



Cash-Out Cost Allocation Focus Group

August 26, 2026

Agenda



- **Requirement for the Cash-Out Cost Allocation Focus Group**
- **Background**
- **Current State**
- **Cash-Out Focus Group**
 - Overview and purpose
 - Structure and cadence
- **Next Steps**
 - Registration

Requirement for the Cash-Out Cost Allocation Focus Group

- Discuss the development of a prospective alternative allocation of system management gas (“SMG”) costs, system inventory costs, and any other costs arising from resolution of imbalances among the cash-out mechanism, general system management, and other cost categories (if any) that is consistent with cost causation principles
- Development of recommendations on issues
- Discussions and proposals are privileged and confidential under FERC Rule 602 and Fed. R. Evid. Rule 408; information and analysis may be made subject to confidentiality agreement

Background



- **2015: Increased Operational Impact Areas (OIA's) from 2 to 4, and began using Platts Gas Daily pricing**
- **2020: Cash-out pricing changes and under-recovery surcharge filings**
- **2021: Cash-out settlement and surcharge**
- **2023: Reporting changes**
- **2024: Transco filed its Rate Case**
- **2026: 2024 Rate Case Settlement**

Current State



- **Cash-out deficit was recovered in 2025, 5 years earlier than anticipated**
 - \$9.6MM cash-out over-recovery was credited back to shippers and eligible OBA parties for annual billing period August 1, 2024 through July 31, 2025
- **On track for 6 years in a row of a positive cash-out period**
- **System and cash-out management**
 - SMG transactions
 - OBA management

Cash-Out Focus Group



– Structure

- Working group
 - A core group, ideally 1 representative from each company/group
 - Meet every 6 weeks
 - Included in meetings with focus group
 - Develop recommendations for changes to current cash-out processes
- Focus group
 - Meet quarterly, starting in 2027
 - Stay actively engaged on recommendations and topics discussed by the working group
 - Provide feedback on items raised by the working group

Next Steps



- **Registration link to follow**
 - Deadline to sign up for the working group is September 14, 2026
 - Can register later, but will miss first working group meeting
- **Working group**
 - 1st working group meeting tentatively planned for October (virtual)
- **Must register to participate in focus group or working group**
- **Can register at any time**