Global Positioning System (GPS) Standard Instrument Approach Procedures (SIAPs) Runways (RWY) 07–25 has been developed for Centre-Piedmont Cherokee County. As a result, controlled airspace extending upward from 700 feet Above Ground Level (AGL) is needed to contain the SIAP and for Instrument Flight Rules (IFR) operations at Centre-Piedmont Cherokee County Airport. Class E airspace designations for airspace areas extending upward from 700 feet or more above the surface of the earth are published in Paragraph 6005 of FAA Order 7400.9R, signed August 15, 2007, and effective September 15, 2007, which is incorporated by reference in 14 CFR 71.1. The Class E airspace designation listed in this document would be published subsequently in the Order.

The FAA has determined that this proposed regulation only involves an established body of technical regulations for which frequent and routine amendments are necessary to keep them operationally current. It, therefore, (1) is not a ''significant regulatory action'' under Executive Order 12866; (2) is not a ''significant rule'' under DOT Regulatory Policies and Procedures (44 FR 11034; February 26, 1979); and (3) does not warrant preparation of a Regulatory Evaluation as the anticipated impact is so minimal. Since this is a routine matter that will only affect air traffic procedures and air navigation, it is certified that this rule, when promulgated, will not have a significant economic impact on a substantial number of small entities under the criteria of the Regulatory Flexibility Act.

The FAA's authority to issue rules regarding aviation safety is found in Title 49 of the United States Code. Subtitle I, Section 106 describes the authority of the FAA Administrator. Subtitle VII, Aviation Programs, describes in more detail the scope of the agency's authority.

This rulemaking is promulgated under the authority described in subtitle VII, Part A, Subpart I, Section 40103. Under that section, the FAA is charged with prescribing regulations to assign the use of airspace necessary to ensure the safety of aircraft and the efficient use of airspace. This regulation is within the scope of that authority as it establishes Class E airspace at Centre, AL.

**List of Subjects in 14 CFR Part 71**

Airspace, Incorporation by reference, Navigation (air).

**The Proposed Amendment**

In consideration of the foregoing, the Federal Aviation Administration proposes to amend 14 CFR part 71 as follows:

## PART 71—DESIGNATION OF CLASS A, CLASS B, CLASS C, CLASS D, AND CLASS E AIRSPACE AREAS; AIRWAYS; ROUTES, AND REPORTING POINTS

1. The authority citation for part 71 continues to read as follows:

**Authority:** 49 U.S.C. 106(g); 40103, 40113, 40120; E.O. 10854, 24 FR 9565, 3 CFR, 1959–1963 Comp., p. 389.

**§ 71.1 [Amended]**

2. The incorporation by reference in 14 CFR 71.1 of Federal Aviation Administration Order 7400.9R, Airspace Designations and Reporting Points, signed August 15, 2007, and effective September 15, 2007, is amended as follows:

*Paragraph 6005 Class E Airspace Areas Extending Upward From 700 Feet or More Above the Surface of the Earth.*

* * * * *

**ASO AL E5 Centre, AL [Remove]**

Centre Municipal Airport, AL

* * * * *

**ASO AL E5 Centre, AL [New]**

Centre-Piedmont Cherokee County Airport, AL
(Lat. 34°05′24″ N., long. 85°36′36″ W.)

That airspace extending upward from 700 feet above the surface within a 13-mile radius of Centre-Piedmont Cherokee County Airport.

* * * * *

Issued in College Park, Georgia, on December 14, 2007.

**Mark D. Ward,**

*Manager, System Support Group, Eastern Service Center.*

[FR Doc. 08–323 Filed 1–28–08; 8:45 am]

**BILLING CODE 4910–13–M**

---

## DEPARTMENT OF ENERGY

## Federal Energy Regulatory Commission

## 18 CFR Parts 41 and 141

**[Docket No. RM08–5–000]**

## Revisions to Forms, Statements, and Reporting Requirements for Electric Utilities and Licensees

Issued January 18, 2008.

**AGENCY:** Federal Energy Regulatory Commission, Department of Energy.

**ACTION:** Notice of Proposed Rulemaking.

**SUMMARY:** In this Notice of Proposed Rulemaking, the Federal Energy Regulatory Commission (Commission) proposes to amend its financial forms, statements, and reports for electric utilities and licensees, contained in FERC Form Nos. 1, 1–F, and 3–Q. The proposed revisions are the result of comments received in response to the Commission's Notice of Inquiry (NOI) seeking comment on whether revisions to these forms are needed. Based on the comments received, the Commission proposes certain revisions to Forms Nos. 1, 1–F, and 3–Q and seeks comment on other suggestions for changes. These revisions are proposed to ensure that the Commission and the public have sufficient information to assess the justness and reasonableness of public utility rates. The revisions will enhance the forms' usefulness by updating them to better reflect current electric industry markets and provide cost information useful to the Commission and the utilities' customers.

**DATES:** Comments must be filed on or before March 14, 2008.

**ADDRESSES:** You may submit comments, identified by Docket No. RM08–5–000, by one of the following methods:

*Agency web site: http://www.ferc.gov.* Follow the instructions for submitting comments via the eFiling link found in the Comment Procedures Section of the preamble.

*Mail:* Commenters unable to file comments electronically must mail or hand deliver an original and 14 copies of their comments to: Federal Energy Regulatory Commission, Secretary of the Commission, 888 First Street, NE., Washington, DC 20426. Please refer to the Comment Procedures Section of the preamble for additional information on how to file paper comments.

**FOR FURTHER INFORMATION CONTACT:**

Michelle Veloso (Technical Information), Forms Administration and Data Branch, Division of Financial Regulation, Office of Enforcement, Federal Energy Regulatory Commission, 888 First Street, NE., Washington, DC 20426, Telephone: (202) 502–8363, E-mail: *michelle.veloso@ferc.gov.*

Scott Molony (Technical Information), Regulatory Accounting Branch, Division of Financial Regulation, Office of Enforcement, Federal Energy Regulatory Commission, 888 First Street, NE., Washington, DC 20426, Telephone: (202) 502–8919, E-mail: *scott.molony@ferc.gov.*

Jane E. Stelck (Legal Information), Office of Enforcement, Federal Energy

Regulatory Commission, 888 First Street, NE., Washington, DC 20426, Telephone: (202) 502–6648, E-mail: *jane.stelck@ferc.gov.*

**SUPPLEMENTARY INFORMATION:**

## I. Introduction

1. The Commission proposes to amend its financial forms, reports, and statements for public utilities [1] and licensees. Specifically, the Commission proposes changes to FERC Form No. 1 (Form 1), Annual report for major electric utilities, licensees, and others; FERC Form No. 1–F (Form 1–F), Annual report for nonmajor public utilities, licensees and others; and FERC Form No. 3–Q (Form 3–Q), Quarterly report of electric utilities, licensees, and natural gas companies. On September 20, 2007, the Commission issued a Notice of Proposed Rulemaking (NOPR) proposing changes to FERC Form Nos. 2, 2–A and 3–Q, annual and quarterly reporting requirements for interstate natural gas companies.[2] This NOPR pertains only to the financial forms filed by public utilities and licensees. The Commission is proposing these changes to improve the forms, reports and statements to provide, in fuller detail, the information the Commission needs to carry out its responsibilities under the Federal Power Act (FPA) to ensure that rates are just and reasonable, and to provide public utility customers, state commissions, and the public the information they need to assess the justness and reasonableness of electric rates. Public utility customers need ready access to data to make informed assessments regarding the propriety of the rates charged, particularly customers of utilities without formula rates. The NOPR proposes changes that would require public utilities to provide additional information regarding implementing formula rates and affiliate transactions. However, by seeking to improve the Form 1, we clarify that we do not intend to convert the Form 1 into a section 205 rate case filing or into a cost and revenue study. Instead, these improvements will assist interested parties in their evaluation of a utility's rates. Therefore, the revised Form 1 will not be used to limit or change an entity's rights or obligations under the FPA and our regulations. Nor will the revised Form 1 change our obligation to rule on complaints, petitions, or other requests for relief based on a full record and substantial evidence. The Commission seeks comments on the proposed changes as well as on other issues. The proposed effective date for implementation of these changes is calendar year 2009. Accordingly, companies subject to the new requirements would file their new Form 3–Qs beginning with the Form 3–Q for the first calendar quarter of 2009 and their new Forms 1 and 1–F in April 2010 for calendar year 2009. In addition, the Commission proposes to eliminate the filing requirement for public utilities not subject to the Commission's jurisdiction under section 201 of the FPA.[3]

## II. Background

2. On September 20, 2007, the Commission issued a NOPR proposing changes to the financial forms filed by interstate natural gas pipeline companies subject to the Commission's jurisdiction.[4] The NOPR followed a financial form review by Commission staff that included meetings with both filers and users of FERC Forms 1, 1–F, 2, 2–A, and 3–Q data in the fall of 2006. As a result of those discussions, the Commission issued a Notice of Inquiry (NOI) on February 15, 2007, which sought comments on the need for changes or additions to the financial information reported in these forms.[5]

3. The Commission received 35 comments from filers and users of the annual and quarterly FERC Forms 1, 1–F, 2, 2–A, 3–Q, 6, and 6–Q, followed by 15 reply comments filed in response to the NOI.[6] After reviewing the comments, the Commission determined that each of the forms, representing different industries subject to the Commission's jurisdiction, merited its own separate review. Accordingly, the NOPR issued on September 20, 2007, addressed only changes, additions, and amendments to the forms applicable to interstate natural gas companies.

4. In this NOPR, we focus on Form 1, Annual report of major electric utilities, licensees and others; Form 1–F, Annual report for nonmajor public utilities and licensees; and Form 3–Q, quarterly financial report of electric utilities, licensees, and natural gas companies.[7] Sections 304, 307 and 309 of the FPA authorize the Commission to collect such data.[8]

5. Form 1, in particular, requires information to be filed on an annual basis by public utilities and certain hydroelectric production sources under the Commission's jurisdiction. Form 1 collects corporate information, summary financial information, and balance sheet and income information, as well as electric plant, sales, operating and statistical data.

6. Since its inception, Form 1 has been amended by the Commission on numerous occasions to address and keep pace with the transformation of the electric industry. In Order No. 529, issued in 1990, the Commission modified Form 1 to improve reporting of bulk power transactions.[9] In 1993, in Order No. 552, the Commission revised the Uniform System of Accounts (USofA) to account for allowances under the 1990 Clean Air Act Amendments, and adopted corresponding reporting schedules for Form 1.[10]

7. In 2002, the Commission issued Order No. 626 which required electronic filing of Form 1 beginning with the Form 1 filed for 2002.[11] In the same year, the Commission amended the USofA to establish accounting requirements to recognize changes in the fair value of certain security

[1] While 18 CFR 141.1 nominally refers to ''electric utilities,'' this regulation in fact applies to ''public utilities.'' *See* 16 U.S.C. 824; *accord* 18 CFR part 101 Definitions 29, 40. The reference in 18 CFR 141.1 to ''electric utilities'' predates the 1978 addition of separate statutorily defined ''electric utilities;'' *see* 16 U.S.C. 796(22), when the only utilities that were Commission regulated under the Federal Power Act were the statutorily-defined public utilities, *see* 16 U.S.C. 824. *E.g.,* 18 CFR 141.1 (1977).

[2] The September 20, 2007 NOPR was noticed in Docket No. RM07–9–000. We have assigned a new docket number, RM08–5–000, for this NOPR addressing electric utilities and licensees.

[3] 16 U.S.C. 824.

[4] *Revisions to Forms, Statements, and Reporting Requirements for Natural Gas Pipelines,* 72 FR 54860 (Sept. 27, 2007), FERC Stats. & Regs. ¶ 32,623 (2007).

[5] *Assessment of Information Requirements for FERC Financial Forms, Notice of Inquiry,* 72 FR 8316 (Feb. 26, 2007), FERC Stats. & Regs. ¶ 35,554 (2007). While the outreach meetings addressed only Forms 1 and 2, the NOI invited comments from filers of Forms 6 and 6–Q as well.

[6] Parties who filed comments and reply comments are listed on Appendix A.

[7] A major electric utility is one that had, in the last three consecutive years, sales or transmission services that exceeded (1) one million megawatt-hours of total sales; (2) 100 megawatt-hours of sales for resale; (3) 500 megawatt-hours of power exchanges delivered; or (4) 500 megawatt-hours if wheeling for others. Utilities and licensees that are not classified as major and had total sales in each of the last three consecutive years of 10,000 megawatt-hours or more are classified as Nonmajor. *See* 18 CFR part 101.

[8] 16 U.S.C. 825a, 825f, 825h; *see also* 16 U.S.C. 825j.

[9] *Amendments to FERC Form Nos. 1 and 1–F, and Annual Charges, and Fuel Cost and Purchased Economic Power Adjustment Clauses,* Order No. 529, 55 FR 47311, FERC Stats. & Regs. ¶ 30,904 (1990).

[10] *Revisions to Uniform System of Accounts to Account for Allowances under the Clean Air Act Amendments of 1990 and Regulatory-Created Assets and Liabilities and to Form Nos. 1, 1–F, 2 and 2–A,* Order No. 552, 58 FR 17982, FERC Stats. & Regs. ¶ 30,967 (1993).

[11] *Electronic Filing of FERC Form No. 1, and Elimination of Certain Designated Schedules in Form Nos. 1 and 1–F,* Order No. 626, 67 FR 36093, FERC Stats. & Regs. ¶ 31,130 (2002).

investments, derivative instruments, and hedging activities, and added new schedules and accounts to Form 1.[12]

8. In Order No. 646, the Commission added the requirement of quarterly reporting for entities that filed Forms 1 and 1–F, and updated annual reporting requirements to add new schedules on ancillary services and electric transmission peak loads.[13] In 2005, in Order No. 668, the Commission amended its regulations to update the accounting requirements for public utilities and licensees, including independent system operators (ISOs) and regional transmission organizations (RTOs).[14] The Commission also revised its USofA with corresponding changes to Form 1 to accommodate the restructuring changes that occurred in the electric industry as a result of open-access transmission service and increasing competition in wholesale bulk power markets.[15]

**III. Comments to NOI**

9. As noted, the Commission received 35 comments and 15 reply comments in response to the NOI. Generally, the comments respond to the 12 questions posed in the NOI, and some raise additional issues.[16] Twenty-one initial comments or motions to intervene without filing comments and four reply comments specifically address Forms 1, 1–F and 3–Q. As might be anticipated, the Form 1 public utility filers generally assert that the existing Form 1 requires an excessive amount of data at considerable expense; the information now provided is sufficient to permit an evaluation of the filers' jurisdictional rates; and additional filing requirements would be burdensome. On the other side, Form 1 users, including nonprofit publicly-owned utilities and state commissions, state that more information is needed to permit rate evaluation and thus determine whether rates may be unjust and unreasonable.

10. The Edison Electric Institute (EEI) argues that its members currently file large quantities of financial data with the Commission and other federal and state agencies, and that the information filed with the Commission already provides sufficient financial information.[17] EEI also argues that disclosing details about a company's costs and facilities can disadvantage that company in competing with others, and that information on facility locations and security safeguards should be released under confidentiality provisions and only to those who demonstrate a need for the information.[18] In EEI's view, Forms 1 and 3–Q are intended to provide basic financial statements that capture a utility's current financial status, and are not intended as substitutes for rate cases.[19] EEI states that any significant additions or changes to the financial forms, other than minor or technical changes, could impose a substantial additional burden on companies.

11. Further, EEI asserts that the information provided in Form 1 is sufficient to audit formula rates.[20] EEI argues that, to the extent formula rates are tied to fuel costs, the Commission already collects sufficient information on those costs through the FERC Form No. 423, and that, should the Commission need additional information, it can request the information in an audit rather than impose an additional burden on filers.[21]

12. In response to the NOI's question of whether the Commission should require reporting of information on demand response initiatives, EEI notes that other agencies, such as the Department of Energy's Energy Information Administration (EIA) are also considering whether to request similar information.[22] EEI encourages the Commission to collaborate with EIA to ensure that any demand response information collected is streamlined, avoids duplicative collection efforts, and is collected from municipalities and rural cooperatives in addition to shareholder-owned utilities.[23]

13. EEI also asserts that the information contained in Form 3–Q is of marginal value beyond the information already provided in Form 1.[24] EEI suggests that the Commission perform a cost-benefit analysis of the continued viability of Form 3–Q.[25] Similarly, EEI asks the Commission to reconsider its handling of commercially sensitive information contained in the forms, and asks that the Commission not release detailed information regarding generating plant costs and operating performance.[26]

14. Duke Energy Corporation (Duke) supports the comments filed by EEI and agrees that the information currently reported in Form 1 is sufficient to audit formula rates and to permit evaluation of jurisdictional rates.[27] Duke also states that the annual and quarterly reports are not the appropriate filings in which to report demand response initiatives, and that such information is typically reported to state commissions.[28] In general, Duke argues that unless new information is clearly justified by a valid business or regulatory need, Duke would oppose any added requirements as burdensome.[29] Duke cites several current reporting requirements that it considers unnecessary or burdensome: (1) Form 1, page 105 (publishing the salaries of Executive Officers is unnecessary as that information is publicly available in SEC filings); (2) Form 1, pages 202 and 203 (Nuclear Fuel Materials) Duke argues that the expenses in Account 120.10 should be consolidated into one line that includes Allowance for Funds Used During Construction (AFUDC);[30] (3) Form 1, page 216 (Construction Work in Progress) Duke argues that the instructions for this page should be modified to require reporting of projects with balances of $10 million or greater, with all remaining balances aggregated functionally; (4) Form 1, pages 228 and 229 (Emission Allowances) Duke argues that these pages are not meaningful to users since $SO_2$ and $NO_X$ must be combined. Duke suggests that separate pages be provided for $SO_2$ and $NO_X$ or any other type of emission that may be required in the future; (5) Form 1, pages 232, 233 and 278 (Other Regulatory Assets, Miscellaneous Deferred Debits & Other Regulatory Liabilities) Duke notes that each of these pages allows grouping of items with balances of $50,000 or less, and suggests that this limit should be increased to $1 million as it would be a more meaningful threshold for large filers; (6) Form 1, pages 262 and 263 (General Taxes) Duke argues that these pages are time consuming to prepare and difficult for users to reconcile with the financial statements; (7) Form 1,

[12] *Accounting and Reporting of Financial Instruments, Comprehensive Income, Derivatives and Hedging Activities,* Order No. 627, 67 FR 70006, FERC Stats. & Regs. ¶ 31,134 (2002).

[13] *Quarterly Financial Reporting and Revisions to the Annual Reports,* Order No. 646, FERC Stats. & Regs. ¶ 31,158, *order on reh'g,* Order No. 646–A, FERC Stats. & Regs. ¶ 31,163 (2004).

[14] *Accounting and Financial Reporting for Public Utilities Including RTOs,* Order No. 668, FERC Stats. & Regs. ¶ 31,199 (2005), *reh'g denied,* Order No. 668–A, FERC Stats. & Regs. ¶ 31,215 (2006).

[15] *Id.*

[16] A copy of the 12 questions posed in the NOI is attached as Appendix B.

[17] Comments of EEI at 8.

[18] *Id.* at 7.

[19] *Id.* at 8.

[20] *Id.* at 9.

[21] *Id.* On November 2, 2007, the Commission issued a NOPR in Docket No. RM07–18 seeking comments on the proposed elimination of Form 423. *See Elimination of FERC Form No. 423,* Notice of Proposed Rulemaking, 72 FR 65246, FERC Stats. & Regs. ¶ 32,624 (2007).

[22] *Id.* at 11.

[23] *Id.*

[24] *Id.* at 12.

[25] *Id.* at 13.

[26] *Id.*

[27] Initial Comments of Duke at 2–3.

[28] *Id.* at 3.

[29] *Id.*

[30] *See* 18 CFR part 101, Electric Plant Instructions, 17(a).

page 269 (Other Deferred Credits) this page allows grouping of items with a balance of $10,000 or less, and Duke suggests that this threshold be increased to a more meaningful level; (8) Form 1, pages 301 and 326 (Electric Operating Revenues and Purchased Power) Duke states that it is unsure if the work required to break down costs between energy and demand is necessary since some organized markets are not structured in this manner; (9) Form 1, page 304 (Revenue by Rate Codes) Duke argues that reporting revenue by rate code is unnecessary as rate codes are not necessarily consistent across utilities for the services provided. Duke suggests that it would be less burdensome to continue revenue reporting on classification only; (10) Form 1, pages 310 and 326 (Out of Period Adjustment (AD)) Duke asserts that the structure of organized markets causes member utilities to have a large number of ''out of period'' adjustments, and that the requirement to carve out the ''adjustments'' is overly burdensome; (11) Form 1, pages 328–30 (Transmission of Electricity for Others) Duke argues that columns (b) Energy Received From, and (c) Energy Delivered To, report information that provides little value to users and should be deleted. Duke asserts that this is true also for columns (f) Point of receipt and (g) Point of delivery. Additionally, Duke asserts that the requirement to footnote all amounts listed in column (m) creates time consuming work and provides little value; (12) Form 1, page 332 (Megawatt Hours Related to Transmission Charges) Duke argues that the requirement to report megawatt hours relating to transmission charges is overly burdensome because many sellers do not report transmission hours on invoices and it is very time consuming to collect the information by other means; (13) Form 1, pages 352 and 353 (Research and Development (R&D)) Duke argues that the requirement to list all R&D items costing more than $5,000 is overly burdensome and should be raised to a more reasonable level such as $100,000; (14) Form 1, pages 422–25 (Miles of Transmission Lines) Duke argues that the level of detail required for reporting miles of transmission lines is extremely burdensome and suggests that a requirement to report miles of transmission lines (by state or legal entity) and totals of type of supporting structures by voltage would be sufficient; (15) Form 1, page 426 (Substations) Duke argues that the requirement to enter the necessary information related to several thousand substations is burdensome and of questionable value to users.[31] In addition, Duke identifies several technical issues that require revision, and instructions that require modification.[32] These issues are listed in Appendix C.

15. Public Service Electric & Gas Company (PSE&G) states that the data in Forms 1 and 3–Q provide sufficient information for the Commission to monitor cost-based rates to ensure that rates are just and reasonable.[33] PSE&G, however, urges the Commission to re-examine the value of Form 3–Q to assess whether the benefits of quarterly reporting outweigh the burden of providing such information.[34] PSE&G posits that the annual nature of Form 1 provides users with a comprehensive picture of a utility's operations, which is preferable to the quarterly snapshot provided by Form 3–Q.[35]

16. Wisconsin Electric Power Company (Wisconsin Electric) argues that where differences between the accounting requirements of a state regulatory commission and this Commission exist, a utility should not be required to adhere to the Commission's USofA.[36] Wisconsin Electric cites a Commission order in which Wisconsin Electric's request for waiver of Form 1 was denied.[37] Wisconsin Electric proposes other changes to the financial forms, including: (1) A perceived disconnect between purchases and sales reported on pages 326–27 and 310–11 of Form 1 and purchase and sales amounts reported on page 401a (Wisconsin Electric suggests that this disconnect could be rectified by adding extra lines on page 401a to report off-system purchases and sales); (2) Purchases and Sales, pages 326 and 327 could be simplified by eliminating one of the category designations, or by minimizing the amount of data to be reported; and (3) the Commission should create a new report, separate from Form 1, that is filed by entities participating in an RTO which would include each of the new RTO adapted schedules.[38]

17. Comments filed by MidAmerican Energy Company and PacifiCorp (collectively, MidAmerican) propose that the Commission eliminate the filing requirement for pages 422 and 423, Transmission Line Statistics, and for pages 426 and 427, Substations. MidAmerican asserts that pages 422 and 423 are unnecessary because the information reported on pages 424 and 425, Transmission Lines Added During the Year, provides sufficient information.[39] MidAmerican asserts further that the information reported on pages 426 and 427 requires significant effort to maintain and is burdensome.[40]

18. FirstEnergy Services Company (FirstEnergy) asserts that the purpose of the annual reports is not to provide information to permit an evaluation of the filers' jurisdictional rates, but to address the Commission's accounting requirements.[41] With respect to formula rates, FirstEnergy asserts that the formula rate, in some instances, is tied to specific Form 1 items (for example, FirstEnergy's Attachment O formula rate under Midwest Independent Transmission System Operator, Inc.'s open access tariff), and additional data is not required.[42] If the transmission owner, however, proposes to make the initial rate calculation under its formula, it would be appropriate for the transmission owner to file the additional information needed to bridge the gap between the formula rate in the tariff and the Form 1 data. FirstEnergy states that having the additional information in the tariff is preferable to modifying existing Form 1 requirements.[43] In addition, FirstEnergy argues that the metrics used by the Commission to define a major utility for reporting purposes should be updated to relieve the reporting requirement for small utilities; however, FirstEnergy does not offer any specific suggestions for how this might be accomplished.[44] FirstEnergy also states that the requirement to report the type of supporting structure and size of conductor for transmission lines in columns (e) and (i) of pages 422–23 of Form 1 should be eliminated.[45]

19. Southern Company Services, Inc. (SCS), on behalf of Alabama Power Company, Georgia Power Company, Gulf Power Company, Mississippi Power Company and Southern Power Company (collectively, Southern) supports the comments filed by EEI.

[31] *Id.* at 5–7.

[32] *Id.* at 7–9.

[33] Comments of Public Service & Electric Co. at 2.

[34] *Id.* at 5.

[35] *Id.*

[36] Comments of Wisconsin Electric at 3.

[37] *Id.*

[38] *Id.* at 6–8.

[39] Initial Comments of MidAmerican Energy Company and PacifiCorp at 4.

[40] *Id.*

[41] Comments of FirstEnergy at 3. FirstEnergy states that its comments are filed on behalf of its affiliates American Transmission Systems, Inc., Cleveland Electric Illuminating Co., Jersey Central Power and Light Co., Metropolitan Edison Co., Ohio Edison Co., Pennsylvania Electric Co., Pennsylvania Power Co., Toledo Edison Co., and York Haven Power Co.

[42] *Id.* at 6.

[43] *Id.*

[44] *Id.* at 11.

[45] *Id.*

Southern asserts that the annual and quarterly reports provide sufficient data for the public to make an evaluation of the filers' rates.[46] In addition, Southern argues that certain information now included in the forms is unnecessary and should be eliminated. Southern states that at present, the electric industry reports detailed information regarding wholesale electric transactions through the Commission's Electric Quarterly Report (EQR) and the same information should not be required to be re-filed in Forms 1 and 3–Q.[47] Rather, Southern argues that a one line entry summarizing the amount of wholesale energy sold should be sufficient. In addition, Southern requests that the Commission restrict access to confidential information when appropriate. Finally, Southern does not believe that the Commission should require reporting of information on demand response initiatives.

20. Consolidated Edison Co. of New York, Inc. and Orange and Rockland Utilities, Inc. (jointly, the Companies) take no position on whether the Commission should institute a rulemaking to revise the existing reporting requirements. The Companies do, however, urge the Commission to closely scrutinize any proposals to avoid disruptions to public utilities' existing reporting requirements.[48] The Companies' comments focus on the question of whether the Commission should require reporting of information on demand response initiatives. The Companies note that EIA currently monitors demand side management activities and collects information on those activities on an annual basis. The Companies argue that given the public availability of the EIA data, through EIA Form 861, there appears to be little benefit from duplicating the demand response data in Form 1.[49] The Companies assert that if the Commission required utilities to report different demand response data in Form 1 than they report in EIA Form 861, the use of different reporting periods or different categories for aggregation, for example, could result in conflicting information that could diminish the usefulness of the data.[50] Thus, the Companies argue that if the Commission imposes such a requirement, it is important that it conform its reporting requirement with the EIA requirement.[51]

21. The American Public Power Association (APPA) states that the annual and quarterly forms do not provide sufficient information to permit an evaluation of the filers' jurisdictional rates.[52] According to APPA, the Commission's financial forms have not kept pace with standard ratemaking practice, and should be revised to collect the information typically needed in transmission rate cases.[53] APPA states that transmission rates based on the Commission's Order No. 888 *pro forma* open access transmission tariff (OATT)[54] model use a load divisor based on replacing part of the actual system peak with peak-coincident transmission reservations, but that amount is not reported on Form 1. APPA recommends that the standard rate divisor, as specified in Order No. 888, should be reported on Form 1, and that plant, depreciation, and expenses for facilities defined as transmission in the USofA but assigned to other functions, be separately identified.[55] APPA also recommends that Accounts 447 (Sales for resale) and 456 (Other electric revenues) be modified to provide sufficient information to compute the revenue that would be considered creditable under Commission policy.[56] APPA recommends that revenues be broken down into the various firmness and duration classes of OATT and grandfathered agreements and presented separately. APPA also recommends that revenues from ''wholesale distribution'' be separately identified.[57]

22. With respect to formula rates, APPA states that Form 1 information and the rate policies embedded in rate formulas are not well matched, and substantial adjustments are often necessary. APPA states that the ''translation instructions'' that are part of many formula rates provide a very useful checklist of areas in which Form 1 information as currently collected is not fulfilling its ''rate–related'' purpose. APPA cautions, however, that if the Commission makes any changes, it must be sensitive to the fact that current formula rates reference Form 1 data by page numbers, line numbers, and cost categories, and that if changes are made to the line numbers or cost categories, parties would have to renegotiate contracts to revise the data sources.[58] Thus, APPA recommends that any modifications that may be made to Form 1 be made in ways that add to, rather than redo, the current numbering system and categories.[59] APPA also recommends that Form 1 be amended to collect additional information on transmission facilities. APPA states that on page 422, it would be useful to have an additional table showing total transmission line-miles and the amount of line-miles added in the most recent reporting year.[60] Finally, APPA urges the Commission to keep Form 1 data publicly available.[61]

23. Consumers Energy Company (Consumers) states that it relies on Form 1 data to assess the justness and reasonableness of rates proposed and charged by the transmission providers from which Consumers obtains electric transmission service. Consumers states that it does not believe that wholesale changes to the forms are required, but focuses its concern on the sufficiency of information provided with respect to assessing formula rates.[62] Consumers states that since a new rate proceeding is not initiated when formula rates are reset, a customer's sole recourse, if it believes that the rates are unjust and unreasonable, is to file a complaint under section 206 of the FPA.[63] Consumers recommends that the Commission require that electric transmission owners for whom self-implementing formula rates have been approved, provide sufficient information in Form 1 regarding Transmission Plant Additions to allow an investigation of the prudence of the additions. Specifically, Consumers recommends the following: for each project put into service during the calendar year, the transmission owner should be required to provide: (1) A description of the project; (2) the planned project cost as it was identified in the regional planning process; (3) the actual project cost; (4) whether the project was part of an approved regional plan; and (5) the justification for the project.[64] Consumers states that the ability to differentiate between projects

[46] Comments of SCS at 2.

[47] *Id.* at 4.

[48] Comments of the Companies at 1.

[49] *Id.* at 3.

[50] *Id.*

[51] *Id.*

[52] Comments of APPA at 2.

[53] *Id.* at 3.

[54] *Promoting Wholesale Competition Through Open Access Non-Discriminatory Transmission Services by Public Utilities; Recovery of Stranded Costs by Public Utilities and Transmitting Utilities*, Order No. 888, FERC Stats. & Regs. ¶ 31,036 (1996), *order on reh'g*, Order No. 888–A, FERC Stats. & Regs. ¶ 31,048, *order on reh'g*, Order No. 888–B, 81 FERC ¶ 61,248 (1997), *order on reh'g*, Order No. 888–C, 82 FERC ¶ 61,046 (1998), *aff'd in relevant part sub nom. Transmission Access Policy Study Group* v. *FERC*, 225 F.3d 667 (D.C. Cir. 2000), *aff'd sub nom. New York* v. *FERC,* 535 U.S. 1 (2002).

[55] *Id.*

[56] *Id.* at 3–4.

[57] *Id.* at 4.

[58] *Id.* at 4.

[59] *Id.* at 5.

[60] *Id.* at 6.

[61] *Id.* at 7.

[62] Comments of Consumers at 3.

[63] 16 U.S.C. 824e.

[64] *Id.* at 5–6.

that have been approved as part of a regional plan versus those that have not is important in light of the Commission's requirement that transmission providers develop regional planning processes, and that more scrutiny is needed where the project has not gone through a regional planning process.[65]

24. The New York Independent System Operator, Inc. (NYISO) agrees that the financial forms are intended to provide the public with sufficient information to permit a meaningful evaluation of a filer's jurisdictional rates.[66] The NYISO states that some relatively simple changes would improve the forms.[67] The NYISO avers that the current financial forms do not provide sufficient data to permit an evaluation of all filers' jurisdictional rates, and the forms do not require the information needed to develop either the numerator or denominator needed to calculate the NYISO's rates.[68] The NYISO states that the financial forms assume that the numerator of a filer's rate will be that filer's income statement for the reporting period, but it is not true for the NYISO which has a more complicated rate structure.[69] The NYISO urges the Commission to incorporate into the forms a mechanism by which a filer can provide the details of its rate structure that are necessary to evaluate the filer's rate. The NYISO suggests that a new section could be added to the financial forms to provide the details of an entity's rate structure as well as the resulting rate.[70] In addition, the NYISO claims that the forms do not provide sufficient guidance for calculating the required information. The NYISO recommends that the Commission adopt a more ''open-ended solicitation'' of the information needed to accurately calculate the filer's rates, such as requiring the filer to report the components of the numerator and denominator of its rate, as well as the resulting rate itself.[71] The NYISO also states that the financial forms do not provide clarity as to what level of reporting information is required for the footnote disclosures in the Form 3–Q.[72]

25. The Missouri Public Service Commission (Missouri) suggests several ways in which it believes the information reported in Form 1 could be enhanced. For example, page 103 of Form 1 requires that the filer list all corporations that it controls. Missouri suggests that the filer also include all of the ''doing business as'' names on page 103.[73] Missouri's other recommendations include the following: (1) Require further details regarding any adjustments made to pages 200–07 of Form 1, Depreciation, Depletion, and Amortization Expenses; (2) require further information on how taxes are calculated on pages 262–63 of Form 1; (3) require filers to provide an explanation for each type of revenue identified on Form 1, pages 300–01; (4) require utilities to identify separately all income, franchise and property taxes by state and tax year, Form 1 pages 262–63; and (5) require utilities to provide the allocation methodology used to assign joint and common costs and the rate of return and taxes.[74]

26. The New York State Public Service Commission (NYPSC) proposes several changes to Form 1, including: (1) Expand rate schedules on page 304 to include reporting of delivery-only revenues and other unbundled services (current information is insufficient for purposes of measuring Energy Service Company penetration in a utility's service territory); (2) require a detailed breakdown of the sources of Other Electric Revenues on pages 300–01; (3) require reporting of Other Income and Other Income Deductions as part of Form 1; (4) require utilities to describe and quantify each type of affiliate transaction; and (5) require utility-specific information regarding pensions and other post-employment benefits (OPEB) and report contributions to OPEB and pension funds.[75]

27. Golden State Water Company (GSW) recommends that the Commission consider modifying the threshold requirements that determine whether smaller public utilities may file Form 1–F rather than Form 1.[76] GSW states that because small public utilities often must manage a portfolio of purchased-power resources to meet load requirements, a threshold of 100 MWh of sales for resale is likely to disqualify a small public utility from the ability to file Form 1–F rather than Form 1.[77] GSW states that the threshold does not distinguish between whether the sales for resale are made from the public utility's owned generation or from reselling purchased power, and suggests that for purposes of the Form 1 filing requirement, only sales for resale from the public utility's owned generation should be counted.[78] GSW also suggests that the Commission consider exempting Form 1–F filers from the quarterly reporting requirements of Form 3–Q, and finally, GSW requests that the Commission enable Form 1–F users to file reports electronically.[79]

28. The National Electrical Manufacturing Association (NEMA) and member ABB, Inc., filed comments advocating revision of Form 1 to address new transmission expansion by adding the requirement that utilities report expenditure plans for each of the future five years.[80] Specifically, NEMA and ABB recommend that the Transmission and Distribution Plant accounts in rows 47–75 of page 206 be expanded by adding five columns to each row that would contain annual projections of unit investment for each of the future five years.[81] They also recommend breaking the Additions column into two, to reflect both additions and replacements.[82] NEMA and ABB state that this reporting requirement will enable manufacturers to have available hard data on which to base investment in manufacturing capability. Further, they state that investment in new manufacturing capability is required in the public interest because without it, significant new transmission expansion would not be possible.[83]

29. UGI Utilities, Inc. (UGI) recommends that the Commission change its annual reporting requirements for public utilities to accommodate the circumstances of companies like UGI that do not maintain a calendar-year fiscal year.[84] The Commission's current reporting requirements require annual report filers to report information on a calendar-year basis and require that this information be certified by the filers' independent accountants. UGI asserts that for a company that does not maintain a calendar-year fiscal year, an additional burden results from the fact that the company has to prepare two sets of audited financial statements, one set on a calendar-year basis and a second on a fiscal-year basis.[85] UGI proposes that utilities with non-calendar year fiscal years continue to file annual reports every April, as the Commission's rules now provide, but

[65] *Id.* at 6.
[66] Comments of NYISO at 2.
[67] *Id.*
[68] *Id.*
[69] *Id.* at 3.
[70] *Id.* at 3–4.
[71] *Id.* at 4.
[72] *Id.* at 5–6.
[73] Comments of Missouri at 3.
[74] *Id.* at 4–5.
[75] Comments of NYPSC at 3–7.
[76] Comments of GSW at 5.
[77] *Id.* at 6.
[78] *Id.*
[79] *Id.* at 7.
[80] Comments of NEMA at 2; Comments of ABB at 2.
[81] *Id.*
[82] *Id.*
[83] *Id.* at 1–2.
[84] Comments of UGI at 1.
[85] *Id.*

rather than perform the audit process with respect to the calendar year filing, the utilities would be permitted to file a second set of financial statements following the end of their fiscal year, together with the CPA certification required by the Commission's regulations.[86] UGI states that its recommendation will not change the annual reporting obligations or deprive the Commission or the public of any information; the change will simply accommodate the circumstances of public utilities with non-calendar fiscal years and relieve the burden of incurring the effort and expense of two annual audit processes.[87]

30. The Bureau of Economic Analysis (BEA) states that it uses both direct and indirect sources for information the Commission provides on costs related to the electric industry.[88] BEA requests the Commission consider the inclusion of additional data in Form 1 that would enhance the data provided by BEA.[89] For example, BEA states that it utilizes items such as plant in service by type of utility; subsidiary and non-utility investments; allowance for funds used during construction; plant held for future use; plant leased to others; construction work in progress; depreciation; and other plant-related schedules. BEA states that in general, income statement and balance sheet data support utility industry investment by industry estimates and that tabulations by legal form of ownership are also useful, and that BEA is interested in plant-in-service separately identified for electric generation (by type of generation), transmission, and distribution.

31. Reply comments were filed by Portland General Electric Company (PGE), Consumers, the Companies, and jointly, by International Transmission Company and Michigan Electric Transmission Company, Inc. (ITC and METC). PGE's comments request that the Commission weigh the usefulness of the Form 3–Q requirement against the burden on companies to provide data on a quarterly basis. PGE states its agreement with initial comments filed by EEI and PSE&G, both of whom support a reappraisal of Form 3–Q in light of the filing burdens created by the form.[90] Consumers' reply comments address initial comments filed by Duke and MidAmerican which request that the Commission eliminate pages 422 and 423 (Transmission Line Statistics) and pages 426–27 (Substations) of Form 1.[91] Consumers avers that pages 422–27 of Form 1 provide important information on transmission lines and substations that allow Consumers and other form users to track rate base amounts on a facility-by-facility basis.[92] Consumers states that if this information is eliminated from Form 1, it will be more difficult for customers like Consumers, other stakeholders and the Commission to monitor and assess the justness and reasonableness of a transmission owner's formula rates when such rates are reset each year.[93]

32. The Companies replied to the NYPSC's recommendation that utilities be required to separately report revenues related to bundled-service customers and delivery-only customers, by expanding the data reported on page 304 of Form 1.[94] The Companies state that they do not account for revenue and service quantities on a disaggregated basis, the reporting method recommended by the NYPSC, and could not do so without a substantial investment.[95] The Companies state that new computer and accounting systems would be necessary, at a considerable expense, to disaggregate the revenue and quantity data for the separate services. Thus, the Companies state that the NYPSC's proposal would have to be implemented on an aggregated basis.[96]

33. ITC and METC's reply comments respond to Consumers' recommendation that electric transmission owners, for whom self-implementing rates have been approved, be required to provide sufficient information in Form 1 regarding Transmission Plant Additions to permit an examination of the prudence of such costs by customers and the Commission.[97] ITC and METC assert that there is no need for this information given the requirements in the Commission's Order No. 890 for coordinated, open and transparent transmission planning.[98] ITC and METC argue that Order No. 890 spells out the process for consulting and meeting with customers to discuss the methodology, criteria, and processes used to develop transmission plans, and requires local transmission planning as well as regional transmission planning to be open and transparent.[99] Thus, ITC and METC argue that Consumers seeks information that they have already agreed to provide and there is no need for the Commission to require submission of the same information in Form 1.[100]

## IV. Discussion

### *A. General*

34. Many of the comments centered on the need for technical changes, software updates, and revisions to the filing instructions rather than proposing substantive additions to the forms. Several commenters requested additional information for particular accounts or schedules but failed to specify the exact nature of the information sought. Many commenters questioned the quality of the data submitted, citing incomplete submissions and a lack of uniform responses to footnote instructions. Some of the commenters requested that the Commission place greater emphasis on enforcing the filing requirements to ensure completeness and uniformity of responses. Several commenters suggested technical changes, both to the instructions and the Form 1 software. These proposals are listed in a spreadsheet attached as Appendix C, and we invite comments on their usefulness and necessity.

35. While a number of commenters have suggested the collection of additional Form 1 data, we do not propose to adopt all of the requests for additional information. In light of the comments received and given the Commission's experience with reporting requirements, we believe that wholesale changes to Form 1 may not be needed at this time. Rather, only targeted changes are necessary. We thus will not propose that filers provide a cost and revenue study or the type of detailed information needed in a rate case, as requested by APPA. We will not require detailed information on pensions and other employment benefits, as requested by the NYPSC. We believe this level of detail may be unnecessary and burdensome.

36. In addition, some of the information sought is already included in Form 1. For example, the details of income and property taxes by state and by tax year, as requested by Missouri, are already required to be reported on pages 262–63 of Form 1. In addition, much of the information sought by Wisconsin Electric on ISO/RTO expenses is now reported in Form 1 at page 331; Order No. 668, issued in December 2005, updated the USofA and

[86] *Id.* at 2.

[87] *Id.* at 3–4.

[88] Comments of BEA at 1.

[89] *Id.*

[90] Reply Comments of PGE at 1.

[91] Reply Comments of Consumers at 2.

[92] *Id.* at 3.

[93] *Id.*

[94] Reply Comments of the Companies at 2.

[95] *Id.*

[96] *Id.* at 2–3.

[97] Reply Comments of ITC and METC at 1.

[98] *Id.* at 3; *see Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, FERC Stats. & Regs. ¶ 31,241 (2007).

[99] *Id.* at 3–4.

[100] *Id.* at 5–6.

the financial reporting requirements for both annual and quarterly reports to improve the transparency of financial information and facilitate better understanding of RTO costs.[101] Form 1 at pages 400, 401a, and 401b has monthly system peak and system energy data. These data already provide sufficient information to determine the rate divisor requested by APPA. APPA also requests that Form 1 separately identify revenues creditable from particular services. Pages 310–11 (Sales for resale) and 328–30 (Transmission of Electricity for others) of Form 1 require the filer to classify the nature of service provided and users of the form can discern whether the revenues associated with that service should be treated as a credit in a cost of service analysis. As we have stated, we expect all filers to provide full information in accordance with the form's instructions.

37. The NOI requested comment on whether Form 1 should contain certain demand response information. While there is general agreement that demand response information is important and should be collected, commenters recommend that the data not be collected in Form 1. We agree that Form 1 is not the best method for collecting demand response data. The Commission currently collects demand response and advanced metering data through the FERC–727 Demand Response and Time Based Rate Programs Survey and the FERC–728 Advanced Metering Program Survey. We anticipate that we will continue to obtain the needed demand response data through these forms.

38. In addition, we reject Wisconsin Electric's assertion that, when differences between the accounting requirements of a state regulatory commission and the Commission exist, a utility should not be required to adhere to the Commission's USofA. Wisconsin Electric refers to a Commission order denying its request for a waiver of Form 1 requirements for reporting the AFUDC and asks that the Commission revisit its decision. As the Letter Order indicated, the Commission has specifically rejected requests to permit use of an AFUDC rate prescribed by a state agency rather than the maximum rate determined in accordance with the formula contained in Order No. 561.[102] In any event, this proceeding does not address the applicability of the USofA, and therefore, Wisconsin Electric's comments are outside the scope of this proceeding.

39. We remind filers that the information reported in Forms 1, 1–F and 3–Q is critical to the work of the Commission and all filers are expected to follow the instructions and submit properly completed forms. Commission staff will continue to monitor not only the timely filing of the forms but their accuracy and completeness as well.[103]

40. Notwithstanding First Energy's claim, the purpose of Form 1 is to provide basic financial and operational information to allow the Commission, customers, and competitors to monitor a utility's rates for jurisdictional services. While we recognize the time, effort and cost that the financial reports require, as described by EEI and others in their comments, we also emphasize the importance of this data—relied upon by the Commission, state commissions, utility customers, and other interested persons as an important, and in some instances the primary source of information to assess whether rates charged are just and reasonable or may be unjust and unreasonable. Further, most of the information is data that is already maintained by the public utility.

41. As stated earlier, the Form 1 is not a substitute for a rate case filing nor is the data intended to project what might happen in future years; rather the data must provide enough detail to enable the form's users to monitor and assess a utility's rates. For example, many transmission owners operate under formula rates that are reset each year. The annual rate adjustment may not initiate a rate proceeding and the customer's recourse, if it believes the resulting rates are unjust and unreasonable, is to file a complaint under section 206 of the FPA. While the Form 1 in particular is not intended to provide all of the information that would be available in a rate case, customers nevertheless need sufficient information to enable them to perform a preliminary rate assessment and to determine whether, under the circumstances, a complaint may be warranted, and the Form 1 needs to provide that information.

*B. Proposed Revisions*

1. Formula Rates

42. Several commenters complain that Form 1 does not contain enough information to provide a basis for interpreting or assessing formula rates.[104] APPA recommends that filers be required to provide the standard rate divisor, as specified in Order No. 888, with separate identification of any behind-the-meter loads that counted towards network transmission service billing determinants.[105] FirstEnergy recommends that in cases where a transmission owner proposes to make the calculation of the formula rate, the transmission owner should be required to file additional information to ''bridge'' the gap between the formula rate in the tariff and the Form 1 data.[106] Consumers states that the Commission should require transmission owners for whom self-implementing formula rates have been approved, to provide sufficient information regarding transmission plant additions to allow an investigation of the prudence of such investments.[107] NYISO suggests that a new section be added to the forms to provide the details of an entity's rate structure, including the development of numerators and denominators, as well as the resulting rate.[108] Missouri suggests that additional detail is needed, including information regarding depreciation, depletion and amortization expenses, other revenues, and that filers be required to provide written explanations of any significant changes from the prior year to the current year.[109]

43. On the other hand, EEI, Duke Energy, and Southern all argue that Form 1 currently contains sufficient information to audit formula rates.[110] EEI states that, to the extent formula rates are tied to fuel costs, the Commission already collects information on those costs through FERC Form 423.[111] EEI suggests that if the Commission requires additional information, it can most efficiently request the information in the context of an audit, rather than imposing a burden on all filing companies.[112]

44. Although many commenters recommend that additional information be added to enable users to audit formula rates, few specific suggestions were made that would be applicable to all Form 1 filers. The derivation of a formula rate differs from company to

[101] *Accounting and Financial Reporting for Public Utilities Including RTOs*, Order No. 668, FERC Stats. & Regs. ¶ 31,199 (2005), *reh'g denied*, Order No. 668–A, FERC Stats. & Regs. ¶ 31,215 (2006).

[102] *See Wisconsin Electric Power Co.*, Docket No. AC05–25 (January 16, 2007) (unpublished letter order) at 2.

[103] Failure to file may subject the jurisdictional entity to appropriate penalties.

[104] *See* Comments of Consumers at 3; Comments of First Energy at 3; Comments of APPA at 3–4, Comments of NYISO at 3, and Comments of Missouri at 8.

[105] Comments of APPA at 3.

[106] Comments of FirstEnergy at 6.

[107] Comments of Consumers at 5.

[108] *Id.*

[109] Comments of Missouri at 3–4, 8.

[110] *See* Comments of EEI at 9, Comments of Duke at 2; and Comments of Southern at 3.

[111] Comments of EEI at 9.

[112] *Id.*

company and there is no single one-size fits-all information that would provide the missing link in all cases.[113]

45. We believe that caution should be exercised in making changes to the formula rate data contained in Form 1. Even though FirstEnergy, for example, recommends that the Commission require transmission owners to provide some additional information to bridge the ''gap'' between the formula rate in the tariff and the available Form 1 data, it acknowledges that the Commission should be cautious in modifying the Form 1.[114] FirstEnergy correctly observes that because many formula rates require line-by-line insertion of specific Form 1 references, any change to the Form 1 filing requirements may require utilities to make corresponding section 205 applications to modify their formula rates.[115] In addition, transmission rates within the tariffs of RTOs are set in a manner that does not correspond to the individual service zones of the operating utilities filing the Form 1.

46. We believe that some limited additional information will satisfy the concerns of commenters who have requested more data. We propose to revise the Form 1 to require that if the inputs to a formula rate deviate from what is currently shown in the Form 1, the filer must provide an explanation for the change in a footnote to the corresponding page, line and column where the specific data is reported. This requirement would apply only to utilities with formula rates that have not made informational filings with the Commission. We also ask, however, whether it makes sense to require utilities to provide such explanation through a means other than the Form 1. We believe that this limited additional information is not unduly burdensome and would provide additional transparency with regard to formula rates and the underlying data.

2. Filing Thresholds for Forms 1 and 1–F

47. Several commenters recommend that the Commission revise the metrics it uses to determine whether a jurisdictional filer must submit a Form 1 or a Form 1–F.[116] FirstEnergy states that revising the threshold requirements for a Form 1 filer would reduce the reporting requirements on small utilities, but does not propose any specific revised numbers for this purpose.[117] GSW supports modifying the requirements that determine whether smaller utilities may file Form 1–F rather than Form 1, and recommends that for purposes of triggering the requirement to file Form 1, only sales for resale from the utility's owned generation should be counted.[118]

48. Sections 141.1 and 141.2 of the Commission's regulations prescribe the reporting requirements for public utilities defined as major or nonmajor.[119] The definition of major and nonmajor is contained in Part 101, Subchapter C of the regulations, which determine whether a utility must file a Form 1 or a 1–F.[120] The filing thresholds established in the USofA , General Instructions, defining major and nonmajor utility have been in place for some time.[121] While several commenters suggest that the Commission revise the metrics for determining the thresholds defining major and nonmajor utilities, no one has yet offered a specific suggestion for different thresholds. The Commission invites form filers, users, and state commissions to comment on the issue of whether the definitions for major and nonmajor utilities requires some revision. We urge commenters to offer specific suggestions for how this might be done, and why their proposed thresholds would be appropriate.

49. The Commission recently addressed the issue of the applicability of financial form filing requirements for utilities that are not subject to the Commission's jurisdiction. In *Morenci Water & Electric Co.,* the Commission granted Morenci a waiver from the requirement of §§ 141.1 and 141.400 of the Commission's regulations that utilities who are not public utilities under Part II of the FPA but who otherwise meet the threshold filing requirements for Forms 1, 1–F and 3–Q must comply with the reporting requirements established in the regulations.[122] The order noted that the Commission is in the process of re-evaluating its financial forms filing requirements and granted the waiver subject to any further Commission decision with respect to the applicability of the Commission's regulations.[123]

50. It appears that there may be five other utilities that currently file Form 1 who, like Morenci, are not public utilities under Part II of the FPA, but make sales that meet or exceed the threshold for the Commission's Forms 1 and 3–Q reporting requirements.[124] In this NOPR, we propose to eliminate the filing requirement for utilities not subject to the Commission's jurisdiction and invite comments on this proposal.

3. Affiliated Transactions

51. The NYPSC states that at present Form 1 contains no information regarding affiliate transactions.[125] NYPSC suggests that additional controls and disclosures of affiliate transactions are necessary to prevent cross-subsidization between regulated and unregulated companies. NYPSC recommends that Form 1 be revised to require utilities to describe and quantify each type of affiliate transaction.[126] NYPSC further recommends that the Commission adopt a schedule similar to FERC Form No. 60 which requires centralized service companies to perform an analysis of charges for services they bill to associate and non-associate companies by USofA account.[127]

52. The Commission agrees that information concerning the nature and extent of affiliate transactions is important because these transactions are not conducted at arms' length and could provide opportunities for inappropriate cross-subsidization. To ensure that Forms 1 and 1–F users have access to more detailed information regarding affiliated transactions, the Commission proposes to add a new page 429, ''Transactions with Associated (Affiliated) Companies'' that would require filers to report affiliated transactions. The Commission believes this proposed schedule would provide further transparency and improve the detection of cross-subsidization. On page 429, we propose to require that filers report the following: (1) A description of the good or service charged or credited; (2) the name of the

[113] When utilities submit formula rates, the Commission often requires additional informational filings to support the proposed rate, and in one instance, required that if the utility's data inputs are from non-public sources, the data must be reported in Form 1. *See, e.g., Arizona Public Service Commission*, 120 FERC ¶ 61,262 (2007); *see also Trans-Allegheny Interstate Line Co.*, 121 FERC ¶ 61,009 (2007).

[114] Comments of FirstEnergy at 6.

[115] *Id.*

[116] *See* Comments of FirstEnergy at 11; Comments of GSW at 5.

[117] Comments of FirstEnergy at 11.

[118] Comments of GSW at 5–6.

[119] 18 CFR 141.1, 141.2

[120] 18 CFR part 101; *see supra* note 7.

[121] *See Revisions to Public Utility and Natural Gas Company Classification Criteria, Uniform Systems of Accounts, Form Nos. 1, 1–F, 2 and 2–A and Related Regulations,* Order No. 390, FERC Stats. & Regs. ¶ 30,586 (1984).

[122] *See Morenci Water & Electric Co.,* 121 FERC ¶ 61,024 (2007).

[123] *Id.*

[124] The five utilities are: Alaska Electric and Power Co.; CenterPoint Energy Houston Electric, LLC; Hawaii Electric Light Co., Inc.; Hawaiian Electric Co., Inc.; and Maui Electric Co., Ltd.

[125] Comments of NYPSC at 6.

[126] *Id.*

[127] Comments of NYPSC at 6.

associated (affiliated) company; (3) the FERC account charged or credited; and (4) the amount charged or credited.

4. Transmission Investment

53. NEMA and its member ABB urge the Commission to widen the scope of Form 1 to provide for collection of information on utilities' projected costs for transmission investment.[128] NEMA thus recommends that certain accounts on page 206 be expanded to require annual projections of unit investment for each of the future five years (ABB recommends three years).[129] In addition, NEMA proposes the expansion of other information reported on page 206 to provide additional detail.[130] Both NEMA and ABB aver that the additional information would benefit manufacturers and utilities with better manufacturing quality and quality supply efficiencies.[131]

54. Although we agree that information on future transmission investment could be useful in particular circumstances, the Form 1 is not the appropriate vehicle for obtaining this information. Form 1 is intended to provide information on a utility's financial activities for the reporting year. To date, it has not included projections of future costs for future activities. We also note that Order No. 890 required each RTO or ISO to submit a proposed transmission planning process to the Commission.[132] Attachment K of the *pro forma* tariff sets forth the requirements for a transmission planning process.[133] Order No. 890 thus already provides information that should aid manufacturers' planning processes.

5. Non-Calendar Fiscal Year

55. Form 1 is filed on a calendar year basis. Some of the reporting companies, however, operate on a non-calendar fiscal year. UGI argues that it is burdensome for companies that do not use a calendar fiscal year to prepare two sets of audited statements.[134] UGI proposes that this burden could be eliminated by requiring public utilities with non-calendar fiscal years to continue to file annual reports each April, but rather than undertake a separate audit process with respect to the calendar year financial statements submitted with the annual report, those public utilities would be allowed to file a second set of financial statements following the end of their fiscal years, with those financial statements to be independently audited and accompanied by a CPA Certification as required by the Commission's regulations.[135]

56. The Commission has, upon request, granted individual waivers of the CPA Certification requirement for Forms 1 and 1–F filers so long as the certification accompanies the fiscal year-end financial information filed after the annual Form 1 or 1–F is submitted.[136] The Commission believes that UGI's proposal is reasonable and proposes to adopt it in this NOPR. The Commission requests comments on this proposal.

6. Other Revenues

57. Both NYPSC and Missouri recommend that Form 1 be expanded to require a detailed breakdown of the various sources of Other Revenues, pages 300–01.[137] At present, Form 1 contains only a cumulative total for the reporting year of the various ''Other Revenues.'' We agree that more detail would be useful and propose a change to the instructions on page 300 to require that for any revenues not otherwise specified on pages 328–30 (Transmission of Electricity for Others (Including transactions referred to as 'wheeling')), the filer must provide this information in a footnote to page 300.

7. Deletions and Miscellaneous Revisions

58. Several commenters recommended deleting certain reporting requirements. MidAmerican urges the Commission to delete Form 1, pages 422 and 423, Transmission Line Statistics, and pages 426 and 427, Substations. MidAmerican claims that the information provided on these pages is no longer necessary and unduly burdensome.[138] Duke also argues that these pages are unnecessary and should be eliminated.[139] In reply comments, Consumers argues that pages 422–27 provide important information on transmission lines and substations that allows Consumers to track rate base amounts on a facility-by-facility basis.[140] For example, Consumers states that, through the information provided on pages 422 and 423, customers are able to see changes in gross plant investment by specific transmission line and make an assessment as to the capacity, cost and benefits by comparing changes from year to year.[141] We do not believe that FirstEnergy and Duke have made a compelling case to support the elimination of this data, and we believe any burden is outweighed by the need for the data and therefore do not propose to eliminate these filing requirements.

59. As delineated at P 14, above, Duke suggests changes to and the elimination of several pages from the Form 1. Our response to each of Duke's recommendations is as follows: page 105 (Officers)—providing this information is not unduly burdensome and Duke has not offered an argument that supports eliminating this page; pages 202 and 203 (Nuclear Fuel Materials)—the reporting of nuclear fuel materials is not unduly burdensome and we do not see a need to consolidate the expenses in Account 120.10, as suggested by Duke; pages 228 and 229 (Emission Allowances)—these pages provide users valuable data on allowances allowed and not allowed by the Environmental Protection Agency and we agree that separate pages should be provided for $SO_2$ and $NO_X$; pages 262 and 263 (General Taxes)—we reject Duke's recommendation to eliminate these pages as the information reported on pages 262 and 263 provides form users with important tax information that enables form users and auditors to determine tax allowances; pages 301 and 326 (Electric Operating Revenues and Purchased Power)—this information is useful to form users as it provides a breakdown by demand and energy; page 304 (Revenue by Rate Codes)—the information is important as it provides transparency to form users and auditors; pages 310 and 326 (The requirement of AD classification)—this information is valuable to the public as it provides transparency and facilitates auditing; pages 327–30 (Transmission of Electricity for Others)—this information provides important operational data and enables users to understand affiliate relationships; page 332 (Megawatt Hours related to Transmission Charges)—this page provides important information to form users on wheeling and electricity provided by others.

60. In addition, Duke recommends raising the threshold levels for reporting certain information. Although we find

[128] Comments of NEMA at 2; Comments of ABB at 2. As noted earlier, NEMA is a trade association representing about 450 manufacturers who make the products in the electricity infrastructure. ABB is a manufacturer of power transmission and distribution systems and equipment.

[129] Comments of NEMA at 2.

[130] *Id.* at 2–3.

[131] *Id.*

[132] Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 435.

[133] *Id.*

[134] Comments of UGI at 1–2.

[135] Comments of UGI at 2; *see* 18 CFR 41.11.

[136] *See, e.g., PacifiCorp,* Docket Nos. AC00–20–000 and AC00–20–001 (April 14, 2000) (unpublished letter order).

[137] Comments of NYPSC at 4; Comments of Missouri at 4.

[138] *Id.*

[139] Comments of Duke at 4–5.

[140] Reply Comments of Consumers at 3.

[141] *Id.*

that Duke's suggested new levels are generally too high and would inappropriately exclude information from smaller filers, based on our experience we agree that it is reasonable to increase certain threshold levels. We therefore propose new threshold levels but lower than Duke's proposed threshold levels, and invite comment on whether it is appropriate to increase these threshold levels and whether our proposed levels are appropriate. Page 216 (Construction Work in Progress)—Duke recommends that reporting be required only for projects with balances of $10 million or greater. We believe this number may be too high. We believe a requirement of $1 million is more reasonable and invite comments. Pages 232, 233 and 278 (Other Regulatory Assets, Miscellaneous Deferred Debits & Other Regulatory Liabilities)—Duke proposes to raise the balance limit for grouping items from $50,000 or less to $1 million or less. Again, we believe that Duke's number may be too high. However, we propose that the balance be increased from the current level of $50,000 or less to $100,000 or less. Page 269 (Other Deferred Credits)—Duke recommends that the threshold of $10,000 for grouping items be raised but does not suggest a specific number. Based on our experience, we propose that it be raised from $10,000 to $100,000. Pages 352 and 353 (Research & Development)—Duke recommends that the requirement to list all R&D items costing more than $5,000 is unduly burdensome and suggests that the level be raised to $100,000. We believe that the level proposed by Duke is too high. Rather, we propose to raise the level from $5,000 to $50,000. Comments are invited on all of these proposals.

*C. Miscellaneous*

61. Several commenters requested that the Commission reassess the need for Form 3–Q, and some urged that it be eliminated. The Commission believes that the increased frequency of financial information provided in Form 3–Q is important. The quarterly reports allow for more timely evaluations of existing rates and improve the transparency and currency of financial information submitted to the Commission. Thus, at this time, the Commission will not propose the elimination of Form 3–Q.

62. EEI expresses concern regarding the confidentiality of certain financial data and the possibility of competitive risks by disclosing information about a utility's performance and costs. EEI also argues a need to avoid harm to critical infrastructure. The Commission remains committed to the public availability of financial data filed in Form 1 and its other reporting forms. The Commission is also sensitive to the need for security safeguards and established Critical Energy Infrastructure Information (CEII) regulations to protect such information. However, the Commission does not believe that additional precautions or protection of financial data are required at this time.[142]

63. The NOI posed two questions that are not directly related to the forms. The first is whether public utilities and licensees should be required to notify the Commission when their total transactions fall below the minimum thresholds established in the Commission's regulations such that the utility or licensee believes that it is no longer subject to the filing requirements. Missouri supported this proposal and no one opposed it.[143] The Commission believes that notification of non-filing status would be helpful to the Commission and users of Forms 1 and 1–F. Accordingly, at such time as a utility or licensee now subject to the filing requirements has, in three consecutive years, experienced sales and transactions below the threshold levels specified in the Commission's regulations and believes that they are no longer required to file a Form 1 or 1–F, must notify the Commission of this change. The utility or licensee must file the notice on the date that the form would otherwise be due.

64. The NOI also asked commenters whether the Commission should require a showing of good cause before granting an extension of time in which to file the required reports. Missouri and SCS agreed that the Commission should impose such a requirement.[144] EEI stated that it was not sure such a requirement is necessary because the Commission had not indicated there had been a problem.[145] The Commission believes that any request for an extension of time in which to comply with the Commission's regulations or a Commission order must show good cause. Absent such a showing, the request may not be granted. The Commission staff is monitoring filers' timely compliance with the reporting requirements and will continue to do so.

*D. Technical Corrections*

65. We received a number of suggested technical changes and instruction revisions that we believe have merit. We have provided a full list of those suggestions in Appendix C and invite comment on those proposed changes and corrections.

## V. Information Collection Statement

66. The collections of information contained in this proposed rule have been submitted to the Office of Management and Budget for review under section 3507(d) of the Paperwork Reduction Act of 1995.[146] The Commission solicits comments on the Commission's need for this information, whether the information will have practical utility, the accuracy of the burden estimates, ways to enhance the quality, utility and clarity of the information to be collected or retained, and any suggested methods for minimizing respondents' burden, including the use of automated information techniques.

*Estimated Annual Burden:* The Commission estimates that on average it will take respondents 14 hours annually to comply with the proposed requirements. Most of the additional information required to be reported is already compiled and maintained by the utilities, and will not substantially increase the existing reporting burden. This will result in total hours for the following collections of information:

| Data collection form | Number of respondents | Change in the number of hours per respondent | Filing periods | Change in the total annual hours |
|---|---|---|---|---|
| (a) | (b) | (c) | (d) | (e)=(b)×(c)×(d) |

[142] Recently, the Commission renewed its commitment to public access to information, while still ensuring that information critical to energy infrastructure security is protected. As recently as October 30, 2007, the Commission amended its regulations for accessing critical energy infrastructure information (CEII) to provide landowners access to information containing CEII for the portion of a project that would affect their land, and eliminated the non-internet public (NIP) category inasmuch as information currently designated as NIP is easily available on-line from other sources. *See Critical Energy Infrastructure Information,* Order No. 683, FERC Stats. & Regs. ¶ 31,228 (2006), *order on reh'g,* 119 FERC ¶ 61,029 (2007).

[143] Comments of Missouri at 10.

[144] Comments of Missouri at 10; Comments of SCS at 6.

[145] Comments of EEI at 19.

[146] 44 U.S.C. 3507(d).

| Data collection form | Number of respondents | Change in the number of hours per respondent | Filing periods | Change in the total annual hours |
|---|---|---|---|---|
| FERC Form 1 | 205 | 11 | 1 | 2,255 |
| FERC Form 3–Q | 194 | 1 | 3 | 582 |
| Relevant Totals | | | | 2,837 |

*Information Collection Costs:* The Commission seeks comments on the costs to comply with these requirements. As the required data is already maintained by the utilities, the Commission estimates that the collection costs will not be unduly burdensome.

*Title:* FERC Form No. 1, ''Annual Report of Major Electric Utilities, Licensees, and Others''; FERC Form No. 1–F, ''Annual Report for Nonmajor Public Utilities and Licensees; FERC Form No. 3–Q, ''Quarterly Financial Report of Electric Utilities, Licensees, and Natural Gas Companies.''

*Action:* Proposed information collection.

*OMB Control Nos.* 1902–0021 (Form 1); 1902–0029 (Form 1–F); 1902–0205 (Form 3–Q).

*Respondents:* Businesses or other for profit.

*Frequency of responses:* Annually and quarterly.

*Necessity of the information:* The information maintained and collected under the requirements of part 141 is essential to the Commission's statutory responsibilities under the FPA. The data now reported in the forms lacks certain information that the Commission believes will better permit the Commission and the public to evaluate the filers' jurisdictional rates. The additional information proposed to be collected by the NOPR will increase the forms' usefulness to both the Commission and the public. Without this information, it would be difficult for the Commission and the public to assess utility costs, and thereby ensure that utility rates are just and reasonable.

*Internal Review:* The Commission has reviewed the proposed changes and has determined that the changes are necessary. These requirements conform to the Commission's need for efficient information collection, communication, and management within the energy industry. The Commission has assured itself, by means of internal review, that there is specific, objective support associated with the information requirements.

67. Interested persons may obtain information on the reporting requirements by contacting: Federal Energy Regulatory Commission, 888 First Street, NE., Washington, DC 20426 [Attention: Michael Miller, Office of the Chief Information Officer, phone: (202) 502–8415, fax: (202) 273–0873, e-mail: *Michael.Miller@ferc.gov*]. Comments concerning the collection of information and the associated burden estimates, should be sent to the contact listed above and to the Office of Management and Budget, Office of Information and Regulatory Affairs, Washington, DC 20503 [Attention: Desk Officer for the Federal Energy Regulatory Commission, phone (202) 395–7318; fax (202) 395–7285].

## VI. Environmental Analysis

68. The Commission is required to prepare an Environmental Assessment or an Environmental Impact Statement for any action that may have a significant adverse effect on the human environment.[147] No environmental consideration is needed for the promulgation of a rule that addresses information gathering, analysis, and dissemination,[148] or that addresses accounting.[149] These proposed rules, if finalized, involve information gathering, analysis, and dissemination, and accounting. In addition, these proposed rules, if finalized, involve information gathering, analysis, and dissemination, and accounting. Consequently, neither an Environmental Impact Statement or Environmental Assessment is required.

## VII. Regulatory Flexibility Act

69. The Regulatory Flexibility Act of 1980 (RFA)[150] requires rulemakings to contain either a description or analysis of the effect that the rule will have on small entities or a certification that the rule will not have a significant economic impact on a substantial number of small entities.[151] Most utilities regulated by the Commission do not fall within the RFA's definition of a small entity.[152] Thus, most utilities to which the rules proposed herein, if finalized, would apply would not fall within the RFA's definition of small entities. Consequently, the rules proposed herein, if finalized, will not have a significant economic effect on a substantial number of small entities.

## VIII. Comment Procedures

70. The Commission invites interested persons to submit comments on the matters and issues proposed in this notice to be adopted, including any related matters or alternative proposals that commenters may wish to discuss. Comments are due on or before March 14, 2008. Comments must refer to Docket No. RM08–5–000, and must include the commenter's name, the organization he or she represents, if applicable, and his or her address.

71. The Commission encourages comments to be filed electronically via the eFiling link on the Commission's Web site at *http://www.ferc.gov.* The Commission accepts most standard word processing formats, and commenters may attach additional files with supporting information in certain other file formats. Commenters filing electronically do not need to make a paper filing.

72. Commenters who are not able to file comments electronically must send an original and 14 copies of their comments to: Federal Energy Regulatory Commission, Secretary of the Commission, 888 First Street, NE., Washington, DC 20426.

73. All comments will be placed in the Commission's public files and may be viewed, printed, or downloaded remotely as described in the Document Availability section below. Commenters on this notice of proposed rulemaking are not required to serve copies of their comments on other commenters.

## IX. Document Availability

74. In addition to publishing the full text of this document in the **Federal Register**, the Commission provides all interested persons an opportunity to view and/or print the contents of this document via the Internet through the Commission's home page (*http://www.ferc.gov*) and in the Commission's Public Reference Room during normal business hours (8:30 a.m. to 5 p.m.

[147] *See Regulations Implementing the National Environmental Policy Act of 1969,* Order No. 486, FERC Stats. & Regs. ¶ 30,783 (1987).

[148] *See* 18 CFR 380.4(a)(5).

[149] *See* 18 CFR 380.4(a)(16).

[150] 5 U.S.C. 601–612.

[151] *Id.*

[152] 5 U.S.C. 601(3).

Eastern time) at 888 First Street, NE., Room 2A, Washington, DC 20426.

75. From the Commission's home page on the Internet, this information is available in the Commission's document management system, eLibrary. The full text of this document is available on eLibrary in PDF and Microsoft Word format for viewing, printing, and/or downloading. To access this document in eLibrary, type the docket number excluding the last three digits of this document in the docket number field.

76. User assistance is available for eLibrary and the Commission's Web site during normal business hours. For assistance, please contact FERC Online Support at 1–866–208–3676 (toll free) or 202–502–6652 or e-mail at *ferconlinesupport@ferc.gov,* or the Public Reference Room at (202) 502–8371, TTY (202) 502–8659. E-mail at *public.referenceroom@ferc.gov.*

**List of Subjects in 18 CFR Part 41 and 141**

*18 CFR Part 41*

Administrative practice and procedures, Electric utilities, Reporting and recordkeeping requirements, Uniform System of Accounts.

*18 CFR Part 141*

Electric utilities and licensees, Reporting requirements.

By direction of the Commission.

**Nathaniel J. Davis, Sr.,**

*Deputy Secretary.*

In consideration of the foregoing, the Commission proposes to amend parts 41 and 141 of Title 18 of the *Code of Federal Regulations,* as set forth below:

## PART 41—ACCOUNTS, RECORDS, MEMORANDA AND DISPOSITION OF CONTESTED AUDIT FINDINGS AND PROPOSED REMEDIES

1. The authority citation for part 41 continues to read as follows:

**Authority:** 16 U.S.C. 791a–825r, 2601–2645; 42 U.S.C. 7101–7352.

2. Section 41.11 is revised to read as follows:

### § 41.11 Report of certification.

Each Major and Nonmajor public utility or licensee operating on a calendar fiscal year and not classified as Class C or Class D prior to January 1, 1984 must file with the Commission a letter or report of the independent accountant certifying approval, together with or within 30 days after the filing of the Annual Report, Form No. 1, covering the subjects and in the form prescribed in the General Instructions of the Annual Report. For such utility or licensee operating on a non-calendar fiscal year, the letter or report of the independent accountant certifying approval must be filed within 90 days of the close of the company's fiscal year. The letter or report must also identify which, if any, of the examined schedules do not conform to the Commission's requirements and shall describe the discrepancies that exist. The Commission will not be bound by a certification of compliance made by an independent accountant pursuant to this paragraph.

## PART 141—STATEMENTS AND REPORTS (SCHEDULES)

3. The authority citation for part 141 continues to read as follows:

**Authority:** 15 U.S.C. 79; 16 U.S.C. 791a–828c, 2601–2645; 31 U.S.C. 9701; 42 U.S.C. 7101–7352.

4. In § 141.1, paragraph (b)(1)(i) is revised to read as follows:

### § 141.1 FERC Form No. 1, Annual report of Major electric utilities, licensees and others.

* * * * *

(b) *Filing requirements*—(1) *Who must file*—(i) *Generally.* Each Major electric utility (as defined in part 101 of Subchapter C of this chapter) and each licensee as defined in section 3 of the Federal Power Act (16 U.S.C. 796, *et seq.*), including any agency, authority or other legal entity or instrumentality engaged in generation, transmission, distribution, or sale of electric energy, however produced, throughout the United States and its possessions, having sales or transmission service equal to Major as defined above, must prepare and file electronically with the Commission the FERC Form 1 pursuant to the General Instructions as provided in that form.

* * * * *

**Note:** Appendix A will not be published in the Code of Federal Regulations.

APPENDIX A.—LIST OF COMMENTERS

| Company name | Abbreviation |
|---|---|
| 1. ABB Inc. of Norwalk, CT | ABB |
| 2. American Public Power Association | APPA |
| 3. Consolidated Edison Company of New York, Inc. and Orange and Rockland Utilities, Inc | ConEd NY and ORU |
| 4. Consumers Energy Company | CECo |
| 5. Duke Energy Corporation | Duke |
| 6. Edison Electric Institute | EEI |
| 7. Energy Information Administration | EIA |
| 8. FirstEnergy Service Company | FirstEnergy |
| 9. Golden State Water Company | GSW |
| 10. MidAmerican Energy Company | MidAmerican |
| 11. Missouri Public Service Commission | MoPSC |
| 12. National Electrical Manufacturers Association | NEMA |
| 13. New York State Public Service Commission | NYPSC |
| 14. New York Independent System Operator, Inc | NYISO |
| 15. Public Service Electric & Gas Company | PSE&G |
| 16. Southern Company Services, Inc | SCS |
| 17. The Bureau of Economic Analysis | BEA |
| 18. The Public Utilities Commission of Ohio | PUCO |
| 19. UGI Utilities, Inc | UGI Utilities |
| 20. Wisconsin Electric Power Company | Wisconsin Electric |
| **Reply Comments** | |
| 1. Consumers Energy Company | CECo |
| 2. Consolidated Edison Company of New York, Inc. and Orange and Rockland Utilities, Inc | ConEd NY and ORU |
| 3. Portland General Electric Company | PGE |

APPENDIX A.—LIST OF COMMENTERS—Continued

| Company name | Abbreviation |
|---|---|
| 4. The International Transmission Company and Michigan Electric Transmission Company, Inc | ITC and METC |

**Note:** Appendix B will not be published in the Code of Federal Regulations.

## Appendix B—List of Questions Posed in the Notice of Inquiry (RM07–9–000).

(1) Do the annual and quarterly Financial Forms provide sufficient data for the public to permit an evaluation of the filers' jurisdictional rates?

(2) If not, what additional data is needed to conduct such an evaluation? Please specify the form (or forms) to which your suggestions pertain.

(3) Do the financial reports provide sufficient data to the public to determine revenues attributable to the sale of excess fuel retention? If not, what additional data is needed to conduct such an evaluation?

(4) Is the information included in the financial reports sufficient to audit formulaic rates?

(5) Should the Commission require reporting of information on demand response initiatives (interruptible, load control, etc.), including demand and peak demand impacts, associated costs and savings, and the number of advanced meters installed?

(6) Please explain how this additional data will be useful to users of the Financial Forms.

(7) How burdensome would any requirement for additional information be to filers of Financial Forms?

(8) Are there specific reporting requirements that are no longer necessary or unduly burdensome that should be deleted?

(9) What technical revisions, if any, need to be made to the Financial Forms? For example, identify any suggested changes in instructions, desirable software upgrades, and whether there are errors embedded in the forms which need to be corrected.

(10) Should the Commission require electric utilities, licensees and interstate natural gas and oil pipeline companies to provide notification when their total sales or transactions fall below the minimum thresholds established in the Commission's regulations such that they are no longer subject to these filing requirements?

(11) Should the Commission require a showing of good cause before granting an extension of time in which to file the required forms?

(12) Are these concerns of sufficient importance to warrant a rulemaking and, if so, what rules should the Commission promulgate? Commenters are encouraged to be as specific as possible.

**Note:** Appendix C will not be published in the Code of Federal Regulations.

APPENDIX C.—LIST OF PROPOSED CHANGES

| Commenter | Comment |
|---|---|
| 1. EEI | The software's cross-checking function has not been functional for some time, requiring companies to perform an additional level of review and verification. |
| 2. Duke Energy Corporation | Column width cannot be altered to make dollar input fit and be readable. This occurred on Form 1, pages 120–121, Statement of Cash Flows, line 44, column b. |
| 3. EEI | Page 114, Instruction #1—Should it read report in Column 'E' the balance for the reporting quarter and in Column 'F' the balance for the same three-month period for the prior year, rather than Column 'D' and Column 'E'? The instruction appears to be a column off. |
| 4. EEI | Page 114, Instruction #2—Should it read report in Column 'G' the quarter-to-date amounts for electric utility function; in Column 'I' the quarter-to-date amounts for gas utility, and in Column 'K' the quarter-to-date amounts for other utility function for the current year's quarter, rather than Columns F, H, and J. The instruction appears to be a column off. |
| 5. EEI | Page 114, Instruction #3—Should it read report in Column 'H' the quarter-to-date amounts for electric utility function; in Column 'J' the quarter-to-date amounts for gas utility; and in Column 'L' the quarter-to-date amounts for other utility function for the prior year quarter, rather than Columns G, I, and K? The instruction appears to be a column off. |
| 6. EEI | Page 200—Should Column H be for Common rather than Column F, as referenced in instructions? |
| 7. EEI | Page 205—Instruction 9 cuts off, as well as anything after that. |
| 8. EEI | Page 401b—The instructions refer to Lines 2 through 6, but there are no such lines on this page. The instructions should refer to Columns b through f. |
| 9. EEI | Page 110, Line 15 has a reference page to 122. There is no page 122; it is ''Intentionally Left Blank.'' Why is the page referenced on the Balance Sheet? |
| 10. EEI | Page 111, Line 70 should reference page 230a, not 230. |
| 11. EEI | Page 111, Line 72 should reference page 230b, not 230. |
| 12. EEI | Page 112, Lines 4–6 and 8 reference page 252. There is no page 252. Why is it referenced? |
| EEI | Page 112, Line 10 should reference page 254b, not 254. |
| 13. EEI | Page 117, Lines 43–44 and 66–67 reference page 340. There is no page 340. Why is it referenced? |
| 14. EEI | Pages 122(a) and (b)—These pages follow the notes, but should come before the notes according to the page number order. |
| 15. EEI | On many pages of the Form 1, the footnotes contain improper page references or appear on the wrong page. Each of the pages that contains footnotes shows page number 450.1 on the bottom, regardless of the actual page number. |
| 16. Duke Energy Corporation | Printed hard copies from the software do not always match what is seen on screen. |
| 17. EEI | Page 399—Grayed-out items (where no data should appear) get populated with subtotals or random figures that do not appear to be derived from a formula or calculation. Companies have to black them out with a marker when submitting the forms for printing. Can this be deleted or corrected? |
| 18. EEI | Duplicate pages often print. Is it possible to make changes to prevent this? |
| 19. Duke Energy Corporation | There have been instances when footnotes have been added to pages and disappear upon later return to the page. |
| 20. Duke Energy Corporation | At times, filers have not been able to save changes to the forms when using the save function. |
| 21. EEI | When companies enter information into FOSS, they find in some cases that the information is inaccurately totaled, incorrectly displayed on the screen, or wrongly printed. |

APPENDIX C.—LIST OF PROPOSED CHANGES—Continued

| Commenter | Comment |
|---|---|
| 22. EEI | EEI members have experienced a number of problems with the current FERC financial form software, Version 5.19.0 of FOSS. |
| 23. NYISO | The ''data cross-check'' feature used in the Commission's reporting software has not always functioned correctly. |
| 24. EEI | Page 332—In the Transfer of Energy section column headings, the word megawatt is misspelled as ''megawatt.'' |
| 25. Wisconsin Electric Power Company. | Wisconsin Electric suggests that the instructions to all pages should be updated to include regional transmission organization (''RTO'') accounting and reporting requirements. Specifically, pages 310–311, 326–327, 332, 397–398 should receive this update. The instructions on these pages should also be enhanced to provide proper RTO MWh netting and reporting to meet FERC requirements. |
| 26. NYISO | The Financial Forms do not provide clarity as to what level of reporting information is required for the footnote disclosures included in the quarterly Form 3–Q. |
| 27. Duke Energy Corporation | Should have the ability to copy data into the software directly from Microsoft Excel, Word, or from other sources such as SEC 10K files. |
| 28. Duke Energy Corporation | The FERC software is extremely time consuming and requires hours of formatting work. |
| 29. Duke Energy Corporation | Make it easier to copy and paste blocks of data or text into software. |
| 30. Duke Energy Corporation | Upgrade help tool so help topics can be entered and help screens assist preparers. |
| 31. Duke Energy Corporation | Printing capabilities in the software need to be improved. The ability to print individual pages within a section should be available to the user. |
| 32. Duke Energy Corporation | Form 1, Pages 310 & 326 (Sales for Resale and Purchase Power): FERC should publish guidelines on how to count volumes, particularly volumes associated with financial transactions. |
| 33. Duke Energy Corporation | Need improved clarification on all field definitions within the financial forms. |
| 34. Duke Energy Corporation | Form 1, Page 401A (Electric Energy Account): FERC should publish additional instructions on which hours should be reported. There is confusion on this page pertaining to what data should be included with respect to physical versus financial transactions. |
| 35. Duke Energy Corporation | Form 1, Pages 301 & 326 (Electric Operating Revenues and Purchased Power): Duke would like clarification on how the statistical classification column (b) is being used. |
| 36. New York State Public Service Commission. | The instructions for reporting electric operating revenues should be clarified to ensure consistency. In order to ensure consistency, the instructions on pages 300–301 of Form 1 should indicate that delivery-only revenues shall be recorded as Other Electric Revenues (Account 456), while sales of electricity shall be recorded on a full-service basis (Accounts 440 through 448), assuming the USofA is not revised to provide for an unbundling of electric operating revenues. |

The Commission agrees with the technical revisions proposed by commenters in lines 1–24, 26–31 and 33. The Commission seeks specific comment on lines 25, 32, and 34–36.

BILLING CODE 6717–01–P

| Name of Respondent | This Report is:<br>(1) ☐ An Original<br>(2) ☐ A Resubmission | Date of Report<br>(Mo, Da, Yr)<br>/ / | Year/Period of Report<br>End of Year/Qtr |
|---|---|---|---|

**TRANSACTIONS WITH ASSOCIATED (AFFILIATED) COMPANIES**

1. Report below the information called for concerning all goods or services received from or provided to associated (affiliated) companies.
2. Where amounts billed to or received from the associated (affiliated) company are based on an allocation process, explain in a footnote the basis of the allocation.

| Line No. | Description of the Good or Service<br>(a) | Name of Associated/Affiliated Company<br>(b) | Account Charged or Credited<br>(c) | Amount Charged or Credited<br>(d) |
|---|---|---|---|---|
| 1 | Goods or Services Provided by Affiliated Company | | | |
| 2 | | | | |
| 3 | | | | |
| 4 | | | | |
| 5 | | | | |
| 6 | | | | |
| 7 | | | | |
| 8 | | | | |
| 9 | | | | |
| 10 | | | | |
| 11 | | | | |
| 12 | | | | |
| 13 | | | | |
| 14 | | | | |
| 15 | | | | |
| 16 | | | | |
| 17 | | | | |
| 18 | | | | |
| 19 | | | | |
| 20 | Goods or Services Provided for Affiliated Company | | | |
| 21 | | | | |
| 22 | | | | |
| 23 | | | | |
| 24 | | | | |
| 25 | | | | |
| 26 | | | | |
| 27 | | | | |
| 28 | | | | |
| 29 | | | | |
| 30 | | | | |
| 31 | | | | |
| 32 | | | | |
| 33 | | | | |
| 34 | | | | |
| 35 | | | | |
| 36 | | | | |
| 37 | | | | |
| 38 | | | | |
| 39 | | | | |
| 40 | | | | |
| 41 | | | | |
| 42 | | | | |
| 43 | | | | |
| 44 | | | | |
| 45 | | | | |

**FERC FORM NO. 1 (NEW)**

[FR Doc. E8–1385 Filed 1–28–08; 8:45 am]
BILLING CODE 6717–01–C