

FEDERAL ENERGY REGULATORY COMMISSION  
Office of Enforcement  
Washington, DC 20426

December 16, 2008

**TO NATURAL GAS COMPANIES  
FILING FERC FORM NOS. 2 AND 3-Q**

Enclosed are instructions and other pertinent information for use in preparation and submission of FERC Form No. 2, Annual Report for Major Natural Gas Companies for the reporting year ending December 31, 2008 and FERC Form No. 3-Q, Quarterly Financial Report of Electric Utilities, Licensees and Natural Gas Companies (FERC Form No. 3-Q) for the 2009 reporting year.

**HIGHLIGHTS**

- The deadline for filing the 2008 FERC Form No. 2 is **April 18, 2009**.
- The 2009 FERC Form No. 3-Q due dates are: Quarter 1 - June 1, 2009; Quarter 2 August 31, 2009; Quarter 3 - November 30, 2009.
- An errata notice was issued by the Commission on October 3, 2008 (Docket Number RM07-9-001) correcting the FERC Form No. 2 and 2-A filing deadline which was inadvertently listed as April 30, 2009, when it should have read April 18, 2009.
- Data validation checks will be incorporated into the annual form submission software in December 2008 to improve the overall quality of FERC forms data filed with the Commission.
- The Office of Enforcement's Forms Administration and Data Branch has responsibility for administering FERC Form No. 2 and FERC Form No. 3-Q as well as for answering questions concerning reporting and filing requirement.
- All software technical questions regarding submission and access to FERC Form No. 2 and FERC Form No. 3-Q data should be directed to FERC Online Support Staff.

**WHO MUST SUBMIT FERC FORM NO. 2**

Each natural gas company, as defined by the Natural Gas Act (15 U.S.C. 717, *et seq.*) which is a major company (a natural gas company whose combined gas transported or stored for a fee exceed 50 million Dth in each of the three previous calendar years) must prepare and file with the Commission. (18 C.F.R. § 260.1)

## **WHEN AND HOW TO SUBMIT FERC FORM NO. 2 AND FERC FORM 3-Q**

Companies filing FERC Form No. 2 must file electronically by April 18, 2009. The Form No. 3-Q filing deadlines are listed above. The electronic submission must be created by using the FERC Form 2 submission software provided free of charge by the Commission at its web site: <http://www.ferc.gov/docs-filing/eforms/form-2/elec-subm-soft.asp>. The software is used to submit the electronic filing to the Commission via the Internet. It is not necessary to file a paper copy with the Commission.

### **DATA VALIDATION CHECKS**

FERC staff will be implementing data validation checks in the annual form submission software in December 2008 to improve the overall quality of the annual FERC Form data filed with the Commission. The data validation feature will not be enabled for quarterly filings. The form submission software will generate a Data Error and Warning Checks Report to determine if the data are free of “critical” errors. The report will identify both “errors” and “warnings” regarding specific items in the filing. Data that contain “errors” can not be electronically filed until the errors have been corrected by the filer.

The Data Error and Warning Checks Report will also flag the remaining items as data “warnings.” While respondents may file their Form data with “warnings” and in some instances the data entry may be correct, we encourage respondents to review the warnings and if necessary resolve any data inconsistencies. FERC staff may also review the “warnings” in the Data Error and Warning Checks Report. For detailed information on the Data Validation Checks please see: <http://www.ferc.gov/docs-filing/eforms.asp#2>

### **HELP WITH FERC FORM NO. 2 SUBMISSION SOFTWARE AND ELECTRONIC FILING**

All questions about how to install or use the software should be referred to FERC Online Support toll free at 1-866-208-3676 or locally at 202-502-6652 (or 202-502-8659 for TTY), or email [ferconlinesupport@ferc.gov](mailto:ferconlinesupport@ferc.gov).

Companies filing with a new name, must first register by sending an email to [FERCOnlineSupport@ferc.gov](mailto:FERCOnlineSupport@ferc.gov) containing the following information: company name, company address, point-of-contact name, email address and phone number.

After receiving this information, FERC Online Support will provide the requestor with instructions on how to set up the software application and an access number to permit electronic filing via the form submission software. The point-of-contact list will be used to disseminate any future information on the software. Once a company has been assigned an access number it does not need to obtain a new one for subsequent annual filings.

### **RESUBMISSIONS OF FERC FORM NO. 2 AND FERC FORM NO. 3-Q FILINGS**

Resubmit any revised FERC Form No. 2 data via the Internet using the forms submission software only. Revised schedules should be noted in the remarks section of the List of Schedules. Explain the reason for the resubmission in a footnote to any revised data fields.

### **CPA CERTIFICATION STATEMENT FILING GUIDANCE**

The Commission's regulations require a Report of Certification, generally referred to as the CPA Certification Statement, be filed within 30 days (no later than May 18<sup>th</sup> of each year) after the FERC Form No. 2 is due. However, natural gas companies previously classified as Class C or D prior to January 1, 1984, do not have to file a CPA Certification Statement.

The CPA Certification Statement must be filed with the Secretary of the Commission either at the address below or via eFiling:

Secretary  
Federal Energy Regulatory Commission  
888 First Street, NE  
Washington, DC 20426

Companies are encouraged to file their CPA Certification Statement using eFiling. Instructions on how to use the eFiling system are on the Commission's website at: <http://www.ferc.gov/docs-filing/efiling/user-guide.asp>. When asked for a docket number, enter ZZ09 and then select the first option "CPA Certification." For further assistance using the eFiling system please contact the eFiling group at 202-502-8258 or send your question to [efiling@ferc.gov](mailto:efiling@ferc.gov).

### **CHANGES TO FERC FORM NO. 2**

Order No. 710 (RM07-9-000, <http://www.ferc.gov/whats-new/comm-meet/2008/032008/M-2.pdf>) and Order No. 710-A (RM07-9-001, <http://www.ferc.gov/whats-new/comm-meet/2008/061908/M-1.pdf>), Revisions to

Forms, Statements, and Reporting Requirements for Natural Gas Pipelines, issued on March 21, 2008, and Order Granting in Part and Denying in Part Rehearing and Granting Request for Clarification, issued on June 20, 2008, the Commission adopted new and revised reporting requirements for Form 2 and Form 3-Q. The Form 2 requirements will be adopted in the 2008 Form 2 and the Form 3-Q requirements are effective for the first quarter of 2009. Please see Appendix A for brief descriptions of the Form 2 and Form 3-Q changes.

## **OTHER REPORTING MATTERS**

### **Questions Concerning Filing and Reporting Requirements for FERC Form No. 2**

All questions regarding filing and reporting requirements and for FERC Form No. 2, FERC Form No. 3-Q, or CPA Certification Statement should be directed to the Office of Enforcement's Forms Administration and Data Branch. Please contact Brandon Wozniak at 202-502-8912 or Brian Holmes at 202-502-6008 or send questions to [form2a@ferc.gov](mailto:form2a@ferc.gov).

### **Clarification of the "Year to Date" in regard to Quarterly Forms**

The chart below clarifies what is meant by Year to Date data:

<b>Quarterly Reporting Period</b>	<b>Reporting Period for Year-to-Date Information</b>
Q1	January 1 - March 31
Q2	January 1 - June 30
Q3	January 1 - September 30

### **Questions Regarding Forms Submission Software and Data Downloading Issues**

All questions regarding filing and reporting requirements and for FERC Form No. 2-A, FERC Form No. 3-Q, or CPA Certification Statement should be directed the Office of Enforcement's Forms Administration and Data Branch. Please contact Brandon Wozniak at 202-502-8912 or Brian Holmes at 202-502-6008 or send questions to [form2@ferc.gov](mailto:form2@ferc.gov).

Sincerely,

Jerome Pederson, Director  
Division of Financial Regulation

**Appendix A- Summary Table of Changes to Schedules for FERC Form Nos. 2, 2-A and 3-Q.**

	Page Numbers	Schedule	Form 2	Form 2-A	Form 3-Q,	Description
1	122	Notes to Financial Statements	rev	rev	rev	(1) To revise Instruction 3 to include details about entities that participate in multi employer post-retirement benefit plans. (2) To add new Instruction 4 with details about Asset Retirement Obligations. (3) To add new Instruction 5 details about environmental credits received during the reporting period.
2	217	Non-Traditional Rate Treatment Afforded New Projects	new	new		A new annual schedule to identify facilities and related costs used to provide service to incremental rate customers.
3	218a	General Description of Construction Overhead Procedure	rev			Adds two instructions requiring footnotes identifying the specific entity used as the source for the capital structure figures and if the reported rate of return is one that has been approved in a rate case, black-box settlement rate, or an actual three-year average rate.
4	232	Other Regulatory Assets	rev	rev	rev	Other Regulatory Liabilities, (Account 254), annual and quarterly revisions have already been incorporated into the FERC Form No. 2 Submission Software. Page 232 adds new columns for Amount Recovered and Amount Deemed Unrecoverable. Page 278 adds new columns for Amount Refunded and Amount Deemed Non-Refundable.
5	234-235	Accumulated Deferred Income Taxes (Account 190)	rev	new		See description under Page 276-277.
6	262-263	Taxes Accrued, Prepaid and Charged During Year, Distribution of Taxes Charged	rev	new		Add a new instruction and column q, state/local income tax rate.
7	274-275	Accumulated Deferred Income Taxes-Other Property	rev	new		See description under Page 276-277.
8	276-277	Accumulated Deferred Income Taxes-Other	rev	new		In each schedule add new instruction to read "Provide in a footnote a summary of the type and amount of deferred income taxes reported in the beginning-of-year and end-of-year balances for deferred income taxes that the respondent estimates could be included in the development of jurisdictional recourse rates."
9	278	Other Regulatory	rev	rev	rev	See description under Page 232.

		Liabilities				
10	299	Monthly Quantity & Revenue Data by Rate Schedule	new		new	Is a new quarterly/annual Schedule. It incorporates information from the old FERC FORM No. 11. Reporting will begin with the first quarter 2009 Form 3-Q.
11	300-301	Gas Operating Revenues	rev	rev		Is revised to separately report Accounts 480-484.
12	308	Other Gas Revenues	rev	new		Is modified to specifically identify types of other revenues.
13	313	Discounted Services and Negotiated Services	new	new		Is a new annual report schedule to require pipelines to report the revenues and volumes applicable to discounted and negotiated rate services provided during the reporting period.
14	352	Employee Pensions and Benefits	new	new		Is a new annual report schedule to require additional details about the types and costs of employee pensions and benefits.
15	354-355	Distribution of Salaries and Wages	rev			Is revised to add a column for Payroll Billed by Affiliated Companies.
16	357	Charges for Outside Professional and Other Consultative Services	rev	new		Is revised to clarify instructions.
17	358	Transactions with Associated (Affiliated) Companies	new	new		Is a new annual report schedule that would require filers to report affiliate transactions. The schedule requires pipelines to report the following: (1) a description of the good or service transacted; (2) the name of the associated (affiliated) company; (3) the FERC account charged or credited; and (4) the amount charged or credited. The schedule requires that where amounts billed to or from an affiliate are based on an allocation process, filers must explain the basis of the allocation in a footnote.
18	508-509	Compressor Station	rev			Is revised to separate out Fuel from Power in revised columns which are currently combined. The schedule is also revised to add an additional column for Electricity for Compressor Stations in KWH.
19	520	Gas Account – Natural Gas	rev	rev	new	Is revised to be reported on a quarterly as well as annual basis. The schedule is revised to add an additional column for Current Three months Ended Amount of Dth quarterly only.
20	521a-521b	Shipper Supplied Gas for the Current Quarter	new	new	new	Is a new quarterly and annual schedule, which requires a pipeline to report the following: (1) the difference between the volume of gas received from shippers and the volume of gas consumed in pipeline operations each month; (2) the disposition of any excess and the accounting recognition given to such disposition, including the basis of valuing the

						gas and the specific accounts charged or credited; and (3) the source of gas used to meet any deficiency, including the accounting basis of the gas and the specific account(s) charged or credited.
	Total Changes		20	16	6	
	Total New		6	11	3	
		KEY:				
		new = new				
		revised = rev				