
FEDERAL ENERGY REGULATORY COMMISSION



WASHINGTON, D.C. 20426

NEWS RELEASE

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FOR IMMEDIATE RELEASE

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Docket No. RM02-7-000

COMMISSION PROPOSES REVISIONS TO ACCOUNTING REQUIREMENTS, CREATING GREATER FINANCIAL TRANSPARENCY

The Federal Energy Regulatory Commission today proposed to revise its accounting regulations to establish more transparent, complete and consistent reporting of liabilities associated with the retirement of tangible long-lived assets.

Currently, the Commission's existing regulations do not provide specific direction for the recording of liabilities and related costs for asset retirement obligations. Today's Notice of Proposed Rulemaking (NOPR), which applies to public utilities, licensees, natural gas companies, and oil pipeline companies, would provide for the recognition of asset retirement obligations.

The NOPR proposes to add new balance sheet and income statement accounts to the Uniform Systems of Accounts, and revise the Commission's Annual Report Forms (1, 1-F, 2, 2-A and 6) to include the new accounts and revised schedules. For accounting and reporting purposes, the proposed effective date for the rule is January 1, 2003.

An asset retirement obligation is a legal obligation associated with the retirement of a tangible long-lived asset that an entity is required to settle as a result of an existing enacted law, statute, ordinance, or written or oral contract or by legal construction of a contract.

The Uniform Systems of Accounts is a chart of accounts that prescribes the financial rules and regulations for FERC-jurisdictional entities. The Annual Report Forms are submitted to the Commission by jurisdictional entities and contain information on financial operations, among other things.

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The NOPR is part of the Commission's ongoing effort to address emerging accounting developments within the context of the Uniform Systems of Accounts.

On May 7, the Commission staff held a technical conference to discuss the issues raised in the NOPR. Comments received at that meeting were incorporated into the NOPR to the maximum extent possible.

Parties have 45 days from the date the NOPR is published in the Federal Register to comment. Comments may be filed with the Secretary electronically or by paper and should reference Docket No. RM02-7-000. Paper comments can be sent to the Office of the Secretary, 888 First Street, N.E., Washington, D.C. 20426.

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