
FEDERAL ENERGY REGULATORY COMMISSION



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NEWS RELEASE

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Docket Nos. RM06-11 and
RM06-25

COMMISSION FINALIZES NEW ACCOUNTING RULES DESIGNED TO INCREASE ACCOUNTING TRANSPARENCY

The Federal Energy Regulatory Commission today adopted new accounting rules for service companies and holding companies to allow for greater accounting transparency and to protect ratepayers from paying for improper service company costs.

“This final rule will help the Commission implement its responsibilities under the Public Utility Holding Company Act of 2005 by providing greater accounting transparency for service company operations and uniform records retention by holding companies and service companies,” Commission Chairman Joseph T. Kelliher observed.

The Commission initiated the rulemaking having determined that separate requirements for these entities, rather than modifying similar requirements applicable to other jurisdictional entities, would make it simpler and easier for holding and service companies to comply with the Public Utility Holding Company Act of 2005.

The final rule adds a new Uniform System of Accounts (USofA) for centralized service companies and modifies related financial reporting requirements contained in FERC Form No. 60, Annual Report of Centralized Service Companies. A holding company’s centralized service company provides centralized, headquarters-type services including legal, financial, accounting, recordkeeping and engineering services for their associated public utilities.

The rule also establishes the record-retention requirements for both holding companies and service companies and incorporates them in the Commission’s regulations. In some cases, record-retention periods will be reduced from what was initially proposed. In other cases, where the Commission’s retention requirements differ from other regulatory agencies’ requirements, the final rule requires holding companies and service companies to retain their records for the longest required retention period.

The Commission modified its initial proposal in a number of areas to reduce the

compliance burden on industry, stating: “Throughout we have attempted to strike a balance between the Commission’s need for information to carry out its regulatory responsibilities and the burden that gathering and reporting information imposes on industry.” The modifications include deleting and modifying certain accounts and instructions in the originally proposed USofA, providing flexibility in the work order system requirements, streamlining and eliminating certain schedules in the FERC Form No. 60, and postponing the implementation date of the Final Rule until January 1, 2008.

In addition, the final rule requires the revised FERC Form No. 60, Annual Report for Centralized Service Companies, applicable to the 2008 and subsequent reporting years, to be filed electronically. The Commission said that the electronic filing of FERC Form No. 60 “will yield significant benefits, including reduced costs of data entry and retrieval, overall reduction of reporting burden, more timely analysis and publication of data, and increased data analysis capability.”

In a related order, the Commission issued a final rule (Docket No. RM06-25) requiring the electronic filing of currently effective FERC Form No. 60, adopted in Order No. 667, for the 2006 and 2007 reporting years to be filed by May 1, 2007, and May 1, 2008, respectively.

Both final rules take effect 60 days after publication in the *Federal Register*.