

**FOR FURTHER INFORMATION CONTACT:**

Walter R. Cochran, Manager, Airspace Branch, Air Traffic Division, Federal Aviation Administration, P.O. Box 20636, Atlanta, Georgia 30320; telephone (404) 305-5586.

**SUPPLEMENTARY INFORMATION:****Comments Invited**

Interested parties are invited to participate in this proposed rulemaking by submitting such written data, views or arguments as they may desire. Comments that provide the factual basis supporting the views and suggestions presented are particularly helpful in developing reasoned regulatory decisions on the proposal. Comments are specifically invited on the overall regulatory, aeronautical, economic, environmental, and energy-related aspects of the proposal. Communications should identify the airspace docket number and be submitted in triplicate to the address listed above. Comments wishing the FAA to acknowledge receipt of their comments on this action must submit with those comments a self-addressed, stamped postcard on which the following statement is made: "Comments to Airspace Docket No. 02-ASO-9." The postcard will be date/time stamped and returned to the commenter. All communications received before the specified closing date for comments will be considered before taking action on the proposed rule. The proposal contained in this action may be changed in light of the comments received. All comments submitted will be available for examination in the Office of the Regional Counsel for Southern Region, Room 550, 1701 Columbia Avenue, College Park, Georgia 30337, both before and after the closing date for comments. A report summarizing each substantive public contact with FAA personnel concerned with this rulemaking will be filed in the docket.

**Availability of NPRMs**

Any person may obtain a copy of this Notice of Proposed Rulemaking (NPRM) by submitting a request to the Federal Aviation Administration, Manager, Airspace Branch, ASO-520, Air Traffic Division, P.O. Box 20636, Atlanta, Georgia 30320. Communications must identify the docket number of this NPRM. Persons interested in being placed on a mailing list for future NPRMs should also request a copy of Advisory Circular No. 11-2A which describes the application procedure.

**The Proposal**

The FAA is considering an amendment to part 71 of the Federal Aviation Regulations (14 CFR part 71) to amend Class E airspace at Prestonburg, KY. A RNAV (GPS), RWY 3, a RNAV (GPS) RWY 21, and a VOR/DME-A SIAP has been developed for Big Sandy Regional Airport, KY. Controlled airspace extending upward from 700 feet AGL is needed to accommodate the SIAPs. Class E airspace designations for airspace areas extending upward from 700 feet or more above the surface of the earth are published in Paragraph 6005 of FAA Order 7400.9J, dated August 31, 2001, and effective September 16, 2001, which is incorporated by reference in 14 CFR 71.1. The Class E airspace designation listed in this document would be published subsequently in the Order.

The FAA has determined that this proposed regulation only involves an established body of technical regulations for which frequent and routine amendments are necessary to keep them operationally current. It, therefore, (1) is not a "significant regulatory action" under Executive Order 12866; (2) is not a "significant rule" under DOT Regulatory Policies and Procedures (44 FR 11034; February 26, 1979); and (3) does not warrant preparation of a Regulatory Evaluation as the anticipated impact is so minimal. Since this is a routine matter that will only affect air traffic procedures and air navigation, it is certified that this rule, when promulgated, will not have a significant economic impact on a substantial number of small entities under the criteria of the Regulatory Flexibility Act.

**List of Subjects in 14 CFR Part 71**

Airspace, Incorporation by reference, Navigation (air).

**The Proposed Amendment**

In consideration of the foregoing, the Federal Aviation Administration proposes to amend 14 CFR Part 71 as follows:

**PART 71—DESIGNATION OF CLASS A, CLASS B, CLASS C, CLASS D, AND CLASS E AIRSPACE AREAS; AIRWAYS; ROUTES; AND REPORTING POINTS**

1. The authority citation for part 71 continues to read as follows:

**Authority:** 49 U.S.C. 106(g); 40103, 40113, 40120; E.O. 10854, 24 FR 9565, 3 CFR, 1959-1963 Comp., p. 389.

**§ 71.1 [Amended]**

2. The incorporation by reference in 14 CFR 71.1 of Federal Aviation Administration Order 7400.9J, Airspace Designations and Reporting Points, dated August 31, 2001, and effective September 16, 2001, is amended as follows:

*Paragraph 6005 Class E Airspace Areas Extending Upward from 700 feet or More Above the Surface of the Earth*

\* \* \* \* \*

**ASO KY E5 Prestonburg, KY [REVISED]**

*Prestonburg, Big Sandy Regional Airport, KY*

*(Lat. 37°45'04"N, long. 82°38'12"W)*

That airspace extending upward from 700 feet or more above the surface within a 6.5-mile radius of the Big Sandy Regional Airport.

\* \* \* \* \*

Issued in College Park, Georgia, on July 24, 2002.

**Walter R. Cochran,**

*Acting Manager, Air Traffic Division, Southern Region.*

[FR Doc. 02-19555 Filed 8-6-02; 8:45 am]

**BILLING CODE 4910-13-M**

**DEPARTMENT OF ENERGY****Federal Energy Regulatory Commission****18 CFR Parts 101, 201, and 352**

**[Docket No. RM02-14-000]**

**Regulation of Cash Management Practices**

August 1, 2002.

**AGENCY:** Federal Energy Regulatory Commission.

**ACTION:** Notice of proposed rulemaking.

**SUMMARY:** In order to protect the customers of jurisdictional companies, the Federal Energy Regulatory Commission is proposing to establish limits on the amount of funds that can be swept from a regulated subsidiary to a non-regulated parent under so-called "cash management" programs, as well as certain other requirements.

**DATES:** Comments are due 15 days after publication in the **Federal Register**.

**ADDRESS:** File written comments with the Office of the Secretary, Federal Energy Regulatory Commission, 888 First Street, NE., Washington DC, 20426. Comments should reference Docket No. RM02-14-000. Comments may be filed electronically or by paper (an original and 14 copies with an accompanying computer diskette in the prescribed format requested).

**FOR FURTHER INFORMATION CONTACT:**

Mark Klose (Technical Information), Office of the Executive Director, Division of Regulatory Accounting Policy, Federal Energy Regulatory Commission, 888 First Street NE, Washington, DC 20426, (202) 219-2595.

Mary Lauermann (Technical Information), Office of the Executive Director, Division of Regulatory Audits, Federal Energy Regulatory Commission, 888 First Street NE, Washington, DC 20426, (202) 208-0087.

Peter Roidakis (Legal Information), Office of the General Counsel, Federal Energy Regulatory Commission, 888 First Street NE, Washington, DC 20426, (202) 208-1213.

**SUPPLEMENTARY INFORMATION:****I. Introduction**

1. In this Notice of Proposed Rulemaking (NOPR), the Federal Energy Regulatory Commission (Commission) proposes to amend its Uniform Systems of Accounts<sup>1</sup> for public utilities,<sup>2</sup> natural gas companies<sup>3</sup> and oil pipeline companies<sup>4</sup> by establishing the documentation necessary “to furnish readily full information”<sup>5</sup> concerning the management of funds from a FERC-regulated subsidiary by a non-FERC-regulated parent.<sup>6</sup> Specifically, the Commission is requiring that all such arrangements be in writing. Such arrangements must specify the duties and responsibilities of cash management participants and administrators, the

<sup>1</sup> Section 301(a) of the Federal Power Act (FPA), 16 U.S.C. 825(a), section 8 of the Natural Gas Act (NGA), 15 U.S.C. 717g, and section 20 of the Interstate Commerce Act (ICA), 49 App. U.S.C. 20 (1998), authorize the Commission to prescribe rules and regulations concerning accounts, records and memoranda as necessary or appropriate for the purposes of administering the FPA, NGA and the ICA. The Commission may prescribe a system of accounts for jurisdictional companies and, after notice and opportunity for hearing, may determine the accounts in which particular outlays and receipts will be entered, charged or credited.

<sup>2</sup> Part 101 Uniform System of Accounts Prescribed for Public Utilities and Licensees Subject to the Provisions of the Federal Power Act. 18 CFR part 101 (2002).

<sup>3</sup> Part 201 Uniform System of Accounts Prescribed for Natural Gas Companies Subject to the Provisions of the Natural Gas Act. 18 CFR part 201 (2002).

<sup>4</sup> Part 352 Uniform System of Accounts Prescribed for Oil Pipeline Companies Subject to the Provisions of the Interstate Commerce Act. 18 CFR part 352 (2002).

<sup>5</sup> See General Instructions—Records under Parts 101, 201, and 352 of the Commission’s Uniform System of Accounts for public utilities, licensees, natural gas companies, and oil pipeline companies.

<sup>6</sup> The proposed regulations would apply to all public utilities subject to the Uniform System of Accounts, all natural gas companies subject to the Uniform System of Accounts, and all oil pipeline carriers subject to the Uniform System of Accounts.

methods of calculating interest and for allocating interest income and expenses, and the restrictions on deposits or borrowings by money pool members.

2. Under the proposed rule, such cash management or money pool agreements must provide documentation for all deposits into, borrowings from, interest income from, and interest expenses to such money pools. Such documentation shall include evidences of: (1) Each deposit with a money pool, including the date of the deposit, the amount of the deposit, the maturity date, if any, of the deposit, and the interest earning rate on the deposit; (2) each borrowing from a money pool, including the date of the borrowing, the amount of the borrowing, the maturity date, if any, of the borrowing and the interest rate on the borrowing; (3) the security provided by the money pool for repayment of deposits into the money pool and the security required by the money pool in support of borrowings from the money pool; and (4) daily balances of deposits with and borrowings from the money pool for each individual deposit or borrowing. Cash deposits and borrowings may not be netted.

3. Finally, the Commission is proposing that as a condition for participating in a cash management or money pool arrangement, the FERC-regulated entity must maintain a minimum proprietary capital balance (stockholder’s equity) of 30 percent, and the FERC-regulated entity and its parent must maintain investment grade credit ratings. If either of these conditions is not met, the FERC-regulated entity may not participate in the cash management or money pool arrangement.

4. The proposed rule is in the public interest because it will permit FERC-regulated entities to benefit from properly structured cash management programs, while protecting customer interests.

**II. Background***Cash Management Programs Generally*

5. The overall objective of a cash management program is to enhance owner value. Cash management arrangements can provide participants with greater financing flexibility and a lower cost of borrowing than would otherwise be available to small entities. These arrangements can help smaller affiliates within the group receive the same favorable rates as larger entities.

6. There are several types of cash management programs. Some concentrate and transfer funds from multiple accounts into a single bank account in the parent company’s name. Another type is known as “cash

pooling” or “money pooling.” This system uses a single summary account with interest earned or charged on the net cash balance position. There is no movement of funds between accounts of the entities participating in the pool. All accounts must be in the same bank, but not at the same branch. A third type, known as “zero balance accounts,” empty or fill the balances in affiliated companies’ accounts at a bank into or out of a parent’s account each day.

7. In a typical zero balance program, excess funds are swept to a corporate concentration account every night from the regulated company’s zero balance accounts, and an account receivable from the parent is established at the regulated company while an account payable is established at the parent company to record the transfer of funds. As part of the cash management program, the parent company provides the funds for payment of payroll and other expenditures of its subsidiaries from the funds that have been swept to the parent. The parent invests unspent funds in overnight investments so that the money of all the subsidiaries will be working for the company rather than being idle.

8. Cash management programs are not without risk, however. Problems can arise over the respective rights to the concentration or pooled account when the parent company or its subsidiaries file for bankruptcy. Courts have ruled that funds swept into a parent company’s concentration account become the property of the parent, and the subsidiary loses all interest in those funds.<sup>7</sup>

9. There is thus a potential for degradation of the financial solvency of regulated entities if non-regulated parent companies declare bankruptcy and default on the accounts payable, advances or borrowings owed to their regulated subsidiaries.

*FERC Regulated Entities’ Cash Management Programs*

10. In the fall of 2001, the Commission’s Chief Accountant began a review of transactions between unregulated parent companies and their jurisdictional subsidiaries. Specifically, the balances in the cash account and accounts related to associated companies, reported in the FERC Forms 1, 2, and 6, were reviewed for the years 1997 through 2001. This review revealed that many companies had significant balances in Account 146—

<sup>7</sup> See, e.g., *In the Matter of Southmark Corporation*, 49 F.3d 1111 (5th Cir. 1995), and *In re Amdura Corporation*, 75 F.3d 1447 (10th Cir. 1996).

Accounts Receivable from Associated Companies, and Account 13—Receivables from Affiliated Companies, and that the balances in these accounts were significantly increasing over the period under review.

11. As a result of the use of cash management programs and the increased balances in Account 146 identified by this initial review, the Chief Accountant began an audit in January 2002, to determine compliance with the Commission's accounting and reporting requirements for the years 2000 through 2001.

12. In March 2002, the Commission initiated a non-public investigation by the Chief Accountant, Office of the Executive Director, and the Market Oversight and Enforcement section, Office of the General Counsel, regarding financial data related to transactions, activities and accounting practices that may have impaired the financial condition of entities subject to the Commission's jurisdiction to the benefit of corporate parents or other affiliates or associated entities of jurisdictional companies.

13. The investigators reviewed transactions affecting Account 146—Accounts Receivable from Associated Companies for gas and electric companies, and Account 13—Receivables from Affiliated Companies for oil companies. Based on FERC Forms 1, 2 and 6 data from 2001, balances in Accounts 146 and 13 totaled approximately \$16 billion (\$8.2 billion in public utility accounts, \$2 billion in natural gas company accounts, and \$5.7 billion in oil and product pipeline accounts). The preliminary results of the audit/investigation also revealed severe record-keeping deficiencies:

- Cash management agreements, generally and across the electric, gas and oil industries, have not been formalized in writing to stipulate the terms of the programs and the interest associated with the loans of the subsidiaries' cash.
- Interest may or may not have been paid to subsidiary companies by the parents.
- Budgets are not developed at the subsidiary level for capital expenditures and operations and maintenance expenses.
- Inter-company billings between parents and subsidiaries may have occurred at preferential rates not given to non-affiliated customers.

### III. Legal Authority and Proposed Regulations

14. The Commission is proposing to require clearly defined roles and responsibilities of all parties regarding

transfers of cash, payments of bills, payments of interest, and the limitations to which funds can be taken from FERC-regulated subsidiaries. Cash management agreements must be reviewed and updated periodically to ensure that changes in corporate structure have not made the agreements obsolete.

15. The Natural Gas Act (NGA) with respect to natural gas companies, and the Federal Power Act (FPA) with respect to public utilities, and the Interstate Commerce Act (ICA) with respect to oil pipeline carriers authorize the Commission to prescribe rules and regulations concerning accounts, records and memoranda as necessary or appropriate for the purposes of administering the FPA, NGA, and the ICA.<sup>8</sup> The NGA and the FPA also empower the Commission, with respect to natural gas pipelines and public utilities, to "perform any and all acts, and to prescribe, issue, make, amend, and rescind such orders, rules and regulations as it may find necessary or appropriate to carry out the provisions of [the] Act." Section 16 of the NGA, 15 U.S.C. 717o, and section 309 of the FPA, 16 U.S.C. 825(h). Under the Interstate Commerce Act (ICA), the Commission may, with respect to oil and product pipelines "prescribe the forms of any and all accounts, records, and memoranda to be kept by carriers \* \* \* as well as of the receipts and expenditures of monies." ICC, Title 49 Appendix section 20 (5), 49 App. U.S.C. 20 (5) (1988). The Commission also has the authority to perform the duties for which it was created "to inquire into and report on the business of persons controlling, controlled by, or under a common control with such carriers \* \* \*." ICA, Title 49 Appendix section 12, 49 App. U.S.C. 12 (1988).

16. The Commission proposes to revise Account 146 in parts 101 and 201, and Account 13 in part 352 to provide instructions and conditions for the maintenance of cash management arrangements. Specifically, the Commission is requiring that all such arrangements be in writing. Such arrangements must specify the duties and responsibilities of cash management participants and the administrator, the methods of calculating interest and for allocating interest income and expenses, and the restrictions on deposits or borrowings by money pool members.

17. Under the proposed rule, such cash management agreements must provide documentation for all deposits into, borrowings from, interest income from, and interest expenses related to

such agreements. Such documentation shall include evidence of: (1) Each deposit with a money pool, including the date of the deposit, the amount of the deposit, the maturity date, if any, of the deposit, and the interest earning rate on the deposit; (2) each borrowing from a money pool, including the date of the borrowing, the amount of the borrowing, the maturity date, if any, of the borrowing and the interest rate on the borrowing; (3) the security provided by the money pool for repayment of deposits into the money pool and the security required by the money pool in support of borrowings from the money pool; and (4) daily balances of deposits with and borrowings from the money pool for each individual deposit or borrowing. Cash deposits and borrowings may not be netted.

18. Because of the Commission's concern that such accounts not be used improperly so as to cause serious financial harm to FERC-regulated entities, and ultimately cause harm to the ratepayers, the Commission proposes that as a prerequisite to participating in a cash management arrangement, a FERC-regulated entity shall maintain a minimum proprietary capital balance of 30 percent,<sup>9</sup> and the FERC-regulated entity and its parent must maintain investment grade credit ratings.<sup>10</sup> If either of these conditions is no longer met, the FERC-regulated entity may not participate in the cash management or money pool arrangement.

### IV. Information Collection Statement

19. The following collection of information contained in this proposed rule has been submitted to the Office of Management and Budget for emergency review under section 3507(j)(1) of the Paperwork Reduction Act of 1995, 44 U.S.C. 3507(j)(1). Comments are solicited on the Commission's need for this information, whether the information will have practical utility, the accuracy of provided burden estimates, ways to enhance quality, utility, and clarity of the information to

<sup>9</sup> See Niagara Mohawk Holdings, Inc, 99 FERC ¶ 61,323 (2002), where the Commission conditionally approved a requirement that a company maintain an equity balance equal to at least 30 percent of capital.

<sup>10</sup> The term "investment grade" was originally used by regulatory bodies to connote obligations eligible for investment by institutions such as banks, insurance companies, and savings and loan associations. Over time, this term became widespread throughout the investment community. Debt issues rated in four highest categories (*e.g.*, Standard & Poor's AAA, AA, A, and BBB rating, or Moody's Investors Service Aaa, Aa, and A and Baa rating) are generally recognized as being investment grade. Lower rating categories are generally considered speculative.

<sup>8</sup> See n.1, *supra*.

be collected, and any suggested methods for minimizing respondents' burden, including the use of automated information techniques.

*Estimated Annual Burden*

At present it is unclear how many companies already have written agreements in place and would not be impacted by this rule. But there are a significant number of FERC-regulated

entities that could be impacted by this rule because of their membership in consolidated groups and their participation in cash management arrangements. For this reason, the Commission projects the total hours for the following collections of information:

Data collection	Number of respondents	Estimated % that are members of a consolidated group	No. of responses	Total annual hrs.
FERC-Form 1 .....	268	51% or 137 (approx) .....	137	274
FERC Form 2 .....	133	85% or 113 (approx) .....	113	226
FERC Form 6 .....	201	98.5% or 198 (approx) .....	198	396
<i>Totals</i> .....		.....		896

*Total Annual Hours for Collection*

(Reporting + Recordkeeping, (if appropriate)) = 896 hours

\* This estimate is based on an average of 2 hours per respondent to convert verbal agreements into written agreements.

Information Collection Costs: The Commission seeks comments on the costs to comply with these requirements. It has projected the cost for compliance to be the following: 896 hours + 2,080 × \$117,041 = \$50,418.

Annualized capital/startup costs ...	\$0
Annualized costs (Operations & Maintenance) .....	\$50,418
Total annualized costs .....	\$50,418

The Office of Management and Budget's (OMB) regulations<sup>11</sup> require OMB to approve certain information collection requirements imposed by agency rule. The Commission is submitting notification of this proposed rule to OMB.

*Title:* FERC Form 1 Annual Report of Major Electric Utilities, Licensees and Others; FERC Form 2 Annual Report for Major Natural Gas Companies; FERC Form No. 6 Annual Report of Oil Pipeline Companies.

*Action:* Proposed Collections.

*OMB Control No:* 1902-0021; 1902-0028; and 1902-0022. [Note: The collections of information contained in this proposed rule are being submitted to OMB under OMB's emergency clearance procedures. These collections of information are also the subject of a separate proceeding in Docket No. RM02-3-000, and to avoid any delay in OMB's review of this proposed rule, the collections of information in this proposed rule will have a temporary designation of FERC-907. When the Commission issues a final rule, the collections of information will revert to

their normal identifiers and control numbers.]

*Respondents:* Business or other for profit.

*Frequency of Responses:* On occasion.

*Necessity of the Information:* The Commission proposes to revise its Uniform System of Accounts to establish the documentation necessary to disclose information on the management of funds from a FERC-regulated subsidiary by a non-regulated parent. Specifically, the Commission is requiring that all such cash management arrangements be in writing. Such arrangements must specify the duties and responsibilities of cash management participants and administrators, the methods of calculating the interest and for allocating interest income and expenses, and the restrictions on deposits and/or borrowing of money pool members. The Commission is also proposing that as a condition for participating in cash management arrangements, the FERC-regulated entity must maintain a minimum proprietary capital balance of 30 percent and the FERC-regulated entity and its parent must maintain investment grade ratings.

As a result of the Commission's investigations, it was found that cash management agreements, generally and across the electric, gas and oil industries have not been formalized in writing stipulating both the terms of the programs and the interest associated with the loans of the subsidiaries' cash. In addition, budgets are not developed at the subsidiary level for capital expenditures, operations and maintenance expenses and the interest that may or may not have been paid to subsidiary companies by the parent.

The Commission is concerned that such accounts may be used so as create severe financial risk to FERC-regulated entities, and cause harm to rate payers should the subsidiaries attempt to pass through costs that result from defaults

by unregulated parent companies, resulting in higher costs of capital.

Internal Review: The Commission has reviewed the requirements pertaining to the Uniform System of Accounts and to the three financial reports it prescribes and has determined that the proposed revisions are necessary because the Commission needs to establish uniform accounting and reporting requirements for cash management arrangements.

These requirements conform to the Commission's plan for efficient information collection, communication, and management within the electric, natural gas and oil pipeline industries. The Commission has assured itself, by means of internal review, that there is objective support for the burden estimates associated with the information requirements.

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: Michael Miller, Office of the Chief Information Officer, Phone: (202) 502-8415, fax: (202) 208-2425, e-mail: michael.miller@ferc.fed.us]

For submitting comments concerning the collection of information(s) and the associated burden estimate(s), please send your comments to the contact listed above and to the Office of Management and Budget, Office of Information and Regulatory Affairs, 725 17th Street, NW, Washington, DC 20503 [Attention: Desk Officer for the Federal Energy Regulatory Commission, phone (202) 395-7856, fax: (202) 395-7285.

**V. Environmental Analysis**

20. 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

<sup>11</sup> 5 CFR 1320.11 (1996).

environment.<sup>12</sup> The Commission excludes certain actions not having a significant effect on the human environment from the requirement to prepare an environmental impact statement.<sup>13</sup> No environmental consideration is raised by the promulgation of a rule that is procedural or does not substantially change the effect of legislation or regulations being amended.<sup>14</sup> The proposed rule updates Parts 101, 201, and 352 of the Commission's regulations, and does not substantially change the effect of the underlying legislation or the regulations being revised or eliminated. Accordingly, no environmental consideration is necessary.

#### VI. Regulatory Flexibility Act Statement

21. The Regulatory Flexibility Act of 1980 (RFA)<sup>15</sup> generally requires a description and analysis of final rules that will have significant economic impact on a substantial number of small entities. The Commission is not required to make such analyses if a rule would not have such an effect. The Commission concludes that this rule would not have such an impact on small entities. Most filing companies regulated by the Commission do not fall within the RFA's definition of a small entity, and the data required by this rule are already being captured by their accounting systems. However, if the reporting requirements represent an undue burden on small businesses, the entity affected may seek a waiver of the requirements from the Commission.

#### VII. Comment Procedures

22. The Commission invites interested persons to submit written 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 15 days from publication in the **Federal Register**. Comments must refer to Docket No. RM02-14-000, and may be filed either in electronic or paper format. Those filing electronically do not need to make a paper filing.

23. Documents filed electronically via the Internet can be prepared in a variety of formats, including WordPerfect, MS Word, Portable Document Format, Real Text Format, or ASCII format, as listed on the Commission's web site at <http://ferc.gov>, under the e-Filing link.

The e-Filing link provides instructions for how to Login and complete an electronic filing. First time users will have to establish a user name and password. The Commission will send an automatic acknowledgment to the sender's E-Mail address upon receipt of comments. User assistance for electronic filing is available at 202-208-0258 or by E-Mail to [efiling@ferc.gov](mailto:efiling@ferc.gov). Comments should not be submitted to the E-Mail address.

24. For paper filings, the original and 14 copies of such comments should be submitted to the Office of the Secretary, Federal Energy Regulatory Commission, 888 First Street, NE., Washington DC 20426.

25. All comments will be placed in the Commission's public files and will be available for inspection in the Commission's Public Reference Room at 888 First Street, NE., Washington DC 20426, during regular business hours. Additionally, all comments may be viewed, printed, or downloaded remotely via the Internet through FERC's Homepage using the FERRIS link.

#### VIII. Document Availability

26. 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 FERC's Home Page (<http://www.ferc.gov>) and in FERC's Public Reference Room during normal business hours (8:30 a.m. to 5 p.m. Eastern time) at 888 First Street, NE., Room 2A, Washington, DC 20426.

27. From FERC's Home Page on the Internet, this information is available in the Federal Energy Regulatory Records Information System (FERRIS). The full text of this document is available on FERRIS in PDF and WordPerfect format for viewing, printing, and/or downloading. To access this document in FERRIS, type the docket number excluding the last three digits of this document in the docket number field.

28. User assistance is available for FERRIS and the FERC's website during normal business hours from our Help line at (202) 208-2222 or the Public Reference Room at (202) 208-1371 Press 0, TTY (202) 208-1659. E-Mail the Public Reference Room at [public.referenceroom@ferc.gov](mailto:public.referenceroom@ferc.gov).

#### List of Subjects

##### 18 CFR Part 101

Electric power, Electric utilities, Reporting and recordkeeping requirements, Uniform System of Accounts.

##### 18 CFR Part 201

Natural gas, Reporting and recordkeeping requirements, Uniform System of Accounts.

##### 18 CFR Part 352

Pipelines, Reporting and recordkeeping requirements, Uniform System of Accounts.

By direction of the Commission.

**Magalie R. Salas,**

*Secretary.*

In consideration of the foregoing, the Commission proposes to amend parts 101, 201, and 352, Title 18 of the Code of Federal Regulations, as follows:

#### **PART 101—UNIFORM SYSTEM OF ACCOUNTS PRESCRIBED FOR PUBLIC UTILITIES AND LICENSEES SUBJECT TO THE PROVISIONS OF THE FEDERAL POWER ACT**

1. The authority citation for part 101 continues to read as follows:

**Authority:** 16 U.S.C. 791a-825r, 2601-2645; 31 U.S.C. 9701; 42 U.S.C. 7101-7352, 7651-7651o.

2. In part 101, Balance Sheet Accounts, account 146 is revised to read as follows:

##### **Balance Sheet Accounts**

\* \* \* \* \*

146 *Accounts receivable from associated companies.*

A. These accounts shall include notes and drafts upon which associated companies are liable, and which mature and are expected to be paid in full not later than one year from the date of issue, together with any interest thereon, and debit balances subject to current settlement in open accounts with associated companies. Items which do not bear a specified due date but which have been carried for more than twelve months and items which are not paid within twelve months from the due date shall be transferred to account 123, Investment in Associated Companies.

B. As a prerequisite for participating in a cash management or money pool arrangement, a utility shall maintain a minimum proprietary capital balance of 30 percent, and a utility and its parent must maintain an investment grade credit rating. If either of these requirements is not met, the utility may not participate in the cash management or money pool arrangement. A utility participating in a cash management or money pool arrangement shall maintain supporting documentation for all deposits into, borrowings from, interest income from, and interest expense to such money pool. The written documentation shall include evidences

<sup>12</sup> Order No. 486, Regulations Implementing the National Environmental Policy Act, 52 FR 47897 (Dec. 17, 1987), FERC Stats. & Regs. Preambles 1986-1990 ¶ 30,783 (1987).

<sup>13</sup> 18 CFR 380.4.

<sup>14</sup> 18 CFR 380.4(a)(2)(iii).

<sup>15</sup> 5 U.S.C. 601-612.

of: (1) Each deposit with the money pool, including the date of the deposit, the amount of the deposit, the maturity date, if any, of the deposit, and the interest earning rate on the deposit; (2) each borrowing from a money pool, including the date of the borrowing, the amount of the borrowing, the maturity date, if any, of the borrowing and the interest rate on the borrowing; (3) the security provided by the money pool for repayment deposits into the money pool and the security required by the money pool in support of borrowings from the money pool; and (4) daily balances of deposits with and borrowings from the money pool for each individual deposit or borrowing. Cash deposits and borrowings may not be netted.

C. The utility shall also maintain current and up-to-date copies of the documents authorizing the establishment of the cash management or money pool arrangement that specifies the following: (1) The duties and responsibilities of the money pool, its administrator and the other participants in the money pool; (2) the restrictions on deposits or borrowings by pool members, (3) the method used to determine the interest earning rates and interest borrowing rates by pool members; and (4) the method used to allocate interest income and expenses among the pool members.

**Note A:** On the balance sheet, accounts receivable from an associated company may be set off against accounts payable to the same company.

**Note B:** The face amount of notes receivable discounted, sold or transferred without releasing the utility from liability as endorser thereon, shall be credited to a separate subdivision of this account and appropriate disclosure shall be made in financial statements of any contingent liability arising from such transactions.

\* \* \* \* \*

**PART 201—UNIFORM SYSTEM OF ACCOUNTS PRESCRIBED FOR NATURAL GAS COMPANIES SUBJECT TO THE PROVISIONS OF THE NATURAL GAS ACT**

3. The authority citation for part 201 continues to read as follows:

**Authority:** 15 U.S.C. 717-717w, 3301-3432; 42 U.S.C. 7101-7352, 7651-7651o.

4. In part 201, Balance Sheet Accounts, account 146 is revised to read as follows:

**Balance Sheet Accounts**

\* \* \* \* \*

146 *Accounts receivable from associated companies.*

A. These accounts shall include notes and drafts upon which associated companies are liable, and which mature and are expected to be paid in full not later than one year from the date of issue, together with any interest thereon, and debit balances subject to current settlement in open accounts with associated companies. Items which do not bear a specified due date but which have been carried for more than twelve months and items which are not paid within twelve months from the due date shall be transferred to account 123, Investment in Associated Companies.

B. As a prerequisite for participating in a cash management or money pool arrangement, a utility shall maintain a minimum proprietary capital balance of 30 percent and a utility and its parent must maintain an investment grade credit rating. If either of these requirements is not met, the utility may not participate in the cash management or money pool arrangement. A utility participating in a cash management or money pool arrangement shall maintain supporting documentation for all deposits into, borrowings from, interest income from, and interest expense to such money pool. The written documentation shall include evidences of: (1) Each deposit with the money pool, including the date of the deposit, the amount of the deposit, the maturity date, if any, of the deposit, and the interest earning rate on the deposit; (2) each borrowing from a money pool, including the date of the borrowing, the amount of the borrowing, the maturity date, if any, of the borrowing and the interest rate on the borrowing; (3) the security provided by the money pool for repayment deposits into the money pool and the security required by the money pool in support of borrowings from the money pool; and (4) daily balances of deposits with and borrowings from the money pool for each individual deposit or borrowing. Cash deposits and borrowings may not be netted.

C. The utility shall also maintain current and up-to-date copies of the documents authorizing the establishment of the money pool that specifies the following: (1) The duties and responsibilities of the money pool, its administrator and the other participants in the money pool; (2) the restrictions on deposits or borrowings by pool members, (3) the method used to determine the interest earning rates and interest borrowing rates by pool members; and (4) the method used to allocate interest income and expenses among the pool members.

**Note A:** On the balance sheet, accounts receivable from an associated company may

be set off against accounts payable to the same company.

**Note B:** The face amount of notes receivable discounted, sold or transferred without releasing the utility from liability as endorser thereon, shall be credited to a separate subdivision of this account and appropriate disclosure shall be made in financial statements of any contingent liability arising from such transactions.

\* \* \* \* \*

**PART 352—UNIFORM SYSTEM OF ACCOUNTS PRESCRIBED FOR OIL PIPELINE COMPANIES SUBJECT TO THE PROVISIONS OF THE INTERSTATE COMMERCE ACT**

5. The authority citation for part 352 continues to read as follows:

**Authority:** 49 U.S.C. 60502; 49 App. U.S.C. 1-85 (1988).

\* \* \* \* \*

6. In part 352, Balance Sheet Accounts, account 13 is revised to read as follows:

**Balance Sheet Accounts**

\* \* \* \* \*

13 *Receivables from affiliated companies.*

(a) This account shall include amounts receivable due and accrued from affiliated companies subject to settlement within one year from date of the balance sheet. This includes receivables for items such as revenue for services rendered, material furnished, rent, interest and dividends, advances and notes.

(b) As a prerequisite for participating in a cash management or money pool arrangement, a carrier shall maintain a minimum proprietary capital balance of 30 percent, and a carrier and its parent must maintain an investment grade credit rating. If either of these requirements is not met, the carrier may not participate in the cash management or money pool arrangement. A carrier participating in a money pool arrangement shall maintain supporting documentation for all deposits into, borrowings from, interest income from, and interest expense to such money pool. The written documentation shall include evidences of: (1) Each deposit with the money pool, including the date of the deposit, the amount of the deposit, the maturity date, if any, of the deposit, and the interest earning rate on the deposit; (2) each borrowing from a money pool, including the date of the borrowing, the amount of the borrowing, the maturity date, if any, of the borrowing and the interest rate on the borrowing; (3) the security provided by the money pool for repayment deposits into the money pool and the security

required by the money pool in support of borrowings from the money pool; and (4) daily balances of deposits with and borrowings from the money pool for each individual deposit or borrowing. Cash deposits and borrowings may not be netted.

(c) The carrier shall also maintain current and up-to-date copies of the documents authorizing the establishment of the money pool that specifies the following: (1) The duties and responsibilities of the money pool, its administrator and the other participants in the money pool; (2) the restrictions on deposits or borrowings by pool members, (3) the method used to determine the interest earning rates and interest borrowing rates by pool members; and (4) the method used to allocate interest income and expenses among the pool members.

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## DEPARTMENT OF THE TREASURY

### Bureau of Alcohol, Tobacco and Firearms

#### 27 CFR Part 9

[Notice No. 951; Re: Notice No. 903]

RIN 1512-AC83

#### Denial of the California Coast Viticultural Area Petition (2000R-166P)

**AGENCY:** Bureau of Alcohol, Tobacco and Firearms (ATF), Treasury.

**ACTION:** Termination of proposed rulemaking; denial of petition.

**SUMMARY:** The Bureau of Alcohol, Tobacco and Firearms (ATF) announces the denial of the petition requesting establishment of the "California Coast" viticultural area and the termination of the related proposed rulemaking (Notice No. 903 of September 26, 2000, 65 FR 57763). ATF has concluded the petitioned viticultural area fails to meet the regulatory requirements issued under the authority of the Federal Alcohol Administration Act. ATF also announces that a supplemental report, "ATF Response to the California Coast Viticultural Area Petition," detailing the reasons for the petition's denial is available on the ATF website or by U.S. mail as described below.

**ADDRESSES:** A copy of this notice (Notice No. 951) and a link to the 80-page supplemental report, "ATF Response to the California Coast Viticultural Area Petition," detailing the reasons for the petition's denial, are

available on the ATF website at: <http://www.atf.treas.gov/alcohol/rules/index.htm>.

Paper copies of the petition, the proposed regulation, the appropriate maps, the comments received in response to Notice No. 903, this notice (Notice No. 951), and the supplemental report are available for public inspection by appointment in the ATF Reading Room, Rm. 6480, 650 Massachusetts Avenue, NW., Washington, DC 20226; telephone (202) 927-7890.

To obtain paper copies of the supplemental report, the comments received, or any other of the above documents by mail (at 20 cents per page), contact the ATF Librarian at the above address.

**FOR FURTHER INFORMATION CONTACT:** Nancy Sutton, Specialist, Regulations Division (San Francisco, CA), Bureau of Alcohol, Tobacco and Firearms, 221 Main Street, 11th Floor, San Francisco, CA 94105; telephone (415) 947-5192.

#### SUPPLEMENTARY INFORMATION:

##### Background—Viticultural Areas

The Federal Alcohol Administration Act (FAA Act) at 27 U.S.C. 205(e) requires that alcohol beverage labels provide the consumer with adequate information regarding a product's identity and prohibits the use of deceptive information on such labels. The FAA Act also authorizes the Bureau of Alcohol, Tobacco and Firearms (ATF) to issue regulations to carry out its provisions.

Regulations in 27 CFR part 4, Labeling and Advertising of Wine, allow the establishment of definitive viticultural areas. The regulations allow the names of approved viticultural areas to be used as appellations of origin on wine labels and in wine advertisements. Section 4.25a(e)(1) defines an American viticultural area as a delimited grape-growing region distinguishable from surrounding areas by geographical features such as climate, elevation, soil, and topography.

ATF believes that viticultural area designations enable consumers to better identify the origin of the grapes used to produce a wine, provide significant information about the identity of a wine, and prevent consumer deception through the establishment of specific boundaries for viticultural areas. A list of approved viticultural areas is contained in 27 CFR part 9, American Viticultural Areas.

Any interested person may petition ATF to establish a grape-growing region as a viticultural area. The petition should include a description of area's

proposed boundaries and United States Geological Survey maps with those boundaries prominently marked, as well as:

- Evidence that the name of the proposed viticultural area is locally and/or nationally known as referring to the area specified in the petition;
- Historical or current evidence that the boundaries of the viticultural area are as specified in the petition; and
- Evidence relating to the geographical characteristics (climate, soil, elevation, physical features, etc.), which distinguish the viticultural features of the proposed area from surrounding areas.

The petitioner bears the burden of providing evidence showing that a proposed viticultural area meets the regulatory requirements. ATF utilizes the proposed rulemaking process to facilitate the submission of additional information from the public showing that the proposed area does or does not comply with the regulatory requirements.

##### Background—California Coast Petition 1998 "California Coastal" Petition

In 1998, a group known as the Coastal Alliance submitted a petition to ATF requesting the establishment of the "California Coastal" viticultural area. The petitioned area's boundaries, extending along the California coastline north from Mexico into Mendocino County 175 miles south of the Oregon border, coincided with the established South Coast viticultural area's southern boundary and with the North Coast viticultural area's northern boundary.

ATF reviewed the petition and determined that the petitioned viticultural area did not meet the regulatory requirements. In the letter denying this petition, ATF noted that the "California Coastal" name could apply to the State's entire coastline and not just to the portion included in the petitioned area. ATF also determined that the petitioned viticultural area's geographic and climatic features were too diverse for it to be considered a delimited grape-growing region distinguishable from surrounding areas.

##### March 2000 "California Coast" Petition

The California Coast Alliance submitted a new petition to ATF on March 17, 2000, proposing the establishment of the "California Coast" viticultural area. The Alliance stated that the California Coast viticultural area would provide consumers with valuable information about the origin of wine made in this area and help prevent consumer deception from the growing