

165 FERC ¶ 61,091  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

18 CFR Part 33

[Docket No. RM19-4-000]

Implementation of Amended Section 203(a)(1)(B) of the Federal Power Act

(Issued November 15, 2018)

AGENCY: Federal Energy Regulatory Commission.

ACTION: Notice of Proposed Rulemaking.

SUMMARY: Pursuant to “An Act to amend section 203 of the Federal Power Act”

(Act), Pub. L. No. 115-247, 132 Stat. 3152, the Federal Energy Regulatory Commission (Commission) proposes to revise its regulations relating to mergers or consolidations by a public utility. Specifically, the Commission proposes to revise its regulations to establish that a public utility must seek authorization under amended section 203(a)(1)(B) of the Federal Power Act to merge or consolidate, directly or indirectly, its facilities subject to the jurisdiction of the Commission, or any part thereof, with the facilities of any other person, or any part thereof, that are subject to the jurisdiction of the Commission and have a value in excess of \$10 million, by any means whatsoever. In addition, as required by the Act, the Commission proposes to establish a notification requirement for mergers or consolidations by a public utility if the facilities to be acquired have a value in excess of \$1 million and such public utility is not required to secure Commission authorization under amended section 203(a)(1)(B).

**DATES:** Comments are due **[INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

**ADDRESSES:** Comments, identified by docket number, may be filed electronically at <http://www.ferc.gov> in acceptable native applications and print-to-PDF, but not in scanned or picture format. For those unable to file electronically, comments may be filed by mail or hand-delivery to: Federal Energy Regulatory Commission, Secretary of the Commission, 888 First Street, NE, Washington, DC 20426. The Comment Procedures Section of this document contains more detailed filing procedures.

**FOR FURTHER INFORMATION CONTACT:**

Eric Olesh (Technical Information)  
Office of Energy Market Regulation  
Federal Energy Regulatory Commission  
888 First Street, NE  
Washington, DC 20426  
(202) 502-6524

Regine Baus (Legal Information)  
Office of the General Counsel  
Federal Energy Regulatory Commission  
888 First Street, NE  
Washington, DC 20426  
(202) 502-8757

**SUPPLEMENTARY INFORMATION:**

165 FERC ¶ 61,091  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Implementation of Amended Section 203(a)(1)(B) of  
the Federal Power Act

Docket No. RM19-4-000

NOTICE OF PROPOSED RULEMAKING

(Issued November 15, 2018)

**I. Background**

1. On September 28, 2018, “An Act to amend section 203 of the Federal Power Act” (Act) was signed into law. Section 1 of the Act amended section 203(a)(1)(B) to read as follows:

(1) No public utility shall, without first having secured an order of the Commission authorizing it to do so . . .

(B) merge or consolidate, directly or indirectly, its facilities subject to the jurisdiction of the Commission, or any part thereof, with the facilities of any other person, or any part thereof, that are subject to the jurisdiction of the Commission and have a value in excess of \$10,000,000, by any means whatsoever . . . .

Section 3 of the Act provides that the amendment to section 203(a)(1)(B) shall take effect 180 days after the date of enactment of the Act. The primary effect of this amendment is to establish a \$10 million threshold on transactions that will be subject to the Commission’s review and authorization under section 203(a)(1)(B).

2. In section 2 of the Act, Congress amended section 203(a) to add section (a)(7) to require notification for certain transactions. Section 203(a)(7) reads as follows:

(7)(A) Not later than 180 days after the date of the enactment of this paragraph, the Commission shall promulgate a rule requiring any public utility that is seeking to merge or consolidate, directly or indirectly, its facilities subject to the jurisdiction of the Commission, or any part thereof, with those of any other person, to notify the Commission of such transactions not later than 30 days after the date on which the transaction is consummated if—

- (i) the facilities, or any part thereof, to be acquired are of a value in excess of \$1,000,000; and
- (ii) such public utility is not required to secure an order of the Commission under paragraph (1)(B).

(B) In establishing any notification requirement under subparagraph (A), the Commission shall, to the maximum extent practicable, minimize the paperwork burden resulting from the collection of information.

The Commission's proposed implementation of the above changes is discussed below.

## **II. Discussion**

3. The Commission proposes two changes to part 33 of its regulations to bring them into conformance with the Act. First, the Commission proposes to revise § 33.1(a)(1)(ii) to provide that part 33 will apply to any public utility seeking authorization under section 203 to merge or consolidate, directly or indirectly, its facilities subject to the jurisdiction of the Commission, or any part thereof, with the facilities of any other person, or any part thereof, that are subject to the jurisdiction of the Commission and have a value in excess of \$10 million, by any means whatsoever.<sup>1</sup>

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<sup>1</sup> Public utilities required to maintain their books of account in accordance with the Commission's Uniform System of Accounts under 18 CFR pt. 101 must continue to file with the Commission proposed journal entries for the purchase or sale of electric plant, consistent with the instructions to Account 102, Electric Plant Purchased and Sold. The dollar threshold established in this proposed rulemaking does not apply to this accounting filing requirement.

4. Second, the Commission proposes to require public utilities whose transactions are subject to section 203(a)(7) to file notification of such transactions with the Commission. Specifically, the Commission proposes that any public utility that is seeking to merge or consolidate, directly or indirectly, its facilities subject to the jurisdiction of the Commission, or any part thereof, with those of any other person must notify the Commission of such transaction not later than 30 days after the date on which the transaction is consummated if: (1) the facilities, or any part thereof, to be acquired are of a value in excess of \$1 million; and (2) such public utility is not required to secure an order of the Commission under section 203(a)(1)(B).

5. In this notification filing, the Commission proposes that public utilities subject to section 203(a)(7) file the following information: (1) the exact name of the public utility and its principal business address; and (2) a narrative description of the transaction, including the identity of all parties involved in the transaction and all jurisdictional facilities associated with or affected by the transaction, the location of such jurisdictional facilities involved in the transaction, the date on which the transaction was consummated, the consideration for the transaction, and the effect of the transaction on the ownership and control of such jurisdictional facilities.

6. New section 203(a)(7)(B) requires that, “[i]n establishing any notification requirement under subparagraph (A), the Commission shall, to the maximum extent practicable, minimize the paperwork burden resulting from the collection of information.” We believe that the information to be included in the proposed notification filing represents a substantial reduction in paperwork from the full filing requirements

under part 33 for applications for transactions that are required to secure an order from the Commission under amended section 203(a)(1)(B). Public utilities subject to section 203(a)(7) were previously required to submit complete applications with all relevant information required by part 33. The information to be included in the proposed notification filing represents only a small fraction of the information contemplated in part 33.

7. Further, the information the Commission proposes to require in the notification filing will allow the Commission to monitor the merger or consolidation of facilities subject to its jurisdiction. Although the transactions contemplated pursuant to section 203(a)(7) are unlikely to present concerns under the Commission's public interest analysis and public utilities entering into these transactions are not required to secure an order of the Commission under amended section 203(a)(1)(B), the information the Commission proposes to require in the notification filing will allow the Commission to collect information about the transaction should a question arise related to the underlying facilities and the Commission's oversight under the Federal Power Act.

8. We propose that the notification filing should be filed in the first docket for section 203 filings of the fiscal year (FY). For example, all notification filings made in FY2019 would be filed in Docket No. EC19-1-000; all notification filings for FY2020 would be filed in Docket No. EC20-1-000, etc. We believe that this approach would allow the Commission to track the transactions that fall under section 203(a)(7).

9. Lastly, the Commission clarifies that, except for mergers or consolidations that are valued at \$10 million or less, the Commission will not change its interpretation of the

transactions that are subject to the jurisdiction of the Commission under the “merge or consolidate” clause of section 203(a)(1)(B). That is, the Commission interprets the amendment by Congress to section 203(a)(1)(B) as establishing a \$10 million threshold, but not removing the Commission’s jurisdiction to review transactions with a higher value that involve a public utility’s acquisition of facilities from non-public utilities<sup>2</sup> if those facilities will be subject to the Commission’s jurisdiction after the transaction is consummated.<sup>3</sup>

### **III. Information Collection Statement**

10. The collection of information contained in this Notice of Proposed Rulemaking is subject to review by the Office of Management and Budget (OMB) under section 3507(d) of the Paperwork Reduction Act (PRA).<sup>4</sup> The PRA requires each federal agency to seek and obtain OMB approval before undertaking a collection of information directed to 10 or more persons or contained in a rule of general applicability. OMB’s regulations<sup>5</sup> require approval of certain information collection requirements imposed by agency rules. Upon approval of a collection of information, OMB will assign an OMB control number

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<sup>2</sup> Non-public utilities refers to entities described in section 201(f) of the Federal Power Act (FPA). 16 U.S.C. 824(f).

<sup>3</sup> See *Duke Power Co. v. FPC*, 401 F.2d 930, 941 (D.C. Cir. 1968) (“We have no doubt that any acquisition from [a non-public utility] by a public utility of what would normally be a jurisdictional facility, such as a transmission line conducting interstate energy, would fall within the purview of the clause under consideration.”).

<sup>4</sup> 44 U.S.C. 3507(d).

<sup>5</sup> 5 CFR 1320.

and an expiration date. Respondents subject to the filing requirements of an agency rule will not be penalized for failing to respond to the collection of information unless the collection of information displays a valid OMB control number. The Commission solicits comments on the Commission's need for the specific information it proposes to collect, whether the information will have practical utility, the accuracy of the burden estimates, ways to enhance the quality, utility, and clarity of the information to be collected or retained, and any suggested methods for minimizing respondents' burden, including the use of automated information techniques.

11. The revisions to the Commission's regulations proposed in this NOPR would bring the regulations in conformance with the amendments to section 203 enacted by Congress. The first revision would implement Congress' amendment to section 203(a)(1)(B), which provides that a public utility must seek authorization to merge or consolidate, directly or indirectly, its facilities subject to the jurisdiction of the Commission, or any part thereof, with the facilities of any other person, or any part thereof, that are subject to the jurisdiction of the Commission and have a value in excess of \$10 million, by any means whatsoever. In addition, the Commission proposes to add § 33.12 to its regulations to implement the directive in new section 203(a)(7) that the Commission require a notification filing for mergers or consolidations by a public utility if the facilities to be acquired have a value in excess of \$1 million and such public utility is not required to secure Commission authorization under amended section 203(a)(1)(B). The Commission anticipates that the revisions, once effective, would reduce regulatory

burdens. The Commission will submit the proposed reporting requirements to OMB for its review and approval under section 3507(d) of the PRA.<sup>6</sup>

12. While the Commission expects that the regulatory revisions proposed herein will reduce the burdens on affected entities, the Commission nonetheless solicits public comments regarding the accuracy of the burden and cost estimates below.

13. Internal review: The Commission has reviewed the proposed changes and has determined that the changes are necessary.

14. Burden Estimate<sup>7</sup>: The estimated burden and cost for the requirements contained in this NOPR follow.

<b>FERC-519, as modified by NOPR in Docket No. RM19-4-000</b>					
<b>Requirements</b>	<b>Number and Type of Respondents (1)</b>	<b>Number of Responses per Respondent (2)</b>	<b>Total Number of Responses (1)*(2)=(3)</b>	<b>Average Burden Hours &amp; Cost Per Response (4)</b>	<b>Total Burden Hours &amp; Total Cost (3)*(4)</b>
FERC-519 (FPA Section 203 Filings) <sup>8</sup>	26	1	26	1 hr.; \$79.00	26 hrs.; \$2,054.00

<sup>6</sup> 44 U.S.C. 3507(d).

<sup>7</sup> “Burden” is the total time, effort, or financial resources expended by persons to generate, maintain, retain, or disclose or provide information to or for a Federal agency. For further explanation of what is included in the information collection burden, refer to 5 CFR 1320.3.

<sup>8</sup> Commission staff estimates that approximately 26 section 203 filings will change from full section 203 filings to the notification filing described above, and will take one burden hour to complete. The number of respondents and responses is based on Commission staff’s estimate that 13 percent of the approximately 200 section 203 filings received will be affected by the NOPR, which represents a significant reduction in burden hours.

Title: FERC-519, Application under Federal Power Act Section 203.

OMB Control No.: 1902-0082.

Action: Proposed amendment to 18 CFR Part 33.

Respondents: Public utilities subject to Federal Power Act.

Abstract: Pursuant to “An Act to amend section 203 of the Federal Power Act” (Act), the Commission proposes to revise part 33 of its regulations to establish that mergers or consolidations by a public utility of facilities subject to the jurisdiction of the Commission that have a value in excess of \$10 million are subject to Commission authorization. In addition, the Commission proposes to add § 33.12 to its regulations to establish a notification requirement for mergers or consolidations by a public utility if the facilities to be acquired have a value in excess of \$1 million and such public utility is not required to secure Commission authorization under amended section 203(a)(1)(B).

Overview of the Data Collection: The FERC–519, “Application under Federal Power Act section 203,” is necessary to enable the Commission to carry out its responsibilities in implementing the statutory provisions of section 203. Section 203 requires a public utility to seek Commission authorization of transactions in which a public utility disposes of jurisdictional facilities, merges such facilities with the facilities owned by another person, or acquires the securities of another public utility. The Commission must authorize these transactions if it finds that they will be consistent with the public interest.

15. One of the Commission’s overarching goals is to promote competition in wholesale power markets, and it has determined that effective competition, as opposed to traditional forms of price regulation, can best protect ratepayer interests. By entering into

a certain transaction, a public utility may gain an increased incentive and ability to exercise market power that can be to the detriment of effective competition and customers. As a result, the Commission must review all jurisdictional dispositions, mergers, and acquisitions to evaluate that transaction's effect on competition. The Commission also evaluates whether such transactions have an effect on rates and regulation and whether they result in cross-subsidization. The Commission implements the filing requirements associated with this review in the *Code of Federal Regulations* (CFR) under 18 CFR Part 33.

16. This NOPR is limited to implementing amended FPA section 203(a)(1)(B) and proposing a notification requirement for certain other transactions, both of which together represent a reduction in the filing requirements for public utilities under section 203. The Commission proposes this rule by mandate of Congress.

17. Interested persons may obtain information on the reporting requirements by contacting the following: Federal Energy Regulatory Commission, 888 First Street, NE, Washington, DC 20426 [Attention: Ellen Brown, Office of the Executive Director]  
E-mail: [DataClearance@ferc.gov](mailto:DataClearance@ferc.gov), Phone: (202) 502-8663; fax: (202) 273-0873.

18. Comments concerning the collection of information and the associated burden estimate(s) may also be sent to: Office of Information and Regulatory Affairs, Office of Management and Budget, 725 17th Street, NW, Washington, DC 20503 [Attention: Desk Officer for the Federal Energy Regulatory Commission]. Due to security concerns, comments should be sent electronically to the following e-mail address:

oira\_submission@omb.eop.gov. Please refer to FERC-520, OMB Control No. 1902-0083 in your submission.

#### **IV. Environmental Analysis**

19. The Commission is required to prepare an Environmental Assessment or an Environmental Impact Statement for any action that may have a significant adverse effect on the human environment.<sup>9</sup> We conclude that neither an Environmental Assessment nor an Environmental Impact Statement is required for this NOPR under section 380.4(a) of the Commission's regulations, which provides a categorical exemption for "approval of actions under section[] . . . 203 . . . of the Federal Power Act relating to . . . acquisition or disposition of property . . . ." <sup>10</sup>

#### **V. Regulatory Flexibility Act Certification**

20. The Regulatory Flexibility Act of 1980 (RFA)<sup>11</sup> generally requires a description and analysis of proposed rules that will have significant economic impact on a substantial number of small entities. The Small Business Administration's (SBA) Office of Size Standards develops the numerical definition of a small entity. These standards are provided in the SBA regulations at 13 CFR 121.201.<sup>12</sup> The RFA does not mandate any

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<sup>9</sup> *Regulations Implementing the National Environmental Policy Act of 1969*, Order No. 486, FERC Stats. & Regs. ¶ 30,783 (1987).

<sup>10</sup> 18 CFR 380.4(a)(16).

<sup>11</sup> 5 U.S.C. 601-612.

<sup>12</sup> 13 CFR 121.201. *See also* U.S. Small Business Administration, *Table of Small Business Size Standards Matched to North American Industry Classification System*

particular outcome in a rulemaking. It only requires consideration of alternatives that are less burdensome to small entities and an agency explanation of why alternatives were rejected.

21. The SBA size standards for electric utilities is based on the number of employees, including affiliates. Under SBA's standards, some transmission owners will fall under the following category and associated size threshold: electric bulk power transmission and control, at 500 employees.<sup>13</sup>

22. The Commission estimates that 26 respondents could file notification filings over the course of a year, with an estimated burden of 1 hour per response, at an estimated cost of \$79.00 per respondent. The Commission believes that none of the filers will be small. Therefore, the Commission certifies that this proposed rule will not have a significant economic impact on small entities.

## **VI. Comment Procedures**

23. The Commission invites interested persons to submit comments on the matters and issues proposed in this notice to be adopted, including any related matters or alternative proposals that commenters may wish to discuss. Comments are due **[INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

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*Codes* (effective Feb. 26, 2016),  
[https://www.sba.gov/sites/default/files/files/Size\\_Standards\\_Table.pdf](https://www.sba.gov/sites/default/files/files/Size_Standards_Table.pdf).

<sup>13</sup> 13 CFR 121.201, Sector 22 (Utilities), NAICS code 221121 (Electric Bulk Power Transmission and Control).

Comments must refer to Docket No. RM19-4-000, and must include the commenter's name, the organization they represent, if applicable, and their address in their comments.

24. The Commission encourages comments to be filed electronically via the eFiling link on the Commission's web site at <http://www.ferc.gov>. The Commission accepts most standard word processing formats. Documents created electronically using word processing software should be filed in native applications or print-to-PDF format and not in a scanned format. Commenters filing electronically do not need to make a paper filing.

25. Commenters that are not able to file comments electronically must send an original of their comments to: Federal Energy Regulatory Commission, Secretary of the Commission, 888 First Street NE, Washington, DC, 20426.

26. All comments will be placed in the Commission's public files and may be viewed, printed, or downloaded remotely as described in the Document Availability section below. Commenters on this proposal are not required to serve copies of their comments on other commenters.

## **VII. Document Availability**

27. In addition to publishing the full text of this document in the Federal Register, the Commission provides all interested persons an opportunity to view and/or print the contents of this document via the Internet through the Commission's Home Page (<http://www.ferc.gov>) and in the Commission's Public Reference Room during normal business hours (8:30 a.m. to 5:00 p.m. Eastern time) at 888 First Street, NE, Room 2A, Washington DC 20426.

28. From the Commission's Home Page on the Internet, this information is available on eLibrary. The full text of this document is available on eLibrary in PDF and Microsoft Word format for viewing, printing, and/or downloading. To access this document in eLibrary, type the docket number excluding the last three digits of this document in the docket number field.

29. User assistance is available for eLibrary and the Commission's website during normal business hours from the Commission's Online Support at 202-502-6652 (toll free at 1-866-208-3676) or email at [ferconlinesupport@ferc.gov](mailto:ferconlinesupport@ferc.gov), or the Public Reference Room at (202) 502-8371, TTY (202)502-8659. E-mail the Public Reference Room at [public.referenceroom@ferc.gov](mailto:public.referenceroom@ferc.gov).

List of Subjects in 18 CFR Part 33

Electric utilities, Reporting and recordkeeping requirements, Securities

By direction of the Commission. Commissioner McIntyre is not voting on this order.

( S E A L )

Nathaniel J. Davis, Sr.,  
Deputy Secretary.

In consideration of the foregoing, the Commission proposes to amend Part 33, Chapter I, Title 18, *Code of Federal Regulations*, as follows.

**PART 33 – APPLICATIONS UNDER FEDERAL POWER ACT SECTION 203**

1. The authority citation for part 33 continues to read as follows:

Authority: 16 U.S.C. 791a-825r, 2601-2645; 31 U.S.C. 9701; 41 U.S.C. 7101-7352

2. Amend § 33.1 by revising paragraph (a)(1)(ii) to read as follows:

**§ 33.1 Applicability, definitions, and blanket authorizations.**

(a) \* \* \*

(1) \* \* \*

(ii) Merge or consolidate, directly or indirectly, its facilities subject to the jurisdiction of the Commission, or any part thereof, with the facilities of any other person, or any part thereof, that are subject to the jurisdiction of the Commission and have a value in excess of \$10 million, by any means whatsoever;

\* \* \* \* \*

3. Add § 33.12 to read as follows:

**§ 33.12 Notification requirement for certain transactions.**

(a) Any public utility that is seeking to merge or consolidate, directly or indirectly, its facilities subject to the jurisdiction of the Commission, or any part thereof, with those of any other person, shall notify the Commission of such transaction not later than 30 days after the date on which the transaction is consummated if:

(1) the facilities, or any part thereof, to be acquired are of a value in excess of \$1 million; and

(2) such public utility is not required to secure an order of the Commission under section 203(a)(1)(B) of the Federal Power Act.

(b) Such notification shall consist of the following information:

(1) the exact name of the public utility and its principal business address;  
and

(2) a narrative description of the transaction, including the identity of all parties involved in the transaction and all jurisdictional facilities associated with or affected by the transaction, the location of such jurisdictional facilities involved in the transaction, the date on which the transaction was consummated, the consideration for the transaction, and the effect of the transaction on the ownership and control of such jurisdictional facilities.