

---

---

# FEDERAL ENERGY REGULATORY COMMISSION

WASHINGTON, D.C. 20426

---

---



## NEWS RELEASE

### NEWS MEDIA CONTACT:

Celeste Miller  
(202) 502-8680

### FOR IMMEDIATE RELEASE

June 25, 2003  
Docket No. RM02-14-000

### COMMISSION ESTABLISHES RULES FOR CASH MANAGEMENT PROGRAMS, SEEKS COMMENT ON ADDITIONAL MEASURES

With ratepayer protection and greater transparency as its goals, the Federal Energy Regulatory Commission today said it was implementing new regulations requiring FERC-regulated entities to maintain documentation of their cash management programs. Today's action addresses the Commission's concerns that large, mostly unregulated pools of money in cash management programs may detrimentally affect regulated rates.

Cash management programs include all agreements under which funds in excess of the daily needs of the FERC-regulated entity, along with the excess funds of the entity's parent, affiliated and subsidiary companies, are concentrated, consolidated, or otherwise made available for use by other entities within the corporate group.

Through today's Interim Rule, the Commission requires FERC-regulated entities to have their cash management programs in writing and that the agreements specify the duties and responsibilities of administrators and participants; the methods for calculating interest and for the allocating interest and expenses; and restrictions on borrowing from the programs.

Virtually all commenters were generally supportive of the Commission's efforts to establish more precise accounting rules with respect to cash management programs between regulated and unregulated entities.

Today's rule also seeks comment on a new reporting requirement that would require FERC-regulated entities to file their cash management agreements with the Commission. Additionally, today's rule seeks comment on a new requirement to notify

(2)

the Commission when a FERC-regulated entity's proprietary capital ratio drops below 30 percent of total capitalization and when it subsequently returns to or exceeds 30 percent.

This proposal replaces an earlier proposed rule on cash management, which would have required the Commission to approve regulated entities' participation in cash management programs with affiliates. The new proposal focuses less on regulatory approval and refocuses cash management accounting and reporting toward greater financial disclosure and transparency.

Parties have 30 days from publication in the *Federal Register* to comment on the new reporting requirements included in the Interim Rule. Comments must refer to Docket No. RM02-14-000, and can be filed either in electronic or paper format. The regulations adopted in today's rule will become effective 30 days after publication in the *Federal Register*.

R-03-26

(30)