

DEPARTMENT OF ENERGY**Federal Energy Regulatory Commission****18 CFR Parts 141, 260, 357 and 375****[Docket No. RM03-8-000]****Quarterly Financial Reporting and Revisions to the Annual Reports**

June 26, 2003.

AGENCY: Federal Energy Regulatory Commission.**ACTION:** Notice of proposed rulemaking.

SUMMARY: The Federal Energy Regulatory Commission proposes to revise its regulations by establishing quarterly financial reporting requirements for jurisdictional public utilities, licensees, natural gas and oil pipeline companies. Additionally, the Commission proposes to make certain changes to the existing FERC Annual Reports to improve the quality of financial information filed with the Commission and to provide consistency in the reporting of financial information for all periods.

The Commission proposes to add two quarterly financial report forms: FERC Form No. 3-Q, Quarterly Financial Report of Electric Companies, Licensees, and Natural Gas Companies, and FERC Form No. 6-Q, Quarterly Financial Report of Oil Pipeline Companies. These two new reports will collect financial and certain financial related information from jurisdictional entities on a more frequent basis.

The Commission also proposes to update FERC Annual Report Forms 1, 1-F, 2, 2-A, and 6. The updates include the reporting of fourth quarter financial data, adding a management discussion and analysis schedule, allowing the submission of the CPA certification electronically, updating the officer's certification, and accelerating the filing dates.

The Commission has determined that dependable, affordable, competitive wholesale energy markets require an adequate infrastructure, balanced market rules, and vigilant oversight. This rulemaking helps in achieving the goal of vigilant oversight by providing the Commission with more timely, relevant, reliable and understandable financial information from major participants in the energy market. This proposed rule provides the needed transparency of financial information from FERC-jurisdictional entities at a level of detail that is not obtainable from other sources. This proposed rule will allow the Commission, as well as customers, investors, and others to

identify and evaluate financial trends and emerging issues facing the energy industry. More frequent financial reporting will aid the Commission in assessing the economic consequences of transactions and events on jurisdictional entities, measuring the effects of regulatory initiatives, evaluating the adequacy of existing traditional cost-based rates and aid in the development of needed changes to existing regulatory initiatives.

Finally, Congress recognized the importance of financial transparency and better financial disclosures resulting in the passage of the Sarbanes-Oxley Act of 2002 which requires public companies to disclose financial information on a rapid and current basis. The Commission therefore proposes to accelerate the filing dates of its FERC Annual Reports, and revise its officer's certification statement contained in these reports consistent with the Sarbanes-Oxley Act of 2002.

DATES: Comments are due August 6, 2003.

ADDRESSES: Comments may be filed electronically via the eFiling link on the Commission's Web site at <http://www.ferc.gov>. Commenters unable to file comments electronically must send an original and 14 copies of their comments to: Federal Energy Regulatory Commission, Office of the Secretary, 888 First Street, NE., Washington, DC 20426. Refer to the Comment Procedures section of the preamble for additional information on how to file comments.

FOR FURTHER INFORMATION CONTACT:

Mark Klose, (Project Manager), Office of the Executive Director, Federal Energy Regulatory Commission, 888 First Street, NE., Washington, DC 20426, (202) 502-8283.

Julie Kuhns, (Technical Information), Office of the Executive Director, Federal Energy Regulatory Commission, 888 First Street, NE., Washington, DC 20426, (202) 502-6287.

Christopher Bublitz, (Technical Information), Office of Administrative Litigation, Federal Energy Regulatory Commission, 888 First Street, NE., Washington, DC 20426, (202) 502-8542.

Julia A. Lake, (Legal Information), Office of the General Counsel, Federal Energy Regulatory Commission, 888 First Street, NE., Washington, DC 20426, (202) 502-8370.

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I. Introduction

1. In this notice of proposed rulemaking (NOPR), the Federal Energy Regulatory Commission (Commission) proposes to amend its financial reporting requirements for public utilities and licensees,¹ natural gas companies,² and oil pipeline companies.³ The Commission proposes to require quarterly reporting of financial and certain financial related information from jurisdictional entities that are subject to the Commission's Uniform Systems of Accounts and file FERC Annual Report Forms 1, 1-F, 2, 2-A or 6.⁴

2. The persons and entities subject to the Federal Power, Natural Gas and Interstate Commerce Acts are engaged in the production of electricity, its transmission to ultimate customers, and the transportation and storage of natural

¹ Part 141 Statements and Reports (Schedules). 18 CFR part 141.

² Part 260 Statements and Reports (Schedules). 18 CFR part 260.

³ Part 357 Annual Special or Periodic Reports: Carriers Subject to part 1 of the Interstate Commerce Act. 18 CFR part 357.

⁴ FERC Form No. 1, Annual Report of Major Public Utilities, Licensees and Others; FERC Form No. 1-F, Annual Report of Nonmajor Public Utilities and Licensees; FERC Form No. 2, Annual Report of Major Natural Gas Companies; FERC Form No. 2-A, Annual Report of Nonmajor Natural Gas Companies and Form No. 6, Annual Report of Oil Pipeline Companies.