

Supporting Statement for

**FERC Form 1 "Annual Report for Major Electric Utilities, Licensees and Others";
FERC Form 1-F "Annual Report of Nonmajor Natural Gas Companies" and
FERC Form 3-Q "Quarterly Financial Report of Electric Utilities Licensees,
and Natural Gas Companies";**

As Proposed in Docket No. RM08-5-000
(Notice of Proposed Rulemaking, issued January 18, 2008)

The Federal Energy Regulatory Commission (Commission) requests Office of Management and Budget (OMB) review and approval of **FERC Form 1; FERC Form 1-F and FERC Form 3-Q**. These information collections are current data requirements with modifications as proposed in Docket No. RM08-5-000 "Revisions to Forms, Statements and Reporting Requirements for Electric Utilities ¹, " the Commission's Notice of Proposed Rulemaking issued January 18, 2008.

In the Notice of Proposed Rulemaking, the Commission or FERC 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 Commission is proposing these revisions to ensure that the Commission and the public have sufficient information to assess the justness and reasonableness of public utility rates.

Background

On September 20, 2007, the Commission issued a Notice of Proposed Rulemaking (NOPR) in Docket No. RM07-9-000 regarding "**Revisions to Forms, Statements and Reporting Requirements for Natural Gas Companies.**" The purpose of that proposed rule was to improve the forms, reports and statements to provide, in greater detail, the information the Commission needs to carry out its responsibilities under the Natural Gas Act (NGA) to ensure that rates are just and reasonable, and to provide pipeline customers, state commissions, and the public the information they need to assess the justness and reasonableness of pipeline rates.

The NOPR was created in response to a Commission initiated staff review of Forms 1, 1-F, 2, 2-A, and 3-Q data in the fall of 2006. As part of this review, staff met with both filers and users of annual and quarterly reports for the purpose of reexamining the breadth of data collected by the forms and to determine the need for additional information, deletions, or other clarifications. Thereafter, on February 15, 2007, the Commission issued a Notice of Inquiry

1 ?/ Form 1 has OMB approval number 1902-0021, expires 2/28/09; Form 1-F has OMB approval number 1902-0029, expires 2/28/09; Form 3-Q has OMB approval number 1902-0205, expires 2/28/09.

(NOI).² (See item no. 8 of this submission.)

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.

The subject of this docket RM08-5-000 is a NOPR that focuses on the Form 1, Form 1-F, and Form 3-Q.³

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.⁴ 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 1.⁵

In 2002, the Commission issued Order No. 626 which required electronic filing of Form 1 beginning with the Form 1 filed for 2002.⁶ In the same year, the Commission amended the USofA to establish accounting requirements to recognize changes in the fair value of certain security investments, derivative instruments, and hedging activities, and added new schedules

² Assessment of Information Requirements for FERC Financial Forms, Notice of Inquiry, 72 Fed. Reg. 8316 (February 26, 2007), FERC Stats. & Regs. ¶ 35,554 (2007). While the outreach meetings addressed only Forms 1 and 2, the NOI invited comments from filers and users of Form 6 and 6-Q as well.

³ 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.

⁴ 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).

⁵ 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).

⁶ 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).

and accounts to Form 1.⁷

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.⁸ 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).⁹ 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.¹⁰

The proposed revisions in this NOPR 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. The revisions are also 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.

Notice of Proposed Rulemaking (Docket No. RM08-5-000)

On January 18, 2008, the Commission issued a Notice of Proposed Rulemaking (NOPR) in Docket No. RM08-5-000 regarding **“Revisions to Forms, Statements and Reporting Requirements of Electric Utilities”**. This 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, the Commission is clarifying that despite the concerns of the commenters; it does 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. The revised Form 1 will not be used to limit or change an entity's rights or obligations under the Federal Power Act (FPA) and the Commission's regulations. In addition, the revised Form 1 will not change the Commission's obligation to rule on complaints, petitions, or other requests for relief based on a full record and

⁷ Accounting and Reporting of Financial Instruments, Comprehensive Income, Derivatives and Hedging Activities, Order No. 627, 67 FR 70006, FERC Stats. & Regs. ¶ 31,134 (2002).

⁸ 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).

⁹ 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).

¹⁰ Id.

substantial evidence. The proposed effective date for implementation of these changes is calendar year 2009. Companies subject to the new requirements will have to 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.¹¹

All of the proposed changes in the subject Notice Proposed Rulemaking are provided for under sections 304, 307 and 309 of the Federal Power Act (FPA).¹² The Commission estimates that the annual report burden related to the subject proposed rule will be increased by an additional 20 hours per entity for a total of 2,867 hours under FERC Form Nos. 1, 1-F, Form 3Q.

A. Justification

1. CIRCUMSTANCES THAT MAKE THE COLLECTION OF INFORMATION NECESSARY

Form 1 & Form 1-F In accordance with sections 304 and 309 of the Federal Power Act, the Commission is authorized to collect and record data to the extent it considers necessary, and to prescribe rules and regulations concerning accounts, records and memoranda. The Commission may prescribe a system of accounts for jurisdictional companies and after notice and an opportunity for a hearing, may determine the accounts in which particular outlays and receipts will be entered, charged or credited. The Commission collects Form Nos. 1 and 1-F information as prescribed in 18 CFR 141.1 and 141.2.

Form 3Q "Quarterly Financial Report of Electric Utilities, Licensees, and Natural Gas Companies," requires companies to file with the Commission a complete set of quarterly financial statements. Most of the information contained in these forms is the same information currently submitted on an annual basis.

Quarterly reporting of financial information permits the Commission to better understand trends and other factors that may affect an entity's liquidity position, its commitments of capital expenditures, and its sources of financing, along with changes in the amount of assets, liabilities, debt and equity used in its business. Transparent accountings and more frequent financial reporting play an important role in achieving vigilant oversight of market participants. More frequent financial reporting provides needed insight into the opportunities and risks facing the energy industry as the Commission considers and assesses the affects of its regulatory initiatives. The Commission shares the view that quarterly reporting enhances its overall decision making process by providing more timely, useful and relevant data to the decision

¹¹ 16 U.S.C. 824.

¹² 16 U.S.C. 825a, 825f, 825h, 825j.

making process. The Commission collects Form Nos. 3Q information as prescribed in 18 CFR 260.300.

Under the existing regulations FERC jurisdictional entities subject to its Uniform System of Accounts must annually (quarterly for the 3-Q), file with the Commission a complete set of financial statements, along with other selected financial and non financial data through the submission of FERC Annual Report Forms 1, 1-F, and 3-Q. The FERC Annual/Quarterly Report Forms provide the Commission, as well as others, with an informative picture of the jurisdictional entities financial condition along with other relevant data that is used by the Commission, as well as others, in making economic judgments about the entity or its industry.

2. HOW, BY WHOM, AND FOR WHAT PURPOSE THE INFORMATION IS TO BE USED AND THE CONSEQUENCES OF NOT COLLECTING THE INFORMATION

These forms provide information concerning a company's past performance and its future prospects, information compiled using a standard chart of accounts contained in the Commission's Uniform System of Accounts (USofA).¹³ The forms contain schedules which include a basic set of financial statements: Comparative Balance Sheet, Statement of Income and Retained Earnings, Statement of Cash Flows, and the Statement of Comprehensive Income and Hedging Activities. Supporting schedules containing supplementary information are filed, including revenues and the related quantities of products sold or transported; account balances for various operating and maintenance expenses; selected plant cost data; and other information.

The information collected in the forms is used by Commission staff, state regulatory agencies and others in the review of the financial condition of regulated companies. The information is also used in various rate proceedings, industry analyses and in the Commission's audit programs and as appropriate, for the computation of annual charges based on certain schedules contained on the forms. The Commission provides the information to the public, intervenors and all interested parties to assist in the proceedings before the Commission.

Additionally, the uniformity of information helps to present accurately the entity's financial condition and produces comprehensive data related to the entity's financial history helping to act as a guide for future action. The uniformity provided by the Commission's chart of accounts and related accounting instructions permits comparability and financial statement analysis of data provided by jurisdictional entities. Comparability of data and financial statement analysis for a particular entity from one period to the next, or between entities, within the same industry, would be difficult to achieve if each company maintained its own accounting records using dissimilar accounting methods and classifications to record similar transactions and events.

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

¹³ See 18 CFR Part 201.

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.

The FERC Annual Report Forms provide the Commission, as well as others, with an informative picture of the jurisdictional entities' financial condition along with other relevant data that is used by the Commission in making economic judgments about the entity or its industry. For financial information to be useful to the Commission, it must be understandable, relevant, reliable and timely. As financial reporting has evolved over the years, users of financial information have been willing to forgo some precision in reliability for the ability to obtain the information on more timely intervals, such as quarterly reporting.

In summary, without this information the Commission will not be able to respond and make decisions in a timely manner particularly to rapidly changing financial conditions of entities subject to its jurisdiction.

3. DESCRIBE ANY CONSIDERATION OF THE USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN AND TECHNICAL OR LEGAL OBSTACLES TO REDUCING BURDEN

The Commission has made available to all Form 1, Form 3-Q, (also Forms 2, 2-A and Form 6 respondents), web-based, Windows submission software necessary to file electronically through a doorway found on the FERC web site at <http://www.ferc.gov/docs-filing/eforms/form-1/elec-subm-soft.asp> and <http://www.ferc.gov/docs-filing/eforms.asp#3Q-elec> . Presently, respondents are using this software and doorway access. It should be noted that because of the fewer respondents that file the FERC Form 1-F which also has fewer accounting schedules, they have been allowed to file manually. However, the Commission encourages these filers to use the Form 1 software.

The Commission has adopted user friendly electronic filing formats and software to facilitate these required formats and software in order to generate the required electronic filings. (See 18 CFR section 385.2011 of the Commission's regulations.)

To improve access to FERC-held financial information, the Commission has made it easier for users to electronically access financial information filed with the Commission. The

Commission has also worked with the Securities and Exchange Commission in an effort to establish web links between the two agencies respective web home pages so that all users can access FERC-held financial information in a timely and efficient manner.

4. DESCRIBE EFFORTS TO IDENTIFY DUPLICATION AND SHOW SPECIFICALLY WHY ANY SIMILAR INFORMATION ALREADY AVAILABLE CANNOT BE USED OR MODIFIED FOR USE FOR THE PURPOSE(S) DESCRIBED IN INSTRUCTION NO. 2

The Commission's filings and data requirements are periodically reviewed in conjunction with OMB clearance expiration dates. This includes a review of the Commission's regulations and data requirements to identify any duplication. The Commission's staff is continuously reviewing its various filings in an effort to alleviate duplication.

While some jurisdictional entities may file similar information with the Securities and Exchange Commission (SEC), the level of detail concerning assets, liabilities, stockholders' equity along with the revenues, expenses, gains and losses is different for the Commission and the SEC. The financial statements filed with the SEC are on a consolidated, or parent company basis. The Commission notes that a majority of the jurisdictional entities that it regulates file financial information with the SEC that consolidates their assets, liabilities and profits with their parent company, or combine the regulated and unregulated operations in the reports to the SEC. While consolidation is appropriate for SEC reporting, the Commission requires more detailed information concerning the results of operations, and the financial position of each jurisdictional entity in order to meet its regulatory needs. Therefore, the Commission has required jurisdictional entities to file financial information on a jurisdictional entity level basis using a uniform system of accounts.

In response to the Notice of Inquiry'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.¹⁴ EEI encouraged 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.¹⁵

Commission Response

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. The

¹⁴ Id. at 11.

¹⁵ Id.

Commission agrees 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.¹⁶ The Commission anticipates that it will continue to obtain the needed demand response data through these forms.

5. METHODS USED TO MINIMIZE BURDEN IN COLLECTION OF INFORMATION INVOLVING SMALL ENTITIES

The Commission believes that the reporting requirements contained in the proposed rule will not create significant burdens to industry. The Commission believes that the benefits of greater transparency and understandability of financial statements to both the Commission and the public far outweigh the costs to an individual company. As the Commission noted above, most of the information requested is data that is maintained by the electric utility and can be transferred to existing and new schedules. The Commission finds that the burden should be minimal. It is standard practice for companies to compile and summarize accounting transactions on a monthly basis, or even more frequently depending on the operational need for selected data. Therefore, the information needed to compile quarterly financial statements is readily available. However, if the reporting requirements represent an undue burden on small businesses, the affected entity may seek a waiver of the disclosure requirements from the Commission. The Commission believes that the information specified in the proposed rule is the minimum necessary to provide a meaningful review of financial conditions and would impose the least possible burden on entities.

In the NOPR, Golden State Water Company (GSW) recommended that the Commission consider modifying the threshold requirements that determine whether smaller public utilities may file Form 1-F rather than Form 1.¹⁷ GSW stated 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 1.¹⁸ GSW stated 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 suggested that for purposes of the Form 1 filing requirement, only sales for resale from the public utility's owned generation should be counted.¹⁹

Commission Response

16 1902-0213 & 1902-0214.

17 Comments of GSW at 5.

18 *Id.* at 6.

19 *Id.*

As we note below with greater discussion, it has been suggested that the Commission revise the metric for determining thresholds defining major and nonmajor utilities; however no one has yet offered a specific suggestion for different thresholds.

6. CONSEQUENCE TO FEDERAL PROGRAM IF COLLECTION WERE CONDUCTED LESS FREQUENTLY

The proposed data requirements, as adopted will require changes to existing Form Nos. 1, 1-F and 3Q which are required by the Commission to be submitted annually and in the case of the 3Q quarterly. Annual reporting is consistent with the reporting to the companies' own management, the Internal Revenue Service, state and other Federal agencies' (including Office of Management and Budget) (OMB) requirements. Likewise, the reporting requirements for quarterly reports are consistent with and compatible to the reporting of companies to their own management as discussed in this submission. OMB's guidelines also states at 5 CFR 1320.5(d) (2)(1) call for agencies to require respondents report information no less than quarterly and the proposed requirements meet that guideline.

7. EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE INFORMATION COLLECTION

The proposed program meets all of OMB's section 1320.5 requirements.

8. DESCRIBE EFFORTS TO CONSULT OUTSIDE THE AGENCY: SUMMARIZE PUBLIC COMMENTS AND THE AGENCY'S RESPONSE TO THESE COMMENTS

The Commission's procedures require that a rulemaking notice be published in the Federal Register, thereby allowing all jurisdictional entities, state commissions, federal agencies, and other interested parties an opportunity to submit comments, or suggestions concerning the proposal. The rulemaking procedures also allow for public conferences to be held as required.

The Commission published the proposed rule in the Federal Register with comments due 45 days from the publication date in the Federal Register.

Notice of Inquiry (NOI)

In the NOI, the Commission sought comment on the need for changes or additions to the financial information reported in the Commission's quarterly and annual financial reports, FERC Form Nos. 1, 1-F, 2, 2-A, 3-Q, 6 and 6-Q applicable to the electric utility, natural gas, and oil pipeline industries. Specifically, the Commission asked commenters to address the question of whether the Commission's financial reports provide sufficient information to the public to permit an evaluation of the filers' jurisdictional rates, and whether these forms should

otherwise be modified. The NOI posed 12 general questions and also invited commenters to raise other questions or issues that might aid the Commission's assessment of the forms.²⁰

On March 28, 2007, the Commission received 35 comments from FERC Form Nos. 1, 1-F, 2, 2-A, 3-Q, 6 and 6-Q users and jurisdictional entities that file the reports.²¹ On April 27, 2007, 15 reply comments were filed. After reviewing the comments, the Commission has determined that each of the forms merits its own separate review. Twenty-one initial comments or motions to intervene without filing comments and four reply comments specifically address Forms 1, 1-F and 3-Q.

Form 1

The FERC Form 1 public utility filers generally asserted 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, stated that more information is needed to permit rate evaluation and thus determine whether rates may be unjust and unreasonable.

The Edison Electric Institute (EEI) argued 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.²² EEI also argued 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.²³ 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.²⁴ EEI stated that any significant additions or changes to the financial forms, other than minor or technical changes, could impose a substantial additional burden on companies.

EEI also asserted that the information provided in Form 1 is sufficient to audit formula rates.²⁵ EEI argued 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,

20 NOI at P 16.

21 Parties who filed comments and reply comments are listed on Appendix C of the NOPR.

22 Comments of EEI at 8.

23 *Id.* at 7.

24 *Id.* at 8.

should the Commission need additional information, it can request the information in an audit rather than impose an additional burden on filers.²⁶

Public Service Electric & Gas Company (PSE&G) stated 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.²⁷

Duke Energy Corporation (Duke) supported the comments filed by EEI and agreed that the information currently reported in Form 1 is sufficient to audit formula rates and to permit evaluation of jurisdictional rates.²⁸ Duke also stated 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.²⁹ In general, Duke argued that unless new information is clearly justified by a valid business or regulatory need, Duke would oppose any added requirements as burdensome.³⁰ Duke cited 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 argued that the expenses in Account 120.10 should be consolidated into one line that includes Allowance for Funds Used during Construction (AFUDC);³¹
- (3) Form 1, page 216 (Construction Work in Progress) Duke argued 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 argued that these pages are not meaningful to users since SO₂ and NO_x must be combined. Duke suggested that separate pages be provided for SO₂ 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

25 Id. at 9.

26 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).

27 Comments of Public Service & Electric Co. at 2.

28 Initial Comments of Duke at 2-3.

29 Id. at 3.

30 Id.

31 See 18 CFR Part 101, Electric Plant Instructions, 17(a).

- Debits & Other Regulatory Liabilities) Duke noted that each of these pages allows grouping of items with balances of \$50,000 or less, and suggested 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 argued that these pages are time consuming to prepare and difficult for users to reconcile with the financial statements;
- (7) Form 1, page 269 (Other Deferred Credits) this page allows grouping of items with a balance of \$10,000 or less, and Duke suggested that this threshold be increased to a more meaningful level;
- (8) Form 1, pages 301 and 326 (Electric Operating Revenues and Purchased Power) Duke stated 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 argued that reporting revenue by rate code is unnecessary as rate codes are not necessarily consistent across utilities for the services provided. Duke suggested 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 asserted 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 argued that columns (b) Energy Received From, and (c) Energy Delivered To, report information that provides little value to users and should be deleted. Duke asserted that this is true also for columns (f) Point of receipt and (g) Point of delivery. Additionally, Duke asserted 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 argued 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 argued 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 argued that the level of detail required for reporting miles of transmission lines is extremely burdensome and suggested 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 argued that the requirement to enter the necessary information related to several thousand substations is burdensome and of questionable value to users.³²

The American Public Power Association (APPA) stated that the annual and quarterly forms do not provide sufficient information to permit an evaluation of the filers' jurisdictional rates.³³ 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.³⁴ APPA stated that transmission rates based on the Commission's Order No. 888 pro forma open access transmission tariff (OATT)³⁵ 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 recommended 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.³⁶ APPA also recommended that Accounts 447 (Sales

32 Id. at 5-7.

33 Comments of APPA at 2.

34 Id. at 3.

35 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 red's, Order No. 888-B, 81 FERC ¶ 61,248 (1997), order on red's, Order No. 888-C, 82 FERC ¶ 61,046 (1998), off's in relevant part sub nom. Transmission Access Policy Study Group v. FERC, 225 F.3d 667 (D.C. Cir. 2000), off's sub nom. New York v. FERC, 535 U.S. 1 (2002).

36 Id.

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.³⁷ APPA recommended that revenues be broken down into the various firmness and duration classes of OATT and grandfathered agreements and presented separately. APPA also recommended that revenues from “wholesale distribution” be separately identified.³⁸

With respect to formula rates, APPA stated that Form 1 information and the rate policies embedded in rate formulas are not well matched, and substantial adjustments are often necessary. APPA stated 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 cautioned, 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.³⁹ Therefore, APPA recommended 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.⁴⁰ APPA also recommended that Form 1 be amended to collect additional information on transmission facilities. APPA stated 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.⁴¹

Consumers Energy Company (Consumers) stated 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 stated 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.⁴² Consumers stated 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.⁴³ Consumers recommended that the Commission require that electric

37 Id. at 3-4.

38 Id. at 4.

39 Id. at 4.

40 Id. at 5.

41 Id. at 6.

42 Comments of Consumers at 3.

43 16 U.S.C. 824e.

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 recommended 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.⁴⁴ Consumers stated that the ability to differentiate between projects 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.⁴⁵

The Bureau of Economic Analysis (BEA) stated that it uses both direct and indirect sources for information the Commission provides on costs related to the electric industry.⁴⁶ BEA requests the Commission consider the inclusion of additional data in Form 1 that would enhance the data provided by BEA.⁴⁷ For example, BEA stated 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 stated 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.

Commission Response

While a number of commenters have suggested the collection of additional Form 1 data, the Commission does 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, the Commission believes that wholesale changes to Form 1 may not be needed at this time. Rather, only targeted changes are necessary. The Commission therefore 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. The Commission will not require detailed information on pensions and

44 Id. at 5-6.

45 Id. at 6.

46 Comments of BEA at 1.

47 Id.

other employment benefits, as requested by the NYPS&C. The Commission believes this level of detail may be unnecessary and burdensome.

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 the financial reporting requirements for both annual and quarterly reports to improve the transparency of financial information and facilitate better understanding of RTO costs.⁴⁸ 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 requested 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 the Commission has stated, it expects all filers to provide full information in accordance with the form's instructions.

The Commission believes that some limited additional information will satisfy the concerns of commenters who have requested more data. The Commission proposes 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. The Commission also asks, however, whether it makes sense to require utilities to provide such explanation through a means other than the Form 1. The Commission believes that this limited additional information is not unduly burdensome and would provide additional transparency with regard to formula rates and the underlying data.

⁴⁸ Accounting and Financial Reporting for Public Utilities Including RTOs, Order No. 668, FERC Stats. & Regs. ¶ 31,199 (2005), red's denied; Order No. 668-A, FERC Stats. & Regs. ¶ 31,215 (2006).

As noted above, Duke suggested changes to and the elimination of several pages from the Form 1. The Commission's 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 the Commission does 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 the Commission agrees that separate pages should be provided for SO₂ and NO_x;
- pages 262 and 263 (General Taxes) – the Commission rejects 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.

In addition, Duke recommended raising the threshold levels for reporting certain information. Although the Commission finds that Duke's suggested new levels are generally too high and would inappropriately exclude information from smaller filers, based on the Commission's experience, we agree that it is reasonable to increase certain threshold levels.

The Commission therefore proposes new threshold levels but lower than Duke's proposed threshold levels, and we 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. The Commission believes this number may be too high. The Commission believes a requirement of \$1 million is more reasonable and it invites comments. Pages 232, 233 and 278 (Other Regulatory Assets, Miscellaneous Deferred Debits & Other Regulatory Liabilities) - Duke proposed to raise the balance limit for grouping items from \$50,000 or less to \$1 million or less. Again, the Commission believes that Duke's number may be too high. However, the Commission proposes 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 recommended that the threshold of \$10,000 for grouping items be raised but does not suggest a specific number. Based on the Commission's experience, the Commission proposes that it be raised from \$10,000 to \$100,000. Pages 352 and 353 (Research & Development) - Duke recommended 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. The Commission believes that the level proposed by Duke is too high. Rather, the Commission proposes to raise the level from \$5,000 to \$50,000. The Commission invites in the NOPR comments on all of these proposals.

Form 3-Q

EI asserted that the information contained in Form 3-Q is of marginal value beyond the information already provided in Form 1.⁴⁹ EI suggests that the Commission perform a cost-benefit analysis of the continued viability of Form 3-Q.⁵⁰ Similarly, PSE&G, 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.⁵¹ 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.⁵²

Commission Response

The Commission believes that the increased frequency of financial information provided in Form 3-Q is important. The quarterly reports allow for timelier 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.

49 Id. at 12.

50 Id. at 13.

51 Id. at 5.

52 Id.

Non-Calendar Fiscal Year

Form 1 is filed on a calendar year basis. Some of the reporting companies, however, operate on a non-calendar fiscal year. UGI argued that it is burdensome for companies that do not use a calendar fiscal year to prepare two sets of audited statements.⁵³ UGI proposed 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.⁵⁴

Commission Response

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.⁵⁵ The Commission believes that UGI's proposal is reasonable and proposes to adopt it in this NOPR.

Filing Thresholds for Forms 1 and 1-F

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.⁵⁶ FirstEnergy stated 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.⁵⁷ 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

53 Comments of UGI at 1-2.

54 Comments of UGI at 2; see 18 CFR 41.11.

55 See, e.g., PacifiCorp, Docket Nos. AC00-20-000 and AC00-20-001 (April 14, 2000) (unpublished letter order).

56 See Comments of FirstEnergy at 11; Comments of GSW at 5.

57 Comments of FirstEnergy at 11.

requirement to file Form 1; only sales for resale from the utility's owned generation should be counted.⁵⁸

Commission Response

Sections 141.1 and 141.2 of the Commission's regulations prescribe the reporting requirements for public utilities defined as major or nonmajor.⁵⁹ 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.⁶⁰ The filing thresholds established in the USofA , General Instructions, defining major and nonmajor utility have been in place for some time.⁶¹ While several commenters suggested 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. In this NOPR, the Commission invites form filers, users, and state commissions to comment on the issue of whether the definitions for major and nonmajor utilities require some revision.

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.⁶² 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.⁶³

58 Comments of GSW at 5-6.

59 18 CFR 141.1, 141.2

60 18 CFR Part 101; see supra note 7.

61 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).

62 See Morenci Water & Electric Co., 121 FERC ¶ 61,024 (2007).

63 Id.

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.⁶⁴ In this NOPR, the Commission proposes to eliminate the filing requirement for utilities not subject to the Commission's jurisdiction and invite comments on this proposal.

9. EXPLAIN ANY PAYMENTS OR GIFTS TO RESPONDENTS

There are no payments or gifts to respondents in the proposed rule.

10. DESCRIBE ANY ASSURANCE OF CONFIDENTIALITY PROVIDED TO RESPONDENTS

The Commission considers both its annual and quarterly reporting systems to be public information and, therefore, generally not confidential. The benefits of a standardized and uniform accounting system would not be realized if the financial information once compiled were withheld from public view. To ensure that these benefits are realized, and to provide transparency of economic consequences to all affected interests, the Commission has prescribed a program of periodic financial reporting that makes financial and non-financial information publicly available to all interested parties.

However, the Commission will entertain specific requests for confidential treatment to the extent permitted by law pursuant to 18 C.F.R. § 388.112.

EI asked 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.⁶⁵

APPA urged the Commission to keep Form 1 data publicly available.⁶⁶

Commission Response

EI expressed as noted above, concern regarding the confidentiality of certain financial

⁶⁴ 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.

⁶⁵ *Id.*

⁶⁶ *Id.* at 7.

data and the possibility of competitive risks by disclosing information about a utility's performance and costs. EEI also argued for 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.⁶⁷

11. PROVIDE ADDITIONAL JUSTIFICATION FOR ANY QUESTIONS OF A SENSITIVE NATURE THAT ARE CONSIDERED PRIVATE

There are no questions of a sensitive nature associated with the data requirements proposed in the subject rule.

12. ESTIMATED BURDEN COLLECTION OF INFORMATION

The Commission estimates that on average it will take respondents 20 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)x(c)x(d)
FERC Form 1	205	11	1	2,255
FERC Form 1-F	5	6	1	30
FERC Form 3-Q	194	1	3	582
Relevant Totals				2,867

Total Annual Hours for Collection:

(Reporting + record keeping, (if appropriate)) = 2,867 hours.

⁶⁷ 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).

DATA REQUIREMENT Form 1	CURRENT OMB INVENTORY*	PROPOSED IN NOPR	NEW OMB INVENTORY
Estimated number of respondents :	220	205	205
Estimated number of responses per respondent:	1	1	1
Estimated number of responses per year :	220	205	205
Estimated number of hours per response :	1,570	11	1,116#
Total estimated burden (hours per year) :	250,107	2,255	228,812

Program change in industry burden hours : + 2,255
 Adjustment change in industry burden hours : - 23,550°

* Based on OMB's Active Information Collections
 as of August 21, 2007.
 #rounded off.

OMB DATA REQUIREMENT Form 1-F	CURRENT OMB INVENTORY*	PROPOSED IN NOPR	NEW INVENTORY
Estimated number of respondents :	33	5	5
Estimated number of responses per respondent:	1	1	1
Estimated number of responses per year :	33	5	5
Estimated number of hours per response :	115	6	52.80
Total estimated burden (hours per year) :	3,454	30	264

Program change in industry burden hours : 30
 Adjustment change in industry burden hours : -3,220°

* Based on OMB's Active Information Collections
 as of January 25, 2008.
 #rounded off.

° Result of consolidation and/or mergers within the industry or several entities now qualify to file the Form 1.

OMB DATA REQUIREMENT Form 3-Q INVENTORY	CURRENT OMB INVENTORY*	PROPOSED IN NOPR	NEW
Estimated number of respondents :	353	194	353
Estimated number of responses per respondent:	3	3	3
Estimated number of responses per year :	1,059	582	1,059
Estimated number of hours per response :	161#	1	162
Total estimated burden (hours per year) :	171,011	582	171,593

Program change in industry burden hours : + 582
 Adjustment change in industry burden hours : -0-

* Based on OMB's Active Information Collections

as of January 25, 2008.
#rounded off

13. ESTIMATE OF THE TOTAL ANNUAL COST BURDEN TO RESPONDENTS

The Commission seeks comments in the NOPR 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. The estimated annualized filing cost to respondents related only to the reporting requirements as proposed in the NOPR are as follows:

<u>Data Requirement Number</u>	<u>Total Hours Respondent Burden</u> □	<u>Employee Hours Per Year</u>	x	<u>Estimated Salary⁶⁸ Per Year</u>	=	<u>Total Cost</u>
FERC Forms 1, 1-F & 3Q \$174,208.	2,867	2,080		\$126,384		

14. ESTIMATED ANNUALIZED COST TO FEDERAL GOVERNMENT

<u>Data Requirement Number</u>	<u>Analysis of Data⁶⁹ (FTEs)</u> □	<u>Estimated Salary Per Year</u>	x	<u>FERC Forms Clearance Per Year</u>	=	<u>Total Cost One Year's Operation</u>
FERC Forms 1, 1-F , & 3Q	2	\$126,384	+	\$ 1,944		\$254,712.

15. REASONS FOR CHANGES IN BURDEN INCLUDING THE NEED FOR ANY INCREASE

The information maintained and collected under the requirements of Part 141 is essential to the Commission’s oversight duties under the Federal Power Act. 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

68?/ The "salary" per employee with entities regulated by the Commission is assumed to be the same as per Commission program staff based on its appropriated budget for fiscal year 2008. The \$126,384 consists of \$102,028 in salaries and benefits and \$24,355 in overhead (rounded off).

69?/ An "FTE" is a "Full time Equivalent" employee that works the equivalent of 2,080 hours per year.

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.

The Commission has determined that dependable, affordable, competitive wholesale energy markets require an adequate infrastructure, balanced market rules, and vigilant oversight. This proposed rule helps in achieving the goal of vigilant oversight by providing the Commission with more timely, relevant, reliable and understandable information from jurisdictional participants in the energy markets.

16. TIME SCHEDULE FOR PUBLICATION OF DATA

The Commission has not published the information contained on FERC Forms 1, 1-F and 3Q. The publication of energy data became the responsibility of the Energy Information Administration when the Commission succeeded the Federal Power Commission per the Department of Energy Organization Act in October 1977. The primary purpose of the information collected on these forms is to support the Commission's regulatory activities. However, copies of the forms submitted to the Commission are available on its Internet web site or through its Public Reference Room.

17. DISPLAY OF EXPIRATION DATE

All forms display both the OMB control number and the expiration date. In addition, this information is also displayed in the upper right-hand corner of the cover page in the appropriate electronic versions for these forms.

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT

There is an exception to the Paperwork Reduction Act submission certification. Because the data collected on these forms is not used for statistical purposes, the Commission does not as stated in item no. 19(j) use "effective and efficient statistical survey methodology." The information collected is case specific to each respondent.

B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

These are not as noted above, collections of information employing statistical methods.