
FEDERAL ENERGY REGULATORY COMMISSION



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NEWS RELEASE

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NEW FINANCIAL REPORTING REQUIREMENTS ADOPTED, GREATER TRANSPARENCY TO RESULT

The Federal Energy Regulatory Commission today adopted new quarterly financial reporting requirements to strengthen the Commission's effort to identify and evaluate emerging trends, business conditions and financial issues affecting regulated energy companies. The new requirements will assist the Commission in meeting its goal of vigilant oversight in the energy markets by giving the Commission and others more timely and transparent financial information.

In addition, the Commission is also updating the FERC Annual Reports to enhance financial transparency, and is eliminating the cash-management notification requirement implemented in Order No. 634-A.

Once the rule has been in effect for a full reporting cycle, Commission staff will review the adequacy and cost of the new quarterly and annual financial reporting requirements to determine if any improvements should be made. This will be done through the issuance of a notice followed by a comment period and a staff report to the Commission.

The quarterly financial reporting of information will aid the Commission in assessing the economic consequences of its regulatory initiatives upon jurisdictional entities, evaluate the adequacy of existing traditional cost-based rates, and aid in the development of needed changes to existing regulatory initiatives. All of these benefits will allow the Commission to better protect the ratepayers of regulated entities.

Currently the Commission requires financial statements and supporting data to be filed on an annual basis. In a rapidly changing business environment, more frequent and transparent financial reporting is required.

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In today's final rule, the Commission will add two new quarterly financial reports that will supplement the annual reporting requirements. The two new forms are: FERC Form No. 3-Q, Quarterly Financial Report of Electric Companies, Licensees, and Natural Gas Companies, and FERC Form No. 6-Q, Quarterly Financial Report of Oil Pipeline Companies.

The quarterly financial reports will include a basic set of financial statements and other selected data. The financial reports will be submitted by jurisdictional entities subject to the Commission's Uniform System of Accounts and who file FERC Annual Report Nos. 1, 1-F, 2, 2-A or 6. Respondents will submit the quarterly financial reports electronically using Commission provided software. Major public utilities and licensees, and major natural gas companies will submit their first report on or before July 9, 2004. Nonmajor public utilities and licensees, nonmajor natural gas companies and all oil pipelines will submit their first quarterly report on or before July 23, 2004. After a transition period, major public utilities and licensees, and major natural gas companies will submit quarterly financial reports 60 days after the end of each quarter. Nonmajor public utilities and licensees, nonmajor natural gas companies, and all oil pipeline companies will submit quarterly financial reports 70 days after the end of each quarter.

As part of this final rule, the Commission is updating its FERC Annual Reports. As a result of new corporate governance practices, the Commission is updating the corporate officer certification statement contained in the annual reports. The Commission is also modifying the filing dates for the FERC Annual Reports. The FERC Annual Reports for public utilities and licensees will also include a new schedule to collect information on ancillary services, transmission peak loads, and include updated statistical classifications for transmission services resulting from Order No. 888.

The Commission is also eliminating the cash management notification requirement implemented in Order 634-A. The Commission does not need this separate reporting requirement because detailed financial information about the FERC-jurisdictional entity's capital structure will be provided by respondents in their quarterly and annual financial reports.

Today's final rule contains significant modifications from the Notice of Proposed Rulemaking based upon the comments received. These changes should greatly reduce the administrative burden cited by commenters while providing the Commission with greater transparency of financial information from filers.

Today's rule becomes effective 30 days after publication in the Federal Register.