

companies are primarily transporters of natural gas. However, in the Commission's view, the change in the primary role of the pipeline from merchant to transporter requires that the filing requirements be adapted to the change. Therefore, the Commission proposes to delete all of the current regulations in part 154 and replace them with new regulations that reflect the restructured industry.

The changes to the Commission's regulations are proposed to be effective 90 days after publication in the **Federal Register**.

II. Public Reporting Burden

Due to offsetting changes, the expected impact of the proposal is minimal.

The Commission estimates the public reporting burden for filing under the rule will decrease the existing reporting burden by an average of 69 hours per filing.

Interested persons may send comments regarding these burden estimates or any other aspect of this information collection, including suggestions for reducing the burden, by contacting the Federal Energy Regulatory Commission, 941 North Capitol Street, NE., Washington, DC 20426 [Attention: Michael Miller, Information Services Division, (202) 208-1415], and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Washington DC 20503 (Attention: Desk Officer for the Federal Energy Regulatory Commission), FAX: (202) 395-5167.

III. Discussion

A. Overview and Objectives of the Proposed Rule

Section 4(a) of the Natural Gas Act (NGA) requires that any rate charged by a natural gas company must be "just and reasonable."² In order to aid the Commission in establishing whether a change in a rate meets the statutory standard, section 4 of the NGA grants authority to the Commission to establish procedures for the review of proposed changes. Section 4(c) of the NGA requires that a natural gas company file proposed changes in rates with the Commission thirty days prior to the proposed effective date.³ The Commission may suspend the effectiveness of the proposed changes to that rate for up to five months, permit the changed rates to take effect subject to refund, and may order a hearing to determine the lawfulness of the

proposed rates.⁴ At such hearing, the company bears the burden of proof that the proposed changed rates are just and reasonable. Part 154 currently imposes specific filing and reporting requirements on jurisdictional natural gas companies in order for the Commission to fulfill its statutory review functions.

In this proceeding, the Commission proposes a major overhaul of its regulations governing natural gas company filing and reporting requirements. The proposed new part 154 incorporates both basic "housekeeping" changes to eliminate obsolete language and sections, and substantive changes to update the regulations to reflect the many developments that have taken place in the natural gas industry since the regulations were first promulgated.

The proposed part 154 represents the reorganization, rewriting, updating, modification, consolidation, and pruning of the current regulations. The changes provide for more useful and less burdensome data filed in electronic format; a schedule by schedule revision of the current § 154.63 filing requirements for an NGA section 4(e) general rate case; and, new filing requirements for initial rates and various limited section 4 filings, miscellaneous tariff change filings, and cost tracking filings.

1. Organization and Editorial Changes

Proposed Part 154—Rate Schedules and Tariffs has been reorganized into subparts: Subpart A—General Provisions and Conditions; Subpart B—Form and Composition of Tariff; Subpart C—Procedures for Changing Tariffs; Subpart D—Material to be Filed With Changes; Subpart E—Limited Rate Changes; Subpart F—Refunds and Reports; Subpart G—Other Tariff Changes.

The revised part 154 is organized in such a way that the filing requirements are cumulative. That is, all filings must meet the requirements of Subpart A even if no other subpart applies. All tariff sheets or executed service agreements must conform to the requirements of Subpart B. Changes to tariff sheets or executed service agreements, whether additions or modifications, must conform to the requirements of Subpart B and comply with the filing requirements of Subpart C. Additional filing or reporting requirements applicable to specific types of filings fall under Subparts D through G.

The entire part 154 has been edited for clarity and to remove outdated references. For example all references to filing fees have been removed because fees are no longer required. Also, the current regulations contain some sections which have never been updated and refer to the Commission as the "FPC" or direct the applicant to comply with sections that have been removed. The Commission proposes appropriate editorial revisions to these sections.

Some current sections contain provisions on several different matters and, for the sake of clarity, have been broken out into several smaller sections. For example, the provisions of current § 154.63 are proposed to be redistributed throughout the proposed part 154. Current § 154.38(d)(5) and (6) deal with the substantive rules for obtaining rate treatment for research, development, and demonstration costs (RD&D) and annual charge adjustment (ACA) expenditures, respectively. These sections are proposed to be moved to a separate subpart and revised.

Many provisions the Commission proposes to redraft to reflect prevalent practice in the industry. For example, proposed § 154.207 formally adds to the regulations the requirement that the company must serve notice upon its customers. Proposed § 154.208 sets out a new form of notice to reflect current practice. Proposed § 154.107 formalizes the general practice of providing a detailed statement of rates and charges in a particular location in the tariff. Proposed § 154.107(b) requires rates to be stated in terms of thermal units instead of units of volume. Proposed § 154.4 provides that any filing must be on electronic media and proposed § 154.2(d) allows mailing to customers and state commissions to be accomplished either through electronic media or traditional methods.

2. Substantive Changes

The Commission is proposing changes to create filing requirements that reflect the current service regulations that mandate unbundled pipeline sales and open-access transportation of natural gas. The primary objectives of the substantive changes are to update the filing and reporting requirements to reflect restructured services and operations, streamline rate case processing by receiving important information earlier in the process, and remove outdated requirements. The Commission does not intend to propose changes in its substantive rate policies in this rulemaking, but rather to bring its filing requirements and procedures up to date to match its current substantive policies.

² 15 U.S.C. 717c(a).

³ 15 U.S.C. 717c(d).

⁴ 15 U.S.C. 717(c).