FEDERAL ENERGY REGULATORY COMMISSION
Office of Enforcement
Washington, DC 20426

January 8, 2010

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 (FERC Form No. 2) for the reporting year ending December 31, 2009 and FERC Form No. 3-Q, Quarterly Financial Report of Electric Utilities, Licensees and Natural Gas Companies (FERC Form No. 3-Q) for the 2010 reporting year.

HIGHLIGHTS

– The deadline for filing the 2009 FERC Form No. 2 is **April 19, 2010**.
– The 2010 FERC Form No. 3-Q due dates for Major filing companies are: Quarter 1 – June 1, 2010; Quarter 2 – August 30, 2010; and Quarter 3 – November 29, 2010.
– Data validation checks that were implemented in December 2008 will continue to be a part of the annual form submission software in order 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 requirements.
– 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.
– The Commission released the necessary Form 2 software updates in December 2009.

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(b) (2009)).

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

Companies filing FERC Form No. 2 must file electronically by April 19, 2010. The FERC Form No. 3-Q filing deadlines are listed above. The electronic submission must be created by using the FERC Form No. 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. Paper copies are not accepted.

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, locally at 202-502-6652 (or 202-502-8659 for TTY), or email ferconlinesupport@ferc.gov. Companies filing with a new name must first register by sending an email to 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 OR 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, to be filed by May 18 of the following calendar year. 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 (18 C.F.R. § 158.11 (2009)).

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

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 ZZ10 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.

CHANGES TO FERC FORM NO. 2

Page No. 299, Monthly Quantity & Revenue Data by Rate Schedule, has been expanded to accommodate additional lines for tariff reporting.

OTHER REPORTING MATTERS

Clarification of Reporting for Page No. 358, Transactions with Associated (Affiliated) Companies

Page No. 358, Transactions with Associated (Affiliated) Companies (page no. 358), was incorporated in the FERC Form No. 2 to provide further transparency and improve the detection of cross-subsidization. Page 358 applies to all affiliate transactions between a jurisdictional entity and its affiliates, including those with other regulated public utilities, centralized and other service companies, and other affiliated or associated companies providing goods and services to the respondent or receiving goods or services from the respondent. However, page 358 does not apply to transactions between affiliate or associate companies that do not include the respondent natural gas company. This new reporting requirement is not to be confused with the FERC Form No. 60 requirements that are limited to total direct costs, total indirect costs, and total costs of goods and services provided to each associate company by centralized service companies. While the FERC Form No. 2 information requirement might be part of the total reported in the FERC Form No. 60, at least for transactions where centralized service companies provide goods and services to the respondent natural gas company, it is not duplicative.

Page 358 sets a $250,000 threshold for reporting all individual goods and services transactions received from or provided to associated (affiliated) companies. FERC Form No. 2 respondents may report goods and services by single line item when an affiliate provides an on-going service. Page no. 358 does not apply to transactions between associate or affiliate companies that do not include the respondent utility.

To clarify, “goods” mean any goods, equipment (including machinery), materials, supplies, appliances, or similar property (including coal, oil, or steam, but not including electric energy, natural or manufactured gas, or utility assets) which is sold, leased, or furnished, for a charge. Similarly, a “service,” is any managerial, financial, legal, engineering, purchasing, marketing, auditing, statistical, advertising, publicity, tax, research, or any other service (including supervision or negotiation of construction or of sales), information or data, which is sold or furnished for a charge.

FERC Form No. 2 respondents are required to report the following on page no. 358:

- A description of the good or service charged or credited (column a). Specifically state the type of good or service.
- The name of the associated/affiliated company (column b).
- The USofA account charged or credited (column c). Specifically state the account numbers. Where additional space is required to list the account numbers, use a footnote to complete.
- The amount charged or credited (column d). Where amounts charged to or received from the associated/affiliated company are based on an allocation process, state the allocation in a footnote. If more than one ratio is used, a detailed description of how the ratios are used to allocate costs is required.

For additional information, see *Revisions to Forms, Statements, and Reporting Requirements for Natural Gas Pipelines*, 122 FERC ¶ 61,262 at P 20.

Clarification of the term “Year to Date” in regard to Quarterly Forms

The chart below clarifies what is meant by year to date data:

Quarter	**Months Included for Year-to-Date Information**
Q1	January 1 - March 31
Q2	January 1 - June 30
Q3	January 1 - September 30

QUESTIONS CONCERNING FILING AND REPORTING REQUIREMENTS FOR FERC FORM NO. 2, FERC NO. 3-Q, OR CPA CERTIFICATION STATEMENT

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 Michelle Reaux at 202-502-6497, Brian Holmes at 202-502-6008 or send questions to form2@ferc.gov.

Sincerely,

Jerome Pederson, Director
Division of Financial Regulation