

**MANZANARES TRANSPORTATION SYSTEM
TRANSPORTATION UNBUNDLING COST ALLOCATION**

YEAR	2003	2004	2005	2006	2007
Allowed Costs	35.28%	33.60%	37.16%	41.13%	38.28%
Disallowed Costs	64.72%	66.40%	62.84%	58.87%	61.72%
	100.00%	100.00%	100.00%	100.00%	100.00%
Fuel Allowed	9.73%	9.73%	9.73%	9.73%	9.73%
Fuel Disallowed	90.27%	90.27%	90.27%	90.27%	90.27%
	100.00%	100.00%	100.00%	100.00%	100.00%

**Part 1:
Example for applying Transportation UCA:**

Step 1	Use the Federal agreement or lease sales volume of gas including carbon dioxide (CO ₂) as entered in field 15 of the Report of Sales and Royalty Remittance Form MMS-2014	2007 Sample Calculation:	
		Sales Volume	10,000 Mcf
Step 2	Determine the treating, dehydration and other fees charged by Williams. This is the actual fee paid on a Mcf basis after all discounts, rebates and other adjustments to the fees are made.	Fee	\$1.00/Mcf
Step 3	Calculate the amount of the fee paid on the sales volume that is apportioned to the transportation allowance. The annual factor used in this step is found above, preceding Step 1	Fee Paid	\$10,000.00
		Trans. UCA	X 38.28%
			\$3,828.00
Step 4	Calculate the percentage to apportion the fee determined in Step 3 to royalty bearing gas only. In this example, the gas volume contains 12% CO ₂ and the delivery maximum limit in the transportation contract for CO ₂ is 2%, so 90% of the total gas sales volume is royalty bearing. The actual fees paid are on the total sales volume therefore 90% of fees are allowed	Percentage:	90.00%
Step 5	Calculate the value of the fee apportioned to the royalty bearing gas volume using the percentage calculated in Step 4. The resulting value is 90% of the value of \$3,828.00 calculated in Step 3.	Royalty Bearing Amount:	
		90% X \$3,828=	\$3,445.20
Step 6	Calculate the value of the Part 1 transportation deduction by applying the lease or agreement royalty rate. In this example 12.5% is used	\$3,445.20 X 12.5%=	\$430.65

Part 2: Example for Calculating Deductible Amount of Fuel:		
Step 1	Use the Federal agreement or lease sales volume of gas including carbon dioxide (CO ₂) as entered in field 15 of MMS-2014	2007 Sample Calculation:
		Sales Volume 10,000 Mcf
Step 2	Determine the amount of the agreement or lease gas in MMBtus using Gas Btu as entered in field 16 of Form MMS-2014 times the Sales Volume entered in field 15	Btu Factor 950 Btu/Mcf
		Gas MMBtu 9,500 MMBtu
Step 3	Determine the agreement or lease sales value of gas as entered in field 17 of Form MMS-2014	Sales Value \$28,500
Step 4	Calculate the value of the total lease or agreement fuel used by applying the actual percentage charge of fuel used which is typically found in your contract and/or statement to the sales value determined in Step 3. In this example 7% of the sales value is used	Fuel Percentage 7%
		Fuel Value \$1,995
Step 5	Calculate the value of the fuel used apportioned to the transportation deduction. The annual factor used in this step is found above, proceeding step 1 which is 9.73% for all time periods.	Annual Factor 9.73%
		Factored Amount \$194.11
Step 6	Calculate the percentage to apportion the value of the fuel used as determined in Step 5 to royalty bearing gas only. See Part 1, Step 4 for the percentage to use in this step.	Percentage 90%
		Royalty Bearing Amount: \$174.70
Step 7	Calculate the value of the Part 2 transportation deduction by applying the lease or agreement royalty rate. In this example 12.5% is used.	Royalty Rate 12.50%
		Transportation Deduction: \$21.84

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