

STATE OF NEW YORK DEPARTMENT OF PUBLIC SERVICE

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Secretary

March 14, 2008

SENT VIA ELECTRONIC FILING
Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Room 1-A209
Washington, D.C. 20426

Re: Docket No. RM08-5-000 - Revisions to Forms,
Statements, and Reporting Requirements for
Electric Utilities and Licensees

Dear Secretary Bose:

For filing, please find the Notice of Intervention and Comments of the New York State Public Service Commission in the above-entitled proceeding. Should you have any questions, please feel free to contact me at (518) 473-8178.

Very truly yours,

David G. Drexler
Assistant Counsel

Attachment

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Revisions to Forms, Statements,)
and Reporting Requirements for) Docket No. RM08-5-000
Electric Utilities and Licenses)

NOTICE OF INTERVENTION AND COMMENTS
OF THE NEW YORK STATE
PUBLIC SERVICE COMMISSION

NOTICE OF INTERVENTION

On January 18, 2008, the Federal Energy Regulatory Commission (FERC or Commission) issued a Notice of Proposed Rulemaking (January 18, 2008 NOPR), proposing additional financial reporting requirements for electric utilities and licensees. The New York State Public Service Commission (NYPSC) hereby submits its Notice of Intervention and Comments in the above-captioned proceeding pursuant to the Commission's NOPR published in the Federal Register on January 29, 2008, and Rule 214 of FERC's Rules of Practice and Procedure.

Copies of all correspondence and pleadings should be addressed to:

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BACKGROUND

On February 15, 2007, the Commission issued a Notice of Inquiry (February 15, 2007 NOI) seeking comments on whether the Commission's annual and quarterly financial reporting forms provide sufficient information for the public to evaluate the filers' jurisdictional rates, or whether modification to the forms would improve their usefulness. The NYPSC submitted comments in response to the NOI on March 28, 2007, identifying modifications to FERC Forms 1 and 2 that would assist in our analysis of utility performance, such as: consistent reporting of electric operating revenues; reporting of sales to delivery-only customers so that customer migration to Energy Service Companies can be measured; and, detailing the revenue components used to analyze a utility's financial condition. We also recommended reporting related to affiliate transactions, pensions and Other Post-Employment Benefits (OPEB) to ensure rates are just and reasonable.

INTRODUCTION AND DISCUSSION

The January 18, 2008 NOPR proposes various amendments to the financial forms, statements and reports for electric utilities and licensees contained in FERC Form Nos. 1, 1-F and

3-Q.¹ The proposed amendments would obligate electric utilities and licensees to provide additional detailed information regarding their costs and revenues. The amendments reflect the NYPSC's recommendations to require the reporting of information related to affiliate transactions and a breakdown of other electric revenues.

The NYPSC supports the Commission's proposed amendments to the Forms, which will assist in evaluating whether Commission-jurisdictional rates are just and reasonable, including assessing whether companies doing business in New York are in an over- or under-earning position. We appreciate the responsiveness of the Commission to our comments on the February 15, 2007 NOI. However, we ask that the Commission reconsider our suggestion to require additional reporting on FERC Form 1 to include employee pensions and OPEBs. We also request that the Commission adopt our recommendation to require the reporting of other income and other income deductions. These additional requirements will further aid in making a reasonable assessment of utilities' cost of service.

¹ In a separate NOPR, the Commission proposed amendments to the annual and quarterly forms applicable to gas pipelines. RM07-9-000, Revisions to Forms, Statements, and Reporting Requirements for Natural Gas Pipelines (issued September 20, 2007).

I. The Commission Should Require Electric Utilities To File Information Regarding Pensions and Other Employee Benefits In Order To Assess Whether Rates Are Just and Reasonable

In our comments on the February 15, 2007 NOI, we recommended that utility-specific information on pensions and OPEBs be included on FERC Form 1 because these expense components are complex and volatile, and are material to setting utility rates. As we indicated, having this information available would assist in evaluating those cost components and assessing whether rates are just and reasonable. However, the January 18, 2008 NOPR concluded that a requirement to provide such information would be "unnecessary and burdensome."² We respectfully request that the Commission reconsider this conclusion.

While some additional work may be associated with the reporting of costs for pensions and OPEBs, there is no reason to believe that the added workload would be unduly burdensome. Moreover, the need for the information, to adequately assess the reasonableness of rates, outweighs the burden of imposing the incremental reporting requirements upon utilities. It also appears that the Commission's conclusion is inconsistent with its position in Docket No. RM07-09-000, wherein the Commission proposes to require the filing of additional details regarding

² January 18, 2008 NOPR at ¶35.

the types and costs of benefits to employees.³ As the Commission found in that proceeding, "it is important that form users be able to identify the types and cost of employee benefits." In addition, the Commission recognized that requiring details regarding employee pension and OPEBs "would permit form users to assess the cost of employee benefits and better compare this information between period and entities."⁴ Therefore, we urge the Commission to reconsider its position in this proceeding and to require the reporting of pensions and OPEBs by electric utilities.

II. The Commission Should Require Electric Utilities To Report Other Income and Other Income Deductions In Order To Assess Whether Rates Are Just and Reasonable

Our comments on the February 15, 2007 NOI also advocated for the reporting of other income and other income deductions on FERC Form 1. However, the January 18, 2008 NOPR does not address this recommendation. Thus, we urge the Commission to consider this reporting requirement.

As we indicated in our prior comments, these items, such as:

carrying charges, which are applied to regulatory assets and liabilities, should be recorded...since they can have a significant

³ RM07-9-000, Revisions to Forms, Statements, and Reporting Requirements for Natural Gas Pipelines, Notice of Proposed Rulemaking at ¶¶57-58 (issued September 20, 2007).

⁴ Id.

impact on the future recovery of such assets and liabilities. Having a readily accessible source of this information will provide for an efficient way to verify such assets and liabilities, and ensure the utility's rates are just and reasonable.⁵

The reporting of other income and other income deductions is consistent with the Commission's determination in the January 18, 2008 NOPR, which proposes a requirement that utilities provide a detailed breakdown of various sources of other revenue.⁶ Accordingly, the Commission should require the reporting of such information.

⁵ NYPSC Notice of Intervention and Comments dated March 28, 2007, in Docket No. RM07-9-000, Assessment of Information Requirements for FERC Financial Forms.

⁶ January 18, 2008 NOPR at ¶57 (finding that "more detail would be useful").

CONCLUSION

As discussed above, the Commission should amend its financial forms to require the reporting of additional information.

Respectfully submitted,



Peter McGowan
Acting General Counsel
Public Service Commission
of the State of New York

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Dated: March 14, 2008
Albany, New York

CERTIFICATE OF SERVICE

I, Ruth Tarrance, do hereby certify that I will serve on March 14, 2008, the foregoing Notice of Intervention and Comments of the New York Public Service Commission upon each of the parties of record indicated on the official service list compiled by the Secretary in this proceeding.


Ruth Tarrance

Dated: March 14, 2008
Albany, New York