

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

**Revisions to the Filing Process for  
Commission Forms**

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**Docket No. RM19-12-000**

**COMMENTS OF THE  
AMERICAN GAS ASSOCIATION**

Pursuant to the “Notice of Proposed Rulemaking” issued by the Federal Energy Regulatory Commission (“Commission” or “FERC”) on January 17, 2019, in Docket No. RM19-12-000, *Revisions to the Filing Process for Commission Forms*,<sup>1</sup> the American Gas Association (“AGA”) respectfully submits these comments.

**I. INTRODUCTION**

AGA supports the Commission’s effort to replace the current software used by entities to report financial information to the Commission. AGA’s members are both consumers and producers of the information submitted to the Commission, in that members both take service from interstate pipelines that file financial data with the Commission and are required to file financial information as owners and/or operators of natural gas pipelines, storage facilities, and other regulated assets. AGA requests that the Commission make certain clarifications as part of the final rule in this proceeding to ensure the effective implementation of the new filing method and ensure the accessibility of the filed information.

As summarized in the NOPR, entities currently use a Commission-distributed software application called Visual FoxPro to gather relevant financial data.<sup>2</sup> However, Microsoft

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<sup>1</sup> *Revisions to the Filing Process for Commission Forms*, 166 FERC ¶ 61,027 (2019), 84 Fed. Reg. 1412 (February 4, 2019) (“NOPR”).

<sup>2</sup> NOPR at P 1.

Corporation, the developer of Visual FoxPro, no longer supports the product.<sup>3</sup> Therefore, in April 2015, the Commission issued an order announcing its intention to replace the current Visual FoxPro filing format for Form Nos. 1, 1-F, 2, 2-A, 3-Q electric, 3-Q natural gas, 6, 6-Q, 60, and 714 (collectively, the “VFP Forms”) with an Extensible Markup Language (“XML”) based filing format.<sup>4</sup> Based on discussions undertaken with regulated entities, other federal agencies, and non-governmental organizations, such as the North American Energy Standards Board (“NAESB”), following the issuance of the April 2015 Order, the Commission in the NOPR in this proceeding, proposes to require regulated entities to submit information via an XML format, specifically a standard built on XML called eXtensible Business Reporting Language (XBRL).<sup>5</sup> According to the Commission, XBRL would be a superior method for both the Commission and filing entities to use because the format was developed specifically for reporting financial data and is used widely for reporting business and financial information.<sup>6</sup>

AGA supports updating the filing mechanism due to the fact that the current software used to make the required financial filings is not supported by the developer. In response to the NOPR, AGA provides these limited comments which focus on ensuring that the Commission develops a satisfactory timeline for transition to the XBRL based filing format and that any final rule does not limit the ability to use the Commission’s financial forms in other contexts, or limit the accessibility of the data. AGA and its members also anticipate participating in any technical conferences scheduled by the Commission to address this rulemaking.<sup>7</sup> AGA reserves the right to file further comments in this proceeding.

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<sup>3</sup> *Id.*

<sup>4</sup> *Electronic Filing Protocols for Commission Forms*, 151 FERC ¶ 61,025 (2015) (“April 2015 Order”).

<sup>5</sup> NOPR at P 4.

<sup>6</sup> *Id.*

<sup>7</sup> NOPR at P 19. AGA and its members also anticipate participating in any NAESB meetings related to this rulemaking and the implementation on the XBRL based filing format.

## II. COMMUNICATIONS

All pleadings, correspondence and other communications filed in this proceeding should be addressed to:

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## III. IDENTITY AND INTERESTS

The American Gas Association, founded in 1918, represents more than 200 local energy companies that deliver clean natural gas throughout the United States. There are more than 74 million residential, commercial and industrial natural gas customers in the United States, of which 95 percent — more than 71 million customers — receive their gas from AGA members. AGA is an advocate for natural gas utility companies and their customers and provides a broad range of programs and services for member natural gas pipelines, marketers, gatherers, international natural gas companies and industry associates. Today, natural gas meets more than one-fourth of the United States' energy needs.<sup>8</sup>

The members of AGA would be affected by the Commission's decisions regarding the issues raised in the NOPR. As discussed above, AGA members are both consumers and producers of the information in the forms submitted to the Commission. For example, some of AGA's members will be directly affected in that certain entities file Form No. 2-A or Form No. 2 with the

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<sup>8</sup> For more information, please visit [www.aga.org](http://www.aga.org).

Commission due to their ownership of various natural gas facilities subject to the jurisdiction of FERC. Other AGA members will be indirectly affected in that state regulatory agencies often require FERC Form No. 2 data, or the equivalent information, to be filed for state jurisdictional utilities. Accordingly, AGA and its members have direct and substantial interests in this proceeding that cannot be represented by any other party.

#### **IV. COMMENTS**

##### **A. THE FINAL RULE SHOULD PROVIDE ADEQUATE TIME FOR TRANSITION TO THE NEW FILING METHOD.**

In the NOPR the Commission does not propose a timeline for a transition to the XBRL system. AGA recommends that the Commission develop a compliance timeline and structure that are not burdensome to either filers or reviewers of the filings. Moreover, the Commission should provide sufficient time for software evaluation, development, contracting, implementation, and testing. Since the Commission is not proposing a single software solution which it will deploy to all entities, each filer will be required to implement its own company-specific approach to complying with the XBRL requirement, which may involve a custom approach as opposed to an “off-the-shelf” software solution. Furthermore, compliance will require an evaluation of the alternatives and related costs versus the benefits of varying solutions. If a custom approach is selected, adequate time will be needed for coding and testing company-specific solutions. Given all other company compliance deadlines, it is not uncommon for companies to need between two to three years to adopt new compliance requirements. This is especially true when new systems are involved whereby companies need to evaluate software vendors, work through request for proposal processes, and evaluate and execute contractual arrangements including internal control protocols, *etc.* While a two to three year transition period should be considered, as part of the compliance timeline, the Commission should also consider permitting early implementation by

those companies able to implement their solution prior to a recommended two to three year transition timeline.<sup>9</sup> This would permit early adoption of the new system by those companies that choose to do so, and also permit other entities time to make the transition.

Furthermore, while the Commission proposes no substantive changes to the contents of the financial forms, AGA members, as part of this transition, will need to determine how to comply with any new requirements, if applicable, and potentially need to review the forms filed by the interstate pipelines from which the utilities receive service to ensure that the XBRL versions are accurate and consistent with historical data previously filed. The Commission should afford customers and interested persons sufficient opportunity to review the filings, determine whether any substantive changes have been made, and raise any concerns.

One way to aid in this transition and address the issue discussed above, for example, is for the Commission to require pipelines that file FERC Form No. 2-A to comply with the required XBRL filing format *after* the interstate pipelines have filed their FERC Form No. 2s, *i.e.*, utilize a staggered filing approach. A staggered approach would allow the XBRL software vendors and service providers to better allocate resources to support the XBRL implementation for all companies. The resulting benefit of high quality information and modern software appropriately designed and deployed to companies outweighs the potentially negative impact of a minor delay in any adoption schedule. A staggered approach could be in lieu of or in addition to a delayed mandate with the early adoption process noted above.

If the Commission does not wish to extend the compliance deadline for two or three years, it should consider establishing a formal grace period for XBRL submissions for a period of time.

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<sup>9</sup> AGA supports the proposal in the NOPR that the XBRL taxonomies shall contain validations that can be used to check a submission by filers on their own system without uploading anything to the Commission. Enabling filers to test the system and confirm that submissions are error-free prior to filing is of critical importance.

This would allow for time to correctly tag the financial information and footnotes in the filings by recognizing the required learning curve and time for auditors to perform procedures over tagged data if entities have such desire. For example, the Commission should consider granting a 30-day grace period for all filings requiring the XBRL filing format during a two year phase-in period.

**B. THE FINAL RULE SHOULD NOT MAKE SUBSTANTIVE CHANGES TO THE INFORMATION COLLECTED IN THE FINANCIAL FORMS WHICH WOULD LIMIT THE FORMS USES IN OTHER CONTEXTS.**

In the NOPR, the Commission explained that no substantive changes to the information collected in the VFP Forms are being proposed, but rather the proposal is to transition from the VFP system currently used to collect the information to an XBRL system.<sup>10</sup> AGA supports the Commission's efforts to focus this proceeding on the shift to a new filing method and not using this proceeding to revise the information collected across the various financial forms discussed in the NOPR. The information collected in the Commission's forms is used by FERC staff, state regulatory agencies, and others in the review of the financial condition of regulated companies. The information is also used in various rate proceedings, industry analyses and in the Commission's audit programs, and, as appropriate, for the computation of annual charges.<sup>11</sup> Therefore, any possible changes to the financial forms would have wide ranging impacts, and

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<sup>10</sup> NOPR at P 26.

<sup>11</sup> Customers, state commissions, and interested persons rely on information made public by the filing of these forms and on the structure of the forms themselves, at both the federal and the state level. For example, Form No. 2 is a useful source of historical financial and accounting data that parties have come to rely upon for various purposes, including assessments of creditworthiness, year-to-year comparisons of a regulated company's financial performance, and comparisons between regulated entities and companies in other industries that file financial reports using Generally Accepted Accounting Principles ("GAAP"), or even against their own GAAP financial reports. The format and organization of the financial data contained in Form No. 2 fulfills its purpose of obtaining financial and accounting information that is useful in assessing the filer's financial circumstances.

would substantially complicate any new compliance effort for XBRL tagging, as such, it is appropriate to only focus on the new filing method in this proceeding.

Furthermore, because of the usefulness of FERC's forms, various state commissions have either adopted the forms for their own purposes or permit entities to file information at the state level consistent with FERC's forms and methods in order to comply with state requirements.<sup>12</sup> Therefore, AGA requests that the Commission not make any determination in this proceeding that would limit the ability of companies to use the FERC forms for state compliance purposes. Accordingly, in fashioning appropriate financial form filing mechanism requirements, the Commission should consider the burden it may be imposing on those that will be required to file such forms at the state level.

**C. THE FINAL RULE SHOULD NOT LIMITED THE ACCESSIBILITY AND READABILITY OF THE FILED FINANCIAL INFORMATION.**

As discussed above, customers, state commissions, and interested persons have an interest in the financial information that is filed with the Commission being accessible and readable. While the XBRL format will be used to formulate and file the reports, in the interest of transparency, AGA recommends that the Commission not require interested entities to use special software to access and view the filed financial data. Information filed with the Commission should be

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<sup>12</sup> See e.g., Wash. Admin. Code § 480-90-252 (2019) (Washington Administrative Code stating that “[e]ach gas utility must use the annual report form (FERC Form No. 2) promulgated by the Federal Energy Regulatory Commission ...”); Conn. Gen. Stat. § 16-27 (2018) (Connecticut General Statute discussing the use of forms required by FERC for Public Utilities Regulatory Authority purposes). See also, NAC 704.225 (2019), Nevada Administrative Regulation discussing the filing of annual reports and the Public Utilities Commission of Nevada’s Annual Report Filing Guide Applicable to Electric, Natural Gas, Railroad Utilities, or Provider of New Electric Resources, Docket No. 19-01002, indicating that the “Appropriate Federal Energy Regulatory Commission Form” can be used by a natural gas utility to comply with NAC 704.225.

accessible and readable, and interested persons should have the ability to download it in PDF form or via other common electronic means, as is currently the case.

**V. CONCLUSION**

For the reasons stated above, the American Gas Association respectfully requests that the Commission consider these comments in this proceeding.

Respectfully submitted,

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