 TWELVE MONTHS ENDED DECEMBER 31, 2018 PER BOOKS

LINE NO.	ACCT. #	DESCRIPTION	JAN 2018	FEB 2018	MAR 2018	APR 2018	MAY 2018	JUN 2018	JUL 2018	AUG 2018	SEP 2018	OCT 2018	NOV 2018	DEC 2018	TOTAL PER BOOKS	ADJ	TOTAL AS ADJUSTED
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)
138	930.2	Miscellaneous general expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
139	931	Rents	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
140	935	Maintenance of general plant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
141		Total A&G	\$ 58,628	\$ 103,629	\$ 28,467	\$ 53,401	\$ 59,008	\$ 35,070	\$ 55,250	\$ 64,515	\$ 24,609	\$ 64,811	\$ 70,847	\$ 25,737	\$ 643,972	\$ -	\$ 643,972
142		Total Gas Operating expenses	\$ 210,609	\$ 235,814	\$ 170,281	\$ 176,006	\$ 206,039	\$ 155,728	\$ 177,932	\$ 185,016	\$ 135,761	\$ 217,551	\$ 216,090	\$ 157,316	\$ 2,244,144	\$ -	\$ 2,244,144

BEAR CREEK STORAGE COMPANY, L.L.C.  
OPERATION AND MAINTENANCE EXPENSES  
OTHER COSTS  
TWELVE MONTHS ENDED DECEMBER 31, 2018 PER BOOKS AND AS ADJUSTED

LINE NO.	ACCT. #	DESCRIPTION	JAN 2018	FEB 2018	MAR 2018	APR 2018	MAY 2018	JUN 2018	JUL 2018	AUG 2018	SEP 2018	OCT 2018	NOV 2018	DEC 2018	TOTAL PER BOOKS	ADJ	TOTAL AS ADJUSTED
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)
1		Production Expenses															
2		Natural Gas Prod. & Gath. Exp	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3		Operation															
4	750	Supervision and Engineering	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5	751	Production maps and records	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	753	Field lines expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	754	Field compressor station expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	755	Field compressor sta fuel and power	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	756	Field meas and regulating station exp	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	757	Purification Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	759	Other expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	760	Rents	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13		Total Operation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14		Maintenance															
15	761	Supervision and engineering	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16	762	Structures and improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	764	Field lines	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	765	Field compressor station equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	766	Field meas and regulating station exp	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20	767	Purification expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21		Total Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22		Total Natural Gas Prod	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
23		Products and Extraction Expenses															
24		Operation															
25	772	Gas shrinkage	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
26	777	Gas processed by others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27		Total Operation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
28		Total Products Extraction Ex	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
29		Purchased Gas Expenses															
30		Purchased Gas Cost															
31	800	Natural gas well head purchases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
32	801	Natural gas field line purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33	802	Natural gas gasoline plant outlet purch.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34	803	Natural gas transmission line purch.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35	805	Other gas purchases	655,818	(62,384)	(22,946)	150,747	67,523	173,551	67,198	180,486	96,989	(1,472,766)	434,163	501,337	769,715	(769,715)	-
36	805.1	Purchased gas cost adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
37	806	Exchange gas	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
38	806a	Adjusted purchased gas cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39		Total Purchased Gas	\$ 655,818	\$ (62,384)	\$ (22,946)	\$ 150,747	\$ 67,523	\$ 173,551	\$ 67,198	\$ 180,486	\$ 96,989	\$ (1,472,766)	\$ 434,163	\$ 501,337	\$ 769,715	\$ (769,715)	\$ -
40	807	Purchased gas expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
41	807.2	Operations of meter stations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
42	807.3	Maintenance of meter stations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
43	807.4	Calculation expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
44	807.5	Other expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
45		Total Purchased Gas expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
46	808.1	Gas withdrawn from storage	\$ (41,031)	\$ 379,580	\$ 106,294	\$ -	\$ 2,517	\$ 2,654	\$ 52,781	\$ 13,087	\$ 15,742	\$ 23,758	\$ 75	\$ 136,974	\$ 692,433	\$ (692,433)	\$ -
47	808.2	Gas delivered to storage	(538,751)	(143,331)	(46,720)	(150,747)	(67,523)	(173,551)	(112,268)	(180,486)	(96,989)	1,472,766	(434,163)	(513,251)	(985,013)	985,013	-
48		Total - Net	\$ (579,782)	\$ 236,249	\$ 59,575	\$ (150,747)	\$ (65,006)	\$ (170,897)	\$ (59,487)	\$ (167,399)	\$ (81,247)	\$ 1,496,525	\$ (434,087)	\$ (376,277)	\$ (292,580)	\$ 292,580	\$ -
49		Gas used in utility operations															
50	810	Gas used for comp. station fuel	\$ (114,623)	\$ (191,001)	\$ (271,333)	\$ (92,977)	\$ (271,096)	\$ (158,912)	\$ (65,792)	\$ (50,931)	\$ (130,447)	\$ (114,773)	\$ (163,477)	\$ (245,173)	\$ (1,870,534)	\$ 1,870,534	\$ -



BEAR CREEK STORAGE COMPANY, L.L.C.  
OPERATION AND MAINTENANCE EXPENSES  
OTHER COSTS  
TWELVE MONTHS ENDED DECEMBER 31, 2018 PER BOOKS AND AS ADJUSTED

LINE NO.	ACCT. #	DESCRIPTION	JAN 2018	FEB 2018	MAR 2018	APR 2018	MAY 2018	JUN 2018	JUL 2018	AUG 2018	SEP 2018	OCT 2018	NOV 2018	DEC 2018	TOTAL PER BOOKS	ADJ	TOTAL AS ADJUSTED
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	
100		Maintenance															
101	861	Supervision and engineering	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
102	862	Structures and improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
103	863	Mains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
104	864	Compressor station equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
105	865	Measuring and regulation station	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
106	866	Communication equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
107	867	Other equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
108		Total Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
109		Total Transmission Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
110		Customer Accounts															
111	901	Supervision	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
112	903	Customer records & collections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
113	904	Uncollectable accounts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
114		Total Customer Accounts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
115		Customer Serv. & Informational															
116	907	Supervision	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
117	908	Customer assistance expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
118	909	Informational & instructional advertising	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
119		Total Customer & Information	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
120		Sales															
121	911	Supervision	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
122	912	Demonstration & selling	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
123	913	Advertising expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
124	916	Miscellaneous sales expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125		Total Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
126		Administrative and General															
127	920	Administrative and general salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
128	921	Office supplies and expenses	3,873	5,063	1,169	175	461	2,662	7,665	1,593	481	673	6,778	(9,226)	21,366	-	21,366
129	922	Administrative expenses transferred	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
130	923	Outside services employed	42,466	5,155	6,182	4,172	6,589	4,292	6,178	6,799	4,695	7,411	8,469	7,198	109,605	-	109,605
131	924	Property insurance	3,664	3,664	3,664	3,664	3,370	3,370	3,370	3,336	3,336	3,336	3,336	2,718	40,825	-	40,825
132	925	Injuries and damages	6,143	6,143	6,238	6,143	6,149	6,149	6,149	5,077	5,077	5,077	5,077	2,486	65,906	-	65,906
133	926	Employee pensions and benefits	38,296	34,063	33,631	34,286	37,480	30,912	34,693	35,092	27,111	39,113	41,079	(15,174)	370,582	-	370,582
134	927	Franchise requirements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
135	928	Regulatory commission expenses	4,281	4,281	4,281	4,281	4,281	4,281	4,281	4,281	4,281	4,347	4,347	4,347	51,568	-	51,568
136	929	Duplicate charges - credit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
137	930.1	General advertising expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
138	930.2	Miscellaneous general expenses	6,470	6,941	1,364	7,108	7,386	(2,611)	6,157	5,132	(4,254)	6,458	5,821	(10,279)	35,691	-	35,691
139	931	Rents	6,756	6,733	6,730	6,724	6,662	7,630	6,744	6,800	6,726	6,692	7,567	2,813	78,576	-	78,576
140	935	Maintenance of general plant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
141		Total A&G	\$ 111,948	\$ 72,042	\$ 63,257	\$ 66,551	\$ 72,379	\$ 56,684	\$ 75,236	\$ 68,109	\$ 47,451	\$ 73,107	\$ 82,473	\$ (15,117)	\$ 774,119	\$ -	\$ 774,119
142		Total Gas Operating expenses	\$ 286,529	\$ 454,874	\$ 351,869	\$ 442,214	\$ 454,761	\$ 401,244	\$ 278,346	\$ 499,285	\$ 336,453	\$ 814,606	\$ 498,086	\$ 363,110	\$ 5,181,375	\$ (477,135)	\$ 4,704,240



BEAR CREEK STORAGE COMPANY, L.L.C.  
FUEL USE OR GAS LOSSES  
TWELVE MONTHS ENDED DECEMBER 31, 2018, AS ADJUSTED

Line No.	Account No.	Description	Amount	Adjustment	Ending Amount
	(a)	(b)	(c)	(d)	(e)
1	801	Natural gas field line purchases	\$ -	\$ -	\$ -
2	803	Natural gas transmission line purch	-	-	-
3	805	Other gas purchases	769,715	(769,715)	-
4	806	Exchange gas	-	-	-
5	808.1	Gas withdrawn from storage	692,433	(692,433)	-
6	808.2	Gas delivered to storage	(985,013)	985,013	-
7	810	Gas used for compressor station fuel	(1,870,534)	1,870,534	-
8	812	Gas used for other utility operations	(148,849)	148,849	-
9	813	Other gas supply expenses	-	-	-
10	817	Lines expenses	148,849	(148,849)	-
11	819	Compressor station fuel & power	1,870,534	(1,870,534)	-
12		Total	<u>\$ 477,135</u>	<u>\$ (477,135)</u>	<u>\$ -</u>

Docket No. RP19-51  
Schedule H-1(2)(b)  
(Working Papers)

BEAR CREEK STORAGE COMPANY, L.L.C.  
ANALYSIS OF ACCOUNTS 913 & 930.1  
ADVERTISING EXPENSES  
TWELVE MONTHS ENDED DECEMBER 31, 2018

Bear Creek did not charge any expense to Account 913 or 930.1 for the twelve months ended December 31, 2018.

BEAR CREEK STORAGE COMPANY, L.L.C.  
ANALYSIS OF ACCOUNT 921  
OFFICE SUPPLIES & EXPENSE  
TWELVE MONTHS ENDED DECEMBER 31, 2018

<u>Line No.</u>	<u>Description</u> (a)	<u>Amount</u> (b)
1	Employee Expenses (travel, meals, & cell phones)	\$ 7,372
2	Outside Services - General	6,604
3	Computer Hardware/Software	4,463
4	Training	2,275
5	Vehicle Expense	308
6	Permits, Licenses & Fees	250
7	Other Expenses & Fees	<u>94</u>
8	Total Account 921	\$ 21,366



Docket No. RP19-51  
Schedule H-1(2)(d)  
(Working Papers)

BEAR CREEK STORAGE COMPANY, L.L.C.  
ANALYSIS OF ACCOUNT 922  
ADMINISTRATIVE EXPENSES TRANSFERRED -- CREDIT  
TWELVE MONTHS ENDED DECEMBER 31, 2018

Bear Creek did not charge any expense to Account 922 for the twelve months ended December 31, 2018.

BEAR CREEK STORAGE COMPANY  
 ACCOUNT 923 - OUTSIDE SERVICES EMPLOYED  
 TWELVE MONTHS ENDED DECEMBER 31, 2018

<u>Line No.</u>	<u>Payee and/or Description</u> (a)	<u>Services Performed</u> (b)	<u>Basis of Charges</u> (c)	<u>Amount</u> (d)
1	Services by Affiliated Companies	Various Administrative	Time Allocation, Cost Basis, Modified Mass	\$ 72,605
	<u>Other Outside Services and Expenses</u>			
2	Miscellaneous (Under \$100,000)	Consulting	Accounting & Audit Fee Expenses	\$ 37,000
3	<b>Total Account 923</b>			<u>\$ 109,605</u>

BEAR CREEK STORAGE COMPANY, L.L.C.  
ANALYSIS OF ACCOUNT 926  
EMPLOYEE PENSIONS AND BENEFITS  
TWELVE MONTHS ENDED DECEMBER 31, 2018

<u>Line No.</u>	<u>Description</u> (a)	<u>Basis of Charges</u> (b)	<u>Amount</u> (c)
1	Health & Welfare	Claims	\$ 175,650
2	Cash Balance - Pension Plan	Actuary	78,026
3	Retirement Savings Plan (401-K)	Cash Payments	66,236
4	Shared Services Benefits	Claims & Cash Payments	80,998
5	Other	Claims & Cash Payments	5,199
6	Long-term Disability	Claims	<u>4,094</u>
7	<b>Total Account 926</b>		<u><u>\$ 410,203</u></u>

BEAR CREEK STORAGE COMPANY, L.L.C.  
ANALYSIS OF ACCOUNT 928  
REGULATORY EXPENSES  
TWELVE MONTHS ENDED DECEMBER 31, 2018

<b>Line No.</b>	<b>Description</b>	<b>Amount</b>
	(a)	(b)
1	Regulatory Commission Expense (ACA)	\$ 51,568
2	Total Account 928	\$ 51,568 1/

3 1/ Bear Creek does not recover the FERC's ACA charges through an ACA surcharge mechanism but rather recovers a representative amount of FERC's ACA charges through its base rates.

Docket No. RP19-51  
Schedule H-1(2)(h)  
(Working Papers)

BEAR CREEK STORAGE COMPANY, L.L.C.  
ANALYSIS OF ACCOUNT 929  
DUPLICATE CHARGES CREDIT  
TWELVE MONTHS ENDED DECEMBER 31, 2018

Bear Creek did not charge any expense to Account 929 for the twelve months ended December 31, 2018.

BEAR CREEK STORAGE COMPANY, L.L.C.  
ANALYSIS OF ACCOUNT 930.2  
MISCELLANEOUS GENERAL EXPENSES  
TWELVE MONTHS ENDED DECEMBER 31, 2018

<b>Line No.</b>	<b>Description</b>	<b>Amount</b>
	(a)	(b)
1	Shared Services Allocation	\$ 35,643
2	Other	<u>48</u>
3	Total Account 930.2	\$ 35,691

BEAR CREEK STORAGE COMPANY L.L.C.  
INTERCOMPANY AND INTERDEPARTMENTAL TRANSACTIONS  
TWELVE MONTHS ENDED DECEMBER 31, 2018

Docket No. RP19-51  
Schedule H-1 (2)(j)  
(Working Papers)

Line No.	Company (a)	FERC Account	January (c)	February (d)	March (e)	April (f)	May (g)	June (h)	July (i)	August (j)	September (k)	October (l)	November (m)	December (n)	Total (o)
		No. (b)													
	<u>Kinder Morgan 1/</u>														
1		814	\$ 4,603	\$ 4,177	\$ 4,567	\$ 4,479	\$ 4,679	\$ 4,325	\$ 4,122	\$ 4,806	\$ 4,301	\$ 4,731	\$ 4,561	\$ 5,662	\$ 55,013
2		816	162	148	162	157	168	156	148	174	155	172	164	200	1,966
3		817	1,074	1,013	1,229	1,516	1,527	943	670	1,292	900	1,066	902	1,632	13,764
4		818	7,651	6,195	6,143	6,336	6,208	5,763	5,350	4,205	4,915	6,029	6,484	6,360	71,640
5		820	30	2	1	11	56	0	0	1	12	1	1	29	144
6		824	0	0	0	0	0	0	0	0	0	0	0	0	-
7		830	822	745	706	790	674	504	385	397	203	665	380	542	6,812
8		832	379	345	379	366	391	363	346	406	362	401	383	467	4,588
9		833	397	351	368	350	382	435	645	411	369	411	385	479	4,982
10		834	4,852	4,411	5,178	3,567	4,978	4,663	4,541	5,011	4,753	6,355	6,932	6,225	61,464
11		835	260	229	240	195	344	69	119	279	228	229	146	221	2,558
12		837	0	0	0	0	0	0	0	0	0	0	0	0	-
13		920	38,041	34,523	20,140	34,245	38,044	15,232	35,158	39,500	1,337	38,431	38,189	(12,572)	320,268
14		921	6												6
15		923	42,466	5,155	6,182	4,172	6,589	4,292	6,178	6,799	4,695	7,411	8,469	7,198	109,605
16		924	3,664	3,664	3,664	3,664	3,370	3,370	3,370	3,336	3,336	3,336	3,336	2,718	40,824
17		925	6,143	6,143	6,238	6,143	6,149	6,149	6,149	5,077	5,077	5,077	5,077	2,486	65,906
18		926	38,296	85,070	22,245	34,286	37,480	30,912	34,693	35,092	27,111	39,113	41,079	(15,174)	410,203
19		930	6,470	6,941	1,316	7,108	7,386	(2,611)	6,157	5,132	(4,254)	6,458	5,821	(10,279)	35,643
20		931	6,756	6,733	6,730	6,724	6,662	7,630	6,744	6,800	6,726	6,692	7,567	2,813	78,576
21			<u>\$ 162,070</u>	<u>\$ 165,844</u>	<u>\$ 85,486</u>	<u>\$ 114,107</u>	<u>\$ 125,088</u>	<u>\$ 82,194</u>	<u>\$ 114,775</u>	<u>\$ 118,717</u>	<u>\$ 60,223</u>	<u>\$ 126,576</u>	<u>\$ 129,874</u>	<u>\$ (994)</u>	<u>\$ 1,283,961</u>

1/ Kinder Morgan allocations to Bear Creek are for underground storage benefit costs, general administrative services (and associated benefit costs) and insurance costs; allocations are based on time allocation, cost basis, and Modified Mass Formula.

BEAR CREEK STORAGE COMPANY, L.L.C.  
LEASE PAYMENTS  
TWELVE MONTHS ENDED DECEMBER 31, 2018

<b>Line No.</b>	<b>Description</b>	<b>Amount</b>
	(a)	(b)
1	Shared Services Lease Allocation	<u>\$ 78,576</u> 1/
2	Total Account 931	\$ 78,576

3 1/ Includes lease of buiding office space, copy machines, etc.



BEAR CREEK STORAGE COMPANY, L.L.C.  
DEPRECIATION EXPENSE  
EXPLANATION NOTES RELATIVE TO THE  
BASIC DEPRECIATION RATE

This cost and revenue study reflects Bear Creek's Commission-approved depreciation rate of 0.50% and the amounts reflected are representative of the level of expenditures on an ongoing basis. This rate was approved by the Commission in its order issued August 15, 2012 approving the Bear Creek Settlement in Docket No. RP12-121-000 (140 FERC ¶ 61,129).

**Bear Creek Storage Company, L.L.C.**  
**Depreciation, Depletion, Amortization and Negative Salvage Expenses**  
**Twelve Months Ended December 31, 2018**

<u>Line No.</u>	<u>Description</u> (a)	<u>Gas Plant</u> (b)	<u>Depreciation</u> <u>Method</u> (c)	<u>Annual</u> <u>Rate</u> <u>Per Book</u> (d)	<u>Annual</u> <u>Rate</u> <u>Proposed</u> (e)	<u>Per Book</u> <u>Expenses</u> (f)	<u>Adjustments</u> (g)	<u>As Adjusted</u> (h)
<b>Account 403 - Depreciation Expense</b>								
1	Natural Gas Storage - Underground							
	Natural Gas Storage - Underground	\$ 183,595,578	SLM	0.50%	0.50%	\$ 911,012	\$ 6,966	\$ 917,978
	Total Natural Gas Storage - Underground	<u>\$ 183,595,578</u>				<u>\$ 911,012</u>	<u>\$ 6,966</u>	<u>\$ 917,978</u>
	General Plant							
2	Office Furniture and Equipment	\$ 25,710	SLM	0.50%	0.50%	\$ 129	\$ 0	\$ 129
3	Computer Equipment	64,807	SLM	0.50%	0.50%	283	41	324
4	Transportation Equipment	150,304	SLM	0.50%	0.50%	532	220	752
4	Tools, Shop and Garage Equipment	464,675	SLM	0.50%	0.50%	2,283	40	2,323
5	Power Operated Equipment	69,020	SLM	0.50%	0.50%	345	(0)	345
6	Communication Equipment	23,743	SLM	0.50%	0.50%	103	16	119
7	Miscellaneous Equipment	12,476	SLM	0.50%	0.50%	62	(0)	62
8	Total General Plant	<u>\$ 810,734</u>				<u>\$ 3,736</u>	<u>\$ 318</u>	<u>\$ 4,054</u>
10	Total Account 403 Depreciation Expense	<u>\$ 184,406,312</u>				<u>\$ 914,748</u>	<u>\$ 7,284</u>	<u>\$ 922,032</u>
<b>Account 404.3 - Amortization Expense</b>								
11	Intangible Plant-Franchise & Consent	\$ 477,992	SLM	0.50%	0.50%	\$ -	\$ -	\$ -
12	Intangible Plant-Software	187,793	SLM	10.00%	10.00%	17,130	1,649	18,779
13	Total Account 404.3 Amortization Expense	<u>\$ 665,785</u>				<u>\$ 17,130</u>	<u>\$ 1,649</u>	<u>\$ 18,779</u>
14	Total Depreciation and Amortization Expense	<u>\$ 185,072,097</u>				<u>\$ 931,878</u>	<u>\$ 8,933</u>	<u>\$ 940,811</u>
15	Amortization of DIT Regulatory Liability					<u>\$ -</u>	<u>\$ (45,565)</u>	<u>\$ (45,565)</u>

**Bear Creek Storage Company, L.L.C.**  
**Reconciliation of Depreciable Plant Included in**  
**Statement H-2 and Gas Plant Included in Statement C**  
**Twelve Months Ended December 31, 2018**

<u>Line No.</u>	<u>Description</u>	<u>Gas Plant As Adjusted</u>	<u>Account 403 Depreciation</u>	<u>Account 404.1 Depletion</u>	<u>Account 404.2 Amortization</u>	<u>Account 404.3 Amortization</u>	<u>Total</u>	<u>to Clearing Account 184</u>	<u>Total Provisions</u>
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Balance as shown on H-2 Account 101	\$ 185,072,097	\$ 922,032	\$ -	\$ -	\$ 18,779	\$ 940,811	\$ -	\$ 940,811
2	Gas Plant in Service - Clearing Account 184	-	-	-	-	-	-	-	-
3	Gas Plant for Future Use Account 105	-	-	-	-	-	-	-	-
4	Construction Work In Progress Account 107	-	-	-	-	-	-	-	-
5	Gas Stored Underground - Noncurrent Account 117	95,598,428	-	-	-	-	-	-	-
6	Gas Plant Purchased or Sold Account 102	-	-	-	-	-	-	-	-
7	Non - Depreciable Plant	1,205,252	-	-	-	-	-	-	-
8	Total as Shown on Statement C	<u>\$ 281,875,777</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
9	Total Provision		<u>\$ 922,032</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,779</u>	<u>\$ 940,811</u>	<u>\$ -</u>	<u>\$ 940,811</u>

**Bear Creek Storage Company, L.L.C.**  
**Federal and State Income Taxes Based on Return**  
**Twelve Months Ended December 31, 2018**

<u>Line No.</u>	<u>Description</u> (a)	<u>%</u> (b)	<u>Amount</u> (c)
1	Rate Base		\$ 125,239,536
2	Return at	11.63%	14,565,358
3	Less: Interest at	2.17%	<u>2,717,698</u>
4	Total Tax Base		\$ 11,847,660
5	Federal Income Tax @ 21.0%	26.58%	\$ 3,149,108
6	State Income Tax @ 6.32%	8.54%	<u>\$ 1,011,790</u>
7	Total Income Taxes		<u>\$ 4,160,898</u>

Docket No. RP19-51  
Schedule H-3(1)  
(Working Papers)

**Bear Creek Storage Company, L.L.C.**  
**State Income Taxes For 2018**

Louisiana

\$958,444

Bear Creek Storage Company, L.L.C.  
Reconciliation of Net Book Plant to Net Tax Plant - Detail  
Balance at December 31, 2018

Line No.	Balance Description (a)	Balance at 12/31/18 (b)
1	Book Basis - Gross	\$ 186,277,348
2	- Reserves	<u>155,608,660</u>
3	Net Book Basis	\$ 30,668,688
4	Unamortized AFUDC Adj.	-
5	Depreciation Deferral	<u>-</u>
6	Net Book Basis Adjusted	<u>\$ 30,668,688</u>
7	Tax Basis - Gross	\$ 159,947,525
8	- Reserves	<u>140,154,204</u>
9	Net Tax Basis	<u>\$ 19,793,321</u>
10	Adjusted Book Basis in Excess of Tax Basis	\$ 10,875,367
11	Effective Tax Rate	<u>0.25993</u>
12	Required Deferred Taxes	\$ 2,826,813
13	Booked Deferred Taxes (Acct 282)	\$ 2,826,813
14	Unfunded/(Excess)	\$ (0)

Bear Creek Storage Company, L.L.C.  
 Reconciliation of Net Book Plant to Net Tax Plant - Detail  
 Balance At December 31, 2018

<u>Line No.</u>	<u>Description</u> (a)	<u>Balance at 12/31/18</u> (b)	<u>DIT</u> (c)	<u>Net of Deferred Income Taxes</u> (d)
<u>Regulatory Assets</u>				
1	FERC ACA Regulatory Asset	\$ 39,122	\$ -	\$ 39,122
2	AFUDC Regulatory Asset	\$ 154,808	\$ (39,052)	\$ 115,756
<u>Regulatory Liabilities</u>				
3	L&U Fuel Regulatory Liability	\$ (1,256,392)	\$ -	\$ (1,256,392)
4	DIT Regulatory Liability 1/	\$ (1,342,812)	\$ 338,742	\$ (1,004,070)

1/ Established per Tax Cuts and Jobs Act of 2017.

**Bear Creek Storage Company, L.L.C.**  
**Taxes Other Than Income Taxes**  
**Twelve Months Ended 12/31/18**

<u>Line</u> <u>No.</u>	<u>Description</u> (a)	<u>Expense</u> <u>Per Books</u> (b)	<u>Adjustments</u> (c)	<u>Total</u> <u>Adjusted Taxes</u> (d)
1	Ad Valorem Taxes - Louisiana	\$ 1,986,027	\$ -	\$ 1,986,027
2	Payroll Taxes	144,307	-	144,307
3	Severance Taxes -Louisiana	<u>185,306</u>	<u>-</u>	<u>185,306</u>
4	Total Other Taxes	<u>\$ 2,315,640</u>	<u>\$ -</u>	<u>\$ 2,315,640</u>



Docket No. RP19-51  
Schedule H-4  
(Working Papers)

**Bear Creek Storage Company, L.L.C.  
Adjustment To Payroll Taxes  
Twelve Months Ended December 31, 2018**

Bear Creek does not have any adjustments to payroll taxes.

Docket No. RP19-51  
Schedule I-1

BEAR CREEK STORAGE COMPANY, L.L.C.  
OVERALL COST OF SERVICE  
TWELVE MONTH PERIOD ENDING 12/31/2018, AS ADJUSTED

See Statement A for overall cost of service.

Docket No. RP19-51  
Schedule I-1(a)

BEAR CREEK STORAGE COMPANY, L.L.C.  
FUNCTIONALIZATION OF COST OF SERVICE  
TWELVE MONTH PERIOD ENDING 12/31/2018, AS ADJUSTED

As depicted in Statement A, the Bear Creek cost of service is all part of the storage function.

Docket No. RP19-151  
Schedule I-1(b)

BEAR CREEK STORAGE COMPANY, L.L.C.  
INCREMENTAL AND NON-INCREMENTAL FACILITIES  
TWELVE MONTH PERIOD ENDING 12/31/2018, AS ADJUSTED

Bear Creek has no incremental facilities.

Docket No. RP19-51  
Schedule I-1(c)

BEAR CREEK STORAGE COMPANY, L.L.C.  
COSTS SEPARATED BY ZONES  
TWELVE MONTH PERIOD ENDING 12/31/2018

Bear Creek does not have separate rate zones.

Docket No. RP19-51  
Schedule I-1(d)

BEAR CREEK STORAGE COMPANY, L.L.C.  
ALLOCATION OF COMMON OR JOINT COSTS  
TWELVE MONTH PERIOD ENDING 12/31/2018, AS ADJUSTED

All costs of Bear Creek are allocated to the storage function.

Bear Creek Storage Company, L.L.C.  
Classification of Cost of Service For Storage Function  
For the Twelve Months Ended December 31, 2018, As Adjusted

Line No.	FERC Account No.	Particulars	Statement/ Schedule Reference ( c )	Total (d)	Reservation/ Fixed (e)	Commodity/ Variable (f)
		<u>Operation</u>	H-1			
1	814	Supervision and Engineering		\$ 386,927	\$ 386,927	\$ -
2	815	Maps and Records		-	-	-
3	816	Wells Expenses		289,583	289,583	-
4	817	Lines Expenses		344,404	344,404	-
5	818	Compressor Station Expenses		1,550,414	544,713	1,005,701
6	819	Compressor Station Fuel & Power		-	-	-
7	820	Measuring and Regulating Station Expenses		17,556	17,556	-
8	821	Purification Expenses		-	0	-
9	823	Gas Losses		-	-	-
10	824	Other Expenses		141,992	141,992	-
11		Total Operation Expense		\$ 2,730,876	\$ 1,725,175	\$ 1,005,701
		<u>Maintenance</u>	H-1			
12	830	Supervision and Engineering		\$ 43,493	\$ 43,493	\$ -
13	831	Structures and Improvements		19,976	19,976	-
14	832	Maintenance of Wells		332,551	332,551	-
15	833	Maintenance of Lines		295,871	295,871	-
16	834	Maintenance of Compressor Station Equipment		2,038,220	473,923	1,564,297
17	835	Maintenance of Measuring and Regulating Equipment		45,900	45,900	-
18	836	Maintenance of Purification Equipment		-	0	-
19	837	Maintenance of Other Equipment		23,407	23,407	-
20		Total Maintenance Expense		\$ 2,799,418	\$ 1,235,121	\$ 1,564,297
21		Administration and General Expenses	H-1	\$ 1,418,090	\$ 1,418,090	\$ -
22		Total Operation and Maintenance Expenses		\$ 6,948,384	\$ 4,378,386	\$ 2,569,998
23		Depreciation, Depletion and Amortization	H-2	940,811	940,811	-
24		Amortization of Regulatory Liability	H-2	(45,565)	(45,565)	
25		Federal Income Taxes	H-3	3,149,108	3,149,108	-
26		State Income Taxes	H-3	1,011,790	1,011,790	-
27		Taxes Other Than Income Taxes	H-4	2,315,640	2,315,640	-
28		Return on Rate Base	B	14,565,358	14,565,358	-
29		Total Storage Cost of Service	A	\$ 28,885,526	\$ 26,315,528	\$ 2,569,998

BEAR CREEK STORAGE COMPANY, L.L.C.  
ALLOCATION OF OVERALL COST OF SERVICE  
TWELVE MONTH PERIOD ENDING 12/31/2018

Line No.	Description (a)	Total Cost of Service (b)	Total Variable (c)	Total Reservation/ Fixed (Col. B-C) (d)	Storage Deliverability Charge (Col D X 50%) (e)	Storage Capacity Charge (Col D X 50%) (f)
1	Operation and Maintenance Expenses	\$ 6,948,384	\$ 2,569,998	\$ 4,378,386	\$ 2,189,193	\$ 2,189,193
2	Depreciation and Amortization Expenses	895,246	-	895,246	\$ 447,623	\$ 447,623
3	Taxes other than Income Taxes	2,315,640	-	2,315,640	\$ 1,157,820	\$ 1,157,820
4	Federal and State Income Taxes	4,160,898	-	4,160,898	\$ 2,080,449	\$ 2,080,449
5	Return on Rate Base	<u>14,565,358</u>	<u>-</u>	<u>14,565,358</u>	<u>\$ 7,282,679</u>	<u>\$ 7,282,679</u>
6	Total Cost of Service	\$ 28,885,526	\$ 2,569,998	\$ 26,315,528	\$ 13,157,764	\$ 13,157,764



Bear Creek Storage Company, L.L.C  
Transmission and Compression of Gas by Others  
Twelve Month Period Ending December 31, 2018

Bear Creek does not have any transmission and compression of gas by others.

Bear Creek Storage Company, L.L.C  
Gas Balances  
12 Months Ended December 31, 2018  
(in Dth)

Docket No. RP19-51  
Schedule I-5

Line No.	Description	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Total
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)
1	<b>Gas Balances</b>													
2	<b>Gas Received</b>													
3	Gas Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Gas of Others Received for Gathering	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Gas of Others Received for Transmission	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Gas of Others Received for Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Gas of Others Received for Contract Storage	952,518	4,684,282	7,220,852	1,553,827	7,105,471	3,705,058	705,234	222,738	3,246,348	2,162,190	1,715,694	4,513,459	37,787,671
8	Gas of Others Received for Production/Extraction/Processing	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Exchange Gas Received From Others	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Gas Received as Imbalances	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Receipts of Respondent's Gas Transported by Others	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Other Gas Withdrawn from Storage	14,389,565	-	-	1,148,709	-	-	2,810,913	5,102,506	-	1,438,213	8,568,131	1,316,634	34,774,671
13	Gas Received from Shippers as Compressor Station Fuel	196,484	122,726	136,227	85,256	113,509	99,294	64,572	72,395	81,309	92,919	140,733	195,130	1,400,554
14	Gas Received from Shippers as Lost and Unaccounted For	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Other Receipts	-	-	-	-	-	-	-	-	-	-	-	-	-
16	<b>Total Receipts</b>	<b>15,538,567</b>	<b>4,807,008</b>	<b>7,357,079</b>	<b>2,787,792</b>	<b>7,218,980</b>	<b>3,804,352</b>	<b>3,580,719</b>	<b>5,397,639</b>	<b>3,327,657</b>	<b>3,693,322</b>	<b>10,424,558</b>	<b>6,025,223</b>	<b>73,962,896</b>
17	<b>Gas Delivered</b>													
18	Gas Sales	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Deliveries of Gas Gathered for Others	-	-	-	-	-	-	-	-	-	-	-	-	-
20	Deliveries of Gas Transported for Others	-	-	-	-	-	-	-	-	-	-	-	-	-
21	Deliveries of Gas Distributed for Others	-	-	-	-	-	-	-	-	-	-	-	-	-
22	Deliveries of Contract Storage Gas	15,314,929	3,822,482	414,263	2,699,488	81	926,905	3,510,205	5,317,502	2,349,753	3,588,519	10,280,271	5,798,271	54,022,669
23	Gas of Others Delivered for Production/Extraction/Processing	-	-	-	-	-	-	-	-	-	-	-	-	-
24	Exchange Gas Delivered to Others	-	-	-	-	-	-	-	-	-	-	-	-	-
25	Gas Delivered as Imbalances	-	-	-	-	-	-	-	-	-	-	-	-	-
26	Deliveries of Gas to Others for Transportation	-	-	-	-	-	-	-	-	-	-	-	-	-
27	Other Gas Delivered to Storage	-	790,530	6,786,928	-	7,099,918	2,773,613	-	-	887,942	-	-	-	18,338,931
28	Gas Used for Compressor Station Fuel	33,520	68,325	103,948	34,563	98,224	54,307	23,497	17,808	45,452	36,233	40,677	62,385	618,939
29	Other Deliveries and Gas Used for Other Operations	190,118	125,671	51,940	53,741	20,757	49,527	47,017	62,329	44,510	68,570	103,610	164,567	982,357
30	<b>Total Deliveries</b>	<b>15,538,567</b>	<b>4,807,008</b>	<b>7,357,079</b>	<b>2,787,792</b>	<b>7,218,980</b>	<b>3,804,352</b>	<b>3,580,719</b>	<b>5,397,639</b>	<b>3,327,657</b>	<b>3,693,322</b>	<b>10,424,558</b>	<b>6,025,223</b>	<b>73,962,896</b>
31	<b>Gas Losses and Gas Unaccounted For</b>													
32	Gas Losses and Gas Unaccounted For	-	-	-	-	-	-	-	-	-	-	-	-	-
33	<b>Totals</b>													
34	<b>Total Deliveries, Gas Losses &amp; Unaccounted For</b>	<b>15,538,567</b>	<b>4,807,008</b>	<b>7,357,079</b>	<b>2,787,792</b>	<b>7,218,980</b>	<b>3,804,352</b>	<b>3,580,719</b>	<b>5,397,639</b>	<b>3,327,657</b>	<b>3,693,322</b>	<b>10,424,558</b>	<b>6,025,223</b>	<b>73,962,896</b>

BEAR CREEK STORAGE COMPANY, L.L.C.  
RECONCILIATION OF COSTS AND REVENUE  
TWELVE MONTH PERIOD ENDING 12/31/2018, AS ADJUSTED FOR UPDATED RATES

Line No.	Service Type	Allocated Cost of Service	Revenue Statement G, Column C, Page 2	Difference
	(a)	(b)	(c)	(d)
1	SSP-DELIVERABILITY	\$ 13,157,764	\$ 13,157,764	\$ -
2	SSP-CAPACITY	13,157,764	13,157,764	-
3	SSP-INJECTIONS/WITHDRAWALS	<u>2,569,998</u>	<u>2,569,998</u>	-
4	Total	\$ 28,885,526	\$ 28,885,526	\$ -

BEAR CREEK STORAGE COMPANY, L.L.C.  
SUMMARY OF BILLING DETERMANTS  
TWELVE MONTH PERIOD ENDING 12/31/2018

Line No.	Reference (a)	Description (b)	Deliverability (c)	Capacity (d)	Injection/ Withdrawal (e)
1	St. G, pg 1, Lines 1, 2, 3	Billing Determinants	6,126,000	796,380,000	115,168,817

BEAR CREEK STORAGE COMPANY, L.L.C.  
 DERIVATION OF RATES  
 TWELVE MONTH PERIOD ENDING 12/31/2018

Line No.	Reference	Description	Total	Deliverability	Capacity	Injection/ Withdrawal
	(a)	(b)	(c)	(d)	(e)	(f)
1	Schedule I-3, Line 6	Cost of Service	\$28,885,526	\$13,157,764	\$13,157,764	\$2,569,998
2	St. G, pg 1, Lines 1, 2, 3	Billing Determinants		6,126,000	796,380,000	115,168,817
3		Rates		\$2.1479	\$0.0165	\$0.0223

BEAR CREEK STORAGE COMPANY, L.L.C.

Comparative Balance Sheet  
12/31/2017 and 12/31/2018

Line No.	Title of Account (a)	12/31/2017 (b)	12/31/2018 (c)
1	<b>UTILITY PLANT</b>		
2	UTILITY PLANT (101-106,114)	\$ 183,311,932	\$ 186,277,348
3	CONSTRUCTION WORK IN PROGRESS (107)	642,570	325,335
4	TOTAL UTILITY PLANT	<u>\$ 183,954,502</u>	<u>\$ 186,602,683</u>
5	LESS: ACCUMULATED PROVISION FOR DEPRECIATION,		
6	AMORTIZATION (108, 111, 115)	(156,919,636)	(155,608,660)
7	<b>NET UTILITY PLANT</b>	<u>\$ 27,034,866</u>	<u>\$ 30,994,023</u>
8	GAS STORED - BASE GAS (117.1)	\$ 95,598,428	\$ 95,598,428
9	GAS OWED TO SYSTEM GAS (117.4)	\$ 321,716	\$ 614,296
10	<b>GAS STORED UNDERGROUND - NONCURRENT(117)</b>	<u>\$ 95,920,144</u>	<u>\$ 96,212,724</u>
11	OTHER PROPERTY AND INVESTMENTS		
12	NONUTILITY PROPERTY (121)	\$ -	\$ -
13	LESS: ACCUMULATED PROVISION FOR DEPRECIATION,		
14	AMORTIZATION (122)	-	-
15	NET NONUTILITY PROPERTY	<u>\$ -</u>	<u>\$ -</u>
16	INVESTMENT IN ASSOCIATED COMPANIES (123)	-	-
17	INVESTMENT IN SUBSIDIARY COMPANIES (123.1)	-	-
18	OTHER INVESTMENTS (124)	-	-
19	SPECIAL FUNDS (125-128)	-	-
20	<b>TOTAL OTHER PROPERTY AND INVESTMENTS</b>	<u>\$ -</u>	<u>\$ -</u>
21	<b>CURRENT AND ACCRUED ASSETS</b>		
22	CASH (131)	\$ 5,334,054	\$ 2,810,158
23	SPECIAL DEPOSITS (132-134)	-	-
24	WORKING FUNDS (135)	-	-
25	TEMPORARY CASH INVESTMENTS (136)	-	-
26	NOTES RECEIVABLE (141)	-	-
27	CUSTOMER ACCOUNTS RECEIVABLE (142)	-	-
28	OTHER ACCOUNTS RECEIVABLE (143)	-	-
29	LESS: ACCUMULATED PROVISION FOR UNCOLLECTIBLE	-	-
30	ACCOUNTS -- (CREDIT) (144)	-	-
31	NOTES RECEIVABLE FROM ASSOCIATED COMPANIES (145)	-	-
32	ACCOUNTS RECEIVABLE FROM ASSOCIATED COMPANIES (146)	2,284,683	2,296,802
33	RESIDUALS AND EXTRACTED PRODUCTS (153)	-	-
34	PLANT MATERIAL AND OPERATING SUPPLIES (154)	2,654,140	2,784,457
35	STORES EXPENSES UNDISTRIBUTED (163)	-	-
36	GAS STORED UNDERGROUND -- CURRENT (164.1)	-	-
37	PREPAYMENTS (165)	37,000	40,000
38	ADVANCES FOR EXPLORATION, DEVELOPMENT AND	-	-
39	PRODUCTION (166)	-	-
40	OTHER ADVANCES FOR GAS (167)	-	-
41	INTEREST AND DIVIDENDS RECEIVABLE (171)	-	-
42	MISCELLANEOUS CURRENT AND ACCRUED ASSETS (174)	-	-
43	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	<u>\$ 10,309,877</u>	<u>\$ 7,931,417</u>
44	<b>DEFERRED DEBITS</b>		
45	UNAMORTIZED DEBT EXPENSE (181)	-	\$ -
46	OTHER REGULATORY ASSETS (182.3)	191,092	193,930
47	PRELIM SURVEY AND INVESTIGATION CHARGES (183.1, 183.2)	-	-
48	CLEARING ACCOUNTS (184)	-	-
49	MISCELLANEOUS DEFERRED DEBITS (186)	1,722,485	2,518,020
50	UNAMORTIZED LOSS ON REACQUIRED DEBT (189)	-	-
51	ACCUMULATED DEFERRED INCOME TAXES (190)	338,137	349,034
52	UNRECOVERED PURCHASED GAS COSTS (191)	-	-
53	<b>TOTAL DEFERRED DEBITS</b>	<u>\$ 2,251,714</u>	<u>\$ 3,060,984</u>
54	<b>TOTAL ASSETS AND OTHER DEBITS</b>	<u>\$ 135,516,601</u>	<u>\$ 138,199,148</u>

BEAR CREEK STORAGE COMPANY, L.L.C.

Comparative Balance Sheet  
12/31/2017 and 12/31/2018

Line No.	Title of Account (a)	12/31/2017 (b)	12/31/2018 (c)
55	<b>LIABILITIES AND OTHER CREDITS</b>		
56	<b>PROPRIETARY CAPITAL</b>		
57	COMMON STOCK ISSUED (201)	\$ -	\$ -
58	PREFERRED STOCK ISSUED (204)	-	-
59	PREMIUM ON CAPITAL STOCK (207)	-	-
60	OTHER PAID-IN CAPITAL (208-211)	106,420,301	106,420,301
61	CAPITAL STOCK EXPENSE (214)	-	-
62	RETAINED EARNINGS (216)	19,317,734	22,958,975
63	UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY	-	-
64	EARNINGS (216.1)	-	-
65	REACQUIRED CAPITAL STOCK (217)	-	-
66	<b>TOTAL PROPRIETARY CAPITAL</b>	<u>\$ 125,738,035</u>	<u>\$ 129,379,276</u>
67	<b>LONG-TERM DEBT</b>		
68	BONDS (221)	\$ -	\$ -
69	REACQUIRED BONDS (222)	-	-
70	OTHER LONG-TERM DEBT (224)	-	-
71	(LESS) UNAMORTIZED DISCOUNT ON LONG-TERM DEBT (226)	-	-
72	<b>TOTAL LONG-TERM DEBT</b>	<u>\$ -</u>	<u>\$ -</u>
73	<b>OTHER NONCURRENT LIABILITIES</b>		
74	ACCUMULATED PROVISION FOR PENSIONS AND BENEFITS (228.3)	\$ -	\$ -
75	ACCUMULATED PROVISION FOR RATE REFUNDS (229)	-	-
76	ASSET RETIREMENT OBLIGATIONS (230)	-	-
77	<b>TOTAL OTHER NONCURRENT LIABILITIES</b>	<u>\$ -</u>	<u>\$ -</u>
78	<b>CURRENT AND ACCRUED LIABILITIES</b>		
79	NOTES PAYABLE (231)	\$ -	\$ -
80	MISC OPER PROV (228)	-	-
81	ACCOUNTS PAYABLE (232)	1,220,168	810,832
82	NOTES PAYABLE TO ASSOCIATED COMPANIES (233)	-	-
83	ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES (234)	4,644,104	2,510,152
84	CUSTOMER DEPOSITS (235)	-	-
85	TAXES ACCRUED (236)	26,582	32,630
86	INTEREST ACCRUED (237)	-	-
87	DIVIDENDS DECLARED (238)	-	-
88	TAX COLLECTIONS PAYABLE (241)	-	-
89	MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES (242)	-	-
90	OBLIGATIONS UNDER CAPITAL LEASES -- CURRENT (243)	-	-
91	<b>TOTAL CURRENT AND ACCRUED LIABILITIES</b>	<u>\$ 5,890,854</u>	<u>\$ 3,353,614</u>
92	<b>DEFERRED CREDITS</b>		
93	CUSTOMER ADVANCES FOR CONSTRUCTION (252)	\$ -	\$ -
94	OTHER DEFERRED CREDITS (253)	-	-
95	OTHER REGULATORY LIABILITIES (254)	1,827,090	2,599,204
96	ACCUMULATED DEFERRED INVESTMENT TAX CREDIT (255)	-	-
97	UNAMORTIZED GAIN ON REACQUIRED DEBT (257)	-	-
98	ACCUMULATED DEFERRED INCOME TAXES (281-283)	2,060,622	2,867,054
99	<b>TOTAL DEFERRED CREDITS</b>	<u>\$ 3,887,712</u>	<u>\$ 5,466,258</u>
100	<b>OPERATING RESERVES</b>		
101	OTHER NONCURRENT LIABILITIES (227-228)	\$ -	\$ -
102	<b>TOTAL LIABILITIES AND OTHER CREDITS</b>	<u><u>\$ 135,516,601</u></u>	<u><u>\$ 138,199,148</u></u>

## 1. General

We are a limited liability company organized under the laws of the state of Louisiana. When we refer to “us,” “we,” “our,” “ours,” “the Company,” or “Bear Creek” we are describing Bear Creek Storage Company, L.L.C.

The member interests in Bear Creek are as follows:

- 50% - Tennessee Gas Pipeline Company, L.L.C. (TGP) which is an indirect wholly owned subsidiary of Kinder Morgan, Inc. (KMI).
- 50% - Southern Natural Gas Company, L.L.C. (SNG) which is equally held by an indirect wholly owned subsidiary of Kinder Morgan, Inc. (KMI) and an indirect wholly owned subsidiary of The Southern Company (TSC).

We own an underground natural gas storage system in Bienville Parish, Louisiana, which is operated by Kinder Morgan SNG Operator LLC, an affiliate. Our gas storage system provides storage service to SNG and TGP.

## 2. Summary of Significant Accounting Policies

### *Basis of Presentation*

We have prepared our accompanying financial statements in accordance with the accounting requirements of the Federal Energy Regulatory Commission (FERC) as set forth in its applicable Uniform System of Accounts and published accounting releases, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Management has evaluated subsequent events through [April 2, 2019], the date the financial statements were available to be issued.

### *Adoption of New Accounting Pronouncement*

Effective January 1, 2018, we adopted Accounting Standards Update (ASU) No. 2014-09, “*Revenue from Contracts with Customers*” and the series of related ASUs that followed (collectively referred to as “Topic 606”). There were no changes to our historical revenue recognition and no cumulative adjustment as of January 1, 2018, resulting from the adoption of Topic 606. For more information, see “Revenue Recognition” below.

### *Use of Estimates*

Certain amounts included in or affecting our financial statements and related disclosures must be estimated, requiring us to make certain assumptions with respect to values or conditions which cannot be known with certainty at the time our financial statements are prepared. These estimates and assumptions affect the amounts we report for assets and liabilities, our revenues and expenses during the reporting period, and our disclosures, including as it relates to contingent assets and liabilities at the date of our financial statements. We evaluate these estimates on an ongoing basis, utilizing historical experience, consultation with experts and other methods we consider reasonable in the particular circumstances. Nevertheless, actual results may differ significantly from our estimates. Any effects on our business, financial position or results of operations resulting from revisions to these estimates are recorded in the period in which the facts that give rise to the revision become known.

In addition, we believe that certain accounting policies are of more significance in our financial statement preparation process than others, and set out below are the principal accounting policies we apply in the preparation of our financial statements.

### *Cash Equivalents*

We define cash equivalents as all highly liquid short-term investments with original maturities of three months or less.



### *Accounts Receivable*

We establish provisions for losses on accounts receivable if we determine that we will not collect all or part of the outstanding balance. We regularly review collectability and establish or adjust our allowance as necessary using the specific identification method. We had no allowance for doubtful accounts as of December 31, 2018 and 2017.

### *Inventories*

Our inventories, which consist of materials and supplies, are valued at weighted-average cost, and we periodically review for physical deterioration and obsolescence.

### *Property, Plant and Equipment*

Our property, plant and equipment is recorded at its original cost of construction or, upon acquisition, at either the fair value of the assets acquired or the cost to the entity that first placed the asset in utility service. For constructed assets, we capitalize all construction-related direct labor and material costs, as well as indirect construction costs. Our indirect construction costs primarily include an interest and equity return component (as more fully described below) and labor and related costs associated with supporting construction activities. The indirect capitalized labor and related costs are based upon estimates of time spent supporting construction projects.

We use the composite method to depreciate property, plant and equipment. Under this method, assets with similar economic characteristics are grouped and depreciated as one asset. The FERC-accepted depreciation rate is applied to the total cost of the group until the net book value equals the salvage value. For certain general plant, the asset is depreciated to zero. As part of periodic filings with the FERC, we also re-evaluate and receive approval for our depreciation rates. When property, plant and equipment is retired, accumulated depreciation and amortization is charged for the original cost of the assets in addition to the cost to remove, sell or dispose of the assets, less salvage value. We do not recognize gains or losses unless we sell land or an entire operating unit (as approved by the FERC).

Included in our property balances are base gas and working gas at our storage facility. We periodically evaluate natural gas volumes at our storage facility for gas losses. When events or circumstances indicate a loss has occurred, we recognize a loss on our income statement or defer the loss as a regulatory asset on our balance sheets if deemed probable of recovery through future rates charged to customers.

We capitalize a carrying cost (an allowance for funds used during construction or AFUDC) on debt and equity funds related to the construction of long-lived assets. This carrying cost consists of a return on the investment financed by debt and a return on the investment financed by equity. The debt portion is calculated based on the average cost of debt for our Members. Interest costs capitalized are included as a reduction to interest charges in Account 432 "Allowance for Borrowed Funds Used During Construction – Credit" on our income statements. The equity portion is calculated based on the average of the most recent FERC approved rates of return for our Members. Equity amounts capitalized are included in Account 419.1 "Allowance for Other Funds Used During Construction" on our income statements.

### *Asset Retirement Obligations (ARO)*

We record liabilities for obligations related to the retirement and removal of long-lived assets used in our business. We record, as liabilities, the fair value of ARO on a discounted basis when they are incurred and can be reasonably estimated, which is typically at the time the assets are installed or acquired. Amounts recorded for the related assets are increased by the amount of these obligations. Over time, the liabilities increase due to the change in their present value, and the initial capitalized costs are depreciated over the useful lives of the related assets. The liabilities are eventually extinguished when the asset is taken out of service.

We are required to operate and maintain our natural gas storage system, and intend to do so as long as supply and demand for natural gas exists, which we expect for the foreseeable future. Therefore, we believe that we cannot reasonably estimate the ARO for the substantial majority of our assets because these assets have indeterminate lives. We continue to evaluate our ARO and future developments could impact the amounts we record. We had no ARO as of December 31, 2018 and 2017.

### *Asset Impairments*

We evaluate our assets for impairment when events or circumstances indicate that their carrying values may not be recovered. These events include changes in the manner in which we intend to use a long-lived asset, decisions to sell

an asset and adverse changes in market conditions or in the legal or business environment such as adverse actions by regulators. If an event occurs, which is a determination that involves judgment, we evaluate the recoverability of the carrying value of our long-lived asset based on the long-lived asset's ability to generate future cash flows on an undiscounted basis. If an impairment is indicated, or if we decide to sell a long-lived asset or group of assets, we adjust the carrying value of the asset downward, if necessary and upon regulatory approval, to its estimated fair value.

Our fair value estimates are generally based on assumptions market participants would use, including market data obtained through the sales process or an analysis of expected discounted future cash flows. There were no impairments for the years ended December 31, 2018 and 2017.

### *Revenue Recognition*

We segregate each class of revenue by account pursuant to FERC's guidance under Code of Federal Regulations Title 18, Part 201.

*Revenue from Contracts with Customers.* The unit of account in Topic 606 is a performance obligation, which is a promise in a contract to transfer to a customer either a distinct good or service (or bundle of goods or services) or a series of distinct goods or services provided over a period of time. Topic 606 requires that a contract's transaction price, which is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, is to be allocated to each performance obligation in the contract based on relative standalone selling prices and recognized as revenue when (point in time) or as (over time) the performance obligation is satisfied.

*Storage Contracts.* Our revenues are primarily generated from the storage of natural gas under firm service customer contracts with take-or-pay elements (principally for capacity reservation) where both the price and quantity are fixed. Generally, for these contracts: (i) our promise is to transfer (or stand ready to transfer) a series of distinct integrated services over a period of time, which is a single performance obligation; (ii) the transaction price includes fixed and/or variable consideration, which is determinable at contract inception and/or at each month end based on our right to invoice at month end for the value of services provided to the customer that month; and (iii) the transaction price is recognized as revenue over the service period specified in the contract as the services are rendered. In these arrangements, the customer is obligated to pay for services associated with its take-or-pay obligation regardless of whether or not the customer chooses to utilize the service in that period. Because we make the service continuously available over the service period, we recognize the take-or-pay amount as revenue ratably over the period based on the passage of time.

The natural gas we receive under our storage contracts remains under the control of our customers. In many cases, generally described as firm service, the customer generally pays a two-part transaction price that includes (i) a fixed fee reserving the right to store natural gas in our facilities up to contractually specified capacity levels (referred to as "reservation") and (ii) a per-unit rate for quantities of natural gas actually injected or withdrawn. In our firm service contracts we generally promise to provide a single integrated service each day over the life of the contract, which is fundamentally a stand-ready obligation to provide services up to the customer's reservation capacity prescribed in the contract. Our customers have a take-or-pay payment obligation with respect to the fixed reservation fee component, regardless of the quantities they actually inject or withdraw. In other cases, generally described as interruptible service, there is no fixed fee associated with these storage services because the customer accepts the possibility that service may be interrupted at our discretion in order to serve customers who have firm service contracts. We do not have an obligation to perform under interruptible customer arrangements until we accept and schedule the customer's request for periodic service. The customer pays a transaction price based on a per-unit rate for the quantities actually stored.

*Revenue Recognition Policy prior to January 1, 2018.* Prior to the implementation of Topic 606, we estimated our earned but unbilled revenues from natural gas storage service based on contract data, regulatory information, and preliminary sendout and allocation measurements, among other items. Revenues for all services were based on the thermal quantity of gas delivered or subscribed at a price specified in the contract. We recognized reservation revenues on firm contracted capacity ratably over the contract period regardless of the amount of natural gas that was stored. For interruptible or volumetric-based services, we recorded revenues when gas was injected into or withdrawn from the storage facility.

### *Environmental Matters*

We capitalize or expense, as appropriate, environmental expenditures. We capitalize certain environmental expenditures required in obtaining rights-of-way, regulatory approvals or permitting as part of the construction. We accrue and expense environmental costs that relate to an existing condition caused by past operations, which do not contribute to current or future revenue generation. We generally do not discount environmental liabilities to a net present value, and we

record environmental liabilities when environmental assessments and/or remedial efforts are probable and we can reasonably estimate the costs. Generally, our recording of these accruals coincides with our completion of a feasibility study or our commitment to a formal plan of action. We recognize receivables for anticipated associated insurance recoveries when such recoveries are deemed to be probable.

We routinely conduct reviews of potential environmental issues and claims that could impact our assets or operations. These reviews assist us in identifying environmental issues and estimating the costs and timing of remediation efforts. We also routinely adjust our environmental liabilities to reflect changes in previous estimates. In making environmental liability estimations, we consider the material effect of environmental compliance, pending legal actions against us, and potential third-party liability claims. Often, as the remediation evaluation and effort progresses, additional information is obtained, requiring revisions to estimated costs. These revisions are reflected in our income in the period in which they are reasonably determinable.

We are subject to environmental cleanup and enforcement actions from time to time. In particular, the Comprehensive Environmental Response, Compensation and Liability Act generally imposes joint and several liability for cleanup and enforcement costs on current and predecessor owners and operators of a site, among others, without regard to fault or the legality of the original conduct, subject to the right of a liable party to establish a “reasonable basis” for apportionment of costs. Our operations are also subject to federal, state and local laws and regulations relating to protection of the environment. Although we believe our operations are in substantial compliance with applicable environmental laws and regulations, risks of additional costs and liabilities are inherent in our operations, and there can be no assurance that we will not incur significant costs and liabilities. Moreover, it is possible that other developments, such as increasingly stringent environmental laws, regulations and enforcement policies under the terms of authority of those laws, and claims for damages to property or persons resulting from our operations, could result in substantial costs and liabilities to us.

Although it is not possible to predict the ultimate outcomes, we believe that the resolution of the environmental matters, and other matters to which we are a party, will not have a material adverse effect on our business, financial position, results of operations or cash flows. We had no accruals for any outstanding environmental matters as of December 31, 2018 and 2017.

#### *Legal Proceedings*

We are party to various legal, regulatory and other matters arising from the day-to-day operations of our business that may result in claims against the Company. Although no assurance can be given, we believe, based on our experiences to date and taking into account established reserves, that the ultimate resolution of such items will not have a material adverse impact on our business, financial position, results of operations or cash flows. We believe we have meritorious defenses to the matters to which we are a party and intend to vigorously defend the Company. When we determine a loss is probable of occurring and is reasonably estimable, we accrue an undiscounted liability for such contingencies based on our best estimate using information available at that time. If the estimated loss is a range of potential outcomes and there is no better estimate within the range, we accrue the amount at the low end of the range. We disclose contingencies where an adverse outcome may be material, or in the judgment of management, we conclude the matter should otherwise be disclosed.

We had no accruals for any outstanding legal proceedings as of December 31, 2018 and 2017.

#### *Regulatory Assets and Liabilities*

Regulatory assets and liabilities represent probable future revenues or expenses associated with certain charges and credits that are expected to be recovered from or refunded to customers through the ratemaking process.

### **3. Income Taxes**

We are a limited liability company that is treated as a partnership for income tax purposes and are not subject to federal or state income taxes; however, all of our activities are included in the tax returns of the owners of our Members, which are taxable C-corporations. Our approved rates include an allowance for income taxes, calculated as if we were a taxable corporation, and the FERC requires that we reflect such taxes in our financial statements.

We record current income taxes based on our taxable income and we provide for deferred income taxes to reflect estimated future tax payments and receipts. Deferred taxes represent the tax impacts of differences between the financial statement and tax bases of assets and liabilities and carryovers at each year end. We account for tax credits under the flow-through method, which reduces the provision for income taxes in the year the tax credits first become available. We reduce

deferred tax assets by a valuation allowance when, based on our estimates, it is more likely than not that a portion of those assets will not be realized in a future period. The estimates utilized in the recognition of deferred tax assets are subject to revision, either up or down, in future periods based on new facts or circumstances. Income taxes charged to us are reflected in the accompanying comparative balance sheet in Account 236 "Taxes Accrued" and Accounts 190, 282 and 283 "Accumulated Deferred Income Taxes." A portion of the activity in Account 211 "Miscellaneous Paid-In Capital" reflects the income taxes assigned or advanced to our Members. Current income taxes assigned to our Members are transferred into Account 211 from Account 236. Deferred income taxes advanced to our Members are transferred into Account 211 with an offsetting adjustment to Account 186 "Miscellaneous Deferred Debits". For more information, see Note 4.

The following table reflects the components of income tax expense included in net income (in millions):

	Year Ended December 31,	
	2018	2017
Current:		
Federal .....	\$ 2.9	\$ 5.6
State .....	1.0	0.9
	<u>3.9</u>	<u>6.5</u>
Deferred:		
Federal .....	0.6	0.3
State .....	0.2	-
	<u>0.8</u>	<u>0.3</u>
Total income tax expense .....	\$ <u>4.7</u>	\$ <u>6.8</u>

The differences between our actual income tax expense and the amount computed by applying the statutory federal income tax rate of 21% and 35% for the years ended December 31, 2018 and 2017, respectively, are summarized as follows (in millions):

	Year Ended December 31,	
	2018	2017
Income tax expense at the statutory federal rate .....	\$ 3.8	\$ 6.2
State income tax, net of federal income tax effect .....	0.9	0.6
Total income tax expense .....	\$ <u>4.7</u>	\$ <u>6.8</u>
Effective tax rate .....	<u>26.3%</u>	<u>38.7%</u>

The following are the components of our net deferred tax liability (in millions):

	December 31,	
	2018	2017
Deferred tax liabilities:		
Property, plant and equipment .....	\$ 2.8	\$ 2.0
Deferred tax assets:		
Regulatory liability .....	<u>0.3</u>	<u>0.3</u>
Net deferred tax liability .....	\$ <u>2.5</u>	\$ <u>1.7</u>

*Tax Cuts and Jobs Act of 2017 (2017 Tax Reform)*

On December 22, 2017, the United States enacted the 2017 Tax Reform. Among the many provisions included in the 2017 Tax Reform is a provision to reduce the U.S. federal corporate income tax rate from 35% to 21% effective January 1, 2018. As a result of this reduction in the federal income tax rate, we adjusted our accumulated deferred income tax (ADIT) balances by remeasuring the related temporary differences as of December 31, 2017 at the 21% federal tax rate. Adjustments to ADIT balances that are reflected in rate base were recorded to Account 254 "Other Regulatory Liabilities," and adjustments to non-rate base related ADIT were recorded on the income statement in Account 410.1 "Provision of Deferred Income Taxes" and Account 411.1 "Provision for Deferred Income Taxes-Credit," as applicable. Remeasurement of our ADIT balances affected accounts as of, and for the years ended, December 31, 2018 and 2017, as follows (in millions):

Account	Description	Debit/(Credit)	
		2018	2017
182.3	Other Regulatory Assets. . . . .	\$ -	\$ (0.1)
190	Accumulated Deferred Income Taxes. . . . .	-	0.3
254	Other Regulatory Liabilities. . . . .	-	(1.4)
282	Accumulated Deferred Income Taxes – Other Property. . . . .	-	1.0
283	Accumulated Deferred Income Taxes – Other. . . . .	-	0.1

As of December 31, 2018, the total excess ADIT amount of \$1.0 million is protected under the Internal Revenue Service normalization rules, with no unprotected amounts. The regulatory liability balance is being amortized within existing rates to Account 411.1 "Provision for Deferred Income Taxes-Credit" on our income statement, effective January 1, 2018, over 29.5 years, the remaining weighted average life of our depreciable assets. See Note 5 "Rate and Regulatory Matters" for recent FERC issuances related to income taxes.

**4. Related Party Transactions**

*Proprietary Capital*

The following table reflects changes to our proprietary capital accounts resulting from distributions paid to our Members, as well as other changes in proprietary capital (in millions):

	Year Ended December 31,			
	2018		2017	
	Account 211	Account 216	Account 211	Account 216
Balance – Beginning of Year. . . . .	\$ 106.4	\$ 19.3	\$ 106.4	\$ 16.4
Net Income. . . . .	-	13.3	-	10.8
Transfer of net earnings from Account 216 <sup>(1)</sup> . . . . .	9.6	(9.6)	7.9	(7.9)
Transfer from Account 236 <sup>(1)</sup> . . . . .	3.9	-	6.4	-
Transfer from Account 186 <sup>(1)</sup> . . . . .	0.8	-	(1.1)	-
Total Transfers . . . . .	<u>14.3</u>	<u>(9.6)</u>	<u>13.2</u>	<u>(7.9)</u>
Distributions to Members. . . . .	(14.3)	-	(13.2)	-
Balance – End of Year . . . . .	\$ 106.4	\$ 23.0	\$ 106.4	\$ 19.3

(1) Settlements of these amounts are made within equity and are considered non-cash financing activities.

*Affiliate Balances and Activities*

The following table summarizes our balance sheet affiliate balances (in millions):

Account	December 31,	
	2018	2017
146 Accounts receivable from associated companies. . . . .	\$ 2.3	\$ 2.3
186 Advance of deferred income taxes to Members. . . . .	2.5	1.7
234 Accounts payable to associated companies. . . . .	2.5	4.6

We do not have employees and are operated by an indirect subsidiary of KMI; therefore KMI employees provide services to us. Under policies with KMI, we reimburse KMI at cost for direct and indirect costs incurred on our behalf and allocated general and administrative costs. These costs are reflected, as appropriate, in the “Operation, maintenance and payroll tax expenses” and “Capitalized costs” lines in the table below.

The following table shows costs from our affiliates (in millions):

	Year Ended December 31,	
	2018	2017
Operation, maintenance and payroll tax expenses. . . . .	\$ 3.0	\$ 3.0
Capitalized costs . . . . .	0.4	0.4

We provide contract storage services to SNG and TGP under agreements that expire in 2019. We expect annual renewal of these contracts to occur into the foreseeable future. For each of the years ended December 31, 2018 and 2017, we received \$27.1 million under these agreements.

*Subsequent Event*

In March 2019, we made a cash distribution to our Members of [\$ ] million, inclusive of amounts representing income taxes.

**5. Rate and Regulatory Matters**

*Fuel Recovery Mechanism*

We retain natural gas quantities from our shippers, in accordance with our tariff, as reimbursement for fuel used in operations and for gas otherwise unaccounted for. On an annual basis, we compare the amount of such gas retained to the actual amount of fuel used in operations and gas otherwise unaccounted for over the annual period and assess our customers in kind for any shortfall amount or refund to our customers in kind for any over-recovery amount. Annually, we file a report with the FERC summarizing this true-up. For each of the years ended December 31, 2018 and 2017, we recorded a net regulatory expense of less than \$0.8 million related to our fuel recovery mechanism.

*2017 Tax Reform and FERC Tax Policies*

During 2018, the FERC issued the following policies and order related to income taxes:

*Revised Policy Statement on Treatment of Income Taxes (Revised Tax Policy).* In Docket No. PL17-1-000, as clarified under FERC’s Order on Rehearing, the FERC issued a revised policy statement to address income tax and rate of return policies for Master Limited Partnerships (MLPs) as a result of the decisions of the U.S. Court of Appeals for the District of Columbia Circuit in *United Airlines, Inc., et al. v. FERC (United Airlines)*. The Revised Tax Policy provides a general policy statement notifying that an impermissible double recovery results from granting an MLP pipeline both an income tax allowance and a return on equity under the discounted cash flow methodology. The FERC clarified that each MLP pipeline may still propose an income tax allowance in a rate filing because the Revised Tax Policy is not a binding rule. The FERC will require other partnerships and pass-through entities seeking to recover an income tax allowance to address the double-recovery concern from *United Airlines* in subsequent proceedings. The ultimate owners of our Members are organized as C-corporations and our earnings are taxed at the owner level. As such, we do not believe that the Revised Tax Policy will have an effect on our ability to collect an income tax allowance in our rates.

*Interstate and Intrastate Natural Gas Pipelines; Rate Changes Relating to Federal Income Tax Rate – (Order No. 849).* In Order No. 849, issued July 18, 2018, (Docket No. RM18-11) (Final Rule), the FERC required interstate pipelines to file an informational filing on a new Form No. 501-G to collect information to evaluate the impact of the 2017 Tax Reform and the Revised Tax Policy regarding tax allowances for interstate and intrastate natural gas pipelines. Form No. 501-G is intended to be an abbreviated cost and revenue study to estimate the impact of the 2017 Tax Reform and Revised Tax Policy on the pipeline's cost of service and return on equity. On August 17, 2018, we and certain KMI affiliates and other unrelated parties jointly filed a request for rehearing of the Final Rule. The FERC issued an order granting rehearing for further consideration on September 17, 2018; however, based on the schedule included in the Final Rule, we filed our Form No. 501-G on October 11, 2018 under Docket No. RP19-51-000, opting that no adjustment to rates is necessary. The Final Rule established the FERC's presumption that negotiated rate contracts should be allowed to remain in effect without change.

On January 16, 2019, the FERC initiated a Natural Gas Act (NGA) section 5 rate investigation under Docket No. RP19-51-000, and we filed the required cost and revenue study on April 1, 2019.

*Accounting and Ratemaking Treatment of Accumulated Deferred Income Taxes and Treatment Following the Sale or Retirement of an Asset (Docket No. PL19-2-000), (ADIT Policy).* With respect to pipelines regulated under the NGA, the ADIT Policy, issued November 15, 2018, provides the FERC's guidance regarding the treatment of ADIT for both accounting and ratemaking purposes in light of 2017 Tax Reform by clarifying 1) the accounts to be used in recording the amortization of the excess and/or deficient ADIT balances, 2) that natural gas pipelines must continue to follow the accounting guidance issued by the Chief Accountant in Docket No. AI93-5-000 with respect to changes in tax law or rates, including additional disclosure requirements as outlined in the ADIT Policy, and 3) that any excess or deficient ADIT associated with an asset must continue to be amortized in rates even after the sale or retirement of that asset. We have implemented the ADIT Policy in our financial statements as of and for the year ended December 31, 2018.

## **6. Recent Accounting Pronouncements**

### *Topic 842*

On February 25, 2016, the Financial Accounting Standards Board issued ASU No. 2016-02, "Leases" followed by a series of related accounting standard updates (collectively referred to as "Topic 842"). Topic 842 establishes a new lease accounting model which requires lessees to recognize for all leases a right-of-use asset and a lease liability in the balance sheet. Lessor accounting under the new standard is substantially unchanged. Topic 842 will become effective beginning with the first quarter of 2019.

On December 27, 2018, the FERC, in Docket No. AI19-1-000, "*Accounting and Financial Reporting for Leases,*" issued accounting guidance intended to provide clarity and certainty on how jurisdictional entities should apply the FERC's accounting and reporting requirements related to lease arrangements in response to ASU No. 2016-02. Under the FERC's accounting regulations, operating leases are not required to be capitalized and reported in the balance sheet. However, under this guidance, a jurisdictional entity may choose to implement the guidance of ASU No. 2016-02 to report operating leases with a lease term in excess of 12 months as right of use assets, with corresponding lease obligations, in the balance sheet accounts established for capital leases. FERC regulations for recording lease arrangements for lessors, capital leases, land easements, and the recording of expense related to lease arrangements remains unchanged. In addition, this guidance requires footnote disclosure of any amounts included in the capital lease balance sheet accounts that relate to operating leases, as well as any changes in FERC accounting practice in response to ASU No. 2016-02, and the impact of such amounts on FERC jurisdictional cost-of-service rates. Based on the guidance provided in Docket No. AI19-1-000, we had no changes to our accounting for leases as a result of Topic 842.

BEAR CREEK STORAGE COMPANY, L.L.C.

Income Statement  
Twelve Months Ending 12/31/2018

Line No.	Title of Account (a)	Twelve Months Ending 12/31/2018 (b)
1	Gas Operating Revenues (400)	\$ 28,617,219
2	Operating Expenses	
3	Operation Expense (401)	\$ 4,626,102
4	Maintenance Expenses (402)	2,799,418
5	Depreciation Expense (403)	914,748
6	Depreciation Expense for Asset Retirement Costs (403.1)	-
7	Amortization and Depletion of Utility Plant (404 - 405)	17,130
8	Amortization of Utility Plant Acq. Adjustment (406)	-
9	Amort of Prop Losses, Unrecovered Plant and Reg. Study Costs (407.1)	-
10	Amortization of Conversion Expenses (407.2)	-
11	Regulatory Debits (407.3)	5,797
12	(Less) Regulatory Credits (407.4)	(8,041)
13	Taxes Other than Income Taxes (408.1)	2,315,640
14	Income Taxes - Federal (409.1)	2,927,991
15	Income Taxes - Other (409.1.1)	992,707
16	Provision of Deferred Income Taxes (410.1)	847,203
17	(Less) Provision for Deferred Income Taxes - Credit (411.1)	(55,465)
18	Investment Tax Credit Adjustment - Net (411.4)	-
19	(Less) Gains from Disposition of Utility Plant (411.6)	-
20	Losses from Disposition of Utility Plant (411.7)	-
21	(Less) Gains from Disposition of Allowances (411.8)	-
22	Losses from Disposition of Allowances (411.9)	-
23	Accretion Expense (411.10)	-
24	TOTAL Utility Operating Expenses (Total of lines 3 thru 23)	\$ 15,383,230
25	Net Utility Operating Income (Total of lines 1 less 24)	\$ 13,233,989
26		
27	OTHER INCOME AND DEDUCTIONS	
28	Other Income	
29	Nonutility Operating Income	
30	Revenues from Merchandising, Jobbing and Contract Work (415)	\$ -
31	(Less) Costs and Expense of Merchandising, Job & Contract Work	-
32	Revenues from Nonutility Operations (417)	-
33	(Less) Expenses of Nonutility Operations (417.1)	-
34	Nonoperating Rental Income (418)	-
35	Equity in Earnings of Subsidiary Companies (418.1)	-
36	Interest and Dividend Income (419)	-
37	Allowance for Other Funds Used During Construction (419.1)	23,835
38	Miscellaneous Nonoperating Income (421)	302
39	Gain on Disposition of Property (421.1)	-
40	TOTAL Other Income (Total of lines 30 thru 39)	\$ 24,137
41	Other Income Deductions	
42	Loss on Disposition of Property (421.2)	-
43	Miscellaneous Amortization (425)	-
44	Donations (426.1)	-



BEAR CREEK STORAGE COMPANY, L.L.C.

Income Statement  
Twelve Months Ending 12/31/2018

Line No.	Title of Account (a)	Twelve Months Ending 12/31/2018 (b)
45	Life Insurance (426.2)	-
46	Penalties (426.3)	-
47	Expenditures for Certain Civic, Political and Related Activities (426.4)	-
48	Other Deductions (426.5)	-
49	TOTAL Other Income Deductions (Total of lines 42 thru 48)	\$ -
50	Taxes Applicable to Other Income and Deductions	
51	Taxes Other than Income Taxes (408.2)	\$ -
52	Income Taxes - Federal (409.2)	(64)
53	Income Taxes - Other (409.2.2)	(15)
54	Provision for Deferred Income Taxes (410.2)	(6,195)
55	(Less) Provision for Deferred Income Taxes - Credit (411.2)	-
56	Investment Tax Credit Adjustments - Net (411.5)	-
57	(Less) Investment Tax Credits (420)	-
58	TOTAL Taxes on Other Income And Deductions (Total of lines 51 thru 57)	\$ (6,274)
59	Net Other Income and Deductions (Total of lines 40, 49, 58)	\$ 17,863
60	INTEREST CHARGES	
61	Interest on Long-Term Debt (427)	-
62	Amortization of Debt Discount and Expense (428)	-
63	Amortization of Loss on Reacquired Debt (428.1)	-
64	(Less) Amortization of Premium on Debt - Credit (429)	-
65	(Less) Amortization of Gain on Reacquired Debt - Credit (429.1)	-
66	Interest on Debt to Associated Companies (430)	-
67	Other Interest Expense (431)	-
68	(Less) Allowance for Borrowed Funds Used During Construction - Credit (432)	7,355
69	Net Interest Charges (Total of lines 61 thru 68)	\$ 7,355
70	Income Before Extraordinary Items (Total of lines 25, 59, and 69)	\$ 13,259,207
71	EXTRAORDINARY ITEMS	
72	Extraordinary Income (434)	\$ -
73	(Less) Extraordinary Deductions (435)	-
74	Net Extraordinary Items (Total of line 73 less line 74)	\$ -
75	Income Taxes - Federal and Other (409.3)	-
76	Extraordinary Items after Taxes (Total of line 74 less 75)	-
77	Net Income (Total of lines 70 and 76)	\$ 13,259,207

## 1. General

We are a limited liability company organized under the laws of the state of Louisiana. When we refer to “us,” “we,” “our,” “ours,” “the Company,” or “Bear Creek” we are describing Bear Creek Storage Company, L.L.C.

The member interests in Bear Creek are as follows:

- 50% - Tennessee Gas Pipeline Company, L.L.C. (TGP) which is an indirect wholly owned subsidiary of Kinder Morgan, Inc. (KMI).
- 50% - Southern Natural Gas Company, L.L.C. (SNG) which is equally held by an indirect wholly owned subsidiary of Kinder Morgan, Inc. (KMI) and an indirect wholly owned subsidiary of The Southern Company (TSC).

We own an underground natural gas storage system in Bienville Parish, Louisiana, which is operated by Kinder Morgan SNG Operator LLC, an affiliate. Our gas storage system provides storage service to SNG and TGP.

## 2. Summary of Significant Accounting Policies

### *Basis of Presentation*

We have prepared our accompanying financial statements in accordance with the accounting requirements of the Federal Energy Regulatory Commission (FERC) as set forth in its applicable Uniform System of Accounts and published accounting releases, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Management has evaluated subsequent events through [April 2, 2019], the date the financial statements were available to be issued.

### *Adoption of New Accounting Pronouncement*

Effective January 1, 2018, we adopted Accounting Standards Update (ASU) No. 2014-09, “*Revenue from Contracts with Customers*” and the series of related ASUs that followed (collectively referred to as “Topic 606”). There were no changes to our historical revenue recognition and no cumulative adjustment as of January 1, 2018, resulting from the adoption of Topic 606. For more information, see “Revenue Recognition” below.

### *Use of Estimates*

Certain amounts included in or affecting our financial statements and related disclosures must be estimated, requiring us to make certain assumptions with respect to values or conditions which cannot be known with certainty at the time our financial statements are prepared. These estimates and assumptions affect the amounts we report for assets and liabilities, our revenues and expenses during the reporting period, and our disclosures, including as it relates to contingent assets and liabilities at the date of our financial statements. We evaluate these estimates on an ongoing basis, utilizing historical experience, consultation with experts and other methods we consider reasonable in the particular circumstances. Nevertheless, actual results may differ significantly from our estimates. Any effects on our business, financial position or results of operations resulting from revisions to these estimates are recorded in the period in which the facts that give rise to the revision become known.

In addition, we believe that certain accounting policies are of more significance in our financial statement preparation process than others, and set out below are the principal accounting policies we apply in the preparation of our financial statements.

### *Cash Equivalents*

We define cash equivalents as all highly liquid short-term investments with original maturities of three months or less.

### *Accounts Receivable*

We establish provisions for losses on accounts receivable if we determine that we will not collect all or part of the outstanding balance. We regularly review collectability and establish or adjust our allowance as necessary using the specific identification method. We had no allowance for doubtful accounts as of December 31, 2018 and 2017.

### *Inventories*

Our inventories, which consist of materials and supplies, are valued at weighted-average cost, and we periodically review for physical deterioration and obsolescence.

### *Property, Plant and Equipment*

Our property, plant and equipment is recorded at its original cost of construction or, upon acquisition, at either the fair value of the assets acquired or the cost to the entity that first placed the asset in utility service. For constructed assets, we capitalize all construction-related direct labor and material costs, as well as indirect construction costs. Our indirect construction costs primarily include an interest and equity return component (as more fully described below) and labor and related costs associated with supporting construction activities. The indirect capitalized labor and related costs are based upon estimates of time spent supporting construction projects.

We use the composite method to depreciate property, plant and equipment. Under this method, assets with similar economic characteristics are grouped and depreciated as one asset. The FERC-accepted depreciation rate is applied to the total cost of the group until the net book value equals the salvage value. For certain general plant, the asset is depreciated to zero. As part of periodic filings with the FERC, we also re-evaluate and receive approval for our depreciation rates. When property, plant and equipment is retired, accumulated depreciation and amortization is charged for the original cost of the assets in addition to the cost to remove, sell or dispose of the assets, less salvage value. We do not recognize gains or losses unless we sell land or an entire operating unit (as approved by the FERC).

Included in our property balances are base gas and working gas at our storage facility. We periodically evaluate natural gas volumes at our storage facility for gas losses. When events or circumstances indicate a loss has occurred, we recognize a loss on our income statement or defer the loss as a regulatory asset on our balance sheets if deemed probable of recovery through future rates charged to customers.

We capitalize a carrying cost (an allowance for funds used during construction or AFUDC) on debt and equity funds related to the construction of long-lived assets. This carrying cost consists of a return on the investment financed by debt and a return on the investment financed by equity. The debt portion is calculated based on the average cost of debt for our Members. Interest costs capitalized are included as a reduction to interest charges in Account 432 "Allowance for Borrowed Funds Used During Construction – Credit" on our income statements. The equity portion is calculated based on the average of the most recent FERC approved rates of return for our Members. Equity amounts capitalized are included in Account 419.1 "Allowance for Other Funds Used During Construction" on our income statements.

### *Asset Retirement Obligations (ARO)*

We record liabilities for obligations related to the retirement and removal of long-lived assets used in our business. We record, as liabilities, the fair value of ARO on a discounted basis when they are incurred and can be reasonably estimated, which is typically at the time the assets are installed or acquired. Amounts recorded for the related assets are increased by the amount of these obligations. Over time, the liabilities increase due to the change in their present value, and the initial capitalized costs are depreciated over the useful lives of the related assets. The liabilities are eventually extinguished when the asset is taken out of service.

We are required to operate and maintain our natural gas storage system, and intend to do so as long as supply and demand for natural gas exists, which we expect for the foreseeable future. Therefore, we believe that we cannot reasonably estimate the ARO for the substantial majority of our assets because these assets have indeterminate lives. We continue to evaluate our ARO and future developments could impact the amounts we record. We had no ARO as of December 31, 2018 and 2017.

### *Asset Impairments*

We evaluate our assets for impairment when events or circumstances indicate that their carrying values may not be recovered. These events include changes in the manner in which we intend to use a long-lived asset, decisions to sell

an asset and adverse changes in market conditions or in the legal or business environment such as adverse actions by regulators. If an event occurs, which is a determination that involves judgment, we evaluate the recoverability of the carrying value of our long-lived asset based on the long-lived asset's ability to generate future cash flows on an undiscounted basis. If an impairment is indicated, or if we decide to sell a long-lived asset or group of assets, we adjust the carrying value of the asset downward, if necessary and upon regulatory approval, to its estimated fair value.

Our fair value estimates are generally based on assumptions market participants would use, including market data obtained through the sales process or an analysis of expected discounted future cash flows. There were no impairments for the years ended December 31, 2018 and 2017.

### *Revenue Recognition*

We segregate each class of revenue by account pursuant to FERC's guidance under Code of Federal Regulations Title 18, Part 201.

*Revenue from Contracts with Customers.* The unit of account in Topic 606 is a performance obligation, which is a promise in a contract to transfer to a customer either a distinct good or service (or bundle of goods or services) or a series of distinct goods or services provided over a period of time. Topic 606 requires that a contract's transaction price, which is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, is to be allocated to each performance obligation in the contract based on relative standalone selling prices and recognized as revenue when (point in time) or as (over time) the performance obligation is satisfied.

*Storage Contracts.* Our revenues are primarily generated from the storage of natural gas under firm service customer contracts with take-or-pay elements (principally for capacity reservation) where both the price and quantity are fixed. Generally, for these contracts: (i) our promise is to transfer (or stand ready to transfer) a series of distinct integrated services over a period of time, which is a single performance obligation; (ii) the transaction price includes fixed and/or variable consideration, which is determinable at contract inception and/or at each month end based on our right to invoice at month end for the value of services provided to the customer that month; and (iii) the transaction price is recognized as revenue over the service period specified in the contract as the services are rendered. In these arrangements, the customer is obligated to pay for services associated with its take-or-pay obligation regardless of whether or not the customer chooses to utilize the service in that period. Because we make the service continuously available over the service period, we recognize the take-or-pay amount as revenue ratably over the period based on the passage of time.

The natural gas we receive under our storage contracts remains under the control of our customers. In many cases, generally described as firm service, the customer generally pays a two-part transaction price that includes (i) a fixed fee reserving the right to store natural gas in our facilities up to contractually specified capacity levels (referred to as "reservation") and (ii) a per-unit rate for quantities of natural gas actually injected or withdrawn. In our firm service contracts we generally promise to provide a single integrated service each day over the life of the contract, which is fundamentally a stand-ready obligation to provide services up to the customer's reservation capacity prescribed in the contract. Our customers have a take-or-pay payment obligation with respect to the fixed reservation fee component, regardless of the quantities they actually inject or withdraw. In other cases, generally described as interruptible service, there is no fixed fee associated with these storage services because the customer accepts the possibility that service may be interrupted at our discretion in order to serve customers who have firm service contracts. We do not have an obligation to perform under interruptible customer arrangements until we accept and schedule the customer's request for periodic service. The customer pays a transaction price based on a per-unit rate for the quantities actually stored.

*Revenue Recognition Policy prior to January 1, 2018.* Prior to the implementation of Topic 606, we estimated our earned but unbilled revenues from natural gas storage service based on contract data, regulatory information, and preliminary sendout and allocation measurements, among other items. Revenues for all services were based on the thermal quantity of gas delivered or subscribed at a price specified in the contract. We recognized reservation revenues on firm contracted capacity ratably over the contract period regardless of the amount of natural gas that was stored. For interruptible or volumetric-based services, we recorded revenues when gas was injected into or withdrawn from the storage facility.

### *Environmental Matters*

We capitalize or expense, as appropriate, environmental expenditures. We capitalize certain environmental expenditures required in obtaining rights-of-way, regulatory approvals or permitting as part of the construction. We accrue and expense environmental costs that relate to an existing condition caused by past operations, which do not contribute to current or future revenue generation. We generally do not discount environmental liabilities to a net present value, and we

record environmental liabilities when environmental assessments and/or remedial efforts are probable and we can reasonably estimate the costs. Generally, our recording of these accruals coincides with our completion of a feasibility study or our commitment to a formal plan of action. We recognize receivables for anticipated associated insurance recoveries when such recoveries are deemed to be probable.

We routinely conduct reviews of potential environmental issues and claims that could impact our assets or operations. These reviews assist us in identifying environmental issues and estimating the costs and timing of remediation efforts. We also routinely adjust our environmental liabilities to reflect changes in previous estimates. In making environmental liability estimations, we consider the material effect of environmental compliance, pending legal actions against us, and potential third-party liability claims. Often, as the remediation evaluation and effort progresses, additional information is obtained, requiring revisions to estimated costs. These revisions are reflected in our income in the period in which they are reasonably determinable.

We are subject to environmental cleanup and enforcement actions from time to time. In particular, the Comprehensive Environmental Response, Compensation and Liability Act generally imposes joint and several liability for cleanup and enforcement costs on current and predecessor owners and operators of a site, among others, without regard to fault or the legality of the original conduct, subject to the right of a liable party to establish a "reasonable basis" for apportionment of costs. Our operations are also subject to federal, state and local laws and regulations relating to protection of the environment. Although we believe our operations are in substantial compliance with applicable environmental laws and regulations, risks of additional costs and liabilities are inherent in our operations, and there can be no assurance that we will not incur significant costs and liabilities. Moreover, it is possible that other developments, such as increasingly stringent environmental laws, regulations and enforcement policies under the terms of authority of those laws, and claims for damages to property or persons resulting from our operations, could result in substantial costs and liabilities to us.

Although it is not possible to predict the ultimate outcomes, we believe that the resolution of the environmental matters, and other matters to which we are a party, will not have a material adverse effect on our business, financial position, results of operations or cash flows. We had no accruals for any outstanding environmental matters as of December 31, 2018 and 2017.

#### *Legal Proceedings*

We are party to various legal, regulatory and other matters arising from the day-to-day operations of our business that may result in claims against the Company. Although no assurance can be given, we believe, based on our experiences to date and taking into account established reserves, that the ultimate resolution of such items will not have a material adverse impact on our business, financial position, results of operations or cash flows. We believe we have meritorious defenses to the matters to which we are a party and intend to vigorously defend the Company. When we determine a loss is probable of occurring and is reasonably estimable, we accrue an undiscounted liability for such contingencies based on our best estimate using information available at that time. If the estimated loss is a range of potential outcomes and there is no better estimate within the range, we accrue the amount at the low end of the range. We disclose contingencies where an adverse outcome may be material, or in the judgment of management, we conclude the matter should otherwise be disclosed.

We had no accruals for any outstanding legal proceedings as of December 31, 2018 and 2017.

#### *Regulatory Assets and Liabilities*

Regulatory assets and liabilities represent probable future revenues or expenses associated with certain charges and credits that are expected to be recovered from or refunded to customers through the ratemaking process.

### **3. Income Taxes**

We are a limited liability company that is treated as a partnership for income tax purposes and are not subject to federal or state income taxes; however, all of our activities are included in the tax returns of the owners of our Members, which are taxable C-corporations. Our approved rates include an allowance for income taxes, calculated as if we were a taxable corporation, and the FERC requires that we reflect such taxes in our financial statements.

We record current income taxes based on our taxable income and we provide for deferred income taxes to reflect estimated future tax payments and receipts. Deferred taxes represent the tax impacts of differences between the financial statement and tax bases of assets and liabilities and carryovers at each year end. We account for tax credits under the flow-through method, which reduces the provision for income taxes in the year the tax credits first become available. We reduce

deferred tax assets by a valuation allowance when, based on our estimates, it is more likely than not that a portion of those assets will not be realized in a future period. The estimates utilized in the recognition of deferred tax assets are subject to revision, either up or down, in future periods based on new facts or circumstances. Income taxes charged to us are reflected in the accompanying comparative balance sheet in Account 236 "Taxes Accrued" and Accounts 190, 282 and 283 "Accumulated Deferred Income Taxes." A portion of the activity in Account 211 "Miscellaneous Paid-In Capital" reflects the income taxes assigned or advanced to our Members. Current income taxes assigned to our Members are transferred into Account 211 from Account 236. Deferred income taxes advanced to our Members are transferred into Account 211 with an offsetting adjustment to Account 186 "Miscellaneous Deferred Debits". For more information, see Note 4.

The following table reflects the components of income tax expense included in net income (in millions):

	Year Ended December 31,	
	2018	2017
Current:		
Federal .....	\$ 2.9	\$ 5.6
State .....	1.0	0.9
	<u>3.9</u>	<u>6.5</u>
Deferred:		
Federal .....	0.6	0.3
State .....	0.2	-
	<u>0.8</u>	<u>0.3</u>
Total income tax expense .....	\$ <u>4.7</u>	\$ <u>6.8</u>

The differences between our actual income tax expense and the amount computed by applying the statutory federal income tax rate of 21% and 35% for the years ended December 31, 2018 and 2017, respectively, are summarized as follows (in millions):

	Year Ended December 31,	
	2018	2017
Income tax expense at the statutory federal rate .....	\$ 3.8	\$ 6.2
State income tax, net of federal income tax effect .....	0.9	0.6
Total income tax expense .....	\$ <u>4.7</u>	\$ <u>6.8</u>
Effective tax rate .....	<u>26.3%</u>	<u>38.7%</u>

The following are the components of our net deferred tax liability (in millions):

	December 31,	
	2018	2017
Deferred tax liabilities:		
Property, plant and equipment .....	\$ 2.8	\$ 2.0
Deferred tax assets:		
Regulatory liability .....	<u>0.3</u>	<u>0.3</u>
Net deferred tax liability .....	\$ <u>2.5</u>	\$ <u>1.7</u>

*Tax Cuts and Jobs Act of 2017 (2017 Tax Reform)*

On December 22, 2017, the United States enacted the 2017 Tax Reform. Among the many provisions included in the 2017 Tax Reform is a provision to reduce the U.S. federal corporate income tax rate from 35% to 21% effective January 1, 2018. As a result of this reduction in the federal income tax rate, we adjusted our accumulated deferred income tax (ADIT) balances by remeasuring the related temporary differences as of December 31, 2017 at the 21% federal tax rate. Adjustments to ADIT balances that are reflected in rate base were recorded to Account 254 "Other Regulatory Liabilities," and adjustments to non-rate base related ADIT were recorded on the income statement in Account 410.1 "Provision of Deferred Income Taxes" and Account 411.1 "Provision for Deferred Income Taxes-Credit," as applicable. Remeasurement of our ADIT balances affected accounts as of, and for the years ended, December 31, 2018 and 2017, as follows (in millions):

Account	Description	Debit/(Credit)	
		2018	2017
182.3	Other Regulatory Assets. . . . .	\$ -	\$ (0.1)
190	Accumulated Deferred Income Taxes. . . . .	-	0.3
254	Other Regulatory Liabilities. . . . .	-	(1.4)
282	Accumulated Deferred Income Taxes – Other Property. . . . .	-	1.0
283	Accumulated Deferred Income Taxes – Other. . . . .	-	0.1

As of December 31, 2018, the total excess ADIT amount of \$1.0 million is protected under the Internal Revenue Service normalization rules, with no unprotected amounts. The regulatory liability balance is being amortized within existing rates to Account 411.1 "Provision for Deferred Income Taxes-Credit" on our income statement, effective January 1, 2018, over 29.5 years, the remaining weighted average life of our depreciable assets. See Note 5 "Rate and Regulatory Matters" for recent FERC issuances related to income taxes.

**4. Related Party Transactions**

*Proprietary Capital*

The following table reflects changes to our proprietary capital accounts resulting from distributions paid to our Members, as well as other changes in proprietary capital (in millions):

	Year Ended December 31,			
	2018		2017	
	Account 211	Account 216	Account 211	Account 216
Balance – Beginning of Year. . . . .	\$ 106.4	\$ 19.3	\$ 106.4	\$ 16.4
Net Income. . . . .	-	13.3	-	10.8
Transfer of net earnings from Account 216 <sup>(1)</sup> . . . . .	9.6	(9.6)	7.9	(7.9)
Transfer from Account 236 <sup>(1)</sup> . . . . .	3.9	-	6.4	-
Transfer from Account 186 <sup>(1)</sup> . . . . .	0.8	-	(1.1)	-
Total Transfers . . . . .	<u>14.3</u>	<u>(9.6)</u>	<u>13.2</u>	<u>(7.9)</u>
Distributions to Members. . . . .	<u>(14.3)</u>	<u>-</u>	<u>(13.2)</u>	<u>-</u>
Balance – End of Year . . . . .	\$ 106.4	\$ 23.0	\$ 106.4	\$ 19.3

(1) Settlements of these amounts are made within equity and are considered non-cash financing activities.

*Affiliate Balances and Activities*

The following table summarizes our balance sheet affiliate balances (in millions):

Account	December 31,	
	2018	2017
146 Accounts receivable from associated companies. . . . .	\$ 2.3	\$ 2.3
186 Advance of deferred income taxes to Members. . . . .	2.5	1.7
234 Accounts payable to associated companies. . . . .	2.5	4.6

We do not have employees and are operated by an indirect subsidiary of KMI; therefore KMI employees provide services to us. Under policies with KMI, we reimburse KMI at cost for direct and indirect costs incurred on our behalf and allocated general and administrative costs. These costs are reflected, as appropriate, in the “Operation, maintenance and payroll tax expenses” and “Capitalized costs” lines in the table below.

The following table shows costs from our affiliates (in millions):

	Year Ended December 31,	
	2018	2017
Operation, maintenance and payroll tax expenses. . . . .	\$ 3.0	\$ 3.0
Capitalized costs . . . . .	0.4	0.4

We provide contract storage services to SNG and TGP under agreements that expire in 2019. We expect annual renewal of these contracts to occur into the foreseeable future. For each of the years ended December 31, 2018 and 2017, we received \$27.1 million under these agreements.

*Subsequent Event*

In March 2019, we made a cash distribution to our Members of [\$ ] million, inclusive of amounts representing income taxes.

**5. Rate and Regulatory Matters**

*Fuel Recovery Mechanism*

We retain natural gas quantities from our shippers, in accordance with our tariff, as reimbursement for fuel used in operations and for gas otherwise unaccounted for. On an annual basis, we compare the amount of such gas retained to the actual amount of fuel used in operations and gas otherwise unaccounted for over the annual period and assess our customers in kind for any shortfall amount or refund to our customers in kind for any over-recovery amount. Annually, we file a report with the FERC summarizing this true-up. For each of the years ended December 31, 2018 and 2017, we recorded a net regulatory expense of less than \$0.8 million related to our fuel recovery mechanism.

*2017 Tax Reform and FERC Tax Policies*

During 2018, the FERC issued the following policies and order related to income taxes:

*Revised Policy Statement on Treatment of Income Taxes (Revised Tax Policy).* In Docket No. PL17-1-000, as clarified under FERC’s Order on Rehearing, the FERC issued a revised policy statement to address income tax and rate of return policies for Master Limited Partnerships (MLPs) as a result of the decisions of the U.S. Court of Appeals for the District of Columbia Circuit in *United Airlines, Inc., et al. v. FERC (United Airlines)*. The Revised Tax Policy provides a general policy statement notifying that an impermissible double recovery results from granting an MLP pipeline both an income tax allowance and a return on equity under the discounted cash flow methodology. The FERC clarified that each MLP pipeline may still propose an income tax allowance in a rate filing because the Revised Tax Policy is not a binding rule. The FERC will require other partnerships and pass-through entities seeking to recover an income tax allowance to address the double-recovery concern from *United Airlines* in subsequent proceedings. The ultimate owners of our Members are organized as C-corporations and our earnings are taxed at the owner level. As such, we do not believe that the Revised Tax Policy will have an effect on our ability to collect an income tax allowance in our rates.



*Interstate and Intrastate Natural Gas Pipelines; Rate Changes Relating to Federal Income Tax Rate – (Order No. 849).* In Order No. 849, issued July 18, 2018, (Docket No. RM18-11) (Final Rule), the FERC required interstate pipelines to file an informational filing on a new Form No. 501-G to collect information to evaluate the impact of the 2017 Tax Reform and the Revised Tax Policy regarding tax allowances for interstate and intrastate natural gas pipelines. Form No. 501-G is intended to be an abbreviated cost and revenue study to estimate the impact of the 2017 Tax Reform and Revised Tax Policy on the pipeline's cost of service and return on equity. On August 17, 2018, we and certain KMI affiliates and other unrelated parties jointly filed a request for rehearing of the Final Rule. The FERC issued an order granting rehearing for further consideration on September 17, 2018; however, based on the schedule included in the Final Rule, we filed our Form No. 501-G on October 11, 2018 under Docket No. RP19-51-000, opting that no adjustment to rates is necessary. The Final Rule established the FERC's presumption that negotiated rate contracts should be allowed to remain in effect without change.

On January 16, 2019, the FERC initiated a Natural Gas Act (NGA) section 5 rate investigation under Docket No. RP19-51-000, and we filed the required cost and revenue study on April 1, 2019.

*Accounting and Ratemaking Treatment of Accumulated Deferred Income Taxes and Treatment Following the Sale or Retirement of an Asset (Docket No. PL19-2-000), (ADIT Policy).* With respect to pipelines regulated under the NGA, the ADIT Policy, issued November 15, 2018, provides the FERC's guidance regarding the treatment of ADIT for both accounting and ratemaking purposes in light of 2017 Tax Reform by clarifying 1) the accounts to be used in recording the amortization of the excess and/or deficient ADIT balances, 2) that natural gas pipelines must continue to follow the accounting guidance issued by the Chief Accountant in Docket No. AI93-5-000 with respect to changes in tax law or rates, including additional disclosure requirements as outlined in the ADIT Policy, and 3) that any excess or deficient ADIT associated with an asset must continue to be amortized in rates even after the sale or retirement of that asset. We have implemented the ADIT Policy in our financial statements as of and for the year ended December 31, 2018.

## **6. Recent Accounting Pronouncements**

### *Topic 842*

On February 25, 2016, the Financial Accounting Standards Board issued ASU No. 2016-02, "Leases" followed by a series of related accounting standard updates (collectively referred to as "Topic 842"). Topic 842 establishes a new lease accounting model which requires lessees to recognize for all leases a right-of-use asset and a lease liability in the balance sheet. Lessor accounting under the new standard is substantially unchanged. Topic 842 will become effective beginning with the first quarter of 2019.

On December 27, 2018, the FERC, in Docket No. AI19-1-000, "*Accounting and Financial Reporting for Leases,*" issued accounting guidance intended to provide clarity and certainty on how jurisdictional entities should apply the FERC's accounting and reporting requirements related to lease arrangements in response to ASU No. 2016-02. Under the FERC's accounting regulations, operating leases are not required to be capitalized and reported in the balance sheet. However, under this guidance, a jurisdictional entity may choose to implement the guidance of ASU No. 2016-02 to report operating leases with a lease term in excess of 12 months as right of use assets, with corresponding lease obligations, in the balance sheet accounts established for capital leases. FERC regulations for recording lease arrangements for lessors, capital leases, land easements, and the recording of expense related to lease arrangements remains unchanged. In addition, this guidance requires footnote disclosure of any amounts included in the capital lease balance sheet accounts that relate to operating leases, as well as any changes in FERC accounting practice in response to ASU No. 2016-02, and the impact of such amounts on FERC jurisdictional cost-of-service rates. Based on the guidance provided in Docket No. AI19-1-000, we had no changes to our accounting for leases as a result of Topic 842.

## **Bear Creek Storage Company, L.L.C.**

### **System Map**

No significant changes have occurred since the filing of Bear Creek's last FERC Form 2.

**Bear Creek Storage Company, L.L.C.  
Major Expansion and Abandonment Certificates  
Issued Since Last Rate Case In 2012**

There have been no major expansions nor abandonment certificates issued since Bear Creek's last general rate case in 2012.

BEAR CREEK STORAGE COMPANY, L.L.C.  
DESCRIPTION OF DESIGN AND OPERATION  
OF STORAGE FIELD

Bear Creek Storage Company, L.L.C. (Bear Creek) is a joint venture owned 50 percent each by Southern Natural Gas Company, L.L.C. (Southern) and Tennessee Gas Pipeline Company, L.L.C. (Tennessee). Bear Creek owns a natural gas storage field, with related surface and subsurface equipment, located in Bienville Parish, Louisiana, which is operated by Southern. On April 3, 1979, the Commission issued a Certificate of Public Convenience and Necessity to Bear Creek authorizing construction and operation of its gas storage field. Bear Creek was placed in service on July 25, 1981. Bear Creek provides individually certificated storage service under Part 157 of the Commission's Regulations to Southern and Tennessee, who in turn each utilize the storage service to provide contract storage service to certain of their customers under each customer's individual FERC Gas Tariff.

The maximum certificated storage capacity of Bear Creek is 114.9 billion standard cubic feet (bcf)<sup>1</sup> or a maximum bottom hole pressure of 3,232 pounds per square inch absolute (psia). The practical storage capacity of Bear Creek is 107.9 bcf which is the total volume in place at an maximum bottom hole pressure of 3,232 psia. Base gas is 48.7 bcf, resulting in a maximum practical working gas volume of 59.2 bcf. The maximum withdrawal rate at Bear Creek is 900 million standard cubic feet per day (mmcf/d) and the maximum injection rate is 460 mmcf/d. As the level of inventory varies, the withdrawal rate and the injection rate varies as well.

Major subsurface components of Bear Creek include the storage reservoir, which is the Pettit limestone formation approximately 7,000 feet below ground level. To convey the gas from the storage reservoir to the surface and from the surface to the storage reservoir, there are 52 wells that are utilized for both withdrawal and injection. Additional pressure and fluid monitoring is conducted via 20 observation wells.

During withdrawal at Bear Creek, gas flows through major surface components that include 25 miles of gathering lines, ranging from 6 to 18 inches in diameter, connecting the wells to the main plant. Once at the plant, gas flows through a slug catcher, heaters, regulators, separators, dehydration, and finally measurement equipment. Compression can be utilized during withdrawal but, other than in test mode, has not been used during withdrawals to date. Free water produced and water recovered from dehydration are injected through one of two salt water disposal wells into the Tuscaloosa formation approximately 3,900 feet below ground level. On injection, gas flows through measurement, separation (to remove material that could harm compressors), compression, separation (to remove any oil carry over), gathering lines, and finally through the wells into the storage reservoir. On withdrawal there is 900 mmcf/d of dehydration capacity and during injection up to four 7,000 horsepower compressor units are utilized.

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<sup>1</sup> All volumes in this Statement are at 14.73 psia and 60 degrees Fahrenheit.

**BEAR CREEK STORAGE COMPANY, L.L.C.**

**APPENDIX B**

**WITH TEST PERIOD**

**Bear Creek Storage Company, L.L.C.**  
**Overall Cost of Service**  
**Twelve Months Ended December 31, 2018, As Adjusted**

<u>Line No.</u>	<u>Description</u> (a)	<u>Reference</u> (b)	<u>Total</u> (c)
	Operation and Maintenance Expenses		
1	Underground Storage	Statement H-1	\$ 5,952,184
2	Administrative and General	Statement H-1	<u>1,449,508</u>
3	Total Operation and Maintenance Expenses		\$ 7,401,692
4	Depreciation/Amortization Expense	Statement H-2	\$ 948,193
5	Amortization of DIT Regulatory Liability	Statement H-2	(45,565)
6	Taxes Other than Income Taxes	Statement H-4	2,318,043
7	State Income Taxes	Statement H-3	974,902
8	Federal Income Taxes	Statement H-3	3,034,296
9	Return	Statement B	<u>14,316,940</u>
10	Total Cost of Service		<u><u>\$ 28,948,501</u></u>

**Bear Creek Storage Company, L.L.C.**  
**Rate Base and Return**  
**Twelve Months Ended December 31, 2018, As Adjusted**

<u>Line No.</u>	<u>Description</u> (a)	<u>Reference</u> (b)	<u>Total Storage</u> (c)
1	Gas Plant in Service	Statement C	\$ 187,753,886
2	Gas Plant Purchased or Sold	Statement C	-
3	Gas Plant Held for Future Use	Statement C	-
4	Construction Work In Progress	Statement C	-
5	Gas Plant Stored Underground (Non-Current)	Statement C	95,598,428
6	Accumulated Provision for Depreciation of Gas Utility Plant	Statement D	(155,537,130)
7	Accumulated Provision for Depletion and Amortization of Gas Utility Plant	Statement D	(543,782)
8	Net Utility Plant		<u>\$ 127,271,402</u>
9	Working Capital	Statement E	\$ 2,673,737
10	Accumulated Deferred Income Taxes	Schedule B-1	(2,484,621)
11	Regulatory Assets /(Liabilities)	Schedule B-2	<u>(1,320,080)</u>
12	Total Rate Base		<u>\$ 126,140,438</u>
13	Return on Rate Base at	11.35%	<u>\$ 14,316,940</u>

**Bear Creek Storage Company, L.L.C.**  
**Accumulated Deferred Income Taxes**  
**12 Month Period Ending December 31, 2018, As Adjusted**

Line No.	Description (a)	Account No. 190 (b)	Account No. 282 (c)	Account No. 283 (d)	Total (e)
Monthly Balances					
1	January, 2018	\$ -	\$ (3,032,862)	\$ (38,504)	\$ (3,071,366)
2	February	0	(3,122,179)	(38,710)	(3,160,889)
3	March	338,137	(2,248,286)	(38,712)	(1,948,861)
4	April	338,137	(2,362,684)	(39,348)	(2,063,895)
5	May	338,137	(2,390,848)	(39,263)	(2,091,974)
6	June	338,137	(2,504,169)	(39,219)	(2,205,251)
7	July	338,137	(2,524,571)	(39,216)	(2,225,650)
8	August	338,137	(2,539,989)	(39,247)	(2,241,099)
9	September	350,640	(2,626,802)	(39,247)	(2,315,409)
10	October	350,640	(2,641,562)	(39,115)	(2,330,037)
11	November	350,640	(2,659,125)	(39,067)	(2,347,552)
12	December	349,034	(2,826,813)	(40,241)	(2,518,020)
13	Test Period Activity	(5,940)	(120,175)	(291)	(126,406)
14	End of Test Period	343,094	(2,946,988)	(40,532)	(2,644,426)
15	Adjustments	<u>-</u>	<u>119,273</u>	<u>40,532</u>	<u>159,805</u>
16	Claimed in Rate Base	<u>\$ 343,094</u>	<u>\$ (2,827,715)</u>	<u>\$ -</u>	<u>\$ (2,484,621)</u>



**Bear Creek Storage Company, L.L.C.**  
**Accumulated Deferred Income Taxes**  
**12 Month Period Ending December 31, 2018, As Adjusted**

Line No.	Description	Acct	Base Period Balance	Test Period Activity	Test Period Projection	Excluded From Rate Base	Adjusted Test Period Balance
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
	Account 190						
1	Excess DFIT	190	\$ 349,034	\$ (5,940)	\$ 343,094	\$ -	\$ 343,094
2	Total Account 190		\$ 349,034	\$ (5,940)	\$ 343,094	\$ -	\$ 343,094
	Account 282						
3	Depreciation	282	\$ (1,911,353)	\$ (120,175)	\$ (2,031,528)	\$ -	\$ (2,031,528)
4	AFUDC - Post 1987	282	(119,273)	-	(119,273)	119,273	-
5	Interest Capitalized	282	41,706	-	41,706	-	41,706
6	Removal Cost	282	(837,893)	-	(837,893)	-	(837,893)
7	Total Account 282		\$ (2,826,813)	\$ (120,175)	\$ (2,946,988)	\$ 119,273	\$ (2,827,715)
	Account 283						
8	AFUDC Gross-up	283	\$ (40,241)	\$ (291)	\$ (40,532)	\$ 40,532	\$ -
9	Total Account 283		(40,241)	(291)	(40,532)	40,532	-
10	Total DIT		\$ (2,518,020)	\$ (126,406)	\$ (2,644,426)	\$ 159,805	\$ (2,484,621)

**Bear Creek Storage Company, L.L.C.**  
**Regulatory Assets and Liabilities**  
**Twelve Months Ended December 31, 2018, As Adjusted**

<u>Line No.</u>	<u>Description</u> (a)	<u>Total</u> (b)	<u>Account 182.3</u> (c)	<u>Account 254</u> (d)
1	January, 2018	\$ (955,647)	\$ 186,879	\$ (1,142,526)
2	February	(917,065)	163,116	(1,080,181)
3	March	(2,216,753)	180,914	(2,397,667)
4	April	(2,371,078)	177,371	(2,548,449)
5	May	(2,508,073)	172,755	(2,680,828)
6	June	(2,621,299)	168,299	(2,789,598)
7	July	(2,692,589)	164,008	(2,856,597)
8	August	(2,825,306)	212,011	(3,037,317)
9	September	(2,976,455)	207,453	(3,183,908)
10	October	(1,508,315)	202,862	(1,711,177)
11	November	(1,947,056)	198,325	(2,145,381)
12	December	(2,405,274)	193,930	(2,599,204)
13	Test Period Activity	22,732	-	22,732
14	End of Test Period	(2,382,542)	193,930	(2,576,472)
15	Adjustments	<u>\$ 1,062,462</u>	<u>\$ (193,930)</u>	<u>\$ 1,256,392</u>
16	Adjusted Balance	<u>\$ (1,320,080)</u>	<u>\$ -</u>	<u>\$ (1,320,080)</u>

**Bear Creek Storage Company, L.L.C.**  
**Regulatory Assets and Liabilities**  
**Twelve Months Ended December 31, 2018, As Adjusted**

<u>Line No.</u>	<u>Description</u> (a)	<u>Base Period</u> <u>Balance</u> (b)	<u>Test Period</u> <u>Activity</u> (c)	<u>Test Period</u> <u>Projection</u> (d)	<u>Excluded From</u> <u>Rate base</u> (e)	<u>Adjusted</u> <u>Test Period</u> <u>Projection</u> (f)
<b><u>Account No. 182.3</u></b>						
1	FERC ACA Regulatory Asset	\$ 39,122	\$ -	\$ 39,122	\$ (39,122)	\$ -
2	AFUDC Regulatory Asset	<u>154,808</u>	<u>-</u>	<u>154,808</u>	<u>(154,808)</u>	<u>-</u>
3	Total Account No. 182.3	<u>\$ 193,930</u>	<u>\$ -</u>	<u>\$ 193,930</u>	<u>\$ (193,930)</u>	<u>\$ -</u>
<b><u>Account No. 254</u></b>						
4	L& U Fuel Regulatory Liability	\$ (1,256,392)	\$ -	\$ (1,256,392)	\$ 1,256,392	\$ -
5	DIT Regulatory Liability 1/	<u>(1,342,812)</u>	<u>22,732</u>	<u>(1,320,080)</u>	<u>-</u>	<u>(1,320,080)</u>
6	Total Account No. 254	<u>\$ (2,599,204)</u>	<u>\$ 22,732</u>	<u>\$ (2,576,472)</u>	<u>\$ 1,256,392</u>	<u>\$ (1,320,080)</u>
7	Total	<u>\$ (2,405,274)</u>	<u>\$ 22,732</u>	<u>\$ (2,382,542)</u>	<u>\$ 1,062,462</u>	<u>\$ (1,320,080)</u>

1/ Established per Tax Cuts and Jobs Act of 2017.

**Bear Creek Storage Company, L.L.C.**  
**Cost of Plant**  
**Twelve Months Ended December 31, 2018, As Adjusted**

<u>Line No.</u>	<u>Description</u> (a)	<u>FERC Account No.</u> (b)	<u>Balance Per Books at January 1, 2018</u> (c)	<u>Additions</u> (d)	<u>Reductions</u> (e)	<u>Other Changes</u> (f)	<u>Balance Per Books at December 31, 2018</u> (g)	<u>Test Period Adjustments</u> (h)	<u>Plant as Adjusted</u> (i)
1	Gas Plant in Service	101	\$ 183,311,932	\$ 3,546,346	\$ (580,929)	\$ -	\$ 186,277,348	\$ 1,476,538	\$ 187,753,886
2	Gas Plant Purchased or Sold	102	-	-	-	-	-	-	-
3	Experimental Gas Plant, Unclassified	103	-	-	-	-	-	-	-
4	Gas Plant Leased to Others	104	-	-	-	-	-	-	-
5	Gas Plant Held for Future Use	105	-	-	-	-	-	-	-
6	Completed Construction, Not Classifie	106	-	-	-	-	-	-	-
7	Construction Work in Progress	107	642,570	3,190,422	(3,507,657)	-	325,335	(325,335)	-
8	Gas Stored Underground - Noncurrent	117.1	95,598,428	-	-	-	95,598,428	-	95,598,428
9	Gas Stored Underground - Noncurrent	117.2	-	-	-	-	-	-	-
10	Total Cost of Plant		<u>\$ 279,552,930</u>	<u>\$ 6,736,768</u>	<u>\$ (4,088,586)</u>	<u>\$ -</u>	<u>\$ 282,201,112</u>	<u>\$ 1,151,203</u>	<u>\$ 283,352,315</u>

**Bear Creek Storage Company, L.L.C.**  
**Detailed Plant Accounts**  
**FERC Prime Account Nos. 101 and 105**  
**Twelve Months Ended December 31, 2018, As Adjusted**

<u>Line No.</u>	<u>Account No.</u> (a)	<u>Description</u> (b)	Balance Per Books at <u>December 31, 2018</u> (c)	<u>Adjustments</u> (d)	Plant as <u>Adjusted</u> (e)
<b>Intangible</b>					
1	301	Organization	\$ -	\$ -	\$ -
2	302	Franchises and Consents	477,992		477,992
3	303	Miscellaneous Intangible Plant	187,793	-	187,793
4	Total Intangible		\$ 665,785	\$ -	\$ 665,785
<b>Production and Gathering</b>					
5	325.4	Rights-of-Way	\$ -	\$ -	\$ -
6	325.5	Other Land and Land Rights	-	-	-
7	328	Field Measuring and Regulating Station Structures	-	-	-
8	329	Other Structures	-	-	-
9	332	Field Lines	-	-	-
10	334	Field Measuring and Regulating Station Equipment	-	-	-
11	336	Purification Equipment	-	-	-
12	371	Other Equipment	-	-	-
13	Total Production		\$ -	\$ -	\$ -
<b>Natural Gas Storage - Underground</b>					
14	350.1	Land	\$ 1,205,252	\$ -	\$ 1,205,252
15	350.2	Rights-of-Way	1,888,059	-	1,888,059
16	351	Structures and Improvements	13,560,561	-	13,560,561
17	352	Wells	43,142,346	-	43,142,346
18	352.1	Storage Leaseholds and Rights	3,169,669	-	3,169,669
19	352.2	Reservoirs	21,840,651	-	21,840,651
20	352.3	Nonrecoverable Natural Gas	6,896,425	-	6,896,425
21	353	Lines	20,083,667	-	20,083,667
22	354	Compressor Station Equipment	53,677,186	210,000	53,887,186
23	355	Measuring and Regulating Equipment	4,181,298	-	4,181,298
24	356	Purification Equipment	15,122,911	1,229,890	16,352,801
25	357	Other Equipment	32,806	-	32,806
26	369	Measuring and Regulating Equipment	-	-	-
27	Total Natural Gas Storage - Underground		\$ 184,800,829	\$ 1,439,890	\$ 186,240,719
<b>Transmission - Onshore</b>					
28	365.1	Land and Land Rights	\$ -	\$ -	\$ -
29	365.2	Rights-of-Way	-	-	-
30	366	Structures and Improvements	-	-	-
31	367	Mains	-	-	-
32	368	Compressor Station Equipment	-	-	-
33	369	Measuring and Regulating Station Equipment	-	-	-
34	370	Communication Equipment	-	-	-
35	371	Other Equipment	-	-	-
36	Total Transmission - Onshore		\$ -	\$ -	\$ -

**Bear Creek Storage Company, L.L.C.**  
**Detailed Plant Accounts**  
**FERC Prime Account Nos. 101 and 105**  
**Twelve Months Ended December 31, 2018, As Adjusted**

<u>Line No.</u>	<u>Account No.</u> (a)	<u>Description</u> (b)	<u>Balance Per</u> <u>Books at</u> <u>December 31, 2018</u> (c)	<u>Adjustments</u> (d)	<u>Plant as</u> <u>Adjusted</u> (e)
<b>Transmission - Offshore</b>					
37	365.1	Land and Land Rights	\$ -	\$ -	\$ -
38	365.2	Rights-of-Way	-	-	-
39	366	Structures and Improvements	-	-	-
40	367	Mains	-	-	-
41	368	Compressor Station Equipment	-	-	-
42	369	Measuring and Regulating Station Equipment	-	-	-
43	370	Communication Equipment	-	-	-
44	371	Other Equipment	-	-	-
45	Total Transmission - Offshore		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
46	<b>Total Transmission Plant</b>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>General Plant</b>					
47	389.1	Land	\$ -	\$ -	\$ -
48	390	Structures and Improvements	-	-	-
49	391.1	Office Furniture and Supplies	25,710	-	25,710
50	391.2	Computer Equipment	64,807	-	64,807
51	391.3	Electronic Test Equipment	-	-	-
52	392	Transportation Equipment	150,304	36,648	186,952
53	393	Stores Equipment	-	-	-
54	394	Tools, Shop and Garage Equipment	464,675	-	464,675
55	395	Laboratory Equipment	-	-	-
56	396	Power Operated Equipment	69,020	-	69,020
57	397	Communication Equipment	23,743	-	23,743
58	398	Miscellaneous Equipment	12,476	-	12,476
59	Total General Plant - Onshore		<u>\$ 810,734</u>	<u>\$ 36,648</u>	<u>\$ 847,382</u>
60	<b>Total Account 101</b>		<u>\$ 186,277,348</u>	<u>\$ 1,476,538</u>	<u>\$ 187,753,886</u>
<b>Gas Plant - Held for Future Use</b>					
61	302	Franchise and Consents	\$ -	\$ -	\$ -
62	365.1	Land and Land Rights	-	-	-
63	365.2	Rights-of-Way	-	-	-
64	366.2	Measuring and Regulating Station Structures	-	-	-
65	367	Mains	-	-	-
66	369	Measuring and Regulating Station Equipment	-	-	-
67	Total Gas Plant - Held for Future Use		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
68	<b>Total Account 105</b>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
69	<b>Total Accounts 101 and 105</b>		<u>\$ 186,277,348</u>	<u>\$ 1,476,538</u>	<u>\$ 187,753,886</u>

**Bear Creek Storage Company, L.L.C.**  
**Work Orders Claimed in Rate Base**  
**From January 2019 To June 2019**

<u>Line No.</u>	<u>Work Order Number</u> (a)	<u>Description</u> (b)	<u>Docket Number</u> (c)	<u>Account 106</u> (d)	<u>Dollar Amounts</u> <u>Account 107</u> (e)	<u>Account 108</u> (f)
1	217645	Replace adsorption beads in dehydration plant #2	-		\$1,229,890	
2	-	Replace gas compressor on engine	-		\$120,000	
3	-	Replace 10" flow control valve on meter station #1	-		\$90,000	
4	-	Purchase of truck	-		<u>\$36,648</u>	
		Total			\$1,476,538	

Bear Creek Storage Company, L.L.C  
Storage Data  
Twelve Months Ending 12/31/18  
Volumes in Dth

Line No.	Storage Account	Storage Account Name	Storage Activity Date	Beginning Balance Volume	Beginning Balance Cost	Storage Activity Volume	Storage Activity Cost	Ending Balance Volume	Ending Balance Cost
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	117.1	Base Gas	January-18	43,225,310	\$ 95,598,428	-	-	43,225,310	\$ 95,598,428
2	117.1	Base Gas	February-18	43,225,310	\$ 95,598,428	-	-	43,225,310	\$ 95,598,428
3	117.1	Base Gas	March-18	43,225,310	\$ 95,598,428	-	-	43,225,310	\$ 95,598,428
4	117.1	Base Gas	April-18	43,225,310	\$ 95,598,428	-	-	43,225,310	\$ 95,598,428
5	117.1	Base Gas	May-18	43,225,310	\$ 95,598,428	-	-	43,225,310	\$ 95,598,428
6	117.1	Base Gas	June-18	43,225,310	\$ 95,598,428	-	-	43,225,310	\$ 95,598,428
7	117.1	Base Gas	July-18	43,225,310	\$ 95,598,428	-	-	43,225,310	\$ 95,598,428
8	117.1	Base Gas	August-18	43,225,310	\$ 95,598,428	-	-	43,225,310	\$ 95,598,428
9	117.1	Base Gas	September-18	43,225,310	\$ 95,598,428	-	-	43,225,310	\$ 95,598,428
10	117.1	Base Gas	October-18	43,225,310	\$ 95,598,428	-	-	43,225,310	\$ 95,598,428
11	117.1	Base Gas	November-18	43,225,310	\$ 95,598,428	-	-	43,225,310	\$ 95,598,428
12	117.1	Base Gas	December-18	43,225,310	\$ 95,598,428	-	-	43,225,310	\$ 95,598,428
13	117.2	System Gas	January-18	-	-	-	-	-	-
14	117.2	System Gas	February-18	-	-	-	-	-	-
15	117.2	System Gas	March-18	-	-	-	-	-	-
16	117.2	System Gas	April-18	-	-	-	-	-	-
17	117.2	System Gas	May-18	-	-	-	-	-	-
18	117.2	System Gas	June-18	-	-	-	-	-	-
19	117.2	System Gas	July-18	-	-	-	-	-	-
20	117.2	System Gas	August-18	-	-	-	-	-	-
21	117.2	System Gas	September-18	-	-	-	-	-	-
22	117.2	System Gas	October-18	-	-	-	-	-	-
23	117.2	System Gas	November-18	-	-	-	-	-	-
24	117.2	System Gas	December-18	-	-	-	-	-	-
25	117.4	Gas Owed to System	January-18	285,129	\$ 321,716	(2,926)	\$ (13,292)	282,203	\$ 308,423
26	117.4	Gas Owed to System	February-18	282,203	\$ 308,423	135,810	\$ 575,547	418,013	\$ 883,970
27	117.4	Gas Owed to System	March-18	418,013	\$ 883,970	(16,869)	\$ (254,094)	401,144	\$ 629,876
28	117.4	Gas Owed to System	April-18	401,144	\$ 629,876	12,618	\$ (26,622)	413,762	\$ 603,255
29	117.4	Gas Owed to System	May-18	413,762	\$ 603,255	47,645	\$ 152,228	461,407	\$ 755,482
30	117.4	Gas Owed to System	June-18	461,407	\$ 755,482	9,813	\$ 67,663	471,220	\$ 823,145
31	117.4	Gas Owed to System	July-18	471,220	\$ 823,145	40,516	\$ 167,445	511,736	\$ 990,590
32	117.4	Gas Owed to System	August-18	511,736	\$ 990,590	35,133	\$ 53,302	546,869	\$ 1,043,892
33	117.4	Gas Owed to System	September-18	546,869	\$ 1,043,892	46,845	\$ 166,297	593,714	\$ 1,210,189
34	117.4	Gas Owed to System	October-18	593,714	\$ 1,210,189	27,204	\$ 102,495	620,918	\$ 1,312,684
35	117.4	Gas Owed to System	November-18	620,918	\$ 1,312,684	(577,896)	\$ (1,515,680)	43,022	\$ (202,996)
36	117.4	Gas Owed to System	December-18	43,022	\$ (202,996)	197,425	\$ 817,291	240,447	\$ 614,296



Docket No. RP19-51  
Schedule C-4  
(Working Papers)  
With Test Period

**Bear Creek Storage Company, L.L.C.  
Methods and Procedures Used in  
Capitalizing Allowance for Funds Used  
During Construction and Other Construction Overheads**

The company has not changed the methods and procedures used in capitalizing the allowance for funds used during construction and other construction overheads since the end of the year reported in the last FERC Form No. 2.

Docket No. RP19-51  
Schedule C-5  
(Working Papers)  
With Test Period

**Bear Creek Storage Company, L.L.C.  
Gas Utility Plant Which Is Not  
Being Used In Rendering Gas Service**

No significant change in amount has occurred since the end of the year reported in the last FERC Form 2.

**Bear Creek Storage Company, L.L.C.**  
**Accumulated Provision for Depreciation and Amortization**  
**Twelve Months Ended December 31, 2018, As Adjusted**

Line No.	Description (a)	Beginning Balance January 1, 2018 (b)	Accruals (c)	Retirements (d)	Other (e)	Balance Per Books December 31, 2018 (f)	Six Months Depreciation on December 31, 2018 Facilities (g)	Depreciation on Additional Facilities From January 1, 2019 To June 30, 2019 (h)	Adjusted Balance (i)
<u>Account 108.1 Accumulated Provision for Depreciation of Gas Utility Plant</u>									
Production Plant									
Natural Gas Production and Gathering Plant									
1	Onshore	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Offshore	-	-	-	-	-	-	-	-
3	Products Extraction Plant	-	-	-	-	-	-	-	-
4	Total Production Plant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5	Underground Storage Plant	\$ 156,254,894	\$ 911,012	\$ (2,242,854)	\$ -	\$ 154,923,052	\$ 458,989	\$ 1,800	\$ 155,383,841
Transmission Plant									
6	Onshore	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7	Offshore	-	-	-	-	-	-	-	-
8	Total Transmission Plant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9	General Plant	\$ 147,480	\$ 3,736	\$ -	\$ -	\$ 151,216	\$ 2,027	\$ 46	\$ 153,289
10	Total Account 108.1	\$ 156,402,374	\$ 914,748	\$ (2,242,854)	\$ -	\$ 155,074,268	\$ 461,016	\$ 1,846	\$ 155,537,130
11	<u>Account 108.2 Retirement Work in Progress</u>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Account 108.3 Reimbursements for Alterations to Existing Facilities</u>									
Natural Gas Production & Gathering Plant									
12	Onshore	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13	Offshore	-	-	-	-	-	-	-	-
Transmission Plant									
14	Onshore	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15	Offshore	-	-	-	-	-	-	-	-
16	Underground Storage Plant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17	Total Account 108.3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
18	Total Account 108	\$ 156,402,374	\$ 914,748	\$ (2,242,854)	\$ -	\$ 155,074,268	\$ 461,016	\$ 1,846	\$ 155,537,130
<u>Account 111.3 Accumulated Provision for Amortization of Other Gas Plant in Service</u>									
19	Intangible Plant	\$ 517,262	\$ 17,130	\$ -	\$ -	\$ 534,392	\$ 9,390	\$ -	\$ 543,782
20	General Plant	-	-	-	-	-	-	-	-
21	Total Account 111.3	\$ 517,262	\$ 17,130	\$ -	\$ -	\$ 534,392	\$ 9,390	\$ -	\$ 543,782
22	Total Accumulated Provision for Depreciation and Amortization	\$ 156,919,636	\$ 931,878	\$ (2,242,854)	\$ -	\$ 155,608,660	\$ 470,406	\$ 1,846	\$ 156,080,912

Docket No. RP19-51  
Schedule D-1  
(Working Papers)  
With Test Period

**Bear Creek Storage Company, L.L.C.**  
**Depreciation Reserve Book Balance Workpaper**

Bear Creek's current depreciation rates were established as part of a settlement approved by the FERC on August 15, 2012 in Docket No. RP121-121-000 (140 FERC ¶ 61,129).

Docket No. RP19-51  
Schedule D-2  
(Working Papers)  
With Test Period

**Bear Creek Storage Company, L.L.C.  
Methods and Procedures for Depreciating,  
Depleting, and Amortizing Plant**

Bear Creek has not made a change in the methods and procedures followed in depreciating, depleting, or amortizing plant and recording abandonments since the period covered by the last annual report on FERC Form 2 (pages 336-338).

**Bear Creek Storage Company, L.L.C.**  
**Working Capital**  
**Twelve Months Ended December 31, 2018, As Adjusted**

<u>Line</u> <u>No.</u>	<u>Description</u> (a)	<u>Reference</u> (b)	<u>Total</u> (c)
1	Prepaid Rent	Schedule E-2	\$ -
2	Other Prepayments	Schedule E-2	20,860
3	Materials and Supplies	Schedule E-2	<u>2,652,877</u>
4	Total Working Capital		\$ 2,673,737

Docket No. RP19-51  
Schedule E-1  
With Test Period

**Bear Creek Storage Company, L.L.C.  
Cash Working Capital**

Bear Creek has not reflected any cash working capital in the rate base calculation.

**Bear Creek Storage Company, L.L.C.**  
**Working Capital - Monthly Balances**  
**Twelve Months Ended December 31, 2018, As Adjusted**

<u>Line No.</u>	<u>Description</u> (a)	<u>Account 165</u>		<u>Account 154</u>	<u>Total</u> (e)
		<u>Prepaid</u> <u>Rent</u> (b)	<u>Prepayments</u> (c)	<u>Materials and</u> <u>Supplies</u> (d)	
1	December, 2017	\$ -	\$ 37,000	\$ 2,654,140	\$ 2,691,140
2	January, 2018	-	-	2,660,321	2,660,321
3	February	-	-	2,695,765	2,695,765
4	March	-	-	2,586,669	2,586,669
5	April	-	-	2,554,990	2,554,990
6	May	-	-	2,528,042	2,528,042
7	June	-	-	2,481,207	2,481,207
8	July	-	38,060	2,668,475	2,706,535
9	August	-	30,448	2,662,868	2,693,316
10	September	-	22,836	2,748,545	2,771,381
11	October	-	55,224	2,693,970	2,749,194
12	November	-	47,612	2,767,952	2,815,564
13	December	-	40,000	2,784,457	2,824,457
14	13 Month Total	<u>\$ -</u>	<u>\$ 271,180</u>	<u>\$ 34,487,401</u>	<u>\$ 34,758,581</u>
15	13 Month Average Balance	\$ -	\$ 20,860	\$ 2,652,877	\$ 2,673,737
16	Test Period Adjustment	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
17	Adjusted Balance	<u>\$ -</u>	<u>\$ 20,860</u>	<u>\$ 2,652,877</u>	<u>\$ 2,673,737</u>



Docket No. RP19-51  
Schedule E-3  
With Test Period

**Bear Creek Storage Company, L.L.C.**  
**Storage Information**  
**Twelve Months Ended December 31, 2018**

Schedule E-3 is not applicable since there are no quantities and respective costs for FERC accounts 117.3, 164.1, 164.2 and 164.3.

Rate of Return For Bear Creek Storage Company, L.L.C.

This cost and revenue study reflects an overall rate of return of 11.35%. Bear Creek is owned 50% by Southern Natural Gas Company, L.L.C. (“SNG”) and 50% by Tennessee Gas Pipeline Company, L.L.C. (“TGP”). Consequently, as depicted on Statement F-2, the overall rate of return reflects the average equity capitalization of SNG and TGP of 62.41% and the average debt capitalization of SNG and TGP of 37.59% as projected as of June 30, 2019. A return on equity of 14.50% is utilized. This return on equity of 14.50% is equivalent to equity returns filed in recent proceedings (Texas Eastern, RP19-343; WBI Energy Transmission, RP19-165). Bear Creek reserves the right to support a different return on equity in its answering testimony. Statement F-3 indicates a debt cost of 6.12%, which is the projected average debt cost of SNG and TGP as of June 30, 2019. Statement F-4 indicates that Bear Creek has no preferred stock.

Bear Creek Storage Company, L.L.C.  
Projected Capitalization at 6/30/19 and Rate of Return

<u>Line No.</u>	<u>Capital Categories</u> (a)	<u>Projected Capitalization At 6/30/19</u> (b)	<u>Percent of Total Capital (%)</u> (c)	<u>Cost of Capital (%)</u> (d)	<u>Claimed Rate of Return (%)</u> (e)
1	Long-Term Debt	\$ 1,450,500,000 1/	37.59%	6.12% 3/	2.30%
2	Preferred Stock	\$ -	0.00%	0.00%	0.00%
3	Common Stock	\$ <u>2,408,268,077</u> 2/	<u>62.41%</u>	14.50%	<u>9.05%</u>
4	Total Capital	\$ 3,858,768,077	100.00%		11.35%

1/ Reflects average of TGP and SNG as follows:  
SNG debt \$1,111,000,000  
TGP debt \$1,790,000,000  
Average \$1,450,500,000

2/ Reflects average of TGP and SNG as follows:  
SNG equity \$1,343,927,025  
TGP equity \$3,472,609,128  
Average \$2,408,268,077

3/ Reflects average of TGP and SNG debt cost as reflected in Statement F-3

Bear Creek Storage Company, L.L.C.  
Projected Long -Term Debt Capital As of June 30, 2019

Line No.	Debt Instrument	Date of Issuance	Date of Maturity	Interest Rate	Acct No. 221 Principal Amount Outstanding	Acct No. 226 Unamortized Debt Discount	Acct No. 181 Unamortized Debt Expense	Acct No. 189/257 Unamortized Loss on Recquired Debt	Net Proceeds Amount	Net Proceeds as a Percent of Principal	Interest Cost on Principal	428 Amortization of Debt Discount	Acc No. 428 Amortization of Debt Expense	428.1/429.1 Amortization of Loss on Recquired Debt	Annual Cost	Debt Cost
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j) / (e)	(k) x (e)	(l)	(m)	(n)	(o)	(p)
									(e-f-g-h)	(i) / (e)	(d) x (e)	(l)	(m)	(n)	(k+l+m+n)	(o) / (i)
<u>TGP</u>																
1	TGP 4.75% Intercompany Note	2/1/19	2/1/21	3.550%	250,000,000	-	-	-	250,000,000	100.00%	8,875,000	-	-	-	8,875,000	
2	TGP 7% Debenture Due 2027	3/31/1997	3/15/2027	7.000%	300,000,000	976,111	213,028	-	298,810,861	99.60%	21,000,000	126,677	27,646	-	21,154,323	
3	TGP 7% Debenture Due 2028	10/9/1988	10/15/2028	7.000%	400,000,000	2,756,257	109,872	-	397,133,871	99.28%	28,000,000	296,726	11,828	-	28,308,554	
4	TGP 3.00% Intercompany Note	4/1/17	4/1/2020	3.000%	300,000,000	-	-	-	300,000,000	100.00%	9,000,000	-	-	-	9,000,000	
5	TGP 7.625% Debenture Due 2037	3/13/1997	4/1/2037	7.625%	300,000,000	2,946,369	86,323	-	296,967,308	98.99%	22,875,000	165,993	4,863	-	23,045,856	
6	TGP 8.375% Debenture Due 2032	6/10/2002	6/15/2032	8.375%	<u>240,000,000</u>	<u>1,021,498</u>	<u>43,738</u>	-	<u>238,934,764</u>	<u>99.56%</u>	<u>20,100,000</u>	<u>78,846</u>	<u>3,376</u>	-	<u>20,182,222</u>	
7	Total TGP At 12/31/18				1,790,000,000	7,700,235	452,961	-	1,781,846,804		109,850,000	668,242	47,714	-	110,565,955	<u>6.21%</u>
<u>SNG</u>																
8	SNG 4.80% Due 2047	04/15/17	04/15/47	4.80%	\$400,000,000	\$0	\$1,113,332	\$3,785,810	\$395,100,858	98.78%	\$19,200,000	\$0	\$17,941	\$60,547	\$ 19,278,488	
9	SNG 7.35% Due 2031	02/15/01	02/15/31	7.35%	\$153,280,000	\$5,091,459	\$62,539	\$912,164	\$147,213,838	96.04%	\$11,266,080	\$403,373	\$4,955	\$72,435	\$ 11,746,843	
10	SNG 8.00% Due 2032	03/01/02	03/01/32	8.00%	\$257,720,000	\$3,431,329	\$333,433	\$1,643,033	\$252,312,205	97.90%	\$20,617,600	\$251,073	\$24,397	\$120,222	\$ 21,013,292	
11	SNG 4.40% Due 2021	06/15/11	06/15/21	4.40%	<u>\$300,000,000</u>	<u>\$0</u>	<u>\$78,739</u>	<u>\$867,177</u>	<u>\$299,054,084</u>	<u>99.68%</u>	<u>\$13,200,000</u>	<u>\$0</u>	<u>\$26,641</u>	<u>\$293,403</u>	<u>\$ 13,520,044</u>	
12	Total SNG At 12/31/18				\$1,111,000,000	\$8,522,788	\$1,588,043	\$7,208,184	\$1,093,680,985		\$64,283,680	\$654,446	\$73,934	\$546,607	\$65,558,667	<u>5.99%</u>

13 Weighted Average Debt Cost of TGP and SNG

14 (Bear Creek owned 50% by TGP and 50% by SNG; therefore, using average debt cost of TGP and SNG)

**6.12%**

Bear Creek Storage Company, L.L.C.  
Preferred Stock Capital As of December 31, 2018

Bear Creek has no preferred stock as of December 31, 2018.

BEAR CREEK STORAGE COMPANY, L.L.C.  
SUMMARY OF REVENUES, CREDITS AND BILLING DETERMINANTS  
TWELVE MONTH PERIOD ENDING 12/31/2018  
BASE PERIOD

<u>Line No.</u>	<u>Service Type</u>	<u>Billing Determinants (Dth)</u>	<u>Revenue</u>
	(a)	(b)	(c)
1	SSP-DELIVERABILITY	6,126,000	\$ 13,260,003
2	SSP-CAPACITY	796,380,000	\$ 13,259,727
3	SSP-INJECTIONS/WITHDRAWALS	115,168,817	\$ <u>620,414</u>
4	TOTAL REVENUE		\$ 27,140,144

BEAR CREEK STORAGE COMPANY, L.L.C.  
SUMMARY OF REVENUES, CREDITS AND BILLING DETERMINANTS  
TWELVE MONTH PERIOD ENDING 12/31/2018, AS ADJUSTED FOR UPDATED RATES

<u>Line No.</u>	<u>Service Type</u>	<u>Billing Determinants</u>	<u>Revenue</u>
	(a)	(Dth) (b)	(c)
1	SSP-DELIVERABILITY	6,126,000	\$ 13,009,473
2	SSP-CAPACITY	796,380,000	\$ 13,009,473
3	SSP-INJECTIONS/WITHDRAWALS	103,253,413	<u>\$ 2,929,554</u>
4	TOTAL REVENUE		\$ 28,948,501

BEAR CREEK STORAGE COMPANY, L.L.C.  
BILLING DETERMINANTS  
12 MONTHS ENDING DECEMBER 31, 2018  
(DTH)

Line No.	Affiliate	Rate Schedule	Shipper Name	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	12 Mo. Total
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	
1		<b>Reservation - Demand</b>														
2	*	SSP-DELIVERABILITY	SOUTHERN NATURAL GAS COMPANY	255,250	255,250	255,250	255,250	255,250	255,250	255,250	255,250	255,250	255,250	255,250	255,250	3,063,000
3	*	SSP-DELIVERABILITY	TENNESSEE GAS PIPELINE	255,250	255,250	255,250	255,250	255,250	255,250	255,250	255,250	255,250	255,250	255,250	255,250	3,063,000
4		TOTAL RESERVATION - SSP DELIVERABILITY		510,500	510,500	510,500	510,500	510,500	510,500	510,500	510,500	510,500	510,500	510,500	510,500	6,126,000
5		<b>Reservation - Capacity</b>														
6	*	SSP-CAPACITY	SOUTHERN NATURAL GAS COMPANY	33,182,500	33,182,500	33,182,500	33,182,500	33,182,500	33,182,500	33,182,500	33,182,500	33,182,500	33,182,500	33,182,500	33,182,500	398,190,000
7	*	SSP-CAPACITY	TENNESSEE GAS PIPELINE	33,182,500	33,182,500	33,182,500	33,182,500	33,182,500	33,182,500	33,182,500	33,182,500	33,182,500	33,182,500	33,182,500	33,182,500	398,190,000
8		TOTAL RESERVATION - SSP CAPACITY		66,365,000	66,365,000	66,365,000	66,365,000	66,365,000	66,365,000	66,365,000	66,365,000	66,365,000	66,365,000	66,365,000	66,365,000	796,380,000
9		<b>Commodity</b>														
10	*	SSP-INJECTIONS/WITHDRAWALS	SOUTHERN NATURAL GAS COMPANY	6,952,353	3,741,005	2,343,589	3,278,289	4,162,915	3,359,179	2,399,333	2,084,161	1,856,530	2,587,653	3,791,689	5,075,047	41,631,743
11	*	SSP-INJECTIONS/WITHDRAWALS	TENNESSEE GAS PIPELINE	11,632,276	5,891,120	7,172,458	3,764,195	3,477,179	4,017,805	3,322,807	4,722,619	4,459,521	5,124,145	9,171,787	10,781,162	73,537,074
12		TOTAL COMMODITY - SSP-INJECTIONS/WITHDRAWALS		18,584,629	9,632,125	9,516,047	7,042,484	7,640,094	7,376,984	5,722,140	6,806,780	6,316,051	7,711,798	12,963,476	15,856,209	115,168,817

\*Affiliate



BEAR CREEK STORAGE COMPANY, L.L.C.  
BILLING REVENUES  
12 MONTHS ENDING DECEMBER 31, 2018

Line No.	Rate Affiliate	Schedule	Shipper Name	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	12 Mo. Total
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	
1		<b>Reservation - Demand</b>														
2	*	SSP-DELIVERABILITY	SOUTHERN NATURAL GAS COMPANY	\$ 552,500	\$ 552,500	\$ 552,500	\$ 552,500	\$ 552,500	\$ 552,500	\$ 552,500	\$ 552,500	\$ 552,500	\$ 552,500	\$ 552,500	\$ 552,500	\$ 6,630,001
3	*	SSP-DELIVERABILITY	TENNESSEE GAS PIPELINE	\$ 552,500	\$ 552,500	\$ 552,500	\$ 552,500	\$ 552,500	\$ 552,500	\$ 552,500	\$ 552,500	\$ 552,500	\$ 552,500	\$ 552,500	\$ 552,500	\$ 6,630,001
4		TOTAL RESERVATION - SSP DELIVERABILITY		\$ 1,105,000	\$ 1,105,000	\$ 1,105,000	\$ 1,105,000	\$ 1,105,000	\$ 1,105,000	\$ 1,105,000	\$ 1,105,000	\$ 1,105,000	\$ 1,105,000	\$ 1,105,000	\$ 1,105,000	\$ 13,260,003
5		<b>Reservation - Capacity</b>														
6	*	SSP-CAPACITY	SOUTHERN NATURAL GAS COMPANY	\$ 552,489	\$ 552,489	\$ 552,489	\$ 552,489	\$ 552,489	\$ 552,489	\$ 552,489	\$ 552,489	\$ 552,489	\$ 552,489	\$ 552,489	\$ 552,489	\$ 6,629,864
7	*	SSP-CAPACITY	TENNESSEE GAS PIPELINE	\$ 552,489	\$ 552,489	\$ 552,489	\$ 552,489	\$ 552,489	\$ 552,489	\$ 552,489	\$ 552,489	\$ 552,489	\$ 552,489	\$ 552,489	\$ 552,489	\$ 6,629,864
8		TOTAL RESERVATION - SSP CAPACITY		\$ 1,104,977	\$ 1,104,977	\$ 1,104,977	\$ 1,104,977	\$ 1,104,977	\$ 1,104,977	\$ 1,104,977	\$ 1,104,977	\$ 1,104,977	\$ 1,104,977	\$ 1,104,977	\$ 1,104,977	\$ 13,259,727
9		<b>Commodity</b>														
10	*	SSP-INJECTIONS/WITHDRAWALS	SOUTHERN NATURAL GAS COMPANY	\$ 37,452	\$ 20,153	\$ 12,625	\$ 17,660	\$ 22,426	\$ 18,096	\$ 12,925	\$ 11,227	\$ 10,001	\$ 13,940	\$ 20,426	\$ 27,339	\$ 224,270
11	*	SSP-INJECTIONS/WITHDRAWALS	TENNESSEE GAS PIPELINE	\$ 62,663	\$ 31,735	\$ 38,638	\$ 20,278	\$ 18,732	\$ 21,644	\$ 17,900	\$ 25,441	\$ 24,023	\$ 27,604	\$ 49,408	\$ 58,078	\$ 396,144
12		TOTAL COMMODITY - SSP-INJECTIONS/WITHDRAWALS		\$ 100,115	\$ 51,888	\$ 51,263	\$ 37,938	\$ 41,157	\$ 39,740	\$ 30,825	\$ 36,668	\$ 34,025	\$ 41,543	\$ 69,834	\$ 85,417	\$ 620,414

\*Affiliate

BEAR CREEK STORAGE COMPANY, L.L.C.  
BILLING DETERMINANTS  
12 MONTHS ENDING DECEMBER 31, 2018, AS ADJUSTED  
(DTH)

Line No.	Rate Affiliate Schedule	Shipper Name	January	February	March	April	May	June	July	August	September	October	November	December	12 Mo. Total
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)
1	<b>Reservation - Demand</b>														
2	* SSP-DELIVERABILITY	SOUTHERN NATURAL GAS COMPANY	255,250	255,250	255,250	255,250	255,250	255,250	255,250	255,250	255,250	255,250	255,250	255,250	3,063,000
3	* SSP-DELIVERABILITY	TENNESSEE GAS PIPELINE	255,250	255,250	255,250	255,250	255,250	255,250	255,250	255,250	255,250	255,250	255,250	255,250	3,063,000
4	TOTAL RESERVATION - SSP DELIVERABILITY		510,500	510,500	510,500	510,500	510,500	510,500	510,500	510,500	510,500	510,500	510,500	510,500	6,126,000
5	<b>Reservation - Capacity</b>														
6	* SSP-CAPACITY	SOUTHERN NATURAL GAS COMPANY	33,182,500	33,182,500	33,182,500	33,182,500	33,182,500	33,182,500	33,182,500	33,182,500	33,182,500	33,182,500	33,182,500	33,182,500	398,190,000
7	* SSP-CAPACITY	TENNESSEE GAS PIPELINE	33,182,500	33,182,500	33,182,500	33,182,500	33,182,500	33,182,500	33,182,500	33,182,500	33,182,500	33,182,500	33,182,500	33,182,500	398,190,000
8	TOTAL RESERVATION - SSP CAPACITY		66,365,000	66,365,000	66,365,000	66,365,000	66,365,000	66,365,000	66,365,000	66,365,000	66,365,000	66,365,000	66,365,000	66,365,000	796,380,000
9	<b>Commodity</b>														
10	* SSP-INJECTIONS/WITHDRAWALS	SOUTHERN NATURAL GAS COMPANY	6,233,060	3,353,959	2,101,121	2,939,116	3,732,218	3,011,637	2,151,097	1,868,533	1,664,453	2,319,934	3,399,400	4,549,981	37,324,509
11	* SSP-INJECTIONS/WITHDRAWALS	TENNESSEE GAS PIPELINE	10,428,797	5,281,623	6,430,393	3,374,750	3,117,429	3,602,122	2,979,029	4,234,015	3,998,137	4,593,999	8,222,871	9,665,739	65,928,904
12	TOTAL COMMODITY - SSP-INJECTIONS/WITHDRAWALS		16,661,857	8,635,582	8,531,514	6,313,866	6,849,647	6,613,759	5,130,126	6,102,548	5,662,590	6,913,933	11,622,271	14,215,720	103,253,413

\*Affiliate

BEAR CREEK STORAGE COMPANY, L.L.C.  
BILLING REVENUES  
12 MONTHS ENDING December 31, 2018, AS ADJUSTED FOR UPDATED RATES

Line No.	Affiliate	Rate Schedule	Shipper Name	January	February	March	April	May	June	July	August	September	October	November	December	12 Mo. Total
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	
1		<b>Reservation - Demand</b>														
2	*	SSP-DELIVERABILITY	SOUTHERN NATURAL GAS COMPANY	\$ 542,061	\$ 542,061	\$ 542,061	\$ 542,061	\$ 542,061	\$ 542,061	\$ 542,061	\$ 542,061	\$ 542,061	\$ 542,061	\$ 542,061	\$ 542,061	\$ 6,504,737
3	*	SSP-DELIVERABILITY	TENNESSEE GAS PIPELINE	\$ 542,061	\$ 542,061	\$ 542,061	\$ 542,061	\$ 542,061	\$ 542,061	\$ 542,061	\$ 542,061	\$ 542,061	\$ 542,061	\$ 542,061	\$ 542,061	\$ 6,504,737
4		TOTAL RESERVATION - SSP DELIVERABILITY		\$ 1,084,123	\$ 1,084,123	\$ 1,084,123	\$ 1,084,123	\$ 1,084,123	\$ 1,084,123	\$ 1,084,123	\$ 1,084,123	\$ 1,084,123	\$ 1,084,123	\$ 1,084,123	\$ 1,084,123	\$ 13,009,473
5		<b>Reservation - Capacity</b>														
6	*	SSP-CAPACITY	SOUTHERN NATURAL GAS COMPANY	\$ 542,061	\$ 542,061	\$ 542,061	\$ 542,061	\$ 542,061	\$ 542,061	\$ 542,061	\$ 542,061	\$ 542,061	\$ 542,061	\$ 542,061	\$ 542,061	\$ 6,504,737
7	*	SSP-CAPACITY	TENNESSEE GAS PIPELINE	\$ 542,061	\$ 542,061	\$ 542,061	\$ 542,061	\$ 542,061	\$ 542,061	\$ 542,061	\$ 542,061	\$ 542,061	\$ 542,061	\$ 542,061	\$ 542,061	\$ 6,504,737
8		TOTAL RESERVATION - SSP CAPACITY		\$ 1,084,123	\$ 1,084,123	\$ 1,084,123	\$ 1,084,123	\$ 1,084,123	\$ 1,084,123	\$ 1,084,123	\$ 1,084,123	\$ 1,084,123	\$ 1,084,123	\$ 1,084,123	\$ 1,084,123	\$ 13,009,473
9		<b>Commodity</b>														
10	*	SSP-INJECTIONS/WITHDRAWALS	SOUTHERN NATURAL GAS COMPANY	\$ 176,847	\$ 95,160	\$ 59,614	\$ 83,390	\$ 105,892	\$ 85,448	\$ 61,032	\$ 53,015	\$ 47,225	\$ 65,822	\$ 96,449	\$ 129,094	\$ 1,058,989
11	*	SSP-INJECTIONS/WITHDRAWALS	TENNESSEE GAS PIPELINE	\$ 295,891	\$ 149,853	\$ 182,446	\$ 95,750	\$ 88,449	\$ 102,201	\$ 84,522	\$ 120,129	\$ 113,437	\$ 130,343	\$ 233,303	\$ 274,241	\$ 1,870,566
12		TOTAL COMMODITY - SSP-INJECTIONS/WITHDRAWALS		\$ 472,738	\$ 245,013	\$ 242,060.13	\$ 179,140	\$ 194,341	\$ 187,649	\$ 145,554.35	\$ 173,144.37	\$ 160,661.67	\$ 196,165	\$ 329,753	\$ 403,335	\$ 2,929,554

\*Affiliate

BEAR CREEK STORAGE COMPANY, L.L.C.  
SUMMARY OF BILLING DETERMINANT ADJUSTMENTS  
12 MONTHS ENDING DECEMBER 31, 2018, AS ADJUSTED

Line No.	Shipper	Rate Schedule	Base Period	Test Period	Adjustment	Footnote
	(a)	(b)	(c)	(d)	(e)	(f)
1	INJECTIONS/WITHDRAWAL BILLING UNITS	SS-P	115,168,817	103,253,413	(11,915,404)	<u>1/</u>

1/ Adjustment to injection/withdrawal billing units to lower the unusually high billing determinants from the 12 months ending December 31, 2018, to a four year average for the years 2015, 2016, 2017 and 2018.

Docket No. RP19-51  
Schedule G-4  
With Test Period

BEAR CREEK STORAGE COMPANY, L.L.C.  
AT-RISK REVENUE  
TWELVE MONTH PERIOD ENDING 12/31/2018, AS ADJUSTED

Not Applicable

**Bear Creek Storage Company, L.L.C.**  
**Other Revenues**  
**Twelve Months Ended December 31, 2018**

<u>Line No.</u>	<u>Description</u> (a)	<u>FERC Account No.</u> (b)	<u>Jan-18</u> (c)	<u>Feb-18</u> (d)	<u>Mar-18</u> (e)	<u>Apr-18</u> (f)	<u>May-18</u> (g)	<u>Jun-18</u> (h)	<u>Jul-18</u> (i)	<u>Aug-18</u> (j)	<u>Sep-18</u> (k)	<u>Oct-18</u> (l)	<u>Nov-18</u> (m)	<u>Dec-18</u> (n)	<u>Total</u> (o)
1	Sales of Products Extracted from Natural Gas	490	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Revenue from Natural Gas Processed by Others	491	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Incidental Gasoline and Oil Sales	492	\$ 197,354	\$ 618,613	\$ 142,523	\$ -	\$ 9,485	\$ 10,069	\$ 29,051	\$ 51,300	\$ 58,625	\$ 83,156	\$ -	\$ 278,645	\$ 1,478,820 1/
4	Rent from Gas Property	493	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Interdepartmental Rents	494	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Other Gas Revenues	495	-	-	-	-	-	-	-	-	-	-	-	-	-

1/ These revenues are from condensate sales and are partially offset by gas purchases in FERC account 803 relating to the replacement of gas from these condensate sales (ie the removal of condensate from the gas stream reduces the btu content of the gas). As set forth on Statement H-1.1, the cost of such gas purchases has also been excluded from Bear Creek's cost of service reflected in this cost and revenue study. Furthermore, such condensate sale activity and the associated gas purchases are not subject to the FERC's jurisdiction since they are attributable to the production of condensates from the Pettit reservoir.

Docket No. RP19-51  
Schedule G-6  
With Test Period

BEAR CREEK STORAGE COMPANY, L.L.C.  
MISCELLANEOUS REVENUE  
TWELVE MONTH PERIOD ENDING 12/31/2018, AS ADJUSTED

Not Applicable







BEAR CREEK STORAGE COMPANY, L.L.C.  
OPERATION AND MAINTENANCE EXPENSES  
TWELVE MONTHS ENDED DECEMBER 31, 2018 PER BOOKS AND AS ADJUSTED

LINE NO.	FERC ACCT. #	DESCRIPTION	JAN 2018	FEB 2018	MAR 2018	APR 2018	MAY 2018	JUN 2018	JUL 2018	AUG 2018	SEP 2018	OCT 2018	NOV 2018	DEC 2018	TOTAL PER BOOKS	ADJ.	FOOTNOTE	TOTAL AS ADJUSTED
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)	
98	860	Rents	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
99		Total Operation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
100		Maintenance																
101	861	Supervision and engineering	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
102	862	Structures and improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
103	863	Mains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
104	864	Compressor station equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
105	865	Measuring and regulation station	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
106	866	Communication equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
107	867	Other equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
108		Total Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
109		<b>Total Transmission Expenses</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
110		Customer Accounts																
111	901	Supervision	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
112	903	Customer records & collections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
113	904	Uncollectable accounts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
114		<b>Total Customer Accounts</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
115		Customer Serv. & Informational																
116	907	Supervision	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
117	908	Customer assistance expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
118	909	Informational & instructional adverti	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
119		<b>Total Customer &amp; Information</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
120		Sales																
121	911	Supervision	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
122	912	Demonstration & selling	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
123	913	Advertising expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
124	916	Miscellaneous sales expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125		<b>Total Sales</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
126		Administrative and General																
127	920	Administrative and general salaries	\$ 58,628	\$ 52,623	\$ 39,854	\$ 53,401	\$ 59,008	\$ 35,070	\$ 55,250	\$ 64,515	\$ 24,609	\$ 64,811	\$ 70,847	\$ 25,737	\$ 604,352	\$ 31,418	4/	\$ 635,770
128	921	Office supplies and expenses	3,873	5,063	1,169	175	461	2,662	7,665	1,593	481	673	6,778	(9,226)	21,366	-	-	21,366
129	922	Administrative expenses transferrec	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
130	923	Outside services employed	42,466	5,155	6,182	4,172	6,589	4,292	6,178	6,799	4,695	7,411	8,469	7,198	109,605	-	-	109,605
131	924	Property insurance	3,664	3,664	3,664	3,664	3,370	3,370	3,370	3,336	3,335	3,336	3,336	2,718	40,823	-	-	40,823
132	925	Injuries and damages	6,143	6,143	6,238	6,143	6,149	6,149	6,149	5,077	5,077	5,077	5,077	2,486	65,906	-	-	65,906
133	926	Employee pensions and benefits	38,296	85,070	22,245	34,286	37,480	30,912	34,693	35,092	27,111	39,113	41,079	(15,174)	410,203	-	-	410,203
134	927	Franchise requirements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
135	928	Regulatory commission expenses	4,281	4,281	4,281	4,281	4,281	4,281	4,281	4,281	4,281	4,347	4,347	4,347	51,568	-	-	51,568
136	929	Duplicate charges - credit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
137	9301	General advertising expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
138	9302	Miscellaneous general expenses	6,470	6,941	1,364	7,108	7,386	(2,611)	6,157	5,132	(4,254)	6,458	5,821	(10,279)	35,691	-	-	35,691
139	931	Rents	6,756	6,733	6,730	6,724	6,662	7,630	6,744	6,800	6,726	6,692	7,567	2,813	78,576	-	-	78,576
140	935	Maintenance of general plant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
141		<b>Total A&amp;G</b>	\$ 170,576	\$ 175,671	\$ 91,725	\$ 119,951	\$ 131,387	\$ 91,754	\$ 130,487	\$ 132,623	\$ 72,060	\$ 137,917	\$ 153,320	\$ 10,619	\$ 1,418,090	\$ 31,418		\$ 1,449,508
142		<b>Total Gas Operating expenses</b>	\$ 497,139	\$ 690,688	\$ 522,150	\$ 618,220	\$ 660,800	\$ 556,972	\$ 456,278	\$ 684,301	\$ 472,213	\$ 1,032,157	\$ 714,175	\$ 520,426	\$ 7,425,519	\$ (23,827)		\$ 7,401,692

**BEAR CREEK STORAGE COMPANY, L.L.C.**  
**OPERATION AND MAINTENANCE EXPENSES**  
**TWELVE MONTHS ENDED DECEMBER 31, 2018 PER BOOKS AND AS ADJUSTED**  
**EXPLANATION OF ADJUSTMENTS**

LINE NO.	FERC ACCT. # (A)	FERC ACCOUNT DESCRIPTION (B)	ADJUSTMENT NO./ FOOTNOTE (C)	ADJUSTMENT AMOUNT (D)
1	805	Other gas purchases	1/	\$ (769,715)
2	8081	Gas withdrawn from storage	1/	\$ (692,433)
3	8082	Gas delivered to storage	1/	\$ 985,013
4	810	Gas used for comp. station fuel	1/	\$ 1,870,534
5	812	Gas used for other utility operations	1/	\$ 148,849
6		Total		\$ 1,542,248
7		- Reflects adjustments to eliminate cost of purchased gas and		
8		gas used from operation and maintenance expenses		
9	817	Lines expenses	2/	\$ (148,849)
10	819	Compressor station fuel & power	2/	\$ (1,870,534)
11		Total		\$ (2,019,383)
12		- Reflects adjustments to eliminate fuel expenses from operation		
13		and maintenance expenses		
14	816	Wells expenses	3/	\$ 29,014
15	818	Compressor station expenses	3/	\$ 155,341
16	832	Maintenance of wells	3/	\$ 33,319
17	834	Compressor station equipment	3/	\$ 204,216
18		Total		\$ 421,890
19		- Reflects adjustments to account for bugeted increase in		
20		operation and maintenance expenses		
21	920	Administrative and general salaries	4/	\$ 31,418
22		- Reflects adjustment to account for merit pay increase		
23		<b>Total Adjustments</b>		\$ <b>(23,827)</b>







BEAR CREEK STORAGE COMPANY, L.L.C.  
 OPERATION AND MAINTENANCE EXPENSES  
 LABOR COSTS  
 TWELVE MONTHS ENDED DECEMBER 31, 2018 PER BOOKS AND AS ADJUSTED

LINE NO.	ACCT. #	DESCRIPTION	JAN 2018	FEB 2018	MAR 2018	APR 2018	MAY 2018	JUN 2018	JUL 2018	AUG 2018	SEP 2018	OCT 2018	NOV 2018	DEC 2018	TOTAL PER BOOKS	ADJ	FOOTNOTE	TOTAL AS ADJUSTED
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)
138	930.2	Miscellaneous general expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
139	931	Rents	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
140	935	Maintenance of general plant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
141		Total A&G	\$ 58,628	\$ 103,629	\$ 28,467	\$ 53,401	\$ 59,008	\$ 35,070	\$ 55,250	\$ 64,515	\$ 24,609	\$ 64,811	\$ 70,847	\$ 25,737	\$ 643,972	\$ 31,418		\$ 675,390
142		Total Gas Operating expenses	\$ 210,609	\$ 235,814	\$ 170,281	\$ 176,006	\$ 206,039	\$ 155,728	\$ 177,932	\$ 185,016	\$ 135,761	\$ 217,551	\$ 216,090	\$ 157,316	\$ 2,244,144	\$ 31,418		\$ 2,275,562

BEAR CREEK STORAGE COMPANY, L.L.C.  
OPERATION AND MAINTENANCE EXPENSES  
OTHER COSTS  
TWELVE MONTHS ENDED DECEMBER 31, 2018 PER BOOKS AND AS ADJUSTED

LINE NO.	ACCT. #	DESCRIPTION	JAN 2018	FEB 2018	MAR 2018	APR 2018	MAY 2018	JUN 2018	JUL 2018	AUG 2018	SEP 2018	OCT 2018	NOV 2018	DEC 2018	TOTAL PER BOOKS	ADJ	FOOTNOTE	TOTAL AS ADJUSTED
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)
1		Production Expenses																
2		Natural Gas Prod. & Gath. Exp	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
3		Operation																
4	750	Supervision and Engineering	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
5	751	Production maps and records	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
6	753	Field lines expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
7	754	Field compressor station expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
8	755	Field compressor sta fuel and power	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
9	756	Field meas and regulating station exp	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
10	757	Purification Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
11	759	Other expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
12	760	Rents	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
13		Total Operation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
14		Maintenance																
15	761	Supervision and engineering	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
16	762	Structures and improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
17	764	Field lines	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
18	765	Field compressor station equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
19	766	Field meas and regulating station exp	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
20	767	Purification expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
21		Total Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
22		Total Natural Gas Prod	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
23		Products and Extraction Expenses																
24		Operation																
25	772	Gas shrinkage	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
26	777	Gas processed by others	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
27		Total Operation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
28		Total Products Extraction Ex	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
29		Purchased Gas Expenses																
30		Purchased Gas Cost																
31	800	Natural gas well head purchases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
32	801	Natural gas field line purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
33	802	Natural gas gasoline plant outlet purch.	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
34	803	Natural gas transmission line purch.	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
35	805	Other gas purchases	655,818	(62,384)	(22,946)	150,747	67,523	173,551	67,198	180,486	96,989	(1,472,766)	434,163	501,337	769,715	(769,715)	1/	-
36	805.1	Purchased gas cost adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
37	806	Exchange gas	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
38	806a	Adjusted purchased gas cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
39		Total Purchased Gas	\$ 655,818	\$ (62,384)	\$ (22,946)	\$ 150,747	\$ 67,523	\$ 173,551	\$ 67,198	\$ 180,486	\$ 96,989	\$ (1,472,766)	\$ 434,163	\$ 501,337	\$ 769,715	\$ (769,715)		\$ -
40	807	Purchased gas expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
41	807.2	Operations of meter stations	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
42	807.3	Maintenance of meter stations	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
43	807.4	Calculation expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
44	807.5	Other expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
45		Total Purchased Gas expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
46	808.1	Gas withdrawn from storage	\$ (41,031)	\$ 379,580	\$ 106,294	\$ -	\$ 2,517	\$ 2,654	\$ 52,781	\$ 13,087	\$ 15,742	\$ 23,758	\$ 75	\$ 136,974	\$ 692,433	\$ (692,433)	1/	\$ -
47	808.2	Gas delivered to storage	(538,751)	(143,331)	(46,720)	(150,747)	(67,523)	(173,551)	(112,268)	(180,486)	(96,989)	1,472,766	(434,163)	(513,251)	(985,013)	985,013	1/	\$ -
48		Total - Net	\$ (579,782)	\$ 236,249	\$ 59,575	\$ (150,747)	\$ (65,006)	\$ (170,897)	\$ (59,487)	\$ (167,399)	\$ (81,247)	\$ 1,496,525	\$ (434,087)	\$ (376,277)	\$ (292,580)	\$ 292,580		\$ -
49		Gas used in utility operations																
50	810	Gas used for comp. station fuel	\$ (114,623)	\$ (191,001)	\$ (271,333)	\$ (92,977)	\$ (271,096)	\$ (158,912)	\$ (65,792)	\$ (50,931)	\$ (130,447)	\$ (114,773)	\$ (163,477)	\$ (245,173)	\$ (1,870,534)	\$ 1,870,534	1/	\$ -
51	811	Gas used for products extraction	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
52	812	Gas used for other utility operations	(24,068)	(1,931)	(34,187)	(9,675)	(6,072)	(16,277)	(2,546)	(8,160)	(11,822)	(6,212)	(19,461)	(8,437)	(148,849)	148,849	1/	-
53		Total Gas Used in Utility Operations	\$ (138,691)	\$ (192,932)	\$ (305,521)	\$ (102,652)	\$ (277,168)	\$ (175,188)	\$ (68,338)	\$ (59,091)	\$ (142,269)	\$ (120,985)	\$ (182,938)	\$ (253,610)	\$ (2,019,383)	\$ 2,019,383		\$ -





BEAR CREEK STORAGE COMPANY, L.L.C.  
OPERATION AND MAINTENANCE EXPENSES  
OTHER COSTS  
TWELVE MONTHS ENDED DECEMBER 31, 2018 PER BOOKS AND AS ADJUSTED

LINE NO.	ACCT. #	DESCRIPTION	JAN 2018	FEB 2018	MAR 2018	APR 2018	MAY 2018	JUN 2018	JUL 2018	AUG 2018	SEP 2018	OCT 2018	NOV 2018	DEC 2018	TOTAL PER BOOKS	ADJ	FOOTNOTE	TOTAL AS ADJUSTED
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)	
107	867	Other equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
108		Total Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
109		Total Transmission Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
110		Customer Accounts																
111	901	Supervision	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
112	903	Customer records & collections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
113	904	Uncollectable accounts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
114		Total Customer Accounts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
115		Customer Serv. & Informational																
116	907	Supervision	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
117	908	Customer assistance expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
118	909	Informational & instructional advertising	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
119		Total Customer & Information	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
120		Sales																
121	911	Supervision	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
122	912	Demonstration & selling	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
123	913	Advertising expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
124	916	Miscellaneous sales expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
125		Total Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
126		Administrative and General																
127	920	Administrative and general salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
128	921	Office supplies and expenses	3,873	5,063	1,169	175	461	2,662	7,665	1,593	481	673	6,778	(9,226)	21,366	-	-	21,366
129	922	Administrative expenses transferred	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
130	923	Outside services employed	42,466	5,155	6,182	4,172	6,589	4,292	6,178	6,799	4,695	7,411	8,469	7,198	109,605	-	-	109,605
131	924	Property insurance	3,664	3,664	3,664	3,664	3,370	3,370	3,370	3,336	3,336	3,336	3,336	2,718	40,825	-	-	40,825
132	925	Injuries and damages	6,143	6,143	6,238	6,143	6,149	6,149	6,149	5,077	5,077	5,077	5,077	2,486	65,906	-	-	65,906
133	926	Employee pensions and benefits	38,296	34,063	33,631	34,286	37,480	30,912	34,693	35,092	27,111	39,113	41,079	(15,174)	370,582	-	-	370,582
134	927	Franchise requirements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
135	928	Regulatory commission expenses	4,281	4,281	4,281	4,281	4,281	4,281	4,281	4,281	4,281	4,347	4,347	4,347	51,568	-	-	51,568
136	929	Duplicate charges - credit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
137	930.1	General advertising expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
138	930.2	Miscellaneous general expenses	6,470	6,941	1,364	7,108	7,386	(2,611)	6,157	5,132	(4,254)	6,458	5,821	(10,279)	35,691	-	-	35,691
139	931	Rents	6,756	6,733	6,730	6,724	6,662	7,630	6,744	6,800	6,726	6,692	7,567	2,813	78,576	-	-	78,576
140	935	Maintenance of general plant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
141		Total A&G	\$ 111,948	\$ 72,042	\$ 63,257	\$ 66,551	\$ 72,379	\$ 56,684	\$ 75,236	\$ 68,109	\$ 47,451	\$ 73,107	\$ 82,473	\$ (15,117)	\$ 774,119	\$ -	\$ -	\$ 774,119
142		Total Gas Operating expenses	\$ 286,529	\$ 454,874	\$ 351,869	\$ 442,214	\$ 454,761	\$ 401,244	\$ 278,346	\$ 499,285	\$ 336,453	\$ 814,606	\$ 498,086	\$ 363,110	\$ 5,181,375	\$ (55,245)	\$ -	\$ 5,126,130



BEAR CREEK STORAGE COMPANY, L.L.C.  
FUEL USE OR GAS LOSSES  
TWELVE MONTHS ENDED DECEMBER 31, 2018, AS ADJUSTED

Line No.	Account No.	Description	Amount	Adjustment	Ending Amount
	(a)	(b)	(c)	(d)	(e)
1	801	Natural gas field line purchases	\$ -	\$ -	\$ -
2	803	Natural gas transmission line purch	-	-	-
3	805	Other gas purchases	769,715	(769,715)	-
4	806	Exchange gas	-	-	-
5	808.1	Gas withdrawn from storage	692,433	(692,433)	-
6	808.2	Gas delivered to storage	(985,013)	985,013	-
7	810	Gas used for compressor station fuel	(1,870,534)	1,870,534	-
8	812	Gas used for other utility operations	(148,849)	148,849	-
9	813	Other gas supply expenses	-	-	-
10	817	Lines expenses	148,849	(148,849)	-
11	819	Compressor station fuel & power	1,870,534	(1,870,534)	-
12		Total	<u>\$ 477,135</u>	<u>\$ (477,135)</u>	<u>\$ -</u>

Docket No. RP19-51  
Schedule H-1(2)(b)  
(Working Papers)  
With Test Period

BEAR CREEK STORAGE COMPANY, L.L.C.  
ANALYSIS OF ACCOUNTS 913 & 930.1  
ADVERTISING EXPENSES  
TWELVE MONTHS ENDED DECEMBER 31, 2018

Bear Creek did not charge any expense to Account 913 or 930.1 for the twelve months ended December 31, 2018.

BEAR CREEK STORAGE COMPANY, L.L.C.  
ANALYSIS OF ACCOUNT 921  
OFFICE SUPPLIES & EXPENSE  
TWELVE MONTHS ENDED DECEMBER 31, 2018

<u>Line No.</u>	<u>Description</u> (a)	<u>Amount</u> (b)
1	Employee Expenses (travel, meals, & cell phones)	\$ 7,372
2	Outside Services - General	6,604
3	Computer Hardware/Software	4,463
4	Training	2,275
5	Vehicle Expense	308
6	Permits, Licenses & Fees	250
7	Other Expenses & Fees	<u>94</u>
8	Total Account 921	\$ 21,366

Docket No. RP19-51  
Schedule H-1(2)(d)  
(Working Papers)  
With Test Period

BEAR CREEK STORAGE COMPANY, L.L.C.  
ANALYSIS OF ACCOUNT 922  
ADMINISTRATIVE EXPENSES TRANSFERRED -- CREDIT  
TWELVE MONTHS ENDED DECEMBER 31, 2018

Bear Creek did not charge any expense to Account 922 for the twelve months ended December 31, 2018.

BEAR CREEK STORAGE COMPANY  
 ACCOUNT 923 - OUTSIDE SERVICES EMPLOYED  
 TWELVE MONTHS ENDED DECEMBER 31, 2018

<u>Line No.</u>	<u>Payee and/or Description</u> (a)	<u>Services Performed</u> (b)	<u>Basis of Charges</u> (c)	<u>Amount</u> (d)
1	Services by Affiliated Companies  Other Outside Services and Expenses	Various Administrative	Time Allocation, Cost Basis, Modified Mass	\$ 72,605
2	Miscellaneous (Under \$100,000)	Consulting	Accounting & Audit Fee Expenses	\$ 37,000
3	<b>Total Account 923</b>			<u>\$ 109,605</u>



BEAR CREEK STORAGE COMPANY, L.L.C.  
ANALYSIS OF ACCOUNT 926  
EMPLOYEE PENSIONS AND BENEFITS  
TWELVE MONTHS ENDED DECEMBER 31, 2018

<u>Line No.</u>	<u>Description</u> (a)	<u>Basis of Charges</u> (b)	<u>Amount</u> (c)
1	Health & Welfare	Claims	\$ 175,650
2	Cash Balance - Pension Plan	Actuary	78,026
3	Retirement Savings Plan (401-K)	Cash Payments	66,236
4	Shared Services Benefits	Claims & Cash Payments	80,998
5	Other	Claims & Cash Payments	5,199
6	Long-term Disability	Claims	<u>4,094</u>
7	<b>Total Account 926</b>		<u><u>\$ 410,203</u></u>

BEAR CREEK STORAGE COMPANY, L.L.C.  
ANALYSIS OF ACCOUNT 928  
REGULATORY EXPENSES  
TWELVE MONTHS ENDED DECEMBER 31, 2018

<u>Line No.</u>	<u>Description</u> (a)	<u>Amount</u> (b)
1	Regulatory Commission Expense (ACA)	<u>\$ 51,568</u>
2	Total Account 928	\$ 51,568 1/

3 1/ Bear Creek does not recover the FERC's ACA charges through an ACA surcharge mechanism but rather recovers a representative amount of FERC's ACA charges through its base rates.

Docket No. RP19-51  
Schedule H-1(2)(h)  
(Working Papers)  
With Test Period

BEAR CREEK STORAGE COMPANY, L.L.C.  
ANALYSIS OF ACCOUNT 929  
DUPLICATE CHARGES CREDIT  
TWELVE MONTHS ENDED DECEMBER 31, 2018

Bear Creek did not charge any expense to Account 929 for the twelve months ended December 31, 2018.

Docket No. RP19-51  
Schedule H-1(2)(i)  
(Working Papers)  
With Test Period

BEAR CREEK STORAGE COMPANY, L.L.C.  
ANALYSIS OF ACCOUNT 930.2  
MISCELLANEOUS GENERAL EXPENSES  
TWELVE MONTHS ENDED DECEMBER 31, 2018

<b>Line No.</b>	<b>Description</b>	<b>Amount</b>
	(a)	(b)
1	Shared Services Allocation	\$ 35,643
2	Other	<u>48</u>
3	Total Account 930.2	\$ 35,691

BEAR CREEK STORAGE COMPANY L.L.C.  
INTERCOMPANY AND INTERDEPARTMENTAL TRANSACTIONS  
TWELVE MONTHS ENDED DECEMBER 31, 2018

Docket No. RP19-51  
Schedule H-1 (2)(j)  
(Working Papers)  
With Test Period

Line No.	Company (a)	FERC Account	January (c)	February (d)	March (e)	April (f)	May (g)	June (h)	July (i)	August (j)	September (k)	October (l)	November (m)	December (n)	Total (o)
		No. (b)													
	<u>Kinder Morgan 1/</u>														
1		814	\$ 4,603	\$ 4,177	\$ 4,567	\$ 4,479	\$ 4,679	\$ 4,325	\$ 4,122	\$ 4,806	\$ 4,301	\$ 4,731	\$ 4,561	\$ 5,662	\$ 55,013
2		816	162	148	162	157	168	156	148	174	155	172	164	200	1,966
3		817	1,074	1,013	1,229	1,516	1,527	943	670	1,292	900	1,066	902	1,632	13,764
4		818	7,651	6,195	6,143	6,336	6,208	5,763	5,350	4,205	4,915	6,029	6,484	6,360	71,640
5		820	30	2	1	11	56	0	0	1	12	1	1	29	144
6		824	0	0	0	0	0	0	0	0	0	0	0	0	-
7		830	822	745	706	790	674	504	385	397	203	665	380	542	6,812
8		832	379	345	379	366	391	363	346	406	362	401	383	467	4,588
9		833	397	351	368	350	382	435	645	411	369	411	385	479	4,982
10		834	4,852	4,411	5,178	3,567	4,978	4,663	4,541	5,011	4,753	6,355	6,932	6,225	61,464
11		835	260	229	240	195	344	69	119	279	228	229	146	221	2,558
12		837	0	0	0	0	0	0	0	0	0	0	0	0	-
13		920	38,041	34,523	20,140	34,245	38,044	15,232	35,158	39,500	1,337	38,431	38,189	(12,572)	320,268
14		921	6												6
15		923	42,466	5,155	6,182	4,172	6,589	4,292	6,178	6,799	4,695	7,411	8,469	7,198	109,605
16		924	3,664	3,664	3,664	3,664	3,370	3,370	3,370	3,336	3,336	3,336	3,336	2,718	40,824
17		925	6,143	6,143	6,238	6,143	6,149	6,149	6,149	5,077	5,077	5,077	5,077	2,486	65,906
18		926	38,296	85,070	22,245	34,286	37,480	30,912	34,693	35,092	27,111	39,113	41,079	(15,174)	410,203
19		930	6,470	6,941	1,316	7,108	7,386	(2,611)	6,157	5,132	(4,254)	6,458	5,821	(10,279)	35,643
20		931	6,756	6,733	6,730	6,724	6,662	7,630	6,744	6,800	6,726	6,692	7,567	2,813	78,576
21			<u>\$ 162,070</u>	<u>\$ 165,844</u>	<u>\$ 85,486</u>	<u>\$ 114,107</u>	<u>\$ 125,088</u>	<u>\$ 82,194</u>	<u>\$ 114,775</u>	<u>\$ 118,717</u>	<u>\$ 60,223</u>	<u>\$ 126,576</u>	<u>\$ 129,874</u>	<u>\$ (994)</u>	<u>\$ 1,283,961</u>

1/ Kinder Morgan allocations to Bear Creek are for underground storage benefit costs, general administrative services (and associated benefit costs) and insurance costs; allocations are based on time allocation, cost basis, and Modified Mass Formula.

Docket No. RP19-51  
Schedule H-1(2)(k)  
(Working Papers)  
With Test Period

BEAR CREEK STORAGE COMPANY, L.L.C.  
LEASE PAYMENTS  
TWELVE MONTHS ENDED DECEMBER 31, 2018

<b>Line No.</b>	<b>Description</b>	<b>Amount</b>
	(a)	(b)
1	Shared Services Lease Allocation	<u>\$ 78,576</u> 1/
2	Total Account 931	\$ 78,576

3 1/ Includes lease of buiding office space, copy machines, etc.

BEAR CREEK STORAGE COMPANY, L.L.C.  
DEPRECIATION EXPENSE  
EXPLANATION NOTES RELATIVE TO THE  
BASIC DEPRECIATION RATE

This cost and revenue study reflects Bear Creek's Commission-approved depreciation rate of 0.50% and the amounts reflected are representative of the level of expenditures on an ongoing basis. This rate was approved by the Commission in its order issued August 15, 2012 approving the Bear Creek Settlement in Docket No. RP12-121-000 (140 FERC ¶ 61,129).

**Bear Creek Storage Company, L.L.C.**  
**Depreciation, Depletion, Amortization and Negative Salvage Expenses**  
**Twelve Months Ended December 31, 2018, As Adjusted**

<u>Line No.</u>	<u>Description</u> (a)	<u>Gas Plant</u> <u>As Adjusted</u> (b)	<u>Depreciation</u> <u>Method</u> (c)	<u>Annual</u> <u>Rate</u> <u>Per Book</u> (d)	<u>Annual</u> <u>Rate</u> <u>Proposed</u> (e)	<u>Per Book</u> <u>Expenses</u> (f)	<u>Adjustments</u> (g)	<u>As Adjusted</u> (h)
<b>Account 403 - Depreciation Expense</b>								
1	Natural Gas Storage - Underground							
	Natural Gas Storage - Underground	\$ 185,035,468	SLM	0.50%	0.50%	\$ 911,012	\$ 14,165	\$ 925,177
	Total Natural Gas Storage - Underground	<u>\$ 185,035,468</u>				<u>\$ 911,012</u>	<u>\$ 14,165</u>	<u>\$ 925,177</u>
General Plant								
2	Office Furniture and Equipment	\$ 25,710	SLM	0.50%	0.50%	\$ 129	\$ 0	\$ 129
3	Computer Equipment	64,807	SLM	0.50%	0.50%	283	41	324
4	Transportation Equipment	186,952	SLM	0.50%	0.50%	532	403	935
4	Tools, Shop and Garage Equipment	464,675	SLM	0.50%	0.50%	2,283	40	2,323
5	Power Operated Equipment	69,020	SLM	0.50%	0.50%	345	(0)	345
6	Communication Equipment	23,743	SLM	0.50%	0.50%	103	16	119
7	Miscellaneous Equipment	12,476	SLM	0.50%	0.50%	62	(0)	62
8	Total General Plant	<u>\$ 847,382</u>				<u>\$ 3,736</u>	<u>\$ 501</u>	<u>\$ 4,237</u>
10	Total Account 403 Depreciation Expense	<u>\$ 185,882,850</u>				<u>\$ 914,748</u>	<u>\$ 14,666</u>	<u>\$ 929,414</u>
<b>Account 404.3 - Amortization Expense</b>								
11	Intangible Plant-Franchise & Consent	\$ 477,992	SLM	0.50%	0.50%	\$ -	\$ -	\$ -
12	Intangible Plant-Software	187,793	SLM	10.00%	10.00%	17,130	1,649	18,779
13	Total Account 404.3 Amortization Expense	<u>\$ 665,785</u>				<u>\$ 17,130</u>	<u>\$ 1,649</u>	<u>\$ 18,779</u>
14	Total Depreciation and Amortization Expense	<u>\$ 186,548,635</u>				<u>\$ 931,878</u>	<u>\$ 16,315</u>	<u>\$ 948,193</u>
15	Amortization of DIT Regulatory Liability					<u>\$ -</u>	<u>\$ (45,565)</u>	<u>\$ (45,565)</u>



**Bear Creek Storage Company, L.L.C.**  
**Reconciliation of Depreciable Plant Included in**  
**Statement H-2 and Gas Plant Included in Statement C**  
**Twelve Months Ended December 31, 2018, As Adjusted**

<u>Line No.</u>	<u>Description</u> (a)	<u>Gas Plant</u> <u>As Adjusted</u> (b)	<u>Account 403</u> <u>Depreciation</u> (c)	<u>Account 404.1</u> <u>Depletion</u> (d)	<u>Account 404.2</u> <u>Amortization</u> (e)	<u>Account 404.3</u> <u>Amortization</u> (f)	<u>Total</u> (g)	<u>to Clearing</u> <u>Account 184</u> (h)	<u>Total</u> <u>Provisions</u> (i)
1	Balance as shown on H-2 Account 101	\$ 186,548,635	\$ 929,414	\$ -	\$ -	\$ 18,779	\$ 948,193	\$ -	\$ 948,193
2	Gas Plant in Service - Clearing Account 184	-	-	-	-	-	-	-	-
3	Gas Plant for Future Use Account 105	-	-	-	-	-	-	-	-
4	Construction Work In Progress Account 107	-	-	-	-	-	-	-	-
5	Gas Stored Underground - Noncurrent Account 117	95,598,428	-	-	-	-	-	-	-
6	Gas Plant Purchased or Sold Account 102	-	-	-	-	-	-	-	-
7	Non - Depreciable Plant	1,205,252	-	-	-	-	-	-	-
8	Total as Shown on Statement C	<u>\$ 283,352,315</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
9	Total Provision		<u>\$ 929,414</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,779</u>	<u>\$ 948,193</u>	<u>\$ -</u>	<u>\$ 948,193</u>

**Bear Creek Storage Company, L.L.C.**  
**Federal and State Income Taxes Based on Return**  
**Twelve Months Ended December 31, 2018, As Adjusted**

<u>Line No.</u>	<u>Description</u> (a)	<u>%</u> (b)	<u>Amount</u> (c)
1	Rate Base		\$ 126,140,438
2	Return at	11.35%	14,316,940
3	Less: Interest at	2.30%	<u>2,901,230</u>
4	Total Tax Base		\$ 11,415,710
5	Federal Income Tax @ 21.0%	26.58%	\$ 3,034,296
6	State Income Tax @ 6.32%	8.54%	<u>\$ 974,902</u>
7	Total Income Taxes		<u>\$ 4,009,198</u>

Docket No. RP19-51  
Schedule H-3(1)  
(Working Papers)  
With Test Period

**Bear Creek Storage Company, L.L.C.**  
**State Income Taxes For 2018**

Louisiana

\$958,444

Bear Creek Storage Company, L.L.C.  
Reconciliation of Net Book Plant to Net Tax Plant - Detail  
Balance at December 31, 2018, As Adjusted

Line No.	<u>Balance Description</u> (a)	<u>Balance at 12/31/18, As Adjusted</u> (b)
1	Book Basis - Gross	\$ 187,753,886
2	- Reserves	<u>156,080,912</u>
3	Net Book Basis	\$ 31,672,974
4	Unamortized AFUDC Adj.	-
5	Depreciation Deferral	<u>-</u>
6	Net Book Basis Adjusted	<u>\$ 31,672,974</u>
7	Tax Basis - Gross	\$ 159,947,525
8	- Reserves	<u>\$ 139,612,261</u>
9	Net Tax Basis	<u>\$ 20,335,264</u>
10	Adjusted Book Basis in Excess of Tax Basis	\$ 11,337,710
11	Effective Tax Rate	<u>0.25993</u>
12	Required Deferred Taxes	\$ 2,946,988
13	Booked Deferred Taxes (Acct 282)	\$ 2,946,988
14	Unfunded/(Excess)	\$ 0

Bear Creek Storage Company, L.L.C.  
Reconciliation of Net Book Plant to Net Tax Plant - Detail  
Balance At December 31, 2018, As Adjusted

Line No.	<u>Description</u> (a)	Balance at 12/31/18, <u>As Adjusted</u> (b)	<u>DIT</u> (c)	Net of Deferred <u>Income Taxes</u> (d)
<u>Regulatory Assets</u>				
1	FERC ACA Regulatory Asset	\$ 39,122	\$ -	\$ 39,122
2	AFUDC Regulatory Asset	\$ 154,808	\$ (40,532)	\$ 114,276
<u>Regulatory Liabilities</u>				
3	L&U Fuel Regulatory Liability	\$ (1,256,392)	\$ -	\$ (1,256,392)
4	DIT Regulatory Liability 1/	\$ (1,320,080)	\$ 343,094	\$ (976,986)

1/ Established per Tax Cuts and Jobs Act of 2017.

**Bear Creek Storage Company, L.L.C.**  
**Taxes Other Than Income Taxes**  
**Twelve Months Ended 12/31/18, As Adjusted**

<u>Line No.</u>	<u>Description</u> (a)	<u>Expense Per Books</u> (b)	<u>Adjustments</u> (c)	<u>Total Adjusted Taxes</u> (d)
1	Ad Valorem Taxes - Louisiana	\$ 1,986,027	\$ -	\$ 1,986,027
2	Payroll Taxes	144,307	2,403	146,710
3	Severance Taxes -Louisiana	<u>185,306</u>	<u>-</u>	<u>185,306</u>
4	Total Other Taxes	<u>\$ 2,315,640</u>	<u>\$ 2,403</u>	<u>\$ 2,318,043</u>

**Bear Creek Storage Company, L.L.C.**  
**Adjustment To Payroll Taxes**  
**Twelve Months Ended December 31, 2018, As Adjusted**

<u>Line No.</u>	<u>Description</u> (a)	<u>Expense Per Books</u> (b)	<u>Adjustments</u> (c)		<u>Total Adjusted Payroll Taxes</u> (d)
1	Payroll Taxes - Louisiana	\$ 144,307	\$ 2,403	1/ \$	146,710

1/ Test period labor adjustment of \$31,418 x .0765

Docket No. RP19-51  
Schedule I-1  
With Test Period

BEAR CREEK STORAGE COMPANY, L.L.C.  
OVERALL COST OF SERVICE  
TWELVE MONTH PERIOD ENDING 12/31/2018, AS ADJUSTED

See Statement A for overall cost of service.



Docket No. RP19-51  
Schedule I-1(a)  
With Test Period

BEAR CREEK STORAGE COMPANY, L.L.C.  
FUNCTIONALIZATION OF COST OF SERVICE  
TWELVE MONTH PERIOD ENDING 12/31/2018, AS ADJUSTED

As depicted in Statement A, the Bear Creek cost of service is all part of the storage function.

Docket No. RP19-151  
Schedule I-1(b)  
With Test Period

BEAR CREEK STORAGE COMPANY, L.L.C.  
INCREMENTAL AND NON-INCREMENTAL FACILITIES  
TWELVE MONTH PERIOD ENDING 12/31/2018, AS ADJUSTED

Bear Creek has no incremental facilities.

Docket No. RP19-51  
Schedule I-1(c)  
With Test Period

BEAR CREEK STORAGE COMPANY, L.L.C.  
COSTS SEPARATED BY ZONES  
TWELVE MONTH PERIOD ENDING 12/31/2018, AS ADJUSTED

Bear Creek does not have separate rate zones.

Docket No. RP19-51  
Schedule I-1(d)  
With Test Period

BEAR CREEK STORAGE COMPANY, L.L.C.  
ALLOCATION OF COMMON OR JOINT COSTS  
TWELVE MONTH PERIOD ENDING 12/31/2018, AS ADJUSTED

All costs of Bear Creek are allocated to the storage function.

Bear Creek Storage Company, L.L.C.  
Classification of Cost of Service For Storage Function  
For the Twelve Months Ended December 31, 2018, As Adjusted

Line No.	FERC Account No.	Particulars	Statement/ Schedule Reference (c)	Total (d)	Reservation/ Fixed (e)	Commodity/ Variable (f)
		<u>Operation</u>	H-1			
1	814	Supervision and Engineering		\$ 386,927	\$ 386,927	\$ -
2	815	Maps and Records		-	-	-
3	816	Wells Expenses		318,597	318,597	-
4	817	Lines Expenses		344,404	344,404	-
5	818	Compressor Station Expenses		1,705,755	544,713	1,161,042
6	819	Compressor Station Fuel & Power		-	-	-
7	820	Measuring and Regulating Station Expenses		17,556	17,556	-
8	821	Purification Expenses		-	0	-
9	823	Gas Losses		-	-	-
10	824	Other Expenses		141,992	141,992	-
11		Total Operation Expense		<u>\$ 2,915,231</u>	<u>\$ 1,754,189</u>	<u>\$ 1,161,042</u>
		<u>Maintenance</u>	H-1			
12	830	Supervision and Engineering		\$ 43,493	\$ 43,493	\$ -
13	831	Structures and Improvements		19,976	19,976	-
14	832	Maintenance of Wells		365,870	365,870	-
15	833	Maintenance of Lines		295,871	295,871	-
16	834	Maintenance of Compressor Station Equipment		2,242,436	473,923	1,768,513
17	835	Maintenance of Measuring and Regulating Equipment		45,900	45,900	-
18	836	Maintenance of Purification Equipment		-	0	-
19	837	Maintenance of Other Equipment		23,407	23,407	-
20		Total Maintenance Expense		<u>\$ 3,036,953</u>	<u>\$ 1,268,440</u>	<u>\$ 1,768,513</u>
21		Administration and General Expenses	H-1	<u>\$ 1,449,508</u>	<u>\$ 1,449,508</u>	<u>\$ -</u>
22		Total Operation and Maintenance Expenses		\$ 7,401,692	\$ 4,472,138	\$ 2,929,554
23		Depreciation, Depletion and Amortization	H-2	948,193	948,193	-
24		Amortization of Regulatory Liability	H-2	(45,565)	(45,565)	-
25		Federal Income Taxes	H-3	3,034,296	3,034,296	-
26		State Income Taxes	H-3	974,902	974,902	-
27		Taxes Other Than Income Taxes	H-4	2,318,043	2,318,043	-
28		Return on Rate Base	B	<u>14,316,940</u>	<u>14,316,940</u>	<u>-</u>
29		Total Storage Cost of Service	A	\$ 28,948,501	\$ 26,018,947	\$ 2,929,554

BEAR CREEK STORAGE COMPANY, L.L.C.  
ALLOCATION OF OVERALL COST OF SERVICE  
TWELVE MONTH PERIOD ENDING 12/31/2018, AS ADJUSTED

Line No.	Description	Total Cost of Service	Total Variable	Total Reservation/ Fixed (Col. B-C)	Storage Deliverability Charge (Col D X 50%)	Storage Capacity Charge (Col D X 50%)
	(a)	(b)	(c)	(d)	(e)	(f)
1	Operation and Maintenance Expenses	\$ 7,401,692	\$ 2,929,554	\$ 4,472,138	\$ 2,236,069	\$ 2,236,069
2	Depreciation and Amortization Expenses	902,628	-	902,628	\$ 451,314	\$ 451,314
3	Taxes other than Income Taxes	2,318,043	-	2,318,043	\$ 1,159,022	\$ 1,159,022
4	Federal and State Income Taxes	4,009,198	-	4,009,198	\$ 2,004,599	\$ 2,004,599
5	Return on Rate Base	<u>14,316,940</u>	<u>-</u>	<u>14,316,940</u>	<u>\$ 7,158,470</u>	<u>\$ 7,158,470</u>
6	Total Cost of Service	\$ 28,948,501	\$ 2,929,554	\$ 26,018,947	\$ 13,009,473	\$ 13,009,473

Bear Creek Storage Company, L.L.C  
Transmission and Compression of Gas by Others  
Twelve Month Period Ending December 31, 2018

Bear Creek does not have any transmission and compression of gas by others.

Bear Creek Storage Company, L.L.C  
Gas Balances  
12 Months Ended December 31, 2018  
(in Dth)

Docket No. RP19-51  
Schedule I-5  
With Test Period

Line No.	Description	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Total
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)
1	<b>Gas Balances</b>													
2	<b>Gas Received</b>													
3	Gas Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Gas of Others Received for Gathering	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Gas of Others Received for Transmission	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Gas of Others Received for Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Gas of Others Received for Contract Storage	952,518	4,684,282	7,220,852	1,553,827	7,105,471	3,705,058	705,234	222,738	3,246,348	2,162,190	1,715,694	4,513,459	37,787,671
8	Gas of Others Received for Production/Extraction/Processing	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Exchange Gas Received From Others	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Gas Received as Imbalances	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Receipts of Respondent's Gas Transported by Others	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Other Gas Withdrawn from Storage	14,389,565	-	-	1,148,709	-	-	2,810,913	5,102,506	-	1,438,213	8,568,131	1,316,634	34,774,671
13	Gas Received from Shippers as Compressor Station Fuel	196,484	122,726	136,227	85,256	113,509	99,294	64,572	72,395	81,309	92,919	140,733	195,130	1,400,554
14	Gas Received from Shippers as Lost and Unaccounted For	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Other Receipts	-	-	-	-	-	-	-	-	-	-	-	-	-
16	<b>Total Receipts</b>	<b>15,538,567</b>	<b>4,807,008</b>	<b>7,357,079</b>	<b>2,787,792</b>	<b>7,218,980</b>	<b>3,804,352</b>	<b>3,580,719</b>	<b>5,397,639</b>	<b>3,327,657</b>	<b>3,693,322</b>	<b>10,424,558</b>	<b>6,025,223</b>	<b>73,962,896</b>
17	<b>Gas Delivered</b>													
18	Gas Sales	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Deliveries of Gas Gathered for Others	-	-	-	-	-	-	-	-	-	-	-	-	-
20	Deliveries of Gas Transported for Others	-	-	-	-	-	-	-	-	-	-	-	-	-
21	Deliveries of Gas Distributed for Others	-	-	-	-	-	-	-	-	-	-	-	-	-
22	Deliveries of Contract Storage Gas	15,314,929	3,822,482	414,263	2,699,488	81	926,905	3,510,205	5,317,502	2,349,753	3,588,519	10,280,271	5,798,271	54,022,669
23	Gas of Others Delivered for Production/Extraction/Processing	-	-	-	-	-	-	-	-	-	-	-	-	-
24	Exchange Gas Delivered to Others	-	-	-	-	-	-	-	-	-	-	-	-	-
25	Gas Delivered as Imbalances	-	-	-	-	-	-	-	-	-	-	-	-	-
26	Deliveries of Gas to Others for Transportation	-	-	-	-	-	-	-	-	-	-	-	-	-
27	Other Gas Delivered to Storage	-	790,530	6,786,928	-	7,099,918	2,773,613	-	-	887,942	-	-	-	18,338,931
28	Gas Used for Compressor Station Fuel	33,520	68,325	103,948	34,563	98,224	54,307	23,497	17,808	45,452	36,233	40,677	62,385	618,939
29	Other Deliveries and Gas Used for Other Operations	190,118	125,671	51,940	53,741	20,757	49,527	47,017	62,329	44,510	68,570	103,610	164,567	982,357
30	<b>Total Deliveries</b>	<b>15,538,567</b>	<b>4,807,008</b>	<b>7,357,079</b>	<b>2,787,792</b>	<b>7,218,980</b>	<b>3,804,352</b>	<b>3,580,719</b>	<b>5,397,639</b>	<b>3,327,657</b>	<b>3,693,322</b>	<b>10,424,558</b>	<b>6,025,223</b>	<b>73,962,896</b>
31	<b>Gas Losses and Gas Unaccounted For</b>													
32	Gas Losses and Gas Unaccounted For	-	-	-	-	-	-	-	-	-	-	-	-	-
33	<b>Totals</b>													
34	<b>Total Deliveries, Gas Losses &amp; Unaccounted For</b>	<b>15,538,567</b>	<b>4,807,008</b>	<b>7,357,079</b>	<b>2,787,792</b>	<b>7,218,980</b>	<b>3,804,352</b>	<b>3,580,719</b>	<b>5,397,639</b>	<b>3,327,657</b>	<b>3,693,322</b>	<b>10,424,558</b>	<b>6,025,223</b>	<b>73,962,896</b>



BEAR CREEK STORAGE COMPANY, L.L.C.  
RECONCILIATION OF COSTS AND REVENUE  
TWELVE MONTH PERIOD ENDING 12/31/2018, AS ADJUSTED FOR UPDATED RATES

Line No.	Service Type (a)	Allocated Cost of Service (b)	Revenue Statement G, Column C, Page 2 (c)	Difference (d)
1	SSP-DELIVERABILITY	\$ 13,009,473	\$ 13,009,473	\$ -
2	SSP-CAPACITY	13,009,473	\$ 13,009,473	-
3	SSP-INJECTIONS/WITHDRAWALS	<u>2,929,554</u>	<u>\$ 2,929,554</u>	<u>-</u>
4	Total	\$ 28,948,501	\$ 28,948,501	\$ -

BEAR CREEK STORAGE COMPANY, L.L.C.  
SUMMARY OF BILLING DETERMANTS  
TWELVE MONTH PERIOD ENDING 12/31/2018, AS ADJUSTED

Line No.	Reference (a)	Description (b)	Deliverability (c)	Capacity (d)	Injection/ Withdrawal (e)
1	St. G, pg 2 Lines 1, 2, 3	Billing Determinants	6,126,000	796,380,000	103,253,413

BEAR CREEK STORAGE COMPANY, L.L.C.  
DERIVATION OF RATES  
TWELVE MONTH PERIOD ENDING 12/31/2018, AS ADJUSTED

Line No.	Reference	Description	Total	Deliverability	Capacity	Injection/ Withdrawal
	(a)	(b)	(c)	(d)	(e)	(f)
1	Schedule I-3, Line 6	Cost of Service	\$28,948,501	\$13,009,473	\$13,009,473	\$2,929,554
2	St. G, pg 2, Lines 1, 2, 3	Billing Determinants		6,126,000	796,380,000	103,253,413
3		Rates		\$2.1236	\$0.0163	\$0.0284

BEAR CREEK STORAGE COMPANY, L.L.C.

Comparative Balance Sheet  
12/31/2017 and 12/31/2018

Line No.	Title of Account (a)	12/31/2017 (b)	12/31/2018 (c)
1	<b>UTILITY PLANT</b>		
2	UTILITY PLANT (101-106,114)	\$ 183,311,932	\$ 186,277,348
3	CONSTRUCTION WORK IN PROGRESS (107)	642,570	325,335
4	TOTAL UTILITY PLANT	<u>\$ 183,954,502</u>	<u>\$ 186,602,683</u>
5	LESS: ACCUMULATED PROVISION FOR DEPRECIATION,		
6	AMORTIZATION (108, 111, 115)	(156,919,636)	(155,608,660)
7	<b>NET UTILITY PLANT</b>	<u>\$ 27,034,866</u>	<u>\$ 30,994,023</u>
8	GAS STORED - BASE GAS (117.1)	\$ 95,598,428	\$ 95,598,428
9	GAS OWED TO SYSTEM GAS (117.4)	\$ 321,716	\$ 614,296
10	<b>GAS STORED UNDERGROUND - NONCURRENT(117)</b>	<u>\$ 95,920,144</u>	<u>\$ 96,212,724</u>
11	OTHER PROPERTY AND INVESTMENTS		
12	NONUTILITY PROPERTY (121)	\$ -	\$ -
13	LESS: ACCUMULATED PROVISION FOR DEPRECIATION,		
14	AMORTIZATION (122)	-	-
15	NET NONUTILITY PROPERTY	\$ -	\$ -
16	INVESTMENT IN ASSOCIATED COMPANIES (123)	-	-
17	INVESTMENT IN SUBSIDIARY COMPANIES (123.1)	-	-
18	OTHER INVESTMENTS (124)	-	-
19	SPECIAL FUNDS (125-128)	-	-
20	<b>TOTAL OTHER PROPERTY AND INVESTMENTS</b>	<u>\$ -</u>	<u>\$ -</u>
21	<b>CURRENT AND ACCRUED ASSETS</b>		
22	CASH (131)	\$ 5,334,054	\$ 2,810,158
23	SPECIAL DEPOSITS (132-134)	-	-
24	WORKING FUNDS (135)	-	-
25	TEMPORARY CASH INVESTMENTS (136)	-	-
26	NOTES RECEIVABLE (141)	-	-
27	CUSTOMER ACCOUNTS RECEIVABLE (142)	-	-
28	OTHER ACCOUNTS RECEIVABLE (143)	-	-
29	LESS: ACCUMULATED PROVISION FOR UNCOLLECTIBLE	-	-
30	ACCOUNTS -- (CREDIT) (144)	-	-
31	NOTES RECEIVABLE FROM ASSOCIATED COMPANIES (145)	-	-
32	ACCOUNTS RECEIVABLE FROM ASSOCIATED COMPANIES (146)	2,284,683	2,296,802
33	RESIDUALS AND EXTRACTED PRODUCTS (153)	-	-
34	PLANT MATERIAL AND OPERATING SUPPLIES (154)	2,654,140	2,784,457
35	STORES EXPENSES UNDISTRIBUTED (163)	-	-
36	GAS STORED UNDERGROUND -- CURRENT (164.1)	-	-
37	PREPAYMENTS (165)	37,000	40,000
38	ADVANCES FOR EXPLORATION, DEVELOPMENT AND	-	-
39	PRODUCTION (166)	-	-
40	OTHER ADVANCES FOR GAS (167)	-	-
41	INTEREST AND DIVIDENDS RECEIVABLE (171)	-	-
42	MISCELLANEOUS CURRENT AND ACCRUED ASSETS (174)	-	-
43	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	<u>\$ 10,309,877</u>	<u>\$ 7,931,417</u>
44	<b>DEFERRED DEBITS</b>		
45	UNAMORTIZED DEBT EXPENSE (181)	-	\$ -
46	OTHER REGULATORY ASSETS (182.3)	191,092	193,930
47	PRELIM SURVEY AND INVESTIGATION CHARGES (183.1, 183.2)	-	-
48	CLEARING ACCOUNTS (184)	-	-
49	MISCELLANEOUS DEFERRED DEBITS (186)	1,722,485	2,518,020
50	UNAMORTIZED LOSS ON REACQUIRED DEBT (189)	-	-
51	ACCUMULATED DEFERRED INCOME TAXES (190)	338,137	349,034
52	UNRECOVERED PURCHASED GAS COSTS (191)	-	-
53	<b>TOTAL DEFERRED DEBITS</b>	<u>\$ 2,251,714</u>	<u>\$ 3,060,984</u>
54	<b>TOTAL ASSETS AND OTHER DEBITS</b>	<u>\$ 135,516,601</u>	<u>\$ 138,199,148</u>

BEAR CREEK STORAGE COMPANY, L.L.C.

Comparative Balance Sheet  
12/31/2017 and 12/31/2018

Line No.	Title of Account (a)	12/31/2017 (b)	12/31/2018 (c)
55	<b>LIABILITIES AND OTHER CREDITS</b>		
56	<b>PROPRIETARY CAPITAL</b>		
57	COMMON STOCK ISSUED (201)	\$ -	\$ -
58	PREFERRED STOCK ISSUED (204)	-	-
59	PREMIUM ON CAPITAL STOCK (207)	-	-
60	OTHER PAID-IN CAPITAL (208-211)	106,420,301	106,420,301
61	CAPITAL STOCK EXPENSE (214)	-	-
62	RETAINED EARNINGS (216)	19,317,734	22,958,975
63	UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (216.1)	-	-
64	REACQUIRED CAPITAL STOCK (217)	-	-
66	<b>TOTAL PROPRIETARY CAPITAL</b>	<u>\$ 125,738,035</u>	<u>\$ 129,379,276</u>
67	<b>LONG-TERM DEBT</b>		
68	BONDS (221)	\$ -	\$ -
69	REACQUIRED BONDS (222)	-	-
70	OTHER LONG-TERM DEBT (224)	-	-
71	(LESS) UNAMORTIZED DISCOUNT ON LONG-TERM DEBT (226)	-	-
72	<b>TOTAL LONG-TERM DEBT</b>	<u>\$ -</u>	<u>\$ -</u>
73	<b>OTHER NONCURRENT LIABILITIES</b>		
74	ACCUMULATED PROVISION FOR PENSIONS AND BENEFITS (228.3)	\$ -	\$ -
75	ACCUMULATED PROVISION FOR RATE REFUNDS (229)	-	-
76	ASSET RETIREMENT OBLIGATIONS (230)	-	-
77	<b>TOTAL OTHER NONCURRENT LIABILITIES</b>	<u>\$ -</u>	<u>\$ -</u>
78	<b>CURRENT AND ACCRUED LIABILITIES</b>		
79	NOTES PAYABLE (231)	\$ -	\$ -
80	MISC OPER PROV (228)	-	-
81	ACCOUNTS PAYABLE (232)	1,220,168	810,832
82	NOTES PAYABLE TO ASSOCIATED COMPANIES (233)	-	-
83	ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES (234)	4,644,104	2,510,152
84	CUSTOMER DEPOSITS (235)	-	-
85	TAXES ACCRUED (236)	26,582	32,630
86	INTEREST ACCRUED (237)	-	-
87	DIVIDENDS DECLARED (238)	-	-
88	TAX COLLECTIONS PAYABLE (241)	-	-
89	MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES (242)	-	-
90	OBLIGATIONS UNDER CAPITAL LEASES -- CURRENT (243)	-	-
91	<b>TOTAL CURRENT AND ACCRUED LIABILITIES</b>	<u>\$ 5,890,854</u>	<u>\$ 3,353,614</u>
92	<b>DEFERRED CREDITS</b>		
93	CUSTOMER ADVANCES FOR CONSTRUCTION (252)	\$ -	\$ -
94	OTHER DEFERRED CREDITS (253)	-	-
95	OTHER REGULATORY LIABILITIES (254)	1,827,090	2,599,204
96	ACCUMULATED DEFERRED INVESTMENT TAX CREDIT (255)	-	-
97	UNAMORTIZED GAIN ON REACQUIRED DEBT (257)	-	-
98	ACCUMULATED DEFERRED INCOME TAXES (281-283)	2,060,622	2,867,054
99	<b>TOTAL DEFERRED CREDITS</b>	<u>\$ 3,887,712</u>	<u>\$ 5,466,258</u>
100	<b>OPERATING RESERVES</b>		
101	OTHER NONCURRENT LIABILITIES (227-228)	\$ -	\$ -
102	<b>TOTAL LIABILITIES AND OTHER CREDITS</b>	<u><u>\$ 135,516,601</u></u>	<u><u>\$ 138,199,148</u></u>

## 1. General

We are a limited liability company organized under the laws of the state of Louisiana. When we refer to “us,” “we,” “our,” “ours,” “the Company,” or “Bear Creek” we are describing Bear Creek Storage Company, L.L.C.

The member interests in Bear Creek are as follows:

- 50% - Tennessee Gas Pipeline Company, L.L.C. (TGP) which is an indirect wholly owned subsidiary of Kinder Morgan, Inc. (KMI).
- 50% - Southern Natural Gas Company, L.L.C. (SNG) which is equally held by an indirect wholly owned subsidiary of Kinder Morgan, Inc. (KMI) and an indirect wholly owned subsidiary of The Southern Company (TSC).

We own an underground natural gas storage system in Bienville Parish, Louisiana, which is operated by Kinder Morgan SNG Operator LLC, an affiliate. Our gas storage system provides storage service to SNG and TGP.

## 2. Summary of Significant Accounting Policies

### *Basis of Presentation*

We have prepared our accompanying financial statements in accordance with the accounting requirements of the Federal Energy Regulatory Commission (FERC) as set forth in its applicable Uniform System of Accounts and published accounting releases, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Management has evaluated subsequent events through [April 2, 2019], the date the financial statements were available to be issued.

### *Adoption of New Accounting Pronouncement*

Effective January 1, 2018, we adopted Accounting Standards Update (ASU) No. 2014-09, “*Revenue from Contracts with Customers*” and the series of related ASUs that followed (collectively referred to as “Topic 606”). There were no changes to our historical revenue recognition and no cumulative adjustment as of January 1, 2018, resulting from the adoption of Topic 606. For more information, see “Revenue Recognition” below.

### *Use of Estimates*

Certain amounts included in or affecting our financial statements and related disclosures must be estimated, requiring us to make certain assumptions with respect to values or conditions which cannot be known with certainty at the time our financial statements are prepared. These estimates and assumptions affect the amounts we report for assets and liabilities, our revenues and expenses during the reporting period, and our disclosures, including as it relates to contingent assets and liabilities at the date of our financial statements. We evaluate these estimates on an ongoing basis, utilizing historical experience, consultation with experts and other methods we consider reasonable in the particular circumstances. Nevertheless, actual results may differ significantly from our estimates. Any effects on our business, financial position or results of operations resulting from revisions to these estimates are recorded in the period in which the facts that give rise to the revision become known.

In addition, we believe that certain accounting policies are of more significance in our financial statement preparation process than others, and set out below are the principal accounting policies we apply in the preparation of our financial statements.

### *Cash Equivalents*

We define cash equivalents as all highly liquid short-term investments with original maturities of three months or less.

### *Accounts Receivable*

We establish provisions for losses on accounts receivable if we determine that we will not collect all or part of the outstanding balance. We regularly review collectability and establish or adjust our allowance as necessary using the specific identification method. We had no allowance for doubtful accounts as of December 31, 2018 and 2017.

### *Inventories*

Our inventories, which consist of materials and supplies, are valued at weighted-average cost, and we periodically review for physical deterioration and obsolescence.

### *Property, Plant and Equipment*

Our property, plant and equipment is recorded at its original cost of construction or, upon acquisition, at either the fair value of the assets acquired or the cost to the entity that first placed the asset in utility service. For constructed assets, we capitalize all construction-related direct labor and material costs, as well as indirect construction costs. Our indirect construction costs primarily include an interest and equity return component (as more fully described below) and labor and related costs associated with supporting construction activities. The indirect capitalized labor and related costs are based upon estimates of time spent supporting construction projects.

We use the composite method to depreciate property, plant and equipment. Under this method, assets with similar economic characteristics are grouped and depreciated as one asset. The FERC-accepted depreciation rate is applied to the total cost of the group until the net book value equals the salvage value. For certain general plant, the asset is depreciated to zero. As part of periodic filings with the FERC, we also re-evaluate and receive approval for our depreciation rates. When property, plant and equipment is retired, accumulated depreciation and amortization is charged for the original cost of the assets in addition to the cost to remove, sell or dispose of the assets, less salvage value. We do not recognize gains or losses unless we sell land or an entire operating unit (as approved by the FERC).

Included in our property balances are base gas and working gas at our storage facility. We periodically evaluate natural gas volumes at our storage facility for gas losses. When events or circumstances indicate a loss has occurred, we recognize a loss on our income statement or defer the loss as a regulatory asset on our balance sheets if deemed probable of recovery through future rates charged to customers.

We capitalize a carrying cost (an allowance for funds used during construction or AFUDC) on debt and equity funds related to the construction of long-lived assets. This carrying cost consists of a return on the investment financed by debt and a return on the investment financed by equity. The debt portion is calculated based on the average cost of debt for our Members. Interest costs capitalized are included as a reduction to interest charges in Account 432 "Allowance for Borrowed Funds Used During Construction – Credit" on our income statements. The equity portion is calculated based on the average of the most recent FERC approved rates of return for our Members. Equity amounts capitalized are included in Account 419.1 "Allowance for Other Funds Used During Construction" on our income statements.

### *Asset Retirement Obligations (ARO)*

We record liabilities for obligations related to the retirement and removal of long-lived assets used in our business. We record, as liabilities, the fair value of ARO on a discounted basis when they are incurred and can be reasonably estimated, which is typically at the time the assets are installed or acquired. Amounts recorded for the related assets are increased by the amount of these obligations. Over time, the liabilities increase due to the change in their present value, and the initial capitalized costs are depreciated over the useful lives of the related assets. The liabilities are eventually extinguished when the asset is taken out of service.

We are required to operate and maintain our natural gas storage system, and intend to do so as long as supply and demand for natural gas exists, which we expect for the foreseeable future. Therefore, we believe that we cannot reasonably estimate the ARO for the substantial majority of our assets because these assets have indeterminate lives. We continue to evaluate our ARO and future developments could impact the amounts we record. We had no ARO as of December 31, 2018 and 2017.

### *Asset Impairments*

We evaluate our assets for impairment when events or circumstances indicate that their carrying values may not be recovered. These events include changes in the manner in which we intend to use a long-lived asset, decisions to sell an asset and adverse changes in market conditions or in the legal or business environment such as adverse actions by regulators. If an event occurs, which is a determination that involves judgment, we evaluate the recoverability of the carrying value of our long-lived asset based on the long-lived asset's ability to generate future cash flows on an undiscounted basis. If an impairment is indicated, or if we decide to sell a long-lived asset or group of assets, we adjust the carrying value of the asset downward, if necessary and upon regulatory approval, to its estimated fair value.

Our fair value estimates are generally based on assumptions market participants would use, including market data obtained through the sales process or an analysis of expected discounted future cash flows. There were no impairments for the years ended December 31, 2018 and 2017.

### *Revenue Recognition*

We segregate each class of revenue by account pursuant to FERC's guidance under Code of Federal Regulations Title 18, Part 201.

*Revenue from Contracts with Customers.* The unit of account in Topic 606 is a performance obligation, which is a promise in a contract to transfer to a customer either a distinct good or service (or bundle of goods or services) or a series of distinct goods or services provided over a period of time. Topic 606 requires that a contract's transaction price, which is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, is to be allocated to each performance obligation in the contract based on relative standalone selling prices and recognized as revenue when (point in time) or as (over time) the performance obligation is satisfied.

*Storage Contracts.* Our revenues are primarily generated from the storage of natural gas under firm service customer contracts with take-or-pay elements (principally for capacity reservation) where both the price and quantity are fixed. Generally, for these contracts: (i) our promise is to transfer (or stand ready to transfer) a series of distinct integrated services over a period of time, which is a single performance obligation; (ii) the transaction price includes fixed and/or variable consideration, which is determinable at contract inception and/or at each month end based on our right to invoice at month end for the value of services provided to the customer that month; and (iii) the transaction price is recognized as revenue over the service period specified in the contract as the services are rendered. In these arrangements, the customer is obligated to pay for services associated with its take-or-pay obligation regardless of whether or not the customer chooses to utilize the service in that period. Because we make the service continuously available over the service period, we recognize the take-or-pay amount as revenue ratably over the period based on the passage of time.

The natural gas we receive under our storage contracts remains under the control of our customers. In many cases, generally described as firm service, the customer generally pays a two-part transaction price that includes (i) a fixed fee reserving the right to store natural gas in our facilities up to contractually specified capacity levels (referred to as "reservation") and (ii) a per-unit rate for quantities of natural gas actually injected or withdrawn. In our firm service contracts we generally promise to provide a single integrated service each day over the life of the contract, which is fundamentally a stand-ready obligation to provide services up to the customer's reservation capacity prescribed in the contract. Our customers have a take-or-pay payment obligation with respect to the fixed reservation fee component, regardless of the quantities they actually inject or withdraw. In other cases, generally described as interruptible service, there is no fixed fee associated with these storage services because the customer accepts the possibility that service may be interrupted at our discretion in order to serve customers who have firm service contracts. We do not have an obligation to perform under interruptible customer arrangements until we accept and schedule the customer's request for periodic service. The customer pays a transaction price based on a per-unit rate for the quantities actually stored.

*Revenue Recognition Policy prior to January 1, 2018.* Prior to the implementation of Topic 606, we estimated our earned but unbilled revenues from natural gas storage service based on contract data, regulatory information, and preliminary sendout and allocation measurements, among other items. Revenues for all services were based on the thermal quantity of gas delivered or subscribed at a price specified in the contract. We recognized reservation revenues on firm contracted capacity ratably over the contract period regardless of the amount of natural gas that was stored. For interruptible or volumetric-based services, we recorded revenues when gas was injected into or withdrawn from the storage facility.



### *Environmental Matters*

We capitalize or expense, as appropriate, environmental expenditures. We capitalize certain environmental expenditures required in obtaining rights-of-way, regulatory approvals or permitting as part of the construction. We accrue and expense environmental costs that relate to an existing condition caused by past operations, which do not contribute to current or future revenue generation. We generally do not discount environmental liabilities to a net present value, and we record environmental liabilities when environmental assessments and/or remedial efforts are probable and we can reasonably estimate the costs. Generally, our recording of these accruals coincides with our completion of a feasibility study or our commitment to a formal plan of action. We recognize receivables for anticipated associated insurance recoveries when such recoveries are deemed to be probable.

We routinely conduct reviews of potential environmental issues and claims that could impact our assets or operations. These reviews assist us in identifying environmental issues and estimating the costs and timing of remediation efforts. We also routinely adjust our environmental liabilities to reflect changes in previous estimates. In making environmental liability estimations, we consider the material effect of environmental compliance, pending legal actions against us, and potential third-party liability claims. Often, as the remediation evaluation and effort progresses, additional information is obtained, requiring revisions to estimated costs. These revisions are reflected in our income in the period in which they are reasonably determinable.

We are subject to environmental cleanup and enforcement actions from time to time. In particular, the Comprehensive Environmental Response, Compensation and Liability Act generally imposes joint and several liability for cleanup and enforcement costs on current and predecessor owners and operators of a site, among others, without regard to fault or the legality of the original conduct, subject to the right of a liable party to establish a "reasonable basis" for apportionment of costs. Our operations are also subject to federal, state and local laws and regulations relating to protection of the environment. Although we believe our operations are in substantial compliance with applicable environmental laws and regulations, risks of additional costs and liabilities are inherent in our operations, and there can be no assurance that we will not incur significant costs and liabilities. Moreover, it is possible that other developments, such as increasingly stringent environmental laws, regulations and enforcement policies under the terms of authority of those laws, and claims for damages to property or persons resulting from our operations, could result in substantial costs and liabilities to us.

Although it is not possible to predict the ultimate outcomes, we believe that the resolution of the environmental matters, and other matters to which we are a party, will not have a material adverse effect on our business, financial position, results of operations or cash flows. We had no accruals for any outstanding environmental matters as of December 31, 2018 and 2017.

### *Legal Proceedings*

We are party to various legal, regulatory and other matters arising from the day-to-day operations of our business that may result in claims against the Company. Although no assurance can be given, we believe, based on our experiences to date and taking into account established reserves, that the ultimate resolution of such items will not have a material adverse impact on our business, financial position, results of operations or cash flows. We believe we have meritorious defenses to the matters to which we are a party and intend to vigorously defend the Company. When we determine a loss is probable of occurring and is reasonably estimable, we accrue an undiscounted liability for such contingencies based on our best estimate using information available at that time. If the estimated loss is a range of potential outcomes and there is no better estimate within the range, we accrue the amount at the low end of the range. We disclose contingencies where an adverse outcome may be material, or in the judgment of management, we conclude the matter should otherwise be disclosed.

We had no accruals for any outstanding legal proceedings as of December 31, 2018 and 2017.

### *Regulatory Assets and Liabilities*

Regulatory assets and liabilities represent probable future revenues or expenses associated with certain charges and credits that are expected to be recovered from or refunded to customers through the ratemaking process.

## **3. Income Taxes**

We are a limited liability company that is treated as a partnership for income tax purposes and are not subject to federal or state income taxes; however, all of our activities are included in the tax returns of the owners of our Members,

which are taxable C-corporations. Our approved rates include an allowance for income taxes, calculated as if we were a taxable corporation, and the FERC requires that we reflect such taxes in our financial statements.

We record current income taxes based on our taxable income and we provide for deferred income taxes to reflect estimated future tax payments and receipts. Deferred taxes represent the tax impacts of differences between the financial statement and tax bases of assets and liabilities and carryovers at each year end. We account for tax credits under the flow-through method, which reduces the provision for income taxes in the year the tax credits first become available. We reduce deferred tax assets by a valuation allowance when, based on our estimates, it is more likely than not that a portion of those assets will not be realized in a future period. The estimates utilized in the recognition of deferred tax assets are subject to revision, either up or down, in future periods based on new facts or circumstances. Income taxes charged to us are reflected in the accompanying comparative balance sheet in Account 236 "Taxes Accrued" and Accounts 190, 282 and 283 "Accumulated Deferred Income Taxes." A portion of the activity in Account 211 "Miscellaneous Paid-In Capital" reflects the income taxes assigned or advanced to our Members. Current income taxes assigned to our Members are transferred into Account 211 from Account 236. Deferred income taxes advanced to our Members are transferred into Account 211 with an offsetting adjustment to Account 186 "Miscellaneous Deferred Debits". For more information, see Note 4.

The following table reflects the components of income tax expense included in net income (in millions):

	Year Ended December 31,	
	2018	2017
Current:		
Federal .....	\$ 2.9	\$ 5.6
State .....	1.0	0.9
	<u>3.9</u>	<u>6.5</u>
Deferred:		
Federal .....	0.6	0.3
State .....	0.2	-
	<u>0.8</u>	<u>0.3</u>
Total income tax expense .....	\$ <u>4.7</u>	\$ <u>6.8</u>

The differences between our actual income tax expense and the amount computed by applying the statutory federal income tax rate of 21% and 35% for the years ended December 31, 2018 and 2017, respectively, are summarized as follows (in millions):

	Year Ended December 31,	
	2018	2017
Income tax expense at the statutory federal rate .....	\$ 3.8	\$ 6.2
State income tax, net of federal income tax effect .....	0.9	0.6
Total income tax expense .....	\$ <u>4.7</u>	\$ <u>6.8</u>
Effective tax rate .....	<u>26.3%</u>	<u>38.7%</u>

The following are the components of our net deferred tax liability (in millions):

	December 31,	
	2018	2017
Deferred tax liabilities:		
Property, plant and equipment .....	\$ 2.8	\$ 2.0
Deferred tax assets:		
Regulatory liability .....	<u>0.3</u>	<u>0.3</u>
Net deferred tax liability .....	\$ <u>2.5</u>	\$ <u>1.7</u>

*Tax Cuts and Jobs Act of 2017 (2017 Tax Reform)*

On December 22, 2017, the United States enacted the 2017 Tax Reform. Among the many provisions included in the 2017 Tax Reform is a provision to reduce the U.S. federal corporate income tax rate from 35% to 21% effective January 1, 2018. As a result of this reduction in the federal income tax rate, we adjusted our accumulated deferred income tax (ADIT) balances by remeasuring the related temporary differences as of December 31, 2017 at the 21% federal tax rate. Adjustments to ADIT balances that are reflected in rate base were recorded to Account 254 "Other Regulatory Liabilities," and adjustments to non-rate base related ADIT were recorded on the income statement in Account 410.1 "Provision of Deferred Income Taxes" and Account 411.1 "Provision for Deferred Income Taxes-Credit," as applicable. Remeasurement of our ADIT balances affected accounts as of, and for the years ended, December 31, 2018 and 2017, as follows (in millions):

Account	Description	Debit/(Credit)	
		2018	2017
182.3	Other Regulatory Assets. . . . .	\$ -	\$ (0.1)
190	Accumulated Deferred Income Taxes. . . . .	-	0.3
254	Other Regulatory Liabilities. . . . .	-	(1.4)
282	Accumulated Deferred Income Taxes – Other Property. . . . .	-	1.0
283	Accumulated Deferred Income Taxes – Other. . . . .	-	0.1

As of December 31, 2018, the total excess ADIT amount of \$1.0 million is protected under the Internal Revenue Service normalization rules, with no unprotected amounts. The regulatory liability balance is being amortized within existing rates to Account 411.1 "Provision for Deferred Income Taxes-Credit" on our income statement, effective January 1, 2018, over 29.5 years, the remaining weighted average life of our depreciable assets. See Note 5 "Rate and Regulatory Matters" for recent FERC issuances related to income taxes.

**4. Related Party Transactions**

*Proprietary Capital*

The following table reflects changes to our proprietary capital accounts resulting from distributions paid to our Members, as well as other changes in proprietary capital (in millions):

	Year Ended December 31,			
	2018		2017	
	Account 211	Account 216	Account 211	Account 216
Balance – Beginning of Year. . . . .	\$ 106.4	\$ 19.3	\$ 106.4	\$ 16.4
Net Income. . . . .	-	13.3	-	10.8
Transfer of net earnings from Account 216 <sup>(1)</sup> . . . . .	9.6	(9.6)	7.9	(7.9)
Transfer from Account 236 <sup>(1)</sup> . . . . .	3.9	-	6.4	-
Transfer from Account 186 <sup>(1)</sup> . . . . .	0.8	-	(1.1)	-
Total Transfers . . . . .	14.3	(9.6)	13.2	(7.9)
Distributions to Members. . . . .	(14.3)	-	(13.2)	-
Balance – End of Year . . . . .	\$ 106.4	\$ 23.0	\$ 106.4	\$ 19.3

(1) Settlements of these amounts are made within equity and are considered non-cash financing activities.

*Affiliate Balances and Activities*

The following table summarizes our balance sheet affiliate balances (in millions):

Account	December 31,	
	2018	2017
146 Accounts receivable from associated companies. . . . .	\$ 2.3	\$ 2.3
186 Advance of deferred income taxes to Members. . . . .	2.5	1.7
234 Accounts payable to associated companies. . . . .	2.5	4.6

We do not have employees and are operated by an indirect subsidiary of KMI; therefore KMI employees provide services to us. Under policies with KMI, we reimburse KMI at cost for direct and indirect costs incurred on our behalf and allocated general and administrative costs. These costs are reflected, as appropriate, in the “Operation, maintenance and payroll tax expenses” and “Capitalized costs” lines in the table below.

The following table shows costs from our affiliates (in millions):

	Year Ended December 31,	
	2018	2017
Operation, maintenance and payroll tax expenses. . . . .	\$ 3.0	\$ 3.0
Capitalized costs . . . . .	0.4	0.4

We provide contract storage services to SNG and TGP under agreements that expire in 2019. We expect annual renewal of these contracts to occur into the foreseeable future. For each of the years ended December 31, 2018 and 2017, we received \$27.1 million under these agreements.

*Subsequent Event*

In March 2019, we made a cash distribution to our Members of [\$ ] million, inclusive of amounts representing income taxes.

**5. Rate and Regulatory Matters**

*Fuel Recovery Mechanism*

We retain natural gas quantities from our shippers, in accordance with our tariff, as reimbursement for fuel used in operations and for gas otherwise unaccounted for. On an annual basis, we compare the amount of such gas retained to the actual amount of fuel used in operations and gas otherwise unaccounted for over the annual period and assess our customers in kind for any shortfall amount or refund to our customers in kind for any over-recovery amount. Annually, we file a report with the FERC summarizing this true-up. For each of the years ended December 31, 2018 and 2017, we recorded a net regulatory expense of less than \$0.8 million related to our fuel recovery mechanism.

*2017 Tax Reform and FERC Tax Policies*

During 2018, the FERC issued the following policies and order related to income taxes:

*Revised Policy Statement on Treatment of Income Taxes (Revised Tax Policy).* In Docket No. PL17-1-000, as clarified under FERC’s Order on Rehearing, the FERC issued a revised policy statement to address income tax and rate of return policies for Master Limited Partnerships (MLPs) as a result of the decisions of the U.S. Court of Appeals for the District of Columbia Circuit in *United Airlines, Inc., et al. v. FERC (United Airlines)*. The Revised Tax Policy provides a general policy statement notifying that an impermissible double recovery results from granting an MLP pipeline both an income tax allowance and a return on equity under the discounted cash flow methodology. The FERC clarified that each MLP pipeline may still propose an income tax allowance in a rate filing because the Revised Tax Policy is not a binding rule. The FERC will require other partnerships and pass-through entities seeking to recover an income tax allowance to address the double-recovery concern from *United Airlines* in subsequent proceedings. The ultimate owners of our Members are organized as C-corporations and our earnings are taxed at the owner level. As such, we do not believe that the Revised Tax Policy will have an effect on our ability to collect an income tax allowance in our rates.

*Interstate and Intrastate Natural Gas Pipelines; Rate Changes Relating to Federal Income Tax Rate – (Order No. 849).* In Order No. 849, issued July 18, 2018, (Docket No. RM18-11) (Final Rule), the FERC required interstate pipelines to file an informational filing on a new Form No. 501-G to collect information to evaluate the impact of the 2017 Tax Reform and the Revised Tax Policy regarding tax allowances for interstate and intrastate natural gas pipelines. Form No. 501-G is intended to be an abbreviated cost and revenue study to estimate the impact of the 2017 Tax Reform and Revised Tax Policy on the pipeline's cost of service and return on equity. On August 17, 2018, we and certain KMI affiliates and other unrelated parties jointly filed a request for rehearing of the Final Rule. The FERC issued an order granting rehearing for further consideration on September 17, 2018; however, based on the schedule included in the Final Rule, we filed our Form No. 501-G on October 11, 2018 under Docket No. RP19-51-000, opting that no adjustment to rates is necessary. The Final Rule established the FERC's presumption that negotiated rate contracts should be allowed to remain in effect without change.

On January 16, 2019, the FERC initiated a Natural Gas Act (NGA) section 5 rate investigation under Docket No. RP19-51-000, and we filed the required cost and revenue study on April 1, 2019.

*Accounting and Ratemaking Treatment of Accumulated Deferred Income Taxes and Treatment Following the Sale or Retirement of an Asset (Docket No. PL19-2-000), (ADIT Policy).* With respect to pipelines regulated under the NGA, the ADIT Policy, issued November 15, 2018, provides the FERC's guidance regarding the treatment of ADIT for both accounting and ratemaking purposes in light of 2017 Tax Reform by clarifying 1) the accounts to be used in recording the amortization of the excess and/or deficient ADIT balances, 2) that natural gas pipelines must continue to follow the accounting guidance issued by the Chief Accountant in Docket No. AI93-5-000 with respect to changes in tax law or rates, including additional disclosure requirements as outlined in the ADIT Policy, and 3) that any excess or deficient ADIT associated with an asset must continue to be amortized in rates even after the sale or retirement of that asset. We have implemented the ADIT Policy in our financial statements as of and for the year ended December 31, 2018.

## **6. Recent Accounting Pronouncements**

### *Topic 842*

On February 25, 2016, the Financial Accounting Standards Board issued ASU No. 2016-02, "Leases" followed by a series of related accounting standard updates (collectively referred to as "Topic 842"). Topic 842 establishes a new lease accounting model which requires lessees to recognize for all leases a right-of-use asset and a lease liability in the balance sheet. Lessor accounting under the new standard is substantially unchanged. Topic 842 will become effective beginning with the first quarter of 2019.

On December 27, 2018, the FERC, in Docket No. AI19-1-000, "*Accounting and Financial Reporting for Leases,*" issued accounting guidance intended to provide clarity and certainty on how jurisdictional entities should apply the FERC's accounting and reporting requirements related to lease arrangements in response to ASU No. 2016-02. Under the FERC's accounting regulations, operating leases are not required to be capitalized and reported in the balance sheet. However, under this guidance, a jurisdictional entity may choose to implement the guidance of ASU No. 2016-02 to report operating leases with a lease term in excess of 12 months as right of use assets, with corresponding lease obligations, in the balance sheet accounts established for capital leases. FERC regulations for recording lease arrangements for lessors, capital leases, land easements, and the recording of expense related to lease arrangements remains unchanged. In addition, this guidance requires footnote disclosure of any amounts included in the capital lease balance sheet accounts that relate to operating leases, as well as any changes in FERC accounting practice in response to ASU No. 2016-02, and the impact of such amounts on FERC jurisdictional cost-of-service rates. Based on the guidance provided in Docket No. AI19-1-000, we had no changes to our accounting for leases as a result of Topic 842.

**BEAR CREEK STORAGE COMPANY, L.L.C.**

**Income Statement  
Twelve Months Ending 12/31/2018**

Line No.	Title of Account (a)	Twelve Months Ending 12/31/2018 (b)
1	Gas Operating Revenues (400)	\$ 28,617,219
2	Operating Expenses	
3	Operation Expense (401)	\$ 4,626,102
4	Maintenance Expenses (402)	2,799,418
5	Depreciation Expense (403)	914,748
6	Depreciation Expense for Asset Retirement Costs (403.1)	-
7	Amortization and Depletion of Utility Plant (404 - 405)	17,130
8	Amortization of Utility Plant Acq. Adjustment (406)	-
9	Amort of Prop Losses, Unrecovered Plant and Reg. Study Costs (407.1)	-
10	Amortization of Conversion Expenses (407.2)	-
11	Regulatory Debits (407.3)	5,797
12	(Less) Regulatory Credits (407.4)	(8,041)
13	Taxes Other than Income Taxes (408.1)	2,315,640
14	Income Taxes - Federal (409.1)	2,927,991
15	Income Taxes - Other (409.1.1)	992,707
16	Provision of Deferred Income Taxes (410.1)	847,203
17	(Less) Provision for Deferred Income Taxes - Credit (411.1)	(55,465)
18	Investment Tax Credit Adjustment - Net (411.4)	-
19	(Less) Gains from Disposition of Utility Plant (411.6)	-
20	Losses from Disposition of Utility Plant (411.7)	-
21	(Less) Gains from Disposition of Allowances (411.8)	-
22	Losses from Disposition of Allowances (411.9)	-
23	Accretion Expense (411.10)	-
24	TOTAL Utility Operating Expenses (Total of lines 3 thru 23)	\$ 15,383,230
25	Net Utility Operating Income (Total of lines 1 less 24)	\$ 13,233,989
26		
27	OTHER INCOME AND DEDUCTIONS	
28	Other Income	
29	Nonutility Operating Income	
30	Revenues from Merchandising, Jobbing and Contract Work (415)	\$ -
31	(Less) Costs and Expense of Merchandising, Job & Contract Work	-
32	Revenues from Nonutility Operations (417)	-
33	(Less) Expenses of Nonutility Operations (417.1)	-
34	Nonoperating Rental Income (418)	-
35	Equity in Earnings of Subsidiary Companies (418.1)	-
36	Interest and Dividend Income (419)	-
37	Allowance for Other Funds Used During Construction (419.1)	23,835
38	Miscellaneous Nonoperating Income (421)	302
39	Gain on Disposition of Property (421.1)	-
40	TOTAL Other Income (Total of lines 30 thru 39)	\$ 24,137
41	Other Income Deductions	
42	Loss on Disposition of Property (421.2)	-
43	Miscellaneous Amortization (425)	-
44	Donations (426.1)	-
45	Life Insurance (426.2)	-

BEAR CREEK STORAGE COMPANY, L.L.C.

Income Statement  
Twelve Months Ending 12/31/2018

Line No.	Title of Account (a)	Twelve Months Ending 12/31/2018 (b)
46	Penalties (426.3)	-
47	Expenditures for Certain Civic, Political and Related Activities (426.4)	-
48	Other Deductions (426.5)	-
49	TOTAL Other Income Deductions (Total of lines 42 thru 48)	<u>\$ -</u>
50	Taxes Applicable to Other Income and Deductions	
51	Taxes Other than Income Taxes (408.2)	\$ -
52	Income Taxes - Federal (409.2)	(64)
53	Income Taxes - Other (409.2.2)	(15)
54	Provision for Deferred Income Taxes (410.2)	(6,195)
55	(Less) Provision for Deferred Income Taxes - Credit (411.2)	-
56	Investment Tax Credit Adjustments - Net (411.5)	-
57	(Less) Investment Tax Credits (420)	-
58	TOTAL Taxes on Other Income And Deductions (Total of lines 51 thru 57)	<u>\$ (6,274)</u>
59	Net Other Income and Deductions (Total of lines 40, 49, 58)	<u>\$ 17,863</u>
60	INTEREST CHARGES	
61	Interest on Long-Term Debt (427)	-
62	Amortization of Debt Discount and Expense (428)	-
63	Amortization of Loss on Reacquired Debt (428.1)	-
64	(Less) Amortization of Premium on Debt - Credit (429)	-
65	(Less) Amortization of Gain on Reacquired Debt - Credit (429.1)	-
66	Interest on Debt to Associated Companies (430)	-
67	Other Interest Expense (431)	-
68	(Less) Allowance for Borrowed Funds Used During Construction - Credit (432)	7,355
69	Net Interest Charges (Total of lines 61 thru 68)	<u>\$ 7,355</u>
70	Income Before Extraordinary Items (Total of lines 25, 59, and 69)	<u>\$ 13,259,207</u>
71	EXTRAORDINARY ITEMS	
72	Extraordinary Income (434)	\$ -
73	(Less) Extraordinary Deductions (435)	-
74	Net Extraordinary Items (Total of line 73 less line 74)	<u>\$ -</u>
75	Income Taxes - Federal and Other (409.3)	-
76	Extraordinary Items after Taxes (Total of line 74 less 75)	-
77	Net Income (Total of lines 70 and 76)	<u><u>\$ 13,259,207</u></u>

## 1. General

We are a limited liability company organized under the laws of the state of Louisiana. When we refer to “us,” “we,” “our,” “ours,” “the Company,” or “Bear Creek” we are describing Bear Creek Storage Company, L.L.C.

The member interests in Bear Creek are as follows:

- 50% - Tennessee Gas Pipeline Company, L.L.C. (TGP) which is an indirect wholly owned subsidiary of Kinder Morgan, Inc. (KMI).
- 50% - Southern Natural Gas Company, L.L.C. (SNG) which is equally held by an indirect wholly owned subsidiary of Kinder Morgan, Inc. (KMI) and an indirect wholly owned subsidiary of The Southern Company (TSC).

We own an underground natural gas storage system in Bienville Parish, Louisiana, which is operated by Kinder Morgan SNG Operator LLC, an affiliate. Our gas storage system provides storage service to SNG and TGP.

## 2. Summary of Significant Accounting Policies

### *Basis of Presentation*

We have prepared our accompanying financial statements in accordance with the accounting requirements of the Federal Energy Regulatory Commission (FERC) as set forth in its applicable Uniform System of Accounts and published accounting releases, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Management has evaluated subsequent events through [April 2, 2019], the date the financial statements were available to be issued.

### *Adoption of New Accounting Pronouncement*

Effective January 1, 2018, we adopted Accounting Standards Update (ASU) No. 2014-09, “*Revenue from Contracts with Customers*” and the series of related ASUs that followed (collectively referred to as “Topic 606”). There were no changes to our historical revenue recognition and no cumulative adjustment as of January 1, 2018, resulting from the adoption of Topic 606. For more information, see “Revenue Recognition” below.

### *Use of Estimates*

Certain amounts included in or affecting our financial statements and related disclosures must be estimated, requiring us to make certain assumptions with respect to values or conditions which cannot be known with certainty at the time our financial statements are prepared. These estimates and assumptions affect the amounts we report for assets and liabilities, our revenues and expenses during the reporting period, and our disclosures, including as it relates to contingent assets and liabilities at the date of our financial statements. We evaluate these estimates on an ongoing basis, utilizing historical experience, consultation with experts and other methods we consider reasonable in the particular circumstances. Nevertheless, actual results may differ significantly from our estimates. Any effects on our business, financial position or results of operations resulting from revisions to these estimates are recorded in the period in which the facts that give rise to the revision become known.

In addition, we believe that certain accounting policies are of more significance in our financial statement preparation process than others, and set out below are the principal accounting policies we apply in the preparation of our financial statements.

### *Cash Equivalents*

We define cash equivalents as all highly liquid short-term investments with original maturities of three months or less.



### *Accounts Receivable*

We establish provisions for losses on accounts receivable if we determine that we will not collect all or part of the outstanding balance. We regularly review collectability and establish or adjust our allowance as necessary using the specific identification method. We had no allowance for doubtful accounts as of December 31, 2018 and 2017.

### *Inventories*

Our inventories, which consist of materials and supplies, are valued at weighted-average cost, and we periodically review for physical deterioration and obsolescence.

### *Property, Plant and Equipment*

Our property, plant and equipment is recorded at its original cost of construction or, upon acquisition, at either the fair value of the assets acquired or the cost to the entity that first placed the asset in utility service. For constructed assets, we capitalize all construction-related direct labor and material costs, as well as indirect construction costs. Our indirect construction costs primarily include an interest and equity return component (as more fully described below) and labor and related costs associated with supporting construction activities. The indirect capitalized labor and related costs are based upon estimates of time spent supporting construction projects.

We use the composite method to depreciate property, plant and equipment. Under this method, assets with similar economic characteristics are grouped and depreciated as one asset. The FERC-accepted depreciation rate is applied to the total cost of the group until the net book value equals the salvage value. For certain general plant, the asset is depreciated to zero. As part of periodic filings with the FERC, we also re-evaluate and receive approval for our depreciation rates. When property, plant and equipment is retired, accumulated depreciation and amortization is charged for the original cost of the assets in addition to the cost to remove, sell or dispose of the assets, less salvage value. We do not recognize gains or losses unless we sell land or an entire operating unit (as approved by the FERC).

Included in our property balances are base gas and working gas at our storage facility. We periodically evaluate natural gas volumes at our storage facility for gas losses. When events or circumstances indicate a loss has occurred, we recognize a loss on our income statement or defer the loss as a regulatory asset on our balance sheets if deemed probable of recovery through future rates charged to customers.

We capitalize a carrying cost (an allowance for funds used during construction or AFUDC) on debt and equity funds related to the construction of long-lived assets. This carrying cost consists of a return on the investment financed by debt and a return on the investment financed by equity. The debt portion is calculated based on the average cost of debt for our Members. Interest costs capitalized are included as a reduction to interest charges in Account 432 "Allowance for Borrowed Funds Used During Construction – Credit" on our income statements. The equity portion is calculated based on the average of the most recent FERC approved rates of return for our Members. Equity amounts capitalized are included in Account 419.1 "Allowance for Other Funds Used During Construction" on our income statements.

### *Asset Retirement Obligations (ARO)*

We record liabilities for obligations related to the retirement and removal of long-lived assets used in our business. We record, as liabilities, the fair value of ARO on a discounted basis when they are incurred and can be reasonably estimated, which is typically at the time the assets are installed or acquired. Amounts recorded for the related assets are increased by the amount of these obligations. Over time, the liabilities increase due to the change in their present value, and the initial capitalized costs are depreciated over the useful lives of the related assets. The liabilities are eventually extinguished when the asset is taken out of service.

We are required to operate and maintain our natural gas storage system, and intend to do so as long as supply and demand for natural gas exists, which we expect for the foreseeable future. Therefore, we believe that we cannot reasonably estimate the ARO for the substantial majority of our assets because these assets have indeterminate lives. We continue to evaluate our ARO and future developments could impact the amounts we record. We had no ARO as of December 31, 2018 and 2017.

### *Asset Impairments*

We evaluate our assets for impairment when events or circumstances indicate that their carrying values may not be recovered. These events include changes in the manner in which we intend to use a long-lived asset, decisions to sell an asset and adverse changes in market conditions or in the legal or business environment such as adverse actions by regulators. If an event occurs, which is a determination that involves judgment, we evaluate the recoverability of the carrying value of our long-lived asset based on the long-lived asset's ability to generate future cash flows on an undiscounted basis. If an impairment is indicated, or if we decide to sell a long-lived asset or group of assets, we adjust the carrying value of the asset downward, if necessary and upon regulatory approval, to its estimated fair value.

Our fair value estimates are generally based on assumptions market participants would use, including market data obtained through the sales process or an analysis of expected discounted future cash flows. There were no impairments for the years ended December 31, 2018 and 2017.

### *Revenue Recognition*

We segregate each class of revenue by account pursuant to FERC's guidance under Code of Federal Regulations Title 18, Part 201.

*Revenue from Contracts with Customers.* The unit of account in Topic 606 is a performance obligation, which is a promise in a contract to transfer to a customer either a distinct good or service (or bundle of goods or services) or a series of distinct goods or services provided over a period of time. Topic 606 requires that a contract's transaction price, which is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, is to be allocated to each performance obligation in the contract based on relative standalone selling prices and recognized as revenue when (point in time) or as (over time) the performance obligation is satisfied.

*Storage Contracts.* Our revenues are primarily generated from the storage of natural gas under firm service customer contracts with take-or-pay elements (principally for capacity reservation) where both the price and quantity are fixed. Generally, for these contracts: (i) our promise is to transfer (or stand ready to transfer) a series of distinct integrated services over a period of time, which is a single performance obligation; (ii) the transaction price includes fixed and/or variable consideration, which is determinable at contract inception and/or at each month end based on our right to invoice at month end for the value of services provided to the customer that month; and (iii) the transaction price is recognized as revenue over the service period specified in the contract as the services are rendered. In these arrangements, the customer is obligated to pay for services associated with its take-or-pay obligation regardless of whether or not the customer chooses to utilize the service in that period. Because we make the service continuously available over the service period, we recognize the take-or-pay amount as revenue ratably over the period based on the passage of time.

The natural gas we receive under our storage contracts remains under the control of our customers. In many cases, generally described as firm service, the customer generally pays a two-part transaction price that includes (i) a fixed fee reserving the right to store natural gas in our facilities up to contractually specified capacity levels (referred to as "reservation") and (ii) a per-unit rate for quantities of natural gas actually injected or withdrawn. In our firm service contracts we generally promise to provide a single integrated service each day over the life of the contract, which is fundamentally a stand-ready obligation to provide services up to the customer's reservation capacity prescribed in the contract. Our customers have a take-or-pay payment obligation with respect to the fixed reservation fee component, regardless of the quantities they actually inject or withdraw. In other cases, generally described as interruptible service, there is no fixed fee associated with these storage services because the customer accepts the possibility that service may be interrupted at our discretion in order to serve customers who have firm service contracts. We do not have an obligation to perform under interruptible customer arrangements until we accept and schedule the customer's request for periodic service. The customer pays a transaction price based on a per-unit rate for the quantities actually stored.

*Revenue Recognition Policy prior to January 1, 2018.* Prior to the implementation of Topic 606, we estimated our earned but unbilled revenues from natural gas storage service based on contract data, regulatory information, and preliminary sendout and allocation measurements, among other items. Revenues for all services were based on the thermal quantity of gas delivered or subscribed at a price specified in the contract. We recognized reservation revenues on firm contracted capacity ratably over the contract period regardless of the amount of natural gas that was stored. For interruptible or volumetric-based services, we recorded revenues when gas was injected into or withdrawn from the storage facility.

### *Environmental Matters*

We capitalize or expense, as appropriate, environmental expenditures. We capitalize certain environmental expenditures required in obtaining rights-of-way, regulatory approvals or permitting as part of the construction. We accrue and expense environmental costs that relate to an existing condition caused by past operations, which do not contribute to current or future revenue generation. We generally do not discount environmental liabilities to a net present value, and we record environmental liabilities when environmental assessments and/or remedial efforts are probable and we can reasonably estimate the costs. Generally, our recording of these accruals coincides with our completion of a feasibility study or our commitment to a formal plan of action. We recognize receivables for anticipated associated insurance recoveries when such recoveries are deemed to be probable.

We routinely conduct reviews of potential environmental issues and claims that could impact our assets or operations. These reviews assist us in identifying environmental issues and estimating the costs and timing of remediation efforts. We also routinely adjust our environmental liabilities to reflect changes in previous estimates. In making environmental liability estimations, we consider the material effect of environmental compliance, pending legal actions against us, and potential third-party liability claims. Often, as the remediation evaluation and effort progresses, additional information is obtained, requiring revisions to estimated costs. These revisions are reflected in our income in the period in which they are reasonably determinable.

We are subject to environmental cleanup and enforcement actions from time to time. In particular, the Comprehensive Environmental Response, Compensation and Liability Act generally imposes joint and several liability for cleanup and enforcement costs on current and predecessor owners and operators of a site, among others, without regard to fault or the legality of the original conduct, subject to the right of a liable party to establish a "reasonable basis" for apportionment of costs. Our operations are also subject to federal, state and local laws and regulations relating to protection of the environment. Although we believe our operations are in substantial compliance with applicable environmental laws and regulations, risks of additional costs and liabilities are inherent in our operations, and there can be no assurance that we will not incur significant costs and liabilities. Moreover, it is possible that other developments, such as increasingly stringent environmental laws, regulations and enforcement policies under the terms of authority of those laws, and claims for damages to property or persons resulting from our operations, could result in substantial costs and liabilities to us.

Although it is not possible to predict the ultimate outcomes, we believe that the resolution of the environmental matters, and other matters to which we are a party, will not have a material adverse effect on our business, financial position, results of operations or cash flows. We had no accruals for any outstanding environmental matters as of December 31, 2018 and 2017.

### *Legal Proceedings*

We are party to various legal, regulatory and other matters arising from the day-to-day operations of our business that may result in claims against the Company. Although no assurance can be given, we believe, based on our experiences to date and taking into account established reserves, that the ultimate resolution of such items will not have a material adverse impact on our business, financial position, results of operations or cash flows. We believe we have meritorious defenses to the matters to which we are a party and intend to vigorously defend the Company. When we determine a loss is probable of occurring and is reasonably estimable, we accrue an undiscounted liability for such contingencies based on our best estimate using information available at that time. If the estimated loss is a range of potential outcomes and there is no better estimate within the range, we accrue the amount at the low end of the range. We disclose contingencies where an adverse outcome may be material, or in the judgment of management, we conclude the matter should otherwise be disclosed.

We had no accruals for any outstanding legal proceedings as of December 31, 2018 and 2017.

### *Regulatory Assets and Liabilities*

Regulatory assets and liabilities represent probable future revenues or expenses associated with certain charges and credits that are expected to be recovered from or refunded to customers through the ratemaking process.

## **3. Income Taxes**

We are a limited liability company that is treated as a partnership for income tax purposes and are not subject to federal or state income taxes; however, all of our activities are included in the tax returns of the owners of our Members,

which are taxable C-corporations. Our approved rates include an allowance for income taxes, calculated as if we were a taxable corporation, and the FERC requires that we reflect such taxes in our financial statements.

We record current income taxes based on our taxable income and we provide for deferred income taxes to reflect estimated future tax payments and receipts. Deferred taxes represent the tax impacts of differences between the financial statement and tax bases of assets and liabilities and carryovers at each year end. We account for tax credits under the flow-through method, which reduces the provision for income taxes in the year the tax credits first become available. We reduce deferred tax assets by a valuation allowance when, based on our estimates, it is more likely than not that a portion of those assets will not be realized in a future period. The estimates utilized in the recognition of deferred tax assets are subject to revision, either up or down, in future periods based on new facts or circumstances. Income taxes charged to us are reflected in the accompanying comparative balance sheet in Account 236 "Taxes Accrued" and Accounts 190, 282 and 283 "Accumulated Deferred Income Taxes." A portion of the activity in Account 211 "Miscellaneous Paid-In Capital" reflects the income taxes assigned or advanced to our Members. Current income taxes assigned to our Members are transferred into Account 211 from Account 236. Deferred income taxes advanced to our Members are transferred into Account 211 with an offsetting adjustment to Account 186 "Miscellaneous Deferred Debits". For more information, see Note 4.

The following table reflects the components of income tax expense included in net income (in millions):

	Year Ended December 31,	
	2018	2017
Current:		
Federal .....	\$ 2.9	\$ 5.6
State .....	1.0	0.9
	<u>3.9</u>	<u>6.5</u>
Deferred:		
Federal .....	0.6	0.3
State .....	0.2	-
	<u>0.8</u>	<u>0.3</u>
Total income tax expense .....	\$ <u>4.7</u>	\$ <u>6.8</u>

The differences between our actual income tax expense and the amount computed by applying the statutory federal income tax rate of 21% and 35% for the years ended December 31, 2018 and 2017, respectively, are summarized as follows (in millions):

	Year Ended December 31,	
	2018	2017
Income tax expense at the statutory federal rate .....	\$ 3.8	\$ 6.2
State income tax, net of federal income tax effect .....	0.9	0.6
Total income tax expense .....	\$ <u>4.7</u>	\$ <u>6.8</u>
Effective tax rate .....	<u>26.3%</u>	<u>38.7%</u>

The following are the components of our net deferred tax liability (in millions):

	December 31,	
	2018	2017
Deferred tax liabilities:		
Property, plant and equipment .....	\$ 2.8	\$ 2.0
Deferred tax assets:		
Regulatory liability .....	<u>0.3</u>	<u>0.3</u>
Net deferred tax liability .....	\$ <u>2.5</u>	\$ <u>1.7</u>

*Tax Cuts and Jobs Act of 2017 (2017 Tax Reform)*

On December 22, 2017, the United States enacted the 2017 Tax Reform. Among the many provisions included in the 2017 Tax Reform is a provision to reduce the U.S. federal corporate income tax rate from 35% to 21% effective January 1, 2018. As a result of this reduction in the federal income tax rate, we adjusted our accumulated deferred income tax (ADIT) balances by remeasuring the related temporary differences as of December 31, 2017 at the 21% federal tax rate. Adjustments to ADIT balances that are reflected in rate base were recorded to Account 254 "Other Regulatory Liabilities," and adjustments to non-rate base related ADIT were recorded on the income statement in Account 410.1 "Provision of Deferred Income Taxes" and Account 411.1 "Provision for Deferred Income Taxes-Credit," as applicable. Remeasurement of our ADIT balances affected accounts as of, and for the years ended, December 31, 2018 and 2017, as follows (in millions):

Account	Description	Debit/(Credit)	
		2018	2017
182.3	Other Regulatory Assets. . . . .	\$ -	\$ (0.1)
190	Accumulated Deferred Income Taxes. . . . .	-	0.3
254	Other Regulatory Liabilities. . . . .	-	(1.4)
282	Accumulated Deferred Income Taxes – Other Property. . . . .	-	1.0
283	Accumulated Deferred Income Taxes – Other. . . . .	-	0.1

As of December 31, 2018, the total excess ADIT amount of \$1.0 million is protected under the Internal Revenue Service normalization rules, with no unprotected amounts. The regulatory liability balance is being amortized within existing rates to Account 411.1 "Provision for Deferred Income Taxes-Credit" on our income statement, effective January 1, 2018, over 29.5 years, the remaining weighted average life of our depreciable assets. See Note 5 "Rate and Regulatory Matters" for recent FERC issuances related to income taxes.

**4. Related Party Transactions**

*Proprietary Capital*

The following table reflects changes to our proprietary capital accounts resulting from distributions paid to our Members, as well as other changes in proprietary capital (in millions):

	Year Ended December 31,			
	2018		2017	
	Account 211	Account 216	Account 211	Account 216
Balance – Beginning of Year. . . . .	\$ 106.4	\$ 19.3	\$ 106.4	\$ 16.4
Net Income. . . . .	-	13.3	-	10.8
Transfer of net earnings from Account 216 <sup>(1)</sup> . . . . .	9.6	(9.6)	7.9	(7.9)
Transfer from Account 236 <sup>(1)</sup> . . . . .	3.9	-	6.4	-
Transfer from Account 186 <sup>(1)</sup> . . . . .	0.8	-	(1.1)	-
Total Transfers . . . . .	14.3	(9.6)	13.2	(7.9)
Distributions to Members. . . . .	(14.3)	-	(13.2)	-
Balance – End of Year . . . . .	\$ 106.4	\$ 23.0	\$ 106.4	\$ 19.3

(1) Settlements of these amounts are made within equity and are considered non-cash financing activities.

*Affiliate Balances and Activities*

The following table summarizes our balance sheet affiliate balances (in millions):

Account	December 31,	
	2018	2017
146 Accounts receivable from associated companies. . . . .	\$ 2.3	\$ 2.3
186 Advance of deferred income taxes to Members. . . . .	2.5	1.7
234 Accounts payable to associated companies. . . . .	2.5	4.6

We do not have employees and are operated by an indirect subsidiary of KMI; therefore KMI employees provide services to us. Under policies with KMI, we reimburse KMI at cost for direct and indirect costs incurred on our behalf and allocated general and administrative costs. These costs are reflected, as appropriate, in the “Operation, maintenance and payroll tax expenses” and “Capitalized costs” lines in the table below.

The following table shows costs from our affiliates (in millions):

	Year Ended December 31,	
	2018	2017
Operation, maintenance and payroll tax expenses. . . . .	\$ 3.0	\$ 3.0
Capitalized costs . . . . .	0.4	0.4

We provide contract storage services to SNG and TGP under agreements that expire in 2019. We expect annual renewal of these contracts to occur into the foreseeable future. For each of the years ended December 31, 2018 and 2017, we received \$27.1 million under these agreements.

*Subsequent Event*

In March 2019, we made a cash distribution to our Members of [\$ ] million, inclusive of amounts representing income taxes.

**5. Rate and Regulatory Matters**

*Fuel Recovery Mechanism*

We retain natural gas quantities from our shippers, in accordance with our tariff, as reimbursement for fuel used in operations and for gas otherwise unaccounted for. On an annual basis, we compare the amount of such gas retained to the actual amount of fuel used in operations and gas otherwise unaccounted for over the annual period and assess our customers in kind for any shortfall amount or refund to our customers in kind for any over-recovery amount. Annually, we file a report with the FERC summarizing this true-up. For each of the years ended December 31, 2018 and 2017, we recorded a net regulatory expense of less than \$0.8 million related to our fuel recovery mechanism.

*2017 Tax Reform and FERC Tax Policies*

During 2018, the FERC issued the following policies and order related to income taxes:

*Revised Policy Statement on Treatment of Income Taxes (Revised Tax Policy).* In Docket No. PL17-1-000, as clarified under FERC’s Order on Rehearing, the FERC issued a revised policy statement to address income tax and rate of return policies for Master Limited Partnerships (MLPs) as a result of the decisions of the U.S. Court of Appeals for the District of Columbia Circuit in *United Airlines, Inc., et al. v. FERC (United Airlines)*. The Revised Tax Policy provides a general policy statement notifying that an impermissible double recovery results from granting an MLP pipeline both an income tax allowance and a return on equity under the discounted cash flow methodology. The FERC clarified that each MLP pipeline may still propose an income tax allowance in a rate filing because the Revised Tax Policy is not a binding rule. The FERC will require other partnerships and pass-through entities seeking to recover an income tax allowance to address the double-recovery concern from *United Airlines* in subsequent proceedings. The ultimate owners of our Members are organized as C-corporations and our earnings are taxed at the owner level. As such, we do not believe that the Revised Tax Policy will have an effect on our ability to collect an income tax allowance in our rates.

*Interstate and Intrastate Natural Gas Pipelines; Rate Changes Relating to Federal Income Tax Rate – (Order No. 849).* In Order No. 849, issued July 18, 2018, (Docket No. RM18-11) (Final Rule), the FERC required interstate pipelines to file an informational filing on a new Form No. 501-G to collect information to evaluate the impact of the 2017 Tax Reform and the Revised Tax Policy regarding tax allowances for interstate and intrastate natural gas pipelines. Form No. 501-G is intended to be an abbreviated cost and revenue study to estimate the impact of the 2017 Tax Reform and Revised Tax Policy on the pipeline's cost of service and return on equity. On August 17, 2018, we and certain KMI affiliates and other unrelated parties jointly filed a request for rehearing of the Final Rule. The FERC issued an order granting rehearing for further consideration on September 17, 2018; however, based on the schedule included in the Final Rule, we filed our Form No. 501-G on October 11, 2018 under Docket No. RP19-51-000, opting that no adjustment to rates is necessary. The Final Rule established the FERC's presumption that negotiated rate contracts should be allowed to remain in effect without change.

On January 16, 2019, the FERC initiated a Natural Gas Act (NGA) section 5 rate investigation under Docket No. RP19-51-000, and we filed the required cost and revenue study on April 1, 2019.

*Accounting and Ratemaking Treatment of Accumulated Deferred Income Taxes and Treatment Following the Sale or Retirement of an Asset (Docket No. PL19-2-000), (ADIT Policy).* With respect to pipelines regulated under the NGA, the ADIT Policy, issued November 15, 2018, provides the FERC's guidance regarding the treatment of ADIT for both accounting and ratemaking purposes in light of 2017 Tax Reform by clarifying 1) the accounts to be used in recording the amortization of the excess and/or deficient ADIT balances, 2) that natural gas pipelines must continue to follow the accounting guidance issued by the Chief Accountant in Docket No. AI93-5-000 with respect to changes in tax law or rates, including additional disclosure requirements as outlined in the ADIT Policy, and 3) that any excess or deficient ADIT associated with an asset must continue to be amortized in rates even after the sale or retirement of that asset. We have implemented the ADIT Policy in our financial statements as of and for the year ended December 31, 2018.

## **6. Recent Accounting Pronouncements**

### *Topic 842*

On February 25, 2016, the Financial Accounting Standards Board issued ASU No. 2016-02, "Leases" followed by a series of related accounting standard updates (collectively referred to as "Topic 842"). Topic 842 establishes a new lease accounting model which requires lessees to recognize for all leases a right-of-use asset and a lease liability in the balance sheet. Lessor accounting under the new standard is substantially unchanged. Topic 842 will become effective beginning with the first quarter of 2019.

On December 27, 2018, the FERC, in Docket No. AI19-1-000, "*Accounting and Financial Reporting for Leases,*" issued accounting guidance intended to provide clarity and certainty on how jurisdictional entities should apply the FERC's accounting and reporting requirements related to lease arrangements in response to ASU No. 2016-02. Under the FERC's accounting regulations, operating leases are not required to be capitalized and reported in the balance sheet. However, under this guidance, a jurisdictional entity may choose to implement the guidance of ASU No. 2016-02 to report operating leases with a lease term in excess of 12 months as right of use assets, with corresponding lease obligations, in the balance sheet accounts established for capital leases. FERC regulations for recording lease arrangements for lessors, capital leases, land easements, and the recording of expense related to lease arrangements remains unchanged. In addition, this guidance requires footnote disclosure of any amounts included in the capital lease balance sheet accounts that relate to operating leases, as well as any changes in FERC accounting practice in response to ASU No. 2016-02, and the impact of such amounts on FERC jurisdictional cost-of-service rates. Based on the guidance provided in Docket No. AI19-1-000, we had no changes to our accounting for leases as a result of Topic 842.

Docket No. RP19-51  
Statement O-1  
With Test Period

## **Bear Creek Storage Company, L.L.C.**

### **System Map**

No significant changes have occurred since the filing of Bear Creek's last FERC Form 2.



Docket No. RP19-51  
Statement O-2  
With Test Period

**Bear Creek Storage Company, L.L.C.  
Major Expansion and Abandonment Certificates  
Issued Since Last Rate Case In 2012**

There have been no major expansions nor abandonment certificates issued since Bear Creek's last general rate case in 2012.

BEAR CREEK STORAGE COMPANY, L.L.C.  
DESCRIPTION OF DESIGN AND OPERATION  
OF STORAGE FIELD

Bear Creek Storage Company, L.L.C. (Bear Creek) is a joint venture owned 50 percent each by Southern Natural Gas Company, L.L.C. (Southern) and Tennessee Gas Pipeline Company, L.L.C. (Tennessee). Bear Creek owns a natural gas storage field, with related surface and subsurface equipment, located in Bienville Parish, Louisiana, which is operated by Southern. On April 3, 1979, the Commission issued a Certificate of Public Convenience and Necessity to Bear Creek authorizing construction and operation of its gas storage field. Bear Creek was placed in service on July 25, 1981. Bear Creek provides individually certificated storage service under Part 157 of the Commission's Regulations to Southern and Tennessee, who in turn each utilize the storage service to provide contract storage service to certain of their customers under each customer's individual FERC Gas Tariff.

The maximum certificated storage capacity of Bear Creek is 114.9 billion standard cubic feet (bcf)<sup>1</sup> or a maximum bottom hole pressure of 3,232 pounds per square inch absolute (psia). The practical storage capacity of Bear Creek is 107.9 bcf which is the total volume in place at an maximum bottom hole pressure of 3,232 psia. Base gas is 48.7 bcf, resulting in a maximum practical working gas volume of 59.2 bcf. The maximum withdrawal rate at Bear Creek is 900 million standard cubic feet per day (mmcf/d) and the maximum injection rate is 460 mmcf/d. As the level of inventory varies, the withdrawal rate and the injection rate varies as well.

Major subsurface components of Bear Creek include the storage reservoir, which is the Pettit limestone formation approximately 7,000 feet below ground level. To convey the gas from the storage reservoir to the surface and from the surface to the storage reservoir, there are 52 wells that are utilized for both withdrawal and injection. Additional pressure and fluid monitoring is conducted via 20 observation wells.

During withdrawal at Bear Creek, gas flows through major surface components that include 25 miles of gathering lines, ranging from 6 to 18 inches in diameter, connecting the wells to the main plant. Once at the plant, gas flows through a slug catcher, heaters, regulators, separators, dehydration, and finally measurement equipment. Compression can be utilized during withdrawal but, other than in test mode, has not been used during withdrawals to date. Free water produced and water recovered from dehydration are injected through one of two salt water disposal wells into the Tuscaloosa formation approximately 3,900 feet below ground level. On injection, gas flows through measurement, separation (to remove material that could harm compressors), compression, separation (to remove any oil carry over), gathering lines, and finally through the wells into the storage reservoir. On withdrawal there is 900 mmcf/d of dehydration capacity and during injection up to four 7,000 horsepower compressor units are utilized.

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<sup>1</sup> All volumes in this Statement are at 14.73 psia and 60 degrees Fahrenheit.