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**18 CFR Parts 35, 101, et al.
Accounting, Financial Reporting, and Rate
Filing Requirements for Asset Retirement
Obligations; Proposed Rule**

DEPARTMENT OF ENERGY**Federal Energy Regulatory Commission****18 CFR Parts 35, 101, 154, 201, 346, and 352****[Docket No. RM02-7-000]****Accounting, Financial Reporting, and Rate Filing Requirements for Asset Retirement Obligations**

Issued: October 30, 2002.

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

SUMMARY: The Federal Energy Regulatory Commission (Commission) proposes to revise its regulations to update the accounting and reporting requirements for liabilities for asset retirement obligations under its Uniform Systems of Accounts for public utilities, licensees, natural gas companies, and oil pipeline companies.

The Commission proposes to establish uniform accounting and financial reporting for the recognition and measurement of liabilities arising from retirement and decommissioning obligations of tangible long-lived assets and the related capitalized costs. The Commission also proposes to add new income statement accounts to the Uniform Systems of Accounts to record the accretion of the liability and the depreciation of the related capitalized costs. The Commission proposes to add or revise as necessary the definitions, general and plant instructions, and balance sheet and income statement accounts contained in the Uniform Systems of Accounts. Additionally, the Commission proposes to revise its rate filing requirements to incorporate the above mentioned changes.

Finally, the Commission proposes to revise the following Annual Reports: FERC Form No. 1, Annual Report of Major Public Utilities, Licensees and Others (Form 1); FERC Form No. 1-F, Annual Report of Nonmajor Public Utilities and Licensees (Form 1-F); FERC Form No. 2, Annual Report of Major Natural Gas Companies (Form 2); FERC Form No. 2-A, Annual Report of Nonmajor Natural Gas Companies (Form 2-A); and Form No. 6, Annual Report of Oil Pipeline Companies (Form 6) to include the new accounts and revised schedules proposed by this rulemaking.

An important objective of the proposed rule is to provide sound and uniform accounting and financial reporting for the above types of transactions and events. The new instructions and accounts will result in

improved, consistent and complete accounting and reporting of liabilities for obligations associated with the retirement of tangible long-lived assets and the related asset retirement costs capitalized. The additions of new accounts and changes to the FERC Forms noted above will add visibility, completeness and consistency of the accounting and reporting of liabilities for asset retirement obligations and the related asset retirement costs capitalized.

DATES: Comments on the proposed rulemaking are due on or before January 3, 2003.

ADDRESSES: File written comments with the Office of the Secretary, Federal Energy Regulatory Commission, 888 First Street, NE., Washington, DC 20426. Comments should reference Docket No. RM02-7-000. Comments may be filed electronically or by paper (an original and 14 copies, with an accompanying computer diskette in the prescribed format requested).

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I. Introduction

1. In this Notice of Proposed Rulemaking (NOPR), the Federal Energy Regulatory Commission (Commission) proposes to revise its Uniform Systems of Accounts¹ for public utilities and licensees,² natural gas companies³ and

¹ Section 301(a) of the Federal Power Act (FPA), 16 U.S.C. 825(a), section 8 of the Natural Gas Act (NGA), 15 U.S.C. 717g and section 20 of the Interstate Commerce Act (ICA) 49 App. U.S.C. 20 (1988), authorize the Commission to prescribe rules and regulations concerning accounts, records and memoranda as necessary or appropriate for the purposes of administering the FPA, NGA and the ICA. The Commission may prescribe a system of accounts for jurisdictional entities and, after notice and opportunity for hearing, may determine the accounts in which particular outlays and receipts will be entered, charged or credited.

² Part 101 Uniform System of Accounts Prescribed for Public Utilities and Licensees Subject to the Provisions of the Federal Power Act. *See* 18 CFR part 101 (2002).

³ Part 201 Uniform System of Accounts Prescribed for Natural Gas Companies Subject to the Provisions of the Natural Gas Act. *See* 18 CFR part 201 (2002).

oil pipeline companies⁴ for the recognition of liabilities for legal obligations associated with the retirement of tangible long-lived assets and the associated capitalization of these amounts as part of the cost of the asset giving rise to the obligation.

2. The purpose of the NOPR is to improve the usefulness of financial information provided to the Commission and other users of the FERC Forms by establishing uniform accounting and reporting requirements for legal obligations associated with the retirement of tangible long-lived assets. The Commission proposes to add or revise as necessary the definitions, general and plant instructions, and balance sheet and income statement accounts contained in the Uniform Systems of Accounts to incorporate the proposed changes for the accounting for asset retirement obligations. The Commission is of the view that such requirements are needed because these types of transactions and events are not clearly or consistently reported. This NOPR is part of the Commission's ongoing effort to address emerging accounting developments within the context of the Uniform Systems of Accounts.

3. The proposed accounting for asset retirement obligations is consistent with the accounting and reporting requirements that jurisdictional entities will use in their general purpose financial statements provided to shareholders and the Securities Exchange Commission (*e.g.*, companies will separately account and report the liability for the asset retirement obligations, capitalize the asset costs, and charge earnings for depreciation of the asset and operating expense for the accretion of the liability).

4. An asset retirement obligation is a liability resulting from a legal obligation to retire or decommission a plant asset. The types of work activities typically include removing or dismantling the asset. For example, public utilities have a legal liability to decommission nuclear plants under certain Nuclear Regulatory Commission (NRC) regulations. The activities would include the dismantlement and removal of the reactor vessel and the related contaminated facilities. Natural gas pipeline companies may have legal liabilities to remove compressor stations and related piping under state regulations, local ordinances or agreements entered into with the

landowners. Offshore pipelines may have legal obligations that arise under federal and state site clearance requirements to remove the offshore platforms, wells, pilings and other appurtenances resulting from the retirement of such facilities. However, certain assets may not have legal obligations if no law, statute, ordinance, or contract exists to remove or dismantle the facilities.

5. Business entities have accounted for legal obligations in various ways. Some business entities recognize these asset retirement obligations gradually over the life of the asset as part of depreciation expense while others have not recognized any liability for the legal obligations for the asset to be retired. Under the proposed accounting all entities must record the present value of the legal obligation at the time it is incurred.

6. To illustrate, the owner of a nuclear plant estimates that the cost to decommission the facilities as required by law is \$400,000 ten years from today. Under the current practice the owner records \$40,000 (\$400,000/10 years) of additional depreciation expense each year for the cost of removing the plant. This simplified example ignores interest earnings, etc. on amounts placed in an external fund.

7. The new accounting standard requires that the owner record a liability for the present value of the \$400,000. Assuming a \$100,000 present value, the owner initially records a liability of \$100,000 and capitalizes a corresponding amount as part of the asset costs. The liability recorded will increase or grow over time (time value of money) until the actual retirement activity commences and the liability is settled (paid). Both approaches recognize the same total expenses of \$400,000 over the asset's useful life. Under the new accounting standard, the total expenses are made up of \$100,000 in depreciation on the capitalized asset costs plus \$300,000 for the time value of money, while under the current practice the decommissioning liability is recognized on a pro rata basis over the life of the plant as depreciation expense of \$400,000.

8. In summary, the new accounting standard requires the present value of the liability to be recorded for all assets. Additionally, the entity capitalizes this amount as part of the cost of the plant and depreciates it over the useful life of the related asset.

9. Finally, a gain or loss may be recognized for any difference between the estimated liability and the actual amount paid to settle the asset retirement obligation. In the example

above, if the owner paid a contractor \$380,000 to remove the plant and thereby settle the obligation, a gain of \$20,000 will be recognized for the difference between the \$400,000 liability recorded on its books and the \$380,000 paid to the contractor for the work performed.

10. The Commission also proposes to revise its rate filing requirements to accommodate the above mentioned changes. In that regard, we specifically note that the proposed accounting will not affect jurisdictional entities' ability to recover costs arising from asset retirement obligations in rates. However, public utilities, licensees, natural gas and oil pipeline companies with formula rate tariffs must seek approval with the Commission prior to implementing the accounting changes, if doing so would affect tariff billings.

11. Finally, the Commission proposes to revise the following Annual Reports: FERC Form No. 1, Annual Report of Major Public Utilities, Licensees and Others (Form 1); FERC Form No. 1-F, Annual Report of Nonmajor Public Utilities and Licensees (Form 1-F); FERC Form No. 2, Annual Report of Major Natural Gas Companies (Form 2); FERC Form No. 2-A, Annual Report of Nonmajor Natural Gas Companies (Form 2-A); and FERC Form No. 6, Annual Report of Oil Pipeline Companies (Form 6) to include the new accounts and the revised schedules proposed in this rulemaking.⁵

II. Background

12. The recognition and measurement of legal liabilities associated with the retirement and decommissioning of long-lived assets by various entities, including Commission jurisdictional entities, has been inconsistent over the years. The usefulness of consistently recognizing and measuring asset retirement obligations in the financial statements resulted in the Financial Accounting Standards Board (FASB) issuing a new accounting pronouncement affecting the manner in which legal obligations are measured and reported in the financial statements applicable to entities in general.⁶ The

⁵ The FERC Annual Reports bear the following OMB approval control numbers: Form 1 has OMB approval number 1902-0021; Form 1-F has OMB approval number 1902-0029; Form 2 has OMB approval number 1902-0028; Form 2-A has OMB approval number 1902-0030; and Form 6 has OMB approval number 1902-002.

⁶ The accounting pronouncement issued by FASB was Financial Accounting Standards (FAS) No. 143, Accounting for Asset Retirement Obligations, issued in June 2001. The accounting may be obtained from FASB at <http://accounting.rutgers.edu/raw/fasb/>.

⁴ Part 352 Uniform System of Accounts Prescribed for Oil Pipeline Companies Subject to the Provisions of the Interstate Commerce Act. See 18 CFR part 352 (2002).

major objective of this change in accounting by FASB is to provide standards for the recognition and measurement of liabilities for asset retirement obligations associated with the retirement of tangible long-lived assets. When an entity acquires or constructs an asset, it may incur certain legal obligations associated with the future retirement of that asset. These obligations are generally referred to as asset retirement obligations. An asset retirement obligation is a legal obligation associated with the retirement of a tangible long-lived asset that an entity is required to settle as a result of an existing enacted law, statute, ordinance, or written or oral contract or by legal construction of a contract under the doctrine of promissory estoppel.⁷

13. An entity essentially recognizes a liability for the fair value of an asset retirement obligation at the time the asset is constructed, acquired, or when a change in the law creates a legal obligation to perform the retirement activities. Upon initial recognition of that liability, an entity also increases the cost of the related asset that gives rise to the legal obligation by the same amount.⁸ The liability is increased over time until the actual retirement activity commences.⁹ Additionally, the asset retirement cost capitalized is depreciated over the same life of the related asset giving rise to the obligation. An entity is required to remeasure the liability due to the passage of time and certain other changes in the estimate of the liability.¹⁰

14. Business entities are required to apply the standards for accounting for asset retirement obligations to all existing assets as if the accounting requirements had always been in existence for such assets, as well as those under construction that have associated legal obligations for their disposal or retirement.¹¹

15. The accounting standards for asset retirement obligations rely on the general standards of accounting for the effects of regulation for regulated

entities in accordance with FASB Statement No. 71, *Accounting for the Effects of Certain Types of Regulation*, (FAS 71).¹² Therefore, an entity must recognize a regulatory asset or regulatory liability if the requirements of FAS 71 are met. The Commission established regulatory assets and liabilities which apply to public utilities, licensees and natural gas companies.¹³

16. The Commission considers it desirable for its accounting requirements and those used by jurisdictional entities for general purpose financial reporting to be consistent. Currently, some jurisdictional entities do not recognize asset retirement obligations in the Uniform Systems of Accounts while other jurisdictional entities only recognize the amounts included in the rate setting process as a component of accumulated depreciation. The Commission is of the view that the accounting for asset retirement obligations to be an improvement in financial accounting and reporting practices. The Commission notes that the proposed rule will improve consistency in accounting and reporting of legal obligations to retire tangible long-lived assets which under current accounting practices are accounted and reported in an inconsistent manner. The Commission also notes that the proposed rule will provide the Commission's stakeholders with more transparent financial statement disclosure of the costs related to the legal obligation in the FERC Annual Reports. The proposed rule is consistent with the enhanced disclosure initiatives announced by the Security Exchange Commission to ensure more important transparent and comprehensive accounting and reporting information will be provided by business entities to their stakeholders.

17. In an effort to eliminate the inconsistencies in accounting practices by jurisdictional entities for asset retirement obligations, the Commission proposes to provide in the Uniform Systems of Accounts accounting requirements for the recognition and measurement of liabilities for obligations associated with the retirement and decommissioning of tangible long-lived assets. The

Commission considers that the proposed rule for asset retirement obligations will provide consistent accounting and reporting requirements for the recognition and measurement of liabilities for legal obligations associated with the retirement of long-lived assets and the capitalization of the related asset retirement costs. The proposed rule, if adopted, will initially result in a minimal increase in burden as a result of standardizing the accounting and reporting for asset retirement obligations for regulatory purposes. The proposed rule will eliminate the need by jurisdictional entities to maintain duplicate sets of books.

18. Finally, on May 7, 2002, Commission staff held an informal technical conference to discuss the financial accounting, reporting and ratemaking implications related to obligations associated with the retirement of tangible long-lived assets.¹⁴ The main purpose for convening this technical conference was to afford an opportunity for the electric, natural gas and oil pipeline industries and other interested parties to discuss the financial and reporting implications related to asset retirement obligations on the Commission's existing accounting and rate regulations. The Commission staff received suggestions from the participants at the technical conference which have been incorporated into the NOPR, to the maximum extent possible.

III. Discussion of Proposed Revisions to Regulation for Public Utilities, Licensees, and Natural Gas Companies

A. General

19. The Commission's existing Uniform Systems of Accounts and Annual Report Forms for public utilities, licensees, and natural gas companies do not contain adequate instructions and accounts to provide for the recording of liabilities for asset retirement obligations and the associated asset retirement costs. Therefore, the following changes are proposed to our existing accounting and reporting regulations to provide transparent accounting and reporting to this Commission and other users of the FERC Forms 1, 1-F, 2 and 2-A any legal liabilities related to the future retirement or decommissioning of utility and nonutility plant.

B. Proposed New Accounts for Asset Retirement Obligations

20. The Commission proposes to create a new noncurrent liability account entitled account 230, Asset

⁷ See FAS 143, Appendix A, paragraphs A2 through A5, for a discussion of the scope of the legal obligations covered under the pronouncement.

⁸ See FAS 143, paragraphs 11, for a discussion of the recognition and allocation of an asset retirement cost.

⁹ See FAS 143, paragraphs 8 and 9, for a discussion of the "credit adjusted risk free rate" used to measure the fair value of the asset retirement obligation.

¹⁰ See FAS 143, paragraphs 13 through 16, for a discussion of the discussion of the subsequent recognition and measurement of the asset retirement obligation.

¹¹ See FAS 143, paragraphs 24 and 25, for a detailed of the accounting for the cumulative effect of a change in accounting principle.

¹² See FAS 143, paragraphs 19 through 21 for a discussion of the subsequent recognition and measurement of the asset retirement obligation.

¹³ See Order No. 552, 58 FR 17,982 (Apr. 7, 1993), *FERC Stats. & Regs., Regulations Preambles January 1991-June 1996* ¶ 30,967, at pp. 30,823-26 (Mar. 31, 1993) for guidance on the recognition of regulatory assets and regulatory liabilities when certain criteria conditions are met.

¹⁴ See 67 FR 16,071 (April 4, 2002) and 67 FR 20,922 (April 29, 2002).

retirement obligations, to record legal liabilities related to the future retirement or decommissioning of utility and nonutility plant for public utilities and licensees in part 101 (part 101) of the Commission's regulations and for natural gas companies in part 201 (part 201) of the Commission's regulations. The new proposed account 230, Asset retirement obligations, will record the fair value of the liability based upon a present value calculation. These amounts will increase or grow over time until the liability is settled. The process of increasing the liabilities recorded in account 230, Asset retirement obligations, is referred to as an "accretion" to record the increase or growth in the liability due to the passage of time. The Commission

proposes to create a new income statement account entitled account 411.10, Accretion expense, in parts 101 and 201 of the Commission's regulations to record the increase or growth in the liability due to the passage of time. The proposed account 411.10 will provide for the accretion expense of asset retirement obligations due to the passage of time.

C. Proposed New Accounts for Capitalized Asset Retirement Costs

21. Under the new accounting requirements, when an entity records a liability for an asset retirement obligation, it concurrently capitalizes that amount as part of the asset's cost. Effectively, the fair value of the obligation becomes part of the overall

cost of the asset, similar to other amounts that are capitalized as part of the asset's construction or acquisition cost to separately identify these in the electric and gas utility plant records. The Commission proposes to create the following new primary plant accounts for each plant functions within account 101, Electric plant in service (Major only), for public utilities and licensees in part 101 of the Commission's regulations, and account 101, Gas plant in service, for natural gas companies in part 201 of the Commission's regulation, to record separately these amounts across the life of the asset.

22. For account 101, Electric plant in service (Major only), the new proposed primary plant accounts are shown in the following table:

	Public utilities and licensees	Proposed new primary plant accounts
1	Steam Production Plant	317, Asset retirement costs for steam production plant.
2	Nuclear Production Plant	326, Asset retirement costs for nuclear production plant.
3	Hydraulic Production Plant	337, Asset retirement costs for hydraulic production plant.
4	Other Production Plant	347, Asset retirement costs for other production plant.
5	Transmission Plant	359.1, Asset retirement costs for transmission plant.
6	Distribution Plant	374, Asset retirement costs for distribution plant.
7	General Plant	399.1, Asset retirement costs for general plant.

23. For account 101, Gas plant in service, the new proposed primary plant accounts are shown in the following table below:

	Natural gas companies	Proposed new primary plant accounts
1	Manufactured Gas Production Plant	321, Asset retirement costs for manufactured gas production plant.
2	Natural Gas Production Plant	339, Asset retirement costs for natural gas production and gathering plant.
3	Products Extraction Plant	348, Asset retirement costs for products extraction plant.
4	Underground Storage Plant	358, Asset retirement costs for underground storage plant.
5	Other Storage Plant	363.6, Asset retirement costs for other storage plant.
6	Base Load Liquefied Natural Gas Terminaling and Processing Plant	364.9, Asset retirement costs for base load liquefied natural gas terminaling plant.
7	Transmission Plant	372, Asset retirement costs for transmission plant.
8	Distribution Plant	388, Asset retirement costs for distribution plant.
9	General Plant	399.1, Asset retirement costs for general plant.

24. The Commission proposes that the amounts in the above primary plant accounts be depreciated over the life of the electric and gas utility plant giving rise to the asset retirement obligations. In order to separately identify the depreciation expense recorded on capitalized asset retirement costs related to electric and gas utility plant, the Commission proposes to create a new depreciation expense account entitled account 403.1, Depreciation expense for asset retirement costs, in parts 101 and 201 of the Commission's regulations to record these amounts on the income statement.

D. Proposed New General Instructions for Accounting for Asset Retirement Obligations

25. In addition to the above mentioned new accounts, the Commission also proposes to create a new General Instruction 25, Accounting for asset retirement obligations, for public utilities and licensees in part 101 and a new General Instruction 24, Accounting for asset retirement obligations, for natural gas companies in part 201 of the Commission's regulations to provide additional direction for the accounting for the recognition of asset retirement costs and related obligations. These proposed General Instructions provide for the capitalization of the asset retirement

costs in electric and gas utility plant and nonutility plant accounts as appropriate. It also provides for the liability to be recorded in the new proposed noncurrent liability account 230, Asset retirement obligations, in parts 101 and 201 of the Commission's regulations.

26. Under proposed General Instruction 25 in part 101 and General Instruction 24 in part 201 of the Commission's regulations, the Commission proposes that the accretion of the liability be debited to the new proposed account 411.10, Accretion expense, for electric and gas utility plant, and the existing account 413, Expenses of electric plant leased to others, and account 413, Expenses of gas plant leased to others, for utility plant

leased to others and account 421, Miscellaneous nonoperating income, for nonutility plant.

27. Finally, when an asset retirement obligation is settled by a jurisdictional entity, a gain or loss can result from the difference between the estimated amount of the asset retirement obligation liability included in proposed account 230, Asset retirement obligations, and the actual amount paid to settle the obligation. For example, an entity may settle its asset retirement obligation by either using its internal workforce or paying a third party to perform the work to retire the electric or gas utility plant. If the amount of the liability included in account 230, Asset retirement obligations, is greater or less than the actual amount paid to settle the obligation, a gain or loss will be incurred. The Commission proposes to record gains or losses resulting from the settlement of asset retirement obligations for electric and gas utility plant in account 411.6, Gains from disposition of utility plant, and the account 411.7, Losses from disposition of utility plant, respectively.¹⁵ The Commission proposes to revise the text of accounts 411.6 and 411.7 in Parts 101 and 201 of the Commission's regulations to record gains in account 411.6 and losses in account 411.7 resulting from the settlement of asset retirement obligations related to utility property.

28. The Commission proposes that any gains or losses relating to the settlement of asset retirement obligations for nonutility plant must be recorded directly in account 421, Miscellaneous nonoperating income, and account 426.5, Other deductions, respectively. The Commission proposes to revise the text of accounts 421 and 426.5 in parts 101 and 201 of the Commission's regulations to record gains in account 421 and losses in account 426.5 resulting from the settlement of asset retirement obligations related to nonutility property.

29. Finally, the Commission proposes that jurisdictional entities keep subsidiary records and supporting documentation for each asset retirement obligation in order to be able to furnish accurately and expeditiously the full details of the identity and nature of the legal obligation, the year incurred, the identity of the plant giving rise to the obligation, the full particulars relating of each component and supporting computations related to the

measurement of the asset retirement obligation.

E. Other Revisions to the Uniform Systems of Accounts

30. The Commission also proposes to revise the following additional existing definitions and general instructions, and revise the text of certain balance sheet and income statement accounts to the Uniform Systems of Accounts in parts 101 and 201 of the Commission's regulations to incorporate the accounting for asset retirement obligations as discussed above.

1. Proposed Revisions to the Cost of Removal Definition

31. Under the Uniform Systems of Accounts in parts 101 and 201 of the Commission's regulations, jurisdictional entities record cost of removal related to the disposition and retirement of long-lived assets as a component of depreciation expense. The definition of cost of removal as presently contained in the Uniform Systems of Accounts includes the costs of demolishing, dismantling, tearing down or otherwise removing the electric or gas plant.¹⁶ Certain cost of removal activities falling within this definition may relate to a legal obligation associated with the retirement of a long-lived asset while others may not relate to a legal obligation to retire a long-lived asset. Under the proposed rule, retirement activities which constitute legal obligations must be removed from cost of removal and accounted for separately as liabilities for legal obligations that are capitalized as part of the tangible long-lived assets that give rise to the obligation. The Commission proposes to amend the definition of cost of removal to exclude legal obligations related to the retirement of long-lived assets at the end of their service life because the asset retirement costs and related obligations will be separately recognized on the balance sheet and income statement.

2. Proposed Revisions to Electric and Gas General Instruction 20, Accounting for Leases

32. Under the Uniform Systems of Accounts in parts 101 and 201 for public utilities, licensees, and natural gas companies, there are no provisions under General Instruction 20, Accounting for leases, for the recognition of a liability for an asset retirement obligation and the related asset retirement costs that are not

recognized as part of the liability related to minimum lease payments for a capital lease. The Commission proposes to add a new instruction to General Instruction 20, Accounting for leases, that provides when an entity incurs an asset retirement obligation through assumption of a capital lease, the entity must recognize the liability in account 230, Asset retirement obligations, and record the related asset retirement costs in account 101.1, Property under capital leases, account 120.6, Nuclear fuel under capital leases, or account 121, Nonutility property, as appropriate.

3. Proposed Revisions to Electric and Gas Plant Instructions

33. For public utilities, licensees, and natural gas companies, there are no specific provisions under the Uniform Systems of Accounts to allow for the capitalization of asset retirement costs related to legal obligations that were incurred during the construction of tangible long-lived assets. The Commission proposes to revise Electric and Gas Plant Instructions 3, Components of construction cost, in parts 101 and 201 of the Commission's regulations by adding asset retirement costs to the item list as a new construction cost component that is capitalized if incurred during the construction phase of a long-lived asset that gives rise to a legal obligation. However, since there will be no immediate cash expenditure during the construction phase for this cost, the Commission proposes to exclude this cost from the construction work in progress base for calculating the allowance for funds used during construction (AFUDC).

4. Proposed Revision to Account 121, Nonutility Property

34. The Commission proposes to revise the instructions to account 121, Nonutility property, contained in parts 101 and 201 of the Commission's regulations to require the asset retirement costs associated with the nonutility plant to be recorded in account 121. The Commission also proposes that the depreciation expense on the asset retirement costs included in account 121 must be recorded in account 421, Miscellaneous nonoperating income, in parts 101 and 201 of the Commission's regulations.

5. Proposed Revisions to Electric and Gas Utility Operating Income Accounts

35. The Commission proposes to add a new instruction to account 411.6, Gains from disposition of utility plant, and account 411.7, Losses from disposition of utility plant, to record

¹⁵ See Order No. 552, *supra* note 13 for guidance on the recognition of regulatory assets and regulatory liabilities when certain criteria conditions are met.

¹⁶ See Definition 10 in 18 CFR part 101 (Public Utilities and Licensees), and Definition 10 in 18 CFR part 201 (Natural Gas Companies).

gains and losses, respectively, resulting from the settlement of asset retirement obligations in accordance with the accounting prescribed in the new proposed General Instruction 25 in part 101 of the Commission's regulations. The Commission also proposes to add a similar instruction in accounts 411.6 and 411.7 to record gains or losses in accordance with the accounting prescribed for natural gas companies in the new proposed General Instruction 24 in part 201 of the Commission's regulations.

F. Proposed Accounting for Transition Adjustments

36. The Commission proposes that at the adoption of the final rule, jurisdictional entities must apply the proposed requirements of the rule to all existing long-lived assets at January 1, 2003, with legal obligations associated with the future retirement or disposal of those assets.

37. The Commission proposes at the initial date of the adoption of the accounting for asset retirement obligations rule, jurisdictional entities recognize a transition adjustment for a liability for any existing asset retirement obligation adjusted for the cumulative accretion on the liability and capitalize the associated asset retirement costs and the related accumulated depreciation on the capitalized costs. The Commission proposes that jurisdictional entities measure the transitional adjustment for the asset retirement cost and related liability for the retirement obligations for existing long-lived asset as of the date that the retirement obligation was incurred and would have been recognized through January 1, 2003. The transitional adjustment recognized for the existing long-lived asset represents the cumulative accretion of the liability and the accumulated depreciation on the related capitalized asset retirement cost from the date the obligation would have been incurred through January 1, 2003.

38. The Commission proposes that when the amount of any previously recognized asset retirement obligation recorded in account 108 and account 110 for major and non-major public utilities and licensees, respectively, and account 108 for natural gas companies is greater than the amount recognized under the proposed rule, the excess must be credited to account 254, Other regulatory liabilities. However, when the amount of any previously recognized asset retirement obligation in account 108 and account 110 for major and non-major public utilities and licensees, respectively, and account 108 for natural gas companies is less than

the amount recognized under the proposed rule, the Commission proposes that the difference must be charged to income in account 435, Extraordinary deductions, and the related income taxes recorded in account 409.3, Income taxes, extraordinary items, and reported as a cumulative effect of a change in accounting principle.¹⁷ The Commission notes that jurisdictional entities must record a regulatory asset for part, or all of the cumulative effect of a change in accounting principle in account 182.3, Other regulatory assets, if the requirements for recording a regulatory asset under Order No. 552 are met.¹⁸

39. For public utilities, licensees and natural gas companies, the instructions to account 108 and account 110 for major and non-major public utilities and licensees, respectively, in part 101 of the Commission's regulations¹⁹ and account 108 for natural gas companies in part 201 of the Commission's regulations²⁰ requires the Commission's approval to remove amounts from these accounts. For any excess amounts removed from account 108 and 110, the Commission proposes that the final rule issued in this proceeding will constitute the requisite authority for jurisdictional entities to remove amounts from account 108 and 110 to account 254.

40. The Commission proposes that jurisdictional entities must charge the cumulative accretion expense on the liability for existing legal obligations to account 435, Extraordinary deductions, and the related income taxes in account 409.3, Income taxes, extraordinary items, under parts 101 and 201 of the Commission's regulations and report such amounts in net income as a cumulative effect of a change in

¹⁷ When authorized by the Commission, amounts related to a cumulative effect of a change in accounting principles have been reported in account 435. The effect on net income for amounts charged to account 435 must be reported on the income statement on the lines designated for extraordinary deductions in FERC Forms 1, 1-F, 2, and 2-A. Public utilities, licensees and natural gas companies must disclose in a footnote in the FERC Forms 1, 1-F, 2, and 2-A the full particulars of the amounts reported as a cumulative effect of a change in accounting principle.

¹⁸ See Order No. 552, *supra* note 13, for guidance on the recognition of regulatory assets and regulatory liabilities when certain criteria conditions are met.

¹⁹ See paragraph E to account 108, Accumulated provision for depreciation of electric utility plant (Major only), and paragraph E to account 110, Accumulated provision for depreciation and amortization of electric utility plant (Nonmajor only), in 18 CFR part 101 (Public Utilities and Licensees).

²⁰ See paragraph E to account 108, Accumulated provision for depreciation of gas utility plant, in 18 CFR part 201 (Natural Gas Companies).

accounting principle.²¹ The Commission also proposes that the cumulative accretion expense related to the liabilities for the asset retirement obligations may be included in account 182.3, if the requirements for recording a regulatory asset under Order No. 552 are met.²²

41. In summary, the Commission proposes at the date of adoption of the final rule, jurisdictional entities must record the liability for asset retirement obligation associated with those long-lived asset existing at January 1, 2003, in the new proposed account 230, Asset retirement obligations. The jurisdictional entities must capitalize the related asset retirement costs in the proposed primary plant accounts within the plant functions applicable to the utility plant that gives rise to the obligations. The Commission also proposes that jurisdictional entities must record any cumulative transition adjustments associated with the asset retirement obligations for existing long lived assets at the date of the adoption of the final rule in the appropriate accounts in the manner as prescribed above.

G. Proposed Revisions to Tariff Filing Requirements Under 18 CFR Part 35 and 18 CFR Part 154

42. The Commission's proposed rule will require public utilities, licensees or natural gas companies for accounting purposes to recognize asset retirement obligations. The Commission is not requiring jurisdictional entities with stated rate tariffs to make any tariff filings with the Commission due to this rulemaking at this time. However, public utilities, licensees and natural gas companies with formula rate tariffs must not include any cost components related to asset retirement obligations in their formula rate billing determinations for automatic recovery prior to obtaining Commission approval.

43. The Commission proposes that to the extent, if any, a particular asset retirement cost should be allowed recovery through jurisdictional rates, it shall be addressed on a case by case basis in the individual rate change proposals filed by public utilities, licensees, and natural gas companies. Although the proposed accounting rules require the recording of an asset retirement cost, the Commission recognizes that no actual cash expenditures are made or required until

²¹ See *supra* note 17.

²² See Order No. 552, *supra* note 13, for guidance on the recognition of regulatory assets and regulatory liabilities when certain criteria conditions are met.

the long-lived assets are retired from service.

44. Therefore, it would be inappropriate for public utilities, licensees, and natural gas companies to include these asset retirement costs in rate base and collect a rate of return allowance and related income taxes on these amounts in jurisdictional rates. To ensure that all rate base amounts related to these assets can be identified and excluded from the rate base calculation in a rate change filing, the Commission is proposing to add new §§ 35.18 and 154.315 to its rate change filing requirements. These new regulations require that public utilities, licensees, and natural gas companies which have recorded an asset retirement obligation on their books in accordance with this proposed rule must, as part of any initial rate filing or general rate change filing, provide a schedule identifying all cost components related to the asset retirement obligation that are included in the book balances of all accounts reflected in the cost of service computation supporting the proposed rates. In addition, the proposed regulations require that all rate base items related to asset retirement obligations be removed from the rate base computation through an adjustment. If the public utility, licensee or natural gas company is seeking recovery of an asset retirement obligation in rates, it must also provide a detailed study supporting the amounts proposed to be collected in rates. If the public utility, licensee or natural gas company is not seeking recovery of the asset retirement obligation in rates, then it must remove all cost components

related to asset retirement obligations from its cost of service.

45. The Commission is aware that a number of natural gas companies are currently collecting an allowance in jurisdictional rates to cover the future cost of retiring and removing facilities. This allowance is referred to as a negative salvage allowance. The Commission believes that these negative salvage allowances do not necessarily reflect the existence of a legal asset retirement obligation. Therefore, the Commission will require that negative salvage allowances that are not established due to an asset retirement obligation be identified for rate making purposes separately from asset retirement obligation allowances. The current rate change filing requirements for natural gas companies at § 154.312(d), Statement D, requires that any authorized negative salvage must be maintained in a separate subaccount of account 108, Accumulated provision for depreciation of gas utility plant. The Commission proposes to amend this section to ensure that this subaccount must not include any amounts related to asset retirement obligations.

IV. Discussion of Proposed Revisions to Regulations for Oil Pipeline Companies

A. General

46. Similar to the accounting changes for public utilities, licensees and natural gas companies, the Commission proposes to provide accounting requirements for asset retirement obligations in the Uniform Systems of Accounts for oil pipeline companies in part 352 of the Commission's regulations. Therefore, the following

changes are proposed to the Commission's existing accounting regulations to provide transparent accounting and reporting of these amounts to this Commission and other users of the FERC Form 6.

B. Proposed New Accounts for Asset Retirement Obligations

47. The Commission proposes to create a new noncurrent liability account entitled account 67, Asset retirement obligations, in part 352 of the Commission's regulations to record legal liabilities related to the future decommissioning or retirement of carrier and noncarrier property. The Commission also proposes to create a new income statement account entitled account 591, Accretion expense, to record the increase in the liability due to the passage of time.

C. Proposed New Accounts for Capitalized Asset Retirement Costs

48. Under the new accounting requirements, when an oil pipeline records a liability for its asset retirement obligation, it concurrently capitalizes that amount in the carrier property accounts. In order to separately identify this cost in the carrier property records, the Commission proposes to create new carrier primary property accounts within existing account 30, Carrier property, for oil pipelines in part 352 of the Commission's regulations to separately identify these amounts throughout the life of the asset. The new proposed carrier primary property accounts are shown on the following table below:

	Oil pipeline companies	Proposed new primary property accounts
1	Gathering Lines	117, Asset retirement costs for gathering lines.
2	Trunk Lines	167, Asset retirement costs for trunk lines.
3	General Property	186.7, Asset retirement costs for general.

49. The Commission proposes the amounts in the above carrier primary property accounts be depreciated over the life of the carrier property that gives rise to the asset retirement obligations. In order to identify the depreciation expense recorded on capitalized asset retirement costs, the Commission proposes to create a new depreciation expense account entitled account 541, Depreciation expense for asset retirement costs, to separately record these amounts on the income statement.

D. Proposed New General Instruction for Accounting for Asset Retirement Obligations

50. The Commission also proposes to create a new General Instruction 1-19, Accounting for asset retirement obligations, to provide the accounting for the recognition of asset retirement costs and obligations, in part 352 of the Commission's regulations. The new proposed General Instruction 1-19 will provide for the liability to be recorded in the new proposed noncurrent liability account entitled account 67, Asset retirement obligations, and the capitalization of the asset retirement

costs in carrier and noncarrier property accounts.

51. Under proposed General Instruction 1-19, the Commission proposes to provide for recording the accretion of the liability for carrier property in the new proposed account 591, Accretion expense, and for noncarrier property in the existing account 620, Income (net) for noncarrier property.

52. Under proposed General Instruction 1-19, the Commission proposes that gains or losses resulting from the difference between the amount of the liability for the asset retirement obligation in account 67, Asset

retirement obligations, and the actual amount of the settlement of the obligation for carrier property be recorded directly in the new proposed account 592, Gains or losses on asset retirement obligations, and for noncarrier property in the existing account 620, Income (net) from noncarrier property. The Commission proposes to add a new account 592, Gains or losses on asset retirement obligations, in part 352 of the Commission's regulations to include gains and losses resulting from the settlement of asset retirement obligations.

53. The Commission also proposes in General Instruction 1–19 that oil pipeline companies maintain for purposes of analyses subsidiary records and supporting documentation for each asset retirement obligation to be able to furnish accurately and expeditiously the full details of the nature of the legal obligations and full particulars of the components and computations relating to the recognition and measurement of the asset retirement obligation.

E. Other Revisions to the Uniform Systems of Accounts

54. The Commission also proposes to revise certain existing definitions, certain existing general instructions, and the text of certain balance sheet accounts in the Uniform Systems of Accounts for oil pipeline companies in part 352 of the Commission's regulations to incorporate the accounting for asset retirement obligations.

1. Proposed Revisions to the Cost of Removal Definition

55. Under the Uniform Systems of Accounts under part 352 of the Commission's regulations, certain oil pipelines record cost of removal related to the disposition and retirement of long-lived assets as a component of depreciation expense. The Uniform Systems of Accounts definition of cost of removal as presently written includes the cost of demolishing, dismantling, tearing down or otherwise removing the property.²³ Certain cost of removal activities falling within this definition may relate to a legal obligation associated with the retirement of a long-lived asset while others may not relate to the legal obligation to retire the long-lived asset. The Commission proposes to amend the definition of cost of removal to exclude legal obligations related to the retirement of long-lived assets at the end of their service life

²³ See Definition 12 in 18 CFR part 352 (Oil Pipeline Companies) (2002).

because the asset retirement costs and related obligations will be separately recognized on the balance sheet and income statement.

2. Proposed Revisions to Instructions for Carrier Property Accounts

56. Under the Uniform Systems of Accounts in part 352 of the Commission's regulations for oil pipelines, there are no specific provisions to allow for the capitalization of an asset retirement cost related to a legal obligation that was incurred during the construction of tangible long-lived assets. The Commission proposes to revise the instructions for carrier property accounts, Instruction 3–3, Cost of property constructed, to add a new item for asset retirement costs incurred during the construction that will constitute a component of construction costs. The Commission proposes to exclude this cost from the construction work in progress base for calculating interest during construction because there will be no immediate cash expenditure during the construction phase for this cost.

3. Proposed Revisions to Account 34, Noncarrier Property

57. The Commission proposes to include the asset retirement costs associated with noncarrier property that gives rise to the obligation in account 34, Noncarrier property, in part 352 of the Commission's regulations. The Commission also proposes that depreciation expense related to the capitalized retirement costs included in account 34, Noncarrier property, must be recorded in account 620, Income (net) from noncarrier property.

4. Proposed New Account for Operating Expenses

58. As discussed above under the new proposed General Instruction 1–19, the Commission proposes to add a new account 592, Gains or losses on asset retirement obligations, in part 352 of the Commission's regulations to include gains and losses resulting from the settlement of asset retirement obligations for carrier property.

F. Proposed Accounting for Transition Adjustments

59. The Commission proposes that at the adoption of the final rule, oil pipeline companies recognize the liability for existing asset retirement obligation and recognize the cumulative accretion of the liability, associated asset retirement costs and the related accumulated depreciation for the capitalized costs. The transition adjustment for the cumulative effect of

the accretion of the liability and the accumulated depreciation on the related capitalized asset retirement costs is measured from the date the obligation would have been incurred and recognized through January 1, 2003, the initial date of adoption of the final rule.

60. The Uniform Systems of Accounts for oil pipeline companies in part 352 of the Commission's regulations provides that any change in accounting principle must be referred to this Commission for approval.²⁴ For oil pipeline companies the cumulative effect of a change in accounting principle is ordinarily reflected in account 697, Cumulative effect of changes in accounting principles, in the year of adoption. The Commission proposes that the final rule in this proceeding will constitute the requisite authorization for oil pipeline companies to reflect the change as a cumulative effect of a change in accounting principles in account 697.

61. The Commission proposes that the difference of any amount previously recognized for the asset retirement obligation recorded in account 31, Accrued depreciation—carrier property, and the amount recognized under the proposed rule, must be charged to account 697. The Commission also proposes that oil pipeline companies must charge the cumulative accretion expense on the liability for existing legal obligations to account 697 as a cumulative effect of a change in accounting principle.

62. In summary, the Commission proposes that oil pipeline companies must record the liabilities associated with asset retirement obligations for those existing assets that would be incurred at the initial date of adoption of the final rule in the new proposed account 67, Asset retirement obligations, and capitalize the related asset retirement costs in the new proposed primary carrier property accounts within the carrier property class related to the carrier property that gives rise to the legal obligations. The Commission proposes that oil pipeline companies must include the cumulative accretion of the liability for the legal obligations in account 67, Asset retirement obligations, from the date incurred through the initial date of adoption of the final rule by charging account 697. The Commission also proposes that oil pipeline companies

²⁴ See General Instruction 1–6, Extraordinary, unusual or infrequent items, prior period adjustments, discontinued operations and accounting changes, paragraphs (e) and (g) and the instructions to account 697, Cumulative effect of changes in accounting principles. See 18 CFR part 352 (Oil Pipeline Companies) (2002).

must adjust the accrued depreciation in account 31, Accrued depreciation—carrier property, for the cumulative depreciation from the date incurred through the initial date of adoption of the final rule with the offsetting adjustment to account 697.

G. Proposed Revisions to Tariff Filing Requirements Under 18 CFR Part 346

63. The Commission's proposed rule will require oil pipeline companies to recognize for accounting purposes asset retirement obligations. The Commission is not requiring oil pipeline companies with stated rate tariffs to make any tariff filings with the Commission due to this rulemaking at this time. However, oil pipeline companies with formula rate tariffs must not include any cost components related to asset retirement obligations in their formula rate tariffs for automatic recovery in their billing determinations prior to obtaining Commission approval.

64. For the same reasons discussed above for public utilities, licensees and natural gas companies, the Commission proposes that to the extent, if any, a particular asset retirement cost should be allowed recovery through oil pipeline companies rates, it shall be addressed on a case by case basis in the individual rate change proposals filed by oil pipeline companies. The Commission proposes to add a new § 346.3 to cost-of-service filing requirements for oil pipelines. These new regulations require that oil pipelines who have recorded an asset retirement obligation on their books in accordance with this proposed rule must, as part of any initial rate filing or general rate change filing, provide a schedule identifying all cost components related to the asset retirement obligation that are included in the book balances of all accounts reflected in the cost of service computation supporting the proposed rates. In addition, the proposed regulations require that all rate base items related to asset retirement obligations be removed from the rate base computation through an adjustment. Oil pipeline companies seeking recovery of an asset retirement obligation in rates must also provide a detailed study supporting the amounts proposed to be collected in rates. If the oil pipeline is not seeking recovery of the asset retirement obligation in rates, then it must remove all asset retirement obligation related cost components from its cost of service.

65. The Commission is aware that a number of oil pipelines are currently collecting an allowance in jurisdictional rates to cover the future cost of retiring

and removing facilities referred to as a dismantling, removal and restoration (DR&R) allowance. The Commission believes that these DR&R allowances do not necessarily reflect the existence of a legal obligation for the retirement of long-lived assets. Therefore, the Commission will require that DR&R allowances that are not established due to an asset retirement obligation be identified for rate making purposes separately from asset retirement obligation allowances.

V. Proposed Effective Date

66. The Commission proposes the rule for accounting and reporting purposes be effective January 1, 2003, for public utilities, licensees, natural gas companies and oil pipeline companies. This is the date jurisdictional entities that file FERC Forms 1, 1-F, 2, 2-A and 6, will record the transitional adjustment to recognize asset retirement obligations in their books and records.²⁵ The proposed reporting will be effective for the FERC Forms 1, 1-F, 2 and 2-A and 6 annual reports for the reporting year 2003.²⁶

VI. Proposed Changes to the FERC Annual Report Forms

67. The proposed changes, if adopted, will require revising the existing schedules in the FERC Forms 1, 1-F, 2, 2-A, and 6 filed with the Commission. A table summarizing the changes to the various schedules is shown in Appendix A. As a result of the Commission proposed accounting changes referred to above for public utilities, licensees, natural gas and oil pipeline companies, the Commission proposes to report in the Forms 1, 1-F, 2, 2-A and 6 the new noncurrent liability account for asset retirement obligations in the comparative balance sheet schedules, the new depreciation expense accounts and new accretion expense accounts in the income statement schedules.

68. The Commission also proposes to report in the Forms 1, 1-F, 2, 2-A and 6 the new primary plant accounts for asset retirement costs for each function for electric and gas utility plant and oil

pipeline carrier property. The Commission proposes to report in the Forms 1, 1-F, 2, 2-A and 6 the depreciation expense related to the asset retirement costs separately in the accumulated provision for depreciation schedules for electric and gas utility plant and the accrued depreciation schedules for carrier property. In addition, the Commission proposes for public utilities and licensees to change the plant statistical schedules to include the asset retirement costs related to electric utility plant.

69. The Commission is proposing to revise the reporting requirements in the Forms 1, 1-F, 2, 2-A and 6 financial reports consistent with the changes in the proposed rule to promote consistent reporting practices for asset retirement obligations to the Commission by jurisdictional entities. The Commission believes that asset retirement obligations must be identified and reported in the Forms 1, 1-F, 2, 2-A and 6 separately in the financial statements and supporting schedules because of the long-term nature of the obligations to retire long-lived assets. Furthermore, the Commission believes separate reporting of the accounts for asset retirement obligations on the balance sheet, income statement and certain other schedules in the Forms 1, 1-F, 2, 2-A and 6 provides more transparent reporting of the asset retirement obligations to meet the Commission's information needs.

70. The reporting would include certain disclosure for asset retirement obligations in the "Notes to Financial Statements" in the FERC Forms 1, 1-F, 2, 2-A and 6.²⁷ The Commission expects that financial statement disclosures provided by jurisdictional entities in the FERC Forms 1, 1-F, 2, 2-A and 6 must be no less than that provided in their general purpose financial statements that are provided to shareholders and the Securities and Exchange Commission.

71. The Commission proposes that jurisdictional entities that report a liability for asset retirement obligations must disclose the following: (1) A general description of the asset retirement obligations and the associated long-lived assets; (2) the fair value of assets that legally are restricted for purposes of settling the asset retirement obligations; (3) a reconciliation of the beginning and ending aggregate carrying amount of asset retirement obligations showing separately the changes attributable to (i)

²⁵ On February 20, 2002, the Commission's Chief Accountant issued interim guidance stating that jurisdictional entities may not early adopt this accounting standard for financial reporting and reporting to the Commission pending the Commission action on this matter. See All Jurisdictional Public Utilities, Licensees, Natural Gas Companies, and Oil Pipeline Companies, 98 FERC ¶ 62,222 (2002).

²⁶ The FERC Forms 1-F and 2-A and 6 annual reports for the year 2003 are due on or before March 31, 2004. The FERC Forms 1 and 2 annual reports for the year 2003 are due on or before April 30, 2004.

²⁷ See the instructions to the Notes to Financial Statements schedule for FERC Forms 1, 1-F, 2, 2-A and 6 that requires respondents to report important notes and information related to the financial statements.

liabilities incurred in the current period, (ii) liabilities settled in the current period, (iii) accretion expense, and (iv) revisions in estimated cash flows, whenever there is a significant change in one or more of those four components during the reporting period. If the fair value of an asset retirement obligation cannot be reasonably estimated, that fact and the reasons therefore must be disclosed.

72. The Commission proposes jurisdictional entities must report on a separate line in the Statement of Cash Flows in FERC Forms 1, 1-F, 2, 2-A and 6 under the "Operating Activities" classification any cash payments made to settle asset retirement obligations.²⁸ Although, the transition adjustment requirements as discussed above does not permit jurisdictional entities to go back and restate prior year balances in the initial year of adoption of this rule, the Commission proposes jurisdictional entities must provide pro forma disclosure of the effect of adopting this change in accounting for asset retirement obligations in the Notes to the Financial Statements in the FERC Forms 1, 1-F, 2, 2-A and 6. The pro forma disclosure must disclose in a footnote in the Notes to the Financial Statements of the FERC Annual Reports what the asset retirement obligation would have been at the beginning of the earliest year presented in the Balance Sheet and Income Statement, and at the end of the year of each year presented, as if this rule had been applied during those periods. This is the same disclosure requirement that jurisdictional entities will have to include in their general purpose financial statements that are provided to shareholders and the Securities and Exchange Commission.

73. The Commission concludes that the above reporting requirements would not be a significant reporting burden since the information would be

captured in jurisdictional entities accounting systems for internal and external reporting as needed.

VII. Regulatory Flexibility Act Statement

74. The Regulatory Flexibility Act (RFA) requires agencies to prepare certain statements, descriptions, and analyses of proposed rules that will have a significant economic impact on a substantial number of small entities.²⁹ The Commission is not required to make such analyses if a rule would not have such an effect.

75. The Commission does not believe that this proposed rule would have such an impact on small entities. Most filing companies regulated by the Commission do not fall within the RFA's definition of a small entity.³⁰ Further, the Commission concludes that this reporting would not be a significant burden because the information jurisdictional entities will be required to report to the Commission specifically focuses on the activities of the jurisdictional entities that will be captured in their accounting systems and generally be reported to their shareholders and others at a company, or at a consolidated business level. Therefore, the Commission certifies that this proposed rule will not have a significant economic impact on a substantial number of small entities.

76. However, if the reporting requirements represent an undue burden on small businesses, the entity affected may seek a waiver of the disclosure requirements from the Commission.

VIII. Environmental Impact Statement

77. Commission regulations require that an environmental assessment or an environmental impact statement be prepared for any Commission action that may have a significant adverse effect on the human environment.³¹ No

environmental consideration is necessary for the promulgation of a rule that is clarifying, corrective, or procedural or does not substantially change the effect of legislation or regulation being amended,³² and also for information gathering, analysis, and dissemination.³³ The proposed rule updates the parts 35, 101, 154, 201, 346 and 352 of the Commission's regulations, and does not substantially change the effect of the underlying legislation or the regulations being revised or eliminated. In addition, the Final Rule involves information gathering, analysis and dissemination. Therefore, this Final Rule falls within categorical exemptions provided in the Commission's regulations. Consequently, neither an environmental impact statement nor an environmental assessment is required.

IX. Information Collection Statement and Public Reporting Burden

78. The following collections of information contained in this proposed rule have been submitted to the Office of Management and Budget (OMB) for review under section 3707(d) of the Paperwork Reduction Act of 1995.³⁴ OMB's regulations require OMB to approve certain information collection requirements imposed by agency rule.³⁵ The Commission identifies the information provided for under this rule as FERC Forms 1, 1-F, 2, 2-A and 6.

79. Comments are solicited on the need for this information, whether the information will have practical utility, the accuracy of the provided burden estimates, ways to enhance the quality, utility, and clarity of the information to be collected, and any suggested methods for minimizing respondents' burden, including the use of automated information techniques. The following burden estimates are for complying with this proposed rule as follows:

Estimated Annual Burden:

Data collection	Number of respondents	Number of responses	Hours per response	Total annual hours
FERC Form 1	216	216	17	3,672
FERC Form 1-F	26	26	8	208
FERC Form 2	57	57	13	741
FERC Form 2-A	53	53	8	424
FERC Form 6	159	159	10	1,590
Totals	511	511	6,635

²⁸ See FASB's Emerging Issues Task Force (EITF) No. 02-6, Classification in the Statement of Cash Flows of Payments Made to Settle an Asset Retirement Obligation within the Scope of FASB Statement No. 143, issued in March 2002. The accounting publication may be obtained from FASB at <http://accounting.rutgers.edu/raw/fasb/>.

²⁹ 5 U.S.C. 601-612.

³⁰ 5 U.S.C. 601(3), citing to section 3 of the Small Business Act, 15 U.S.C. 632. Section 3 of the Small Business Act defines a "small-business concern" as a business which is independently owned and operated and which is not dominant in its field of operation.

³¹ Regulations Implementing National Environmental Policy Act, 52 FR 47,897 (Dec. 17, 1987), FERC Stats. & Regs. ¶ 30,783 (1987).

³² 18 CFR 380.4(a)(2)(ii).

³³ 18 CFR 380.4(a)(5).

³⁴ 44 U.S.C. 3507(d).

³⁵ 5 CFR 1320.11.

80. In addition, the Commission will address changes to tariffs on a case by case basis, it has not provided estimates for the number of entities that will make filings under FERC-516, FERC-545 or FERC-550.³⁶ However, the Commission will entertain comments on what resources and time will be placed on jurisdictional entities in order to make the appropriate filings with the Commission.

81. Total Annual Hours for Collection (reporting + recordkeeping, if appropriate) = 6,635 hours. The total hours associated with this proposed rule is equal to 6,635 hours. It should be noted that burden if the proposed rule if adopted, applies only for jurisdictional entities to comply with the Commission's Uniform Systems of Accounts, Annual Reports, and Rate Schedule Filings. Jurisdictional entities must maintain much of this information in order to implement the accounting for asset retirement obligations for reporting under generally accepted accounting principles. The proposed rule will eliminate the need by jurisdictional entities to maintain duplicate sets of books.

82. *Information Collection Costs:* The Commission seeks comments on the cost to comply with these requirements. It has projected the average annualized cost of all respondents to be: Annualized Capital Startup Costs: 6,635 hours ÷ 2080 × \$117,041 = \$373,350. This is a one-time cost for the initial implementation of the proposed schedules.

83. Annualized Costs (Operations & Maintenance)—If adopted, costs for performing the proposed schedules will be rolled into the total costs for completing the Commission's annual financial reports.

84. Total Annualized costs—\$373,350.

85. OMB's regulations require it to approve certain information collection requirements imposed by agency rule. The Commission is submitting notification of this proposed rule to OMB.³⁷

86. *Title:* FERC Form 1, Annual Report of Major Electric Utilities, Licensees, and Others; FERC Form 1-F, Annual Report for Non-Major Public Utilities and Licensees; FERC Form 2, Annual Report for Major Natural Gas Companies; FERC Form 2-A, Annual Report for Nonmajor natural gas companies; FERC Form 6, Annual Report of Oil Pipeline Companies.

87. *Action:* Proposed Data Collections.

88. *OMB Control Nos.* 1902-0021; 1902-0029; 1902-0028; 1902-0030; and 1902-0022.

89. The applicant will not be penalized for failure to respond to these collections of information unless the collection of information displays a valid OMB control number or the Commission has provided justification as to why the control number should not be displayed.

90. *Respondents:* Businesses or other for profit.

91. *Frequency of Responses:* Annually.

92. *Necessity of the Information:* The proposed rule would revise the Commission's regulations to specifically address the proper accounting and reporting for asset retirement obligations. This requires the reporting of obligations associated with the retirement of tangible long-lived assets and their associated retirement costs. The addition of these new accounts and their corresponding general instructions are intended to provide accounting standards for recognition and measurement of liabilities for asset retirement obligations and associated asset retirement costs in reports to the Commission. The addition of these new accounts and related general instructions is intended to improve the visibility, completeness and consistency of accounting practices for asset retirement obligations. Without specific instructions and accounts for recording and reporting the above transactions and events, inconsistent and incomplete accounting will result.

93. *Internal Review:* The Commission has reviewed the requirements pertaining to the Uniform Systems of Accounts and to the financial reports it prescribes and has determined the proposed revisions are necessary because the Commission needs to establish uniform accounting and reporting requirements for asset retirement obligations. All of the companies regulated by the Commission are capital-intensive and therefore involve substantial risk. The reporting of this information ensures that regulated companies' balance sheets clearly reflect the economic realities of the retirement obligations associated with long-lived assets and review by the Commission provides both regulated companies and their customers with timely regulatory treatment.

94. These requirements conform to the Commission's plan for efficient information collection, communication, and management within the electric, natural gas and oil pipeline industries. The Commission has assured itself, by

means of internal review, that there is specific, objective support for the burden estimates associated with the information requirements.

95. Interested persons may obtain information on the reporting requirements by contacting the following: 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) 208-2425, e-mail: michael.miller@ferc.gov]

96. For submitting comments concerning the collection of information(s) and the associated burden estimate(s), please send your comments 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) 395-7856, fax: (202) 395-7285].

X. Public Comment Procedures

97. The Commission invites interested persons to submit written 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 within 45 days from publication in the **Federal Register**. Comments must refer to Docket No. RM02-7-000, and may be filed either in electronic or paper format. Those filing electronically do not need to make a paper filing.

98. Documents filed electronically via the Internet can be prepared in a variety of formats, including WordPerfect, MS Word, Portable Document Format, Real Text Format, or ASCII format, as listed on the Commission's Web site at <http://ferc.gov>, under the e-Filing link. The e-Filing link provides instructions for how to Login and complete an electronic filing. First time users will have to establish a user name and password. The Commission will send an automatic acknowledgment to the sender's e-Mail address upon receipt of comments. User assistance for electronic filing is available at 202-502-8258 or by e-mail to efiling@ferc.gov. Comments should not be submitted to the e-mail address.

99. For paper filings, the original and 14 copies of such comments should be submitted to the Office of the Secretary, Federal Energy Regulatory Commission, 888 First Street, NE., Washington DC 20426.

100. All comments will be placed in the Commission's public files and will be available for inspection in the

³⁶ These information collection requirements are covered by OMB Control Nos. 1902-0096, 1902-0154 and 1902-0089.

³⁷ 5 CFR 1320.11

Commission's Public Reference Room at 888 First Street, NE., Washington DC 20426, during regular business hours. Additionally, all comments may be viewed, printed, or downloaded remotely via the Internet through FERC's Homepage using the FERRIS link.

XI. Document Availability

101. 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 FERC's Home Page (<http://www.ferc.gov>) and in FERC's Public Reference Room during normal business hours (8:30 a.m., to 5 p.m. Eastern time) at 888 First Street, NE., Room 2A, Washington, DC 20426.

102. From FERC's Home Page on the Internet, this information is available in the Federal Energy Regulatory Records Information System (FERRIS). The full text of this document is available on FERRIS in PDF and WordPerfect format for viewing, printing, and/or downloading. To access this document in FERRIS, type the docket number of this document, excluding the last three digits in the docket number field. User assistance is available for FERRIS and the FERC's Web site during normal business hours from our 103.Help Line at (202) 502-8222 (e-mail to WebMaster@ferc.gov) or the Public Reference at (202) 502-8371 Press 0, TTY (2020) 502-8659 (e-mail to public.reference.room@ferc.gov).

List of Subjects

18 CFR Part 35

Electric power rates, Electric utilities, Electricity, Reporting and recordkeeping requirements.

18 CFR Part 101

Electric power, Electric utilities, Reporting and recordkeeping requirements, Uniform System of Accounts.

18 CFR Part 154

Alaska Natural gas, Natural gas companies, Pipelines, Rate schedules and tariffs, Reporting and recordkeeping requirements.

18 CFR Part 201

Natural gas, Reporting and recordkeeping requirements, Uniform System of Accounts.

18 CFR Part 346

Pipelines, Reporting and recordkeeping requirements.

18 CFR Part 352

Pipelines, Reporting and recordkeeping requirements, Uniform System of Accounts.

By direction of the Commission.

Magalie R. Salas,

Secretary.

In consideration of the foregoing, the Commission proposes to amend parts 35, 101, 154, 201, 346 and 352, chapter I, title 18, Code of Federal Regulations, as follows.

Regulatory Text

PART 35—FILING OF RATE SCHEDULES

1. The authority citation for part 35 continues to read as follows:

Authority: 16 U.S.C. 791a-825r, 2601-2645; 31 U.S.C. 9701; 42 U.S.C. 7101-7352.

2. Section 35.18 is added to read as follows:

§ 35.18 Asset retirement obligations.

(a) A public utility that files a rate schedule under § 35.12 or § 35.13 and has recorded an asset retirement obligation on its books must provide a schedule, as part of the supporting work papers, identifying all cost components related to the asset retirement obligations that are included in the book balances of all accounts reflected in the cost of service computation supporting the proposed rates. However, all cost components related to asset retirement obligations that would impact the calculation of rate base, such as electric plant and related accumulated depreciation and accumulated deferred income taxes, may not be reflected in rates and must be removed from the rate base calculation through a single adjustment.

(b) A public utility seeking to recover nonrate base costs related to asset retirement costs in rates must provide, with its filing under § 35.12 or § 35.13, a detailed study supporting the amounts proposed to be collected in rates.

(c) A public utility who has recorded asset retirement obligations on its books but is not seeking recovery of the asset retirement costs in rates, must remove all asset retirement obligations related cost components from the cost of service supporting its proposed rates.

* * * * *

PART 101—UNIFORM SYSTEM OF ACCOUNTS PRESCRIBED FOR PUBLIC UTILITIES AND LICENSEES SUBJECT TO THE PROVISIONS OF THE FEDERAL POWER ACT

3. The authority citation for part 101 continues to read as follows:

Authority: 16 U.S.C. 791a-825r, 2601-2645; 31 U.S.C. 9701; 42 U.S.C. 7101-7352, 7651-7651o.

4. In Definitions, Definition 10 is revised to read as follows:

Definitions

* * * * *

10. *Cost of removal* means the cost of demolishing, dismantling, tearing down or otherwise removing electric plant, including the cost of transportation and handling incidental thereto. It does not include the cost of removal activities associated with asset retirement obligations that are capitalized as part of the tangible long-lived assets that give rise to the obligation. (See General Instruction 25).

* * * * *

5. In General Instructions, Instruction 20, paragraphs C. and D. are redesignated as paragraphs D. and E. and new paragraph C. is added; and a new Instruction 25 is added to read as follows:

General Instructions

* * * * *

20. *Accounting for leases.*

* * * * *

C. The utility, as a lessee, shall recognize an asset retirement obligation (See General Instruction 25) arising from the plant under a capital lease unless the obligation is recorded as an asset and liability under a capital lease. The utility shall record the asset retirement cost by debiting account 101.1, Property under capital leases, or account 120.6, Nuclear fuel under capital leases, or account 121, Nonutility property, as appropriate, and crediting the liability for the asset retirement obligation in account 230, Asset retirement obligations. Asset retirement costs recorded in account 101.1, account 120.6, or account 121 shall be amortized by charging rent expense (See Operating Expense Instruction 3), or account 518, Nuclear fuel expense (Major only), or account 421, Miscellaneous nonoperating income, as appropriate, and crediting a separate subaccount of the account in which the asset retirement costs are recorded. Charges for the periodic accretion of the liability in account 230, Asset retirement obligations, shall be recorded by a charge to account 411.10, Accretion expense, for electric utility plant, and account 421, Miscellaneous nonoperating income, for nonutility plant and a credit to account 230, Asset retirement obligations.

* * * * *

25. *Accounting for asset retirement obligations.*

A. An *asset retirement obligation* represents a liability for the legal obligation associated with the retirement of a tangible long-lived asset that a company is required to settle as a result of an existing or enacted law, statute, ordinance, or written or oral contract or by legal construction of a contract under the doctrine of promissory estoppel. An *asset retirement cost* represents the amount capitalized when the liability is recognized for the long-lived asset that gives rise to the legal obligation. The amount recognized for the liability and an associated asset retirement cost shall be stated at the fair value of the asset retirement obligation in the period in which the obligation is incurred.

B. The utility shall initially record a liability for an asset retirement obligation in account 230, Asset retirement obligations, and charge the associated asset retirement costs to electric utility plant (including accounts 101.1 and 120.6), and nonutility plant, as appropriate, related to the plant that gives rise to the legal obligation. The asset retirement cost shall be depreciated over the useful life of the related asset that gives rise to the obligations. For periods subsequent to the initial recording of the asset retirement obligation, a utility shall recognize the period to period changes of the asset retirement obligation that result from the passage of time due to the accretion of the liability and any subsequent measurement changes to the initial liability for the legal obligation recorded in account 230, Asset retirement obligations, as follows:

(1) The utility shall record the accretion of the liability by debiting account 411.10, Accretion expense, for electric utility plant, account 413, Expenses of electric plant leased to others, for electric plant leased to others, and account 421, Miscellaneous nonoperating income, for nonutility plant and crediting account 230, Asset retirement obligations; and

(2) The utility shall recognize any subsequent measurement changes of the liability initially recorded in account 230, Asset retirement obligations, for each specific asset retirement obligation as an adjustment of that liability in account 230 with the corresponding adjustment to electric utility plant, electric plant leased to others, and nonutility plant, as appropriate. The utility shall on a timely basis monitor any measurement changes of the asset retirement obligations.

C. Gains or losses resulting from the settlement of asset retirement obligations associated with utility plant resulting from the difference between

the amount of the liability for the asset retirement obligation included in account 230, Asset retirement obligations, and the actual amount paid to settle the obligation shall be accounted for as follows:

(1) Gains shall be credited to account 411.6, Gains from disposition of utility plant, and;

(2) Losses shall be charged to account 411.7, Losses from disposition of utility plant.

D. Gains or losses on the settlement of asset retirement obligations associated with nonutility plant resulting from the difference between the amount of the liability for the asset retirement obligation in account 230, Asset retirement obligations, and the amount paid to settle the obligation, shall be accounted for as follows:

(1) Gains shall be credited to account 421, Miscellaneous nonoperating income, and;

(2) Losses shall be charged to account 426.5, Other deductions.

E. Separate subsidiary records shall be maintained for each asset retirement obligation showing the initial liability and associated asset retirement cost, any incremental amounts of the liability incurred in subsequent reporting periods for additional layers of the original liability and related asset retirement cost, the accretion of the liability, the subsequent measurement changes to the asset retirement obligation, the depreciation and amortization of the asset retirement costs and related accumulated depreciation, and the settlement date and actual amount paid to settle the obligation. For purposes of analyses a utility shall maintain supporting documentation so as to be able to furnish accurately and expeditiously with respect to each asset retirement obligation the full details of the identity and nature of the legal obligation, the year incurred, the identity of the plant giving rise to the obligation, the full particulars relating of each component and supporting computations related to the measurement of the asset retirement obligation.

6. In Electric Plant Instructions, paragraph 3.A.(17)(a) the (W) element is revised; and a new paragraph 3.A.(21) is added to read as follows:

Electric Plant Instructions

3. *Components of construction cost.*
A. * * *

(17) * * *
(a) * * *
(W) = Average balance in construction work in progress plus nuclear fuel in

process of refinement, conversion, enrichment and fabrication, less asset retirement costs (See General Instruction 25) related to plant under construction.

* * * * *

(21) *Asset retirement costs.* The costs recognized as a result of asset retirement obligations incurred during the construction and testing of utility plant shall constitute a component of construction costs.

* * * * *

7. Balance Sheet Accounts is amended as follows:

(a) Account 101.1 is amended by adding a sentence to the end of paragraph C.;

(b) Account 103 paragraph C. is revised;

(c) Account 108 paragraph A.(2) through A.(7) are redesignated as paragraphs A.(3) through A.(8) and a new paragraph A.(2) is added;

(d) Account 110 paragraph A.(2) through A.(4) are redesignated as paragraphs A.(3) through A.(5) and a new paragraph A.(2) is added;

(e) Account 121, paragraph A. is amended by adding a sentence to the end of the paragraph; and

(f) Account 230 is added.

The revision and additions read as follows:

Balance Sheet Accounts

* * * * *

101.1 Property under capital leases.
* * * * *

C. * * * Records shall also be maintained for plant under a lease, to identify the asset retirement obligation and cost originally recognized for each lease and the periodic charges and credits made to the asset retirement obligations and asset retirement costs.

* * * * *

103 Experimental electric plant unclassified (Major only).

* * * * *

C. The depreciation on plant in this account shall be charged to account 403, Depreciation expense, and account 403.1, Depreciation expense for asset retirement costs, as appropriate, and credited to account 108, Accumulated provision for depreciation of electric utility plant (Major only). The amounts herein shall be depreciated over a period which corresponds to the estimated useful life of the relevant project considering the characteristics involved. However, when projects are transferred to account 101, Electric plant in service, a new depreciation rate based on the remaining service life and

undepreciated amounts, will be established.

* * * * *

108 Accumulated provision for depreciation of electric utility plant (Major only).

A. * * *

(2) Amounts charged to account 403.1, Depreciation expense for asset retirement costs, for current depreciation expense related to asset retirement costs in electric plant in service in a separate subaccount.

* * * * *

110 Accumulated provision for depreciation and amortization of electric utility plant (Nonmajor only).

A. * * *

(2) Amounts charged to account 403.1, Depreciation expense for asset retirement costs, in electric utility plant in service in a separate subaccount.

* * * * *

121 Nonutility property.

A. * * * This account shall also include, where applicable, amounts recorded for asset retirement costs associated with nonutility plant.

* * * * *

230 Asset retirement obligations.

A. This account shall include the amount of liabilities for the recognition of asset retirement obligations related to electric utility plant and nonutility plant that gives rise to the obligations. This account shall be credited for the amount of the liabilities for asset retirement obligations with amounts charged to the appropriate electric utility plant accounts or nonutility plant account to record the related asset retirement costs.

B. The utility shall charge the accretion expense to account 411.10, Accretion expense, for electric utility plant, account 413, Expenses of electric plant leased to others, for electric plant leased to others, or account 421, Miscellaneous nonoperating income, for nonutility plant, as appropriate, and credit account 230, Asset retirement obligations.

C. This account shall be debited with amounts paid to settle the asset retirement obligations recorded herein.

D. The utility shall clear from this account any gains or losses resulting from the settlement of asset retirement obligations in accordance with the instructions prescribed in General Instruction 25.

* * * * *

8. In Electric Plant Accounts, new primary plant accounts, 317, 326, 337, 347, 359.1, 374, and 399.1 are added to read as follows:

Electric Plant Accounts

* * * * *

317 Asset retirement costs for steam production plant.

This account shall include asset retirement costs on plant included in the steam production function.

* * * * *

326 Asset retirement costs for nuclear production plant (Major only).

This account shall include asset retirement costs on plant included in the nuclear production function.

* * * * *

337 Asset retirement costs for hydraulic production plant.

This account shall include asset retirement costs on plant included in the hydraulic production function.

* * * * *

347 Asset retirement costs for other production plant.

This account shall include asset retirement costs on plant included in the other production function.

* * * * *

359.1 Asset retirement costs for transmission plant.

This account shall include asset retirement costs on plant included in the transmission plant function.

* * * * *

374 Asset retirement costs for distribution plant.

This account shall include asset retirement costs on plant included in the distribution plant function.

* * * * *

399.1 Asset retirement costs for general plant.

This account shall include asset retirement costs on plant included in the general plant function.

* * * * *

9. Amend Income Accounts as follows:

- a. Account 403.1 is added,
- b. Accounts 411.6 and 411.7 are amended by designating the current paragraph as A., and adding a new paragraph B.,
- c. Account 411.10 is added,
- d. In account 421, paragraphs 4. through 6. are added, and
- e. In account 426.5 paragraph 6 is added.

The additions read as follows:

Income Accounts

* * * * *

403.1 Depreciation expense for asset retirement costs.

This account shall include the depreciation expense for asset retirement costs included in electric utility plant in service.

* * * * *

411.6 Gains from disposition of utility property.

A. * * *

B. The utility shall record in this account gains resulting from the settlement of asset retirement obligations related to utility plant in accordance with the accounting prescribed in General Instruction 25.

* * * * *

411.7 Losses from disposition of utility property.

A. * * *

B. The utility shall record in this account losses resulting from the settlement of asset retirement obligations related to utility plant in accordance with the accounting prescribed in General Instruction 25.

* * * * *

411.10 Accretion expense.

This account shall be charged for accretion expense on the liabilities associated with asset retirement obligations included in account 230, Asset retirement obligations, related to electric utility plant.

* * * * *

421 Miscellaneous nonoperating income.

* * * * *

4. This account shall include the accretion expense on the liability for an asset retirement obligation included in account 230, Asset retirement obligations, related to nonutility plant.

5. This account shall include the depreciation expense for asset retirement costs related to nonutility plant.

6. The utility shall record in this account gains resulting from the settlement of asset retirement obligations related to nonutility plant in accordance with the accounting prescribed in General Instruction 25.

* * * * *

426.5 Other deductions.

* * * * *

6. The utility shall record in this account losses resulting from the settlement of asset retirement obligations related to nonutility plant in accordance with the accounting prescribed in General Instruction 25.

* * * * *

PART 154—RATE SCHEDULES AND TARIFFS

10. The authority citation for part 154 continues to read as follows:

Authority: 15 U.S.C. 717–717w; 31 U.S.C. 9701; 42 U.S.C. 7102–7352.

11. In § 154.312 paragraph (d), introductory text, is amended by removing the sentence “Any authorized negative salvage must be maintained in a separate subaccount of account 108,”

and adding in its place the following sentence to read as follows:

§ 154.312 Composition of Statements.

(d) * * * Any authorized negative salvage must be maintained in a separate subaccount of account 108, and shall not include any amounts related to asset retirement obligations.* * *

* * * * *

12. Section 154.315 is added to read as follows:

§ 154.315 Asset retirement obligations.

(a) A natural gas company that files a tariff change under this part and has recorded an asset retirement obligation on its books must provide a schedule, as part of the supporting workpapers, identifying all cost components related to the asset retirement obligations that are included in the book balances of all accounts reflected in the cost of service computation supporting the proposed rates. However, all cost components related to asset retirement obligations that would impact the calculation of rate base, such as gas plant and related accumulated depreciation and accumulated deferred income taxes, may not be reflected in rates and must be removed from the rate base calculation through a single adjustment.

(b) A natural gas company seeking to recover nonrate base costs related to asset retirement obligations in rates must provide, with its filing under § 154.312 or § 154.313, a detailed study supporting the amounts proposed to be collected in rates.

(c) A natural gas company who has recorded asset retirement obligations on its books but is not seeking recovery of the asset retirement costs in rates, must remove all asset retirement obligations related cost components from the cost of service supporting its proposed rates.

PART 201— UNIFORM SYSTEM OF ACCOUNTS PRESCRIBED FOR NATURAL GAS COMPANIES SUBJECT TO THE PROVISIONS OF THE NATURAL GAS ACT

13. The authority citation for part 201 continues to read as follows:

Authority: 15 U.S.C. 717–717w, 3301–3432; 42 U.S.C. 7101–7352, 7651–7651o.

14. In Definitions, Definition 10 is revised to read as follows:

Definitions

* * * * *

10. Cost of removal means the cost of demolishing, dismantling, tearing down or otherwise removing gas plant, including the cost of transportation and handling incidental thereto. It does not include the cost of removal activities

associated with asset retirement obligations that are capitalized as part of the tangible long-lived assets that give rise to the obligation. (See General Instruction 24).

* * * * *

15. In General Instructions, Instruction 20 paragraphs C. and D. are redesignated as paragraphs D. and E. and a new paragraph C. is added; and a new Instruction 24 is added to read as follows:

General Instructions

* * * * *

20. Accounting for leases.

* * * * *

C. The utility, as a lessee, shall recognize an asset retirement obligation (See General Instruction 24) arising from the plant under a capital lease unless the obligation is recorded as an asset and liability under a capital lease. The utility shall record the asset retirement cost by debiting account 101.1, Property under capital leases, or account 121, Nonutility property, as appropriate, and crediting the liability for the asset retirement obligation in account 230, Asset retirement obligations. Asset retirement costs recorded in account 101.1 or account 121 shall be amortized by charging rent expense (See Operating Expense Instruction 3) or account 421, Miscellaneous nonoperating income, as appropriate, and crediting a separate subaccount of the account in which the asset retirement costs are recorded. Charges for the periodic accretion of the liability in account 230, Asset retirement obligations, shall be recorded by a charge to account 411.10, Accretion expense, for gas utility plant, and account 421, Miscellaneous nonoperating income, for nonutility plant and a credit to account 230, Asset retirement obligations.

* * * * *

24. Accounting for asset retirement obligations.

A. An asset retirement obligation represents a liability for the legal obligation associated with the retirement of a tangible long-lived asset that a utility is required to settle as a result of an existing or enacted law, statute, ordinance, or written or oral contract or by legal construction of a contract under the doctrine of promissory estoppel. An asset retirement cost represents the amount capitalized when the liability is recognized for the long-lived asset that gives rise to the legal obligation. The amount recognized for the liability and an associated asset retirement cost shall be stated at the fair value of the asset

retirement obligation in the period in which the obligation is incurred.

B. The utility shall initially record a liability for an asset retirement obligation in account 230, Asset retirement obligations, and charge the associated asset retirement costs to gas utility plant and nonutility plant, as appropriate, related to the plant that gives rise to the legal obligation. The asset retirement cost shall be depreciated over the useful life of the related asset that gives rise to the obligations. For periods subsequent to the initial recording of the asset retirement obligation, a utility shall recognize the period to period changes of the asset retirement obligation that result from the passage of time due to the accretion of the liability and any subsequent measurement changes to the initial liability for the legal obligation recorded in account 230, Asset retirement obligations, as follows:

(1) The utility shall record the accretion of the liability by debiting account 411.10, Accretion expense, for gas utility plant, account 413, Expenses of gas plant leased to others, for gas plants leased to others, and account 421, Miscellaneous nonoperating income, for nonutility plant and crediting account 230, Asset retirement obligations; and

(2) The utility shall recognize any subsequent measurement changes of the liability initially recorded in account 230, Asset retirement obligations, for each specific asset retirement obligation as an adjustment of that liability in account 230 with the corresponding adjustment to gas utility plant, gas plant leased to others, and nonutility plant, as appropriate. The utility shall on a timely basis monitor any measurement changes of the asset retirement obligations.

C. Gains or losses resulting from the settlement of asset retirement obligations associated with utility plant resulting from the difference between the amount of the liability for the asset retirement obligation included in account 230, Asset retirement obligations, and the actual amount paid to settle the obligation shall be accounted for as follows:

(1) Gains shall be credited to account 411.6, Gains from disposition of utility plant, and;

(2) Losses shall be charged to account 411.7, Losses from disposition of utility plant.

D. Gains or losses on the settlement of the asset retirement obligations associated with nonutility plant resulting from the difference between the amount of the liability for the asset retirement obligation in account 230, Asset retirement obligations, and the

amount paid to settle the obligation, shall be accounted for as follows:

(1) Gains shall be credited to account 421, Miscellaneous nonoperating income, and;

(2) Losses shall be charged to account 426.5, Other deductions.

E. Separate subsidiary records shall be maintained for each asset retirement obligation showing the initial liability and associated asset retirement cost, any incremental amounts of the liability incurred in subsequent reporting periods for additional layers of the original liability and related asset retirement cost, the accretion of the liability, the subsequent measurement changes to the asset retirement obligation, the depreciation and amortization of the asset retirement costs and related accumulated depreciation, and the settlement date and actual amount paid to settle the obligation. For purposes of analyses a utility shall maintain supporting documentation so as to be able to furnish accurately and expeditiously with respect to each asset retirement obligation the full details of the identity and nature of the legal obligation, the year incurred, the identity of the plant giving rise to the obligation, the full particulars relating of each component and supporting computations related to the measurement of the asset retirement obligation.

* * * * *

16. In Gas Plant Instructions, paragraph 3.A.(17)(a) the (W) element is revised; and new paragraph 3.A.(23) is added to read as follows:

Gas Plant Instructions

* * * * *

3. Components of construction cost.

A. * * *

(17) * * *

(a) * * *

(W) = Average balance in construction work in progress less asset retirement costs (See General Instruction 24) related to plant under construction.

* * * * *

(23) "Asset retirement costs." The costs recognized as a result of asset retirement obligations incurred during the construction and testing of utility plant shall constitute a component of construction costs.

* * * * *

17. Balance Sheet Accounts are amended as follows:

(a) Account 101.1, is amended by adding a sentence to the end of paragraph C.;

(b) Account 103, paragraph C. is revised;

(c) Account 108, paragraphs A.(2) through A.(7) are redesignated as

paragraphs A.(3) through A.(8) and a new paragraph A.(2) is added;

(d) Account 121, paragraph A. is amended by adding a sentence to the end of the paragraph; and

(f) Account 230 is added.

The additions and revisions read as follows:

Balance Sheet Accounts

* * * * *

101.1 Property under capital leases.

* * * * *

C. * * * Records shall also be maintained for plant under a lease, to identify the asset retirement obligation and cost originally recognized for each lease and the periodic charges and credits made to the asset retirement obligations and asset retirement costs.

* * * * *

103 Experimental gas plant unclassified.

* * * * *

C. The depreciation on plant in this account shall be charged to account 403, Depreciation expense, and account 403.1, Depreciation expense for asset retirement costs, as appropriate, and credited to account 108, Accumulated provision for depreciation of gas utility plant. The amounts herein shall be depreciated over a period which corresponds to the estimated useful life of the relevant project considering the characteristics involved. However, when projects are transferred to account 101, Gas plant in service, a new depreciation rate based on the remaining service life and undepreciated amounts, will be established.

* * * * *

108 Accumulated provision for depreciation of gas utility plant.

A. * * *

(2) Amounts charged to account 403.1, Depreciation expense for asset retirement costs, for current depreciation expense related to asset retirement costs in gas plant in service in a separate subaccount.

* * * * *

121 Nonutility property.

A. * * * This account shall also include, where applicable, amounts recorded for asset retirement costs associated with nonutility plant.

* * * * *

230 Asset retirement obligations

A. This account shall include the amount of liabilities for the recognition of asset retirement obligations related to gas utility plant and nonutility plant that gives rise to the obligations. This account shall be credited for the amount of the liabilities for asset retirement obligations with amounts charged to the

appropriate gas utility plant accounts or nonutility plant accounts to record the related asset retirement costs.

B. This account shall also include the period to period changes for the accretion of the liabilities in account 230, Asset retirement obligations. The utility shall charge the accretion expense to account 411.10, Accretion expense, for gas utility plant, account 413, Expenses of gas plant leased to others, for gas plant leased to others, or account 421, Miscellaneous nonoperating income, for nonutility plant, as appropriate, and credit account 230, Asset retirement obligations.

C. This account shall be debited with amounts paid to settle the asset retirement obligations recorded herein.

D. The utility shall clear from this account any gains or losses resulting from the settlement of asset retirement obligations in accordance with the instructions prescribed in General Instruction 24.

* * * * *

18. In Gas Plant Accounts, new primary plant accounts, 321, 339, 348, 358, 363.6, 364.9, 372, 388, and 399.1 are added to read as follows:

Gas Plant Accounts

* * * * *

321 Asset retirement costs for manufactured gas production plant.

This account shall include asset retirement costs on plant included in the manufactured gas production plant function.

* * * * *

339 Asset retirement costs for natural gas production and gathering plant.

This account shall include asset retirement costs on plant included in the natural gas production and gathering plant function.

* * * * *

348 Asset retirement costs for products extraction plant.

This account shall include asset retirement costs on plant included in the products extraction plant function.

* * * * *

358 Asset retirement costs for underground storage plant.

This account shall include asset retirement costs on plant included in the underground storage plant function.

* * * * *

363.6 Asset retirement costs for other storage plant.

This account shall include asset retirement costs on plant included in the other storage plant function.

* * * * *

372 Asset retirement costs for transmission plant.

This account shall include asset retirement costs on plant included in the transmission plant function.

* * * * *

388 Asset retirement costs for distribution plant.

This account shall include asset retirement costs on plant included in the distribution plant function.

* * * * *

399.1 Asset retirement costs for general plant.

This account shall include asset retirement costs on plant included in the general plant function.

* * * * *

19. Income Accounts are amended as follows:

- a. Account 403.1 is added,
b. Accounts 411.6 and 411.7 are amended by designating the current paragraph as A. and adding a new paragraph B.,
c. Account 411.10 is added,
d. In account 421, paragraphs 4. through 6. are added, and
e. In account 426.5 paragraph 6. is added.

The additions read as follows:

Income Accounts

* * * * *

403.1 Depreciation expense for asset retirement costs.

This account shall include the depreciation expense for asset retirement costs included in gas utility plant in service.

* * * * *

411.6 Gains from disposition of utility property.

A. * * *

B. The utility shall record in this account gains resulting from the settlement of asset retirement obligations related to utility plant in accordance with the accounting prescribed in General Instruction 24.

* * * * *

411.7 Losses from disposition of utility property.

A. * * *

B. The utility shall record in this account losses resulting from the settlement of asset retirement obligations related to utility plant in accordance with the accounting prescribed in General Instruction 24.

* * * * *

411.10 Accretion expense.

This account shall be charged for accretion expense on the liabilities associated with asset retirement obligations included in account 230, Asset retirement obligations, related to gas utility plant.

* * * * *

421 Miscellaneous nonoperating income.

* * * * *

4. This account shall include the accretion expense on the liability for an asset retirement obligation included in account 230, Asset retirement obligations, related to nonutility plant.

5. This account shall include the depreciation expense for asset retirement costs related to nonutility plant.

6. The utility shall record in this account gains resulting from the settlement of asset retirement obligations related to nonutility plant in accordance with the accounting prescribed in General Instruction 24.

* * * * *

426.5 Other deductions.

* * * * *

6. The utility shall record in this account losses resulting from the settlement of asset retirement obligations related to nonutility plant in accordance with the accounting prescribed in General Instruction 24.

* * * * *

PART 346—OIL PIPELINE COST-OF-SERVICE FILING REQUIREMENTS

20. The authority citation for part 346 continues to read as follows:

Authority: 42 U.S.C. 7101-7352; 49 U.S.C. 60502; 49 App. U.S.C. 1-85.

21. Section 346.3 is added to read as follows:

§ 346.3 Asset retirement obligations.

(a) A carrier that files material in support of initial rates or change in rates under § 346.2 and has recorded asset retirement obligations on its books must provide a schedule, as part of the supporting workpapers, identifying all cost components related to the asset retirement obligations that are included in the book balances of all accounts reflected in the cost of service computation supporting the proposed rates. However, all cost components related to asset retirement obligations that would impact the calculation of rate base, such as carrier property and related accumulated depreciation and accumulated deferred income taxes, may not be reflected in rates and must be removed from the rate base calculation through a single adjustment.

(b) A carrier seeking to recover nonrate base costs related to asset retirement costs in rates must provide, with its filing under § 346.2 of this part, a detailed study supporting the amounts proposed to be collected in rates.

(c) A carrier who has recorded asset retirement obligations on its books but is not seeking recovery of the asset retirement costs in rates, must remove all asset retirement obligations related

cost components from the cost of service supporting its proposed rates.

PART 352—UNIFORM SYSTEMS OF ACCOUNTS PRESCRIBED FOR OIL PIPELINE COMPANIES SUBJECT TO THE PROVISIONS OF THE INTERSTATE COMMERCE ACT

22. The authority citation for part 352 continues to read as follows:

Authority: 49 U.S.C. 60502; 49 App. U.S.C. 1-85 (1988).

23. In List of Instructions and Accounts, under Definitions, Definition 12 is revised to read as follows:

Definitions. * * *

12. Cost of removal means cost of demolishing, dismantling, tearing down, or otherwise removing property including costs of handling and transportation. It does not include the cost of removal activities associated with asset retirement obligations that are capitalized as part of the tangible long-lived assets that give rise to the obligation. (See General Instruction 1-19).

* * * * *

24. In General Instructions, paragraph 1-19 is added to read as follows:

General Instructions

* * * * *

1-19 Accounting for asset retirement obligations.

(a) An asset retirement obligation represents a liability for the legal obligation associated with the retirement of a tangible long-lived asset that a utility is required to settle as a result of an existing or enacted law, statute, ordinance, or written or oral contract or by legal construction of a contract under the doctrine of promissory estoppel. An asset retirement cost represents the amount capitalized when the liability is recognized for the long-lived asset that gives rise to the legal obligation. The amount recognized for the liability and an associated asset retirement cost shall be stated at the fair value of the asset retirement obligation in the period in which the obligation is incurred.

(b) The carrier shall initially record a liability for an asset retirement obligation in account 67, Asset retirement obligations, and charge the associated asset retirement costs to account 30, Carrier property, and account 34, Noncarrier property, as appropriate, related to the property that gives rise to the legal obligation. The asset retirement cost shall be depreciated over the useful life of the related asset that gives rise to the obligations. For periods subsequent to the initial recording of the asset

retirement obligation, a carrier shall recognize the period to period changes of the asset retirement obligation that result from the passage of time due to the accretion of the liability and any subsequent measurement revisions to the initial liability for the legal obligation recorded in account 67, Asset retirement obligations, as follows:

(1) The carrier shall record the accretion of the liability by debiting account 591, Accretion expense, for carrier property, account 620, Income (net) from noncarrier property, for noncarrier property and crediting account 67, Asset retirement obligations; and

(2) The carrier shall recognize any subsequent measurement changes of the liability initially recorded in account 67, Asset retirement obligations, for each specific asset retirement obligation as an adjustment of that liability in account 67 with the corresponding adjustment to carrier property and noncarrier property accounts, as appropriate. The utility shall on a timely basis monitor any measurement changes of the asset retirement obligations.

(c) Gains or losses resulting from the final settlement of asset retirement obligations for carrier plant resulting from the difference between the amount of the liability for the asset retirement obligation in account 67, Asset retirement obligation, and the actual amount to settle the obligation, shall be recorded in account 592, Gains or losses on asset retirement obligations.

(d) Gains or losses resulting from the final settlement of asset retirement obligations for noncarrier plant resulting from the difference between the amount of the liability for the asset retirement obligation in account 67, Asset retirement obligation, and the actual amount to settle the obligation, shall be recorded in account 620, Income (net) from noncarrier property.

(e) Separate subsidiary records shall be maintained for each asset retirement obligation showing the initial liability and associated asset retirement cost, any incremental amounts of the liability incurred in subsequent reporting periods for additional layers of the original liability and related asset retirement cost, the accretion of the liability, the subsequent measurement changes to the asset retirement obligation, the depreciation and amortization of the asset retirement costs and related accumulated depreciation, and the settlement date and actual amount paid to settle the obligation. For purposes of analyses a carrier shall maintain supporting

documentation so as to be able to furnish accurately and expeditiously with respect to each asset retirement obligation the full details of the identity and nature of the legal obligation, the year incurred, the identity of the plant giving rise to the obligation, the full particulars relating of each component and supporting computations related to the measurement of the asset retirement obligation.

* * * * *

25. In Instructions for Carrier Property Accounts, Instruction 3-3, paragraph (11)(iii) and paragraph (13) are added to read as follows:

Instructions for Carrier Property Accounts

* * * * *

3-3 *Cost of property constructed.*

* * *

(11) * * *

(iii) Interest during construction shall not be recognized on the asset retirement costs incurred during the construction of carrier and noncarrier property.

* * * * *

(13) Asset retirement costs that are recognized as a result of asset retirement obligations incurred during the construction shall be included in the cost of construction costs.

* * * * *

Balance Sheet Accounts

26. In Balance Sheet Accounts, account 34 is amended by adding a sentence to the end of paragraph and account 67 is added to read as follows:

* * * * *

34 * * * This account shall also include, amounts recorded for asset retirement costs associated with noncarrier property.

* * * * *

67 *Asset retirement obligations.*

A. This account shall include liabilities arising from the recognition of asset retirement obligations. The carrier shall credit account 67, Asset retirement obligations, for the liabilities for asset retirement obligations and charge the appropriate carrier property accounts or noncarrier property accounts to record the related asset retirement costs.

B. This account shall also include the period to period changes for the accretion of the liabilities in account 67, Asset retirement obligations. The carrier shall charge the accretion expense to account 591, Accretion expense, for carrier property, and account 620, Income (net) from noncarrier property, for noncarrier property, as appropriate,

and credit account 67, Asset retirement obligations.

C. This account shall be debited with amounts paid to settle the asset retirement obligations recorded herein.

D. The utility shall clear from this account any gains or losses resulting from the settlement of asset retirement obligations in accordance with the instructions prescribed in General Instruction 1-19.

* * * * *

27. In Carrier Property Accounts, accounts 117, 167, 186.1 are added to read as follows:

Carrier Property Accounts

* * * * *

117, 167, 186.1 *Asset retirement costs.*

This account shall include asset retirement costs on plant included in carrier property.

* * * * *

28. In Operating Expenses, accounts 541, 591 and 592 are added to read as follows:

Operating Expenses

* * * * *

541 *Depreciation expense for asset retirement costs.*

This account shall include charges for the depreciation of asset retirement costs related to transportation property.

* * * * *

591 *Accretion expense.*

This account shall be charged for accretion expense on the liabilities associated with asset retirement obligations included in account 67, Asset retirement obligations. The carrier shall record in this account the settlement amounts for asset retirement obligations related to carrier property in accordance with the accounting prescribed in General Instruction 1-19.

592 *Gains or losses on asset retirement obligations.*

The carrier shall record in this account gains or losses resulting from the settlement amounts for asset retirement obligations related to carrier property plant. (See General Instruction 1-19).

* * * * *

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

Appendix A—Summary of Proposed Changes to Schedules for Forms 1, 1-F, 2, 2-A and 6

	Schedule title	Forms 1 and 1-F public utilities and licensees	Forms 2 and 2A natural gas companies	Form 6 oil pipeline companies
1	List of Schedules	Revise to show schedule changes.	Same as Public Utilities and Licensees.	Same as Public Utilities and Licensees.
2	Comparative Balance Sheet	Add new account 230 to report asset retirement obligations.	Same as Public Utilities and Licensees.	Add account 67 to report asset retirement obligations.
3	Statement of Income for the Year.	Add new accounts 403.1, to report depreciation expense and 411.10, to report accretion expense.	Same as Public Utilities and Licensees.	Add accounts 541, to report depreciation expense, 591, to report accretion expense, and 592, to report gains or losses on asset retirement obligations.
4	Plant in Service	Add new Instruction 4. For revisions to the amount of initial asset retirement costs capitalized, included by primary plant account, increases in column (c) additions and reductions in column (e) adjustments. Add new primary asset retirement accounts, 317, 326, 337, 347, 359.1, 374 and 399.1, for each plant function.	Same as Public Utilities and Licensees. Add new primary asset retirement accounts, 339, 348, 358, 363.6, 364.9, 372, 388, 399.1, for each plant function.	N/A. N/A.
5	Undivided Joint Interest Property	N/A	N/A	Add new primary asset retirement accounts, 117, 167, and 186.1, for each carrier property account function.
6	Accumulated Provisions for Depreciation of Utility Plant.	Added lines to report "403.1 Depreciation Expense for Asset Retirement Costs" and "Book Cost of Asset Retirement Costs Required".	Same as Public Utilities and Licensees.	N/A.
7	Accrued Depreciation—Carrier Property.	N/A	N/A	Add new primary asset retirement accounts, 117, 167, and 186.1, for each carrier property account function and revise column (c) to read Debits to Accounts 540 and 541 and US of A (in dollars).
8	Accrued Depreciation—Undivided Joint Interest Property.	N/A	N/A	Same as above for Accrued Depreciation—Carrier Property.
9	Depreciation and Amortization of Plant (Except Amortization of Acquisition Adjustments).	Add new Column (c), Depreciation Expense for Asset Retirement Costs (403.1).	Same as Public Utilities and Licensees.	N/A.
10	Amortization Base and Reserve	N/A	Form 2-A N/A N/A	Revise header over columns (b), (c), (d) and (e) to read (Base 540 and 541).
11	Steam-Electric Generating Plant Statistics (Large Plants).	Form 1—Revise to report Asset Retirement Costs. Form 1-F N/A	N/A	N/A.
12	Hydroelectric Generating Plant Statistics (Large Plants).	Form 1—Revise to report Asset Retirement Costs. Form 1-F N/A	N/A	N/A.
13	Pumped Storage Generating Plant Statistics (Large Plants).	Form 1—Revise to report Asset Retirement Costs. Form 1-F N/A	N/A	N/A.
14	Generating Plant Statistics (Small Plants) (Continued).	Form 1—Revise Column (g), to read "Plant Cost (Including Asset Retirement Costs) Per MW Installed Capacity". Form 1-F N/A	N/A	N/A.
15	Transmission Lines Added During the Year.	Form 1—Add column (o) "Asset Retirement Costs" to report asset retirements costs as part of line cost. Form 1-F N/A	N/A	N/A.

Appendix A Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

-1-

Name of Respondent	This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec 31, ____
LIST OF SCHEDULES (Electric Utility)			
Enter in column (d) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts		have been reported for certain pages. Omit pages where the respondents are "none," "not applicable," or "NA".	
Title of Schedule (a)	Reference Page No. (b)	Date Revised (c)	Remarks (d)
GENERAL CORPORATE INFORMATION AND FINANCIAL STATEMENTS			
General Information	101	Ed. 12-87	
Control Over Respondent	102	Ed. 12-96	
Corporations Controlled by Respondent	103	Ed. 12-96	
Officers	104	Ed. 12-96	
Directors	105	Ed. 12-95	
Security Holders and Voting Powers	106-107	Ed. 12-96	
Important Changes During the Year	108-109	Ed. 12-96	
Comparative Balance Sheet	110-113	Rev. 12-02	
Statement of Income for the Year	114-117	Rev. 12-02	
Statement of Retained Earnings for the Year	118-119	Ed. 12-96	
Statement of Cash Flows	120-121	Ed. 12-96	
Statement of Accumulated Comprehensive Income and Hedging Activities	122 (a) (b)	New 12-02	
Notes to Financial Statements	122-123	Ed. 12-96	
BALANCE SHEET SUPPORTING SCHEDULES (Assets and Other Debits)			
Summary of Utility Plant and Accumulated Provisions for			
Depreciation, Amortization, and Depletion	200-201	Ed. 12-89	
Nuclear Fuel Materials	202-203	Ed. 12-89	
Electric Plant in Service	204-207	Rev. 12-02	
Electric Plant Leased to Others	213	Rev. 12-95	
Electric Plant Held for Future Use	214	Ed. 12-89	
Construction work in Progress -- Electric	216	Ed. 12-87	
Construction Overheads -- Electric	217	Ed. 12-89	
General Description of Construction Overhead Procedure	218	Ed. 12-88	
Accumulated Provision for Depreciation of Electric Utility Plant	219	Ed. 12-02	
Nonutility Property	221	Rev. 12-95	
investment in Subsidiary Companies	224-225	Ed. 12-89	
Materials and Supplies	227	Ed. 12-87	
Allowances	228-229	Ed. 12-89	
Extraordinary Property Losses	230	Ed. 12-88	
Unrecovered Plant and Regulatory Study Costs	230	Ed. 12-88	
Other Regulatory Assets	232	Ed. 12-95	
Miscellaneous Deferred Debits	233	Ed. 12-94	
Accumulated Deferred Income Taxes (Account 190)	234	Ed. 12-88	
BALANCE SHEET SUPPORTING SCHEDULES (Liabilities and Other Credits)			
Capital Stock	250-251	Ed. 12-91	
Capital Stock Subscribed, Capital Stock Liability for Conversion, Premium on Capital Stock, and installments			
Received on Capital Stock	252	Rev. 12-95	
Other Paid-in Capital	253	Ed. 12-87	
Discount on Capital Stock	254	Ed. 12-87	
Capital Stock Expense	254	Ed. 12-86	
Long-Term Debt	256-257	Ed. 12-96	

Appendix A Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

Name of Respondent	This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec 31, _____
LIST OF SCHEDULES (Electric Utility) (Continued)			
Title of Schedule (a)	Reference Page No. (b)	Date Revised (c)	Remarks (d)
BALANCE SHEET SUPPORTING SCHEDULES (Liabilities and Other Credits) (Continued)			
Reconciliation of Reported Net Income with for Federal Income Taxes	261	Ed. 12-96	
Taxes Accrued, Prepaid and Charged During Year	262 - 263	Ed. 12-96	
Accumulated Deferred Investment Tax Credits	266 - 267	Ed. 12-89	
Other Deferred Credits	269	Ed. 12-88	
Accumulated Deferred Income Taxes -- Accelerated Amortization Property	272 - 273	Ed. 12-96	
Accumulated Deferred Income Taxes -- Other Property	274 - 275	Ed. 12-96	
Accumulated Deferred Income Taxes Other	276 - 277	Ed. 12-96	
Other Regulatory Liabilities	278	Ed. 12-94	
INCOME ACCOUNT SUPPORTING SCHEDULES			
Electric Operating Revenues	300 - 301	Ed. 12-96	
Sales of Electricity by Rate Schedules	304	Ed. 12-95	
Sales of Resale	310 - 311	Ed. 12-88	
Electric Operation and Maintenance Expenses	320 - 323	Ed. 12-95	
Number of Electric Department Employees	323	Ed. 12-93	
Purchased Power	326 - 327	Ed. 12-95	
Transmission of Electricity for Others	328 - 330	Ed. 12-90	
Transmission of Electricity by Others	332	Ed. 12-90	
Miscellaneous General Expenses -- Electric	335	Ed. 12-94	
Depreciation and Amortization of Electric-- Plant	336 - 337	Rev. 12-02	
Particulars Concerning Certain Income Deduction and Interest Charges Account	340	Ed. 12 - 87	
COMMON SECTION			
Regulatory Commission Expenses	350 - 351	Ed. 12-96	
Research, Development and Demonstration Activities	352 - 353	Ed. 12-87	
Distribution of Salaries and Wages	354 - 355	Ed. 12-88	
Common Utility Plant and Expenses	356	Ed. 12-87	
ELECTRIC PLANT STATISTICAL DATA			
Electric Energy Account	401	Rev. 12-90	
Monthly Peaks and Output	401	Rev. 12-90	
Steam-Electric Generating Plant Statistics (Large Plants)	402 - 403	Rev. 12-02	
Hydroelectric Generating Plant Statistics (large Plants)	406 - 407	Ed. 12-02	
Pumped Storage Generating Plant Statistics (Large Plants)	408 - 409	Ed. 12-02	
Generating Plant Statistics (Small Plants)	410 - 411	Ed. 12-02	

Appendix A Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

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Name of Respondent	This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec 31, _____
LIST OF SCHEDULES (Electric Utility) (Continued)			
Title of Schedule (a)	Reference Page No. (b)	Date Revised (c)	Remarks (d)
ELECTRIC PLANT STATISTICAL DATA (Continued)			
Transmission Lines Statistics	422-423	Ed. 12-87	
Transmission Lines Added During Year	424-425	Ed. 12-02	
Substations	426-427	Ed. 12-96	
Electric Distribution Meters and Line Transformers	429	Ed. 12-88	
Environmental protection Facilities	430	Ed. 12-88	
Environmental Protection Expenses	431	Ed. 12-88	
Footnote Data	450	Ed. 12-87	
Stockholders' Reports Check appropriate box:			
[] Four copies will be submitted.			
[] No annual report to stockholders is prepared.			

Appendix A Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

Name of Respondent	This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec 31, _____
COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)			

Line No	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of year (c)	Balance at End of Year (d)
1	PROPRIETARY CAPITAL			
2	Common Stock Issued (201)	250-251		
3	Preferred Stock Issued (204)	250-251		
4	Capital Stock Subscribed (202, 205)	252		
5	Stock Liability for Conversion (203, 206)	252		
6	Premium on Capital Stock (207)	252		
7	Other Paid in Capital (208-211)	253		
8	Installments Received on Capital Stock (212)	252		
9	(Less) Discount on Capital Stock (213)	254		
10	(Less) Capital Stock expense (214)	254		
11	Retained Earnings (215, 215.1, 216)	118-119		
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119		
13	(Less) Reacquired Capital Stock (217)	250-251		
14	Accumulated Other Comprehensive Income (219)	122 (a) (b)		
15	TOTAL Proprietary Capital (Enter Total of Lines 2 thru 14)	-		
16	LONG-TERM DEBT			
17	Bonds (221)	256-257		
18	(Less) Reacquired Bonds (222)	256-257		
19	Advances from Associated Companies (223)	256-257		
20	Other Long-Term Debt (224)	256-257		
21	Unamortized Premium on Long-Term Debt (225)	-		
22	(Less) Unamortized Discount on Long-Term Debt-Debit (226)	-		
23	TOTAL Long-Term Debt (Enter Total of Lines 16 thru 21)	-		
24	OTHER NONCURRENT LIABILITIES			
25	Obligations Under Capital Leases-Noncurrent (227)	-		
26	Accumulated Provision for Property Insurance (228.1)	-		
27	Accumulated Provision for Injuries and damages (228.2)	-		
28	Accumulated Provision for Pensions and Benefits (228.3)	-		
29	Accumulated Miscellaneous Operating Provision (228.4)	-		
30	Accumulated Provision for Rate Refunds (229)	-		
31	Asset Retirement Obligations (230)	-		
32	TOTAL OTHER Noncurrent Liabilities (Enter Total of Lines 24 thru 30)			
33	CURRENT AND ACCRUED LIABILITIES			
34	Notes Payable (231)	-		
35	Accounts Payable (232)	-		
36	Notes Payable to Associated Companies (233)	-		
37	Account Payable to Associated Companies (234)	-		
38	Customer Deposits (235)	-		
39	Taxes Accrued (236)	262-263		
40	Interest Accrued (237)	-		
41	Dividends Declared (238)	-		
42	Matured Long-Term Debt (239)	-		
43	Matured Interests (240)	-		
44	Tax Collections Payable (241)	-		
45	Miscellaneous Current and Accrued Liabilities(242)			
46	Obligations Under Capital Leases-Current (243)			

Appendix A Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

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Name of Respondent		This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec 31, _____
COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS) (Continued)				
Line No	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of year (c)	Balance at End of Year (d)
47	Derivative Instrument Liabilities (244)			
48	Derivative Instrument Liabilities - Hedging (245)			
49	TOTAL Current and Accrued Liabilities (Enter Total of Lines 34 thru 48)			
50	DEFERRED CREDITS			
51	Customer Advances for Construction (252)			
52	Accumulate Deferred Investment Tax Credits (255)	266-267		
53	Deferred Gains from Disposition of Utility Plant (256)			
54	Other Deferred Credits (253)	269		
55	Other Regulatory Liabilities (254)	278		
55	Unamortized Gain on Reacquired Debt (257)	269		
56	Accumulated Deferred Income Taxes (281-283)	272-277		
57	TOTAL Deferred Credits (Enter Total of Lines 48 thru 54)			
58				
59				
60				
61				
62				
63				
64				
65				
66				
67				
68				
69				
70				
	TOTAL Liabilities and Other Credits (Enter Total of Lines 15, 23, 32,49 and 57)			

Appendix A Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

Name of Respondent	This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec 31, _____	
STATEMENT OF INCOME FOR THE YEAR				
<p>1. Report amounts for accounts 412 and 413, Revenue and Expenses from Utility Plant Leased to Others, in another Utility column (i,k,m,o) in a similar manner to a utility department. Spread the amount(s) over Lines 02 thru 24 as appropriate. include these amounts in columns (c) and (d) totals.</p> <p>2. Report amounts in account 414, Other Utility Operating income, in the same manner as accounts 412 and 413 above.</p> <p>3. Report data for lines 7,9, and 10 for Natural Gas companies using accounts 404.1, 404.2, 404.3, 407.1 and 407.2.</p> <p>4. Use pages 122-123 for important notes regarding the statement of income or any account thereof.</p>		<p>5. Give concise explanations concerning unsettled rate proceedings where a contingency exists such that refunds of a material amount may need to be made to the utility's customers or which may result in a material refund to the utility with respect to power or gas purchases. State for each year affected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power and gas purchases.</p> <p>6. Give concise explanations concerning significant amounts of any refunds made or received during the year.</p>		
Line No	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of year (c)	Balance at End of Year (d)
1	UTILITY OPERATING INCOME			
2	Operating Revenues (400)	300-301		
3	Operating Expenses			
4	Operation Expenses (401)	320-323		
5	Maintenance Expenses (402)	320-323		
6	Depreciation Expenses (403)	336-337		
7	Depreciation Expense for Asset Retirement Costs (403.1)	336-337		
8	Amortization. & Depletion of Utility Plant (404-405)	336-337		
9	Amortization of Utility Plant Acquisition Adjustment (406)	336-337		
10	Amortization of Property Losses, Unrecovered Plant and Regulatory Study Costs (407)			
11	Amortization of Conversion Expenses (407)			
12	Regulatory Debits (407.3)			
13	(Less) Regulatory Credits (407.4)			
14	Taxes Other than Income Taxes (408.1)	262-263		
15	Income Taxes - Federal (409.1)	262-263		
16	- Other (409.1)	262-263		
17	Provision for deferred Income Taxes (410.1)	234,272-277		
18	(Less) Provision for Deferred Income Taxes - Cr. (411.1)	234,272-277		
19	Investment Tax Credit Adj. - Net (411.4)	266		
20	(Less) Gains from Disp. Of Utility Plant (411.6)			
21	Losses from Disp. Of Utility Plant (411.7)			
22	(Less) Gains from Disposition of Allowances (411.8)			
23	Losses from Disposition of Allowances (411.9)			
24	Accretion Expense (411.10)			
25	TOTAL Utility Operating Expenses (Enter Total of Lines 4 thru 24)			
26	Net Utility Operating Income (Enter Total of line 2 less 25) (Carry forward to page 117, line 25)			

Appendix A Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

-7-

Name of Respondent		This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)		Year of Report Dec 31, _____	
STATEMENT OF INCOME FOR THE YEAR (Continued)							
resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purchases, and a summary of the adjustments made to balance sheet, income, and expense accounts. 7. If any notes appearing in the report to stockholders are applicable to this Statement of Income, such notes may be included on pages 122-123. B. Enter on pages 122-123 a concise explanation of only those changes in accounting methods made during the year				which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also give the approximate dollar effect of such changes. 9. Explain in a footnote if the previous year's figures are different from that reported in prior reports. 10. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles, lines 2 to 23, and report the information in the blank space on pages.122-123 or in a footnote.			
ELECTRIC UTILITY		GAS UTILITY		OTHER UTILITY		Line No.	
Current Year (e)	Previous Year (f)	Current Year (g)	Previous Year (h)	Current Year (i)	Previous Year (j)		
							1
							2
							3
							4
							5
							6
							7
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							11
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Appendix A Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

Name of Respondent		This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)	Year of Report Dec 31, _____	
STATEMENT OF INCOME FOR THE YEAR (Continued)						
	OTHER UTILITY		OTHER UTILITY		OTHER UTILITY	
Line No.	Current Year (k)	Previous Year (l)	Current Year (m)	Previous Year (n)	Current Year (o)	Previous Year (p)
1						
2						
3						
4						
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Appendix A Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

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Name of Respondent		This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec 31, _____
STATEMENT OF INCOME FOR THE YEAR (Continued)				
Line No	Account (a)	(Ref.) Page No. (b)	TOTAL	
			Current Year (c)	Previous Year (d)
27	Net Utility Operating Income (Carried forward from page 114)	--		
28	Other Income and Deductions			
29	Other Income			
30	Nonutility Operating Income			
31	Revenues From Merchandising, Jobbing and Contract Work (415)			
32	(Less) Costs and Exp. Of Merchandising, Job & Contract Work (416)			
33	Revenues From Nonutility Operations (417)			
34	(Less) Expenses of Nonutility Operations (417.1)			
35	Nonoperating Rental Income (418)			
36	Equity in Earnings of Subsidiary Companies (418.1)	119		
37	Interest and Dividend Income (419)			
38	Allowance for Other Funds Used During Construction (419.1)			
39	Miscellaneous Nonoperating Income (421)			
40	Gain on Disposition of Property (421.2)			
41	TOTAL Other Income (Enter Total of Lines 31 thru 40)			
42	Other Income Deductions			
43	Loss on Disposition of Property (421.2)			
44	Miscellaneous Amortization (425)	340		
45	Miscellaneous Income Deductions (426.1-426.5)	340		
46	TOTAL Other Income Deductions (Total of Lines 43 thru 45)			
47	Taxes Applicable To Other Income and Deductions			
48	Taxes Other than Income Taxes (408.2)	262-263		
49	Income Taxes - Federal (409.2)	262-263		
50	Income Taxes - Other (409.2)	262-263		
51	Provision for Deferred Inc. Taxes (410.2)	234,272-277		
52	(Less) Provision for Deferred Income Taxes - Credit (411.2)	234,272-277		
53	Investment Tax Credit Adj. - Net (411.5)			
54	(Less) Investment Tax Credits (420)			
55	TOTAL Taxes on Other Income and Deductions (Total of 48 thru 54)			
56	Net Other Income and Deductions (Enter Total of Lines 41, 46, 55)			
57	Interest Charges			
58	Interest on Long-Term Debt (427)			
59	Amort. Of Debt Disc. And Expense (428)			
60	Amortization of Loss on Reacquired Debt (428.1)			
61	(Less) Amort. Of Premium on Debt - credit (429)			
62	(Less) Amortization of Gain on Reacquired Debt - Credit (429.1)			
63	Interest on Debt to Assoc. Companies (430)	340		
64	Other Interest Expense (431)	340		
65	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)			
66	Net Interest Charges (Enter Total of Liens 58 thru 65)			
67	Income Before Extraordinary Items (Total of Lines 27, 56 and 66)			
68	Extraordinary Items			
69	Extraordinary Income (434)			
70	(Less) Extraordinary Deductions (435)			
71	Net Extraordinary Items (Enter Total of Line 69 less Line 70)			
72	Income Taxes-Federal and Other (409.3)	262-263		
73	Extraordinary Items After Taxes (Enter Total of Line 71 less Line 72)			
74	Net Income (Enter Total of Lines 67 and 73)			

Appendix A Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

Name of Respondent	This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec 31, _____
ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, and 106)			
<p>1. Report below the original cost of electric plant in service according to the prescribed accounts.</p> <p>2. In addition to Account 101, Electric Plant in Service (Classified), this page and the next include Account 102, Electric Plant Purchased or Sold; Account 103, Experimental Electric Plant Unclassified; and Account 106, Completed Construction Not Classified-Electric.</p> <p>3. Include in column (c) or (d), as appropriate, corrections of additions and retirements for the current or preceding year.</p> <p>4. For revisions to the amount of initial asset retirement costs capitalized, included by primary plant account, increases in column (c) additions and reductions in column (e) adjustments.</p>		<p>5. Enclose in parentheses credit adjustments of plant accounts to indicate the negative effect of such accounts.</p> <p>6. Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and include the entries in column (c). Also to be included in column (c) are entries for reversals of tentative distributions of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements which have not been classified to primary accounts at the end of the year, include in column (d) a tentative distribution of such retirements, on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in</p>	
Line No	Account (a)	Balance at Beginning of year (b)	Addition (c)
1	1. INTANGIBLE PLANT		
2	(301) Organization		
3	(302) Franchises and Consents		
4	(303) Miscellaneous Intangible Plant		
5	TOTAL Intangible Plant (Enter Total of Lines 2, 3, and 4)		
6	2. PRODUCTION PLANT		
7	A. Steam Production Plant		
8	(310) Land and Land Rights		
9	(311) Structures and Improvements		
10	(312) Boiler Plant Equipment		
11	(313) Engines and Engine-Driven Generators		
12	(314) Tubogenerator Units		
13	(315) Accessory Electric Equipment		
14	(316) Misc. Power Plant Equipment		
15	(317) Asset Retirement Costs for Steam Production		
16	TOTAL Steam Production Plant (Enter Total of Lines 8 thru 15)		
17	B. Nuclear Production Plant		
18	(320) Land and Land Rights		
19	(321) Structures and Improvements		
20	(322) Reactor Plant Equipment		
21	(323) Turbo generator Units		
22	(324) Accessory Electric Equipment		
23	(325) Misc. Power Plant Equipment		
24	(326) Asset Retirement Costs for Nuclear Production		
25	TOTAL Nuclear Production Plant (Enter Total of Lines 18 thru 24)		
26	C. Hydraulic Production Plant		
27	(330) Land and Land Rights		
28	(331) Structures and Improvements		
29	(332) Reservoirs, Dams, and Waterways		
30	(333) Water Wheels, Turbines, and Generators		
31	(334) Accessory Electric Equipment		
32	(335) Misc. Power Plant Equipment		
33	(336) Roads, Railroad, and Bridges		
34	(337) Asset Retirement Costs for Hydraulic Production		
35	TOTAL Hydraulic Production Plant (Enter Total of Lines 27 thru 34)		
36	D. Other Production Plant		
37	(340) Land and Land Rights		
38	(341) Structures and Improvements		
39	(342) Fuel Holders, Products, and Accessories		
40	(343) Prime Movers		
41	(344) Generators		
42	(345) Accessory Electric Equipment		

Appendix A Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

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Name of Respondent	This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec 31, _____	
ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, and 106) (Continued)				
<p>column (d) reversals of tentative distributions of prior year of unclassified retirements. Show in a footnote the account distributions of these tentative classifications in columns (c) and (d), including the reversals of the prior years tentative account distributions of these amounts. Careful observance of the above instructions and the texts of Accounts 101 and 106 will avoid serious omissions of the reported amount of respondent's plant actually in service at end of year.</p> <p>7. Show in column (f) reclassifications or transfers within-utility plant accounts. Include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102, include in column (e)</p>		<p>the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc., and show in column(f) only the offset to the debits or credits distributed in column (f) to primary account classifications.</p> <p>8. For Account 399, state the nature and use of plant included in this account and if substantial in amount submit a supplementary statement showing subaccount classification of such plant conforming to the requirement of these pages.</p> <p>9. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchase, and date of transaction. If proposed journal entries have been filed with the Commission as required by the Uniform System of Accounts, give also date of such filing.</p>		
Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Line No.
				1
			(301)	2
			(302)	3
			(303)	4
				5
				6
				7
			(310)	8
			(311)	9
			(312)	10
			(313)	11
			(314)	12
			(315)	13
			(316)	14
			(317)	15
				16
				17
			(320)	18
			(321)	19
			(322)	20
			(323)	21
			(324)	22
			(325)	23
			(326)	24
				25
				26
			(330)	27
			(331)	28
			(332)	29
			(333)	30
			(334)	31
			(335)	32
			(336)	33
			(337)	34
				35
				36
			(340)	37
			(341)	38
			(342)	39
			(343)	40
			(344)	41
			(345)	42

Appendix A Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

Name of Respondent		This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec 31, _____
ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, and 106)				
Line No	Account (a)	Balance at Beginning of year (b)	Addition (c)	
43	(346) Misc. Power Plant Equipment			
44	(347) Asset Retirement Costs for Other Production			
45	TOTAL Other Prod. Plant (Enter Total of Lines 37 thru 44)			
46	TOTAL Prod. Plant (Enter Total of Lines 16, 25, 35, and 45)			
47	3. TRANSMISSION PLANT			
48	(350) land and Land Rights			
49	(352) Structures and Improvements			
50	(353) Station Equipment			
51	(354) Towers and Fixtures			
52	(355) Poles and Fixtures			
53	(356) Overhead Conductors and Devices			
54	(357) Underground conduit			
55	(358) Underground Conductors and Devices			
56	(359) Roads and Trails			
57	(359.1) Asset Retirement Costs for Transmission Plant			
58	TOTAL Transmission Plant (Enter Total of Lines 44 thru 52)			
59	4. DISTRIBUTION PLANT			
60	(360) Land and Land Rights			
61	(361) Structures and Improvements			
62	(362) Station Equipment			
63	(363) Storage Battery Equipment			
64	(364) Poles, Towers, and Fixtures			
65	(365) Overhead Conductors and Devices			
66	(366) Underground Conduit			
67	(367) Underground Conductors and Devices			
68	(368) Line Transformers			
69	(369) Services			
70	(370) Meters			
71	(371) Installations on Customer Premises			
72	(372) Leased Property on Customer Premises			
73	(373) Street Lighting and Signal Systems			
74	(374) Asset Retirement Costs for Distribution Plant			
75	total distribution plant (enter total OF lines 60 thru 74)			
76	5. GENERAL PLANT			
77	(389) Land and Land Rights			
78	(390) Structures and Improvements			
79	(391) Office Furniture and Equipment			
80	(392) Transportation Equipment			
81	(393) Stores Equipment			
82	(394) Tools, Shop and Garage Equipment			
83	(395) Laboratory, Equipment			
84	(396) Power Operated Equipment			
85	(397) Communication Equipment			
86	(398) Miscellaneous Equipment			
87	SUBTOTAL (Enter Total of Lines 77 thru 86)			
88	(399) Other Tangible Property			
89	(399.1) Asset Retirement Costs for General Plant			
90	TOTAL General Plant (Enter Total of Lines 87, 88, and 89)			
91	TOTAL (Accounts 101 and 106) (Lines 5, 16, 25, 35, 45, 58, 75, 90)			
92	(102) Electric Plant Purchased (See Instr. 8)			
93	(Less) (102) Electric Plant Sold (See Instr. 8)			
94	(103) Experimental Plant Unclassified			
95	TOTAL Electric Plant in Service (Enter Total of Lines 91 thru 94)			

Appendix A Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

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Name of Respondent		This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)	Year of Report Dec 31, _____
ELECTRIC PLANT IN SERVICE (Accounts 101, 102, 103, and 106) (Continued)					
Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
				(346)	43
				(347)	44
					45
					46
					47
				(350)	48
				(352)	49
				(353)	50
				(354)	51
				(355)	52
				(356)	53
				(357)	54
				(358)	55
				(359)	56
				(359.1)	57
					58
					59
				(360)	60
				(361)	61
				(362)	62
				(363)	63
				(364)	64
				(365)	65
				(366)	66
				(367)	67
				(368)	68
				(369)	69
				(370)	70
				(371)	71
				(372)	72
				(373)	73
				(374)	74
					75
					76
				(389)	77
				(390)	78
				(391)	79
				(392)	80
				(393)	81
				(394)	82
				(395)	83
				(396)	84
				(397)	85
				(398)	86
					87
				(399)	88
				(399.1)	89
					90
					91
				(102)	92
					93
				(103)	94
					95

Appendix A Revised Schedules for FERC Forms 1, 1-F, 2, 2-A, and 6

Name of Respondent		This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)	Year of Report Dec 31, _____
ACCUMULATED PROVISION FOR DEPRECIATION OF ELECTRIC UTILITY PLANT (Account 108)					
1. Explain in a footnote any important adjustments during year. 2. Explain in a footnote any difference between the amount for book cost of plant retired, Line 11, column (c), and that reported for electric plant in service, pages 204-207, column (d), excluding retirements of nondepreciable property. 3. The provisions of Account 108 in the Uniform System of accounts require that retirements of depreciable plant be recorded when such plant is removed from service.			If the respondent has a significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications. 4. Show separately interest credits under a sinking fund or similar method of depreciation accounting.		
Section A. Balances and Changes During Year					
Line No	Item (a)	Total (c+d+e) (b)	Electric Plant in Service (c)	Electric Plant Held for Future Use (d)	Electric Plant Leased to Others (e)
1	Balance Beginning of Year				
2	Depreciation Provisions for Year, Charged to:				
3	(403) Depreciation Expense				
4	(403.1) Depreciation Expense for Asset Retirement Costs				
5	(413) Expense of Electric Plant Leased to Others				
6	Transportation Expenses-Clearing				
7	Other Clearing Accounts				
8	Other Accounts (Specify):				
9					
10	Total Depreciation, Provision For Year (Enter Total of Lines 3 thru 9)				
11	Net Charges for Plant Retired:				
12	Book Cost of Plant Retired				
13	Cost of Removal				
14	Salvage (Credit)				
15	TOTAL Net Charges For Plant Retired (Enter Total of Lines 12 thru 14)				
16	Other Debit or Credit Items (Describe):				
17					
18	Book Cost of Asset Retirement Costs Retired				
19	Balance End of Year (Enter Total of lines 1, 10, 15, 16 and 18)				
Section B. Balances at End of Year According to Functional Classifications					
20	Steam Production				
21	Nuclear Production				
22	Hydraulic Production-Conventional				
23	Hydraulic Production-Pumped Storage				
24	Other Production				
25	Transmission				
26	Distribution				
27	General				
28	TOTAL (Enter Total of Lines 20 thru 27)				

