

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).

Adoption of the Amendment

In consideration of the foregoing, the Federal Aviation Administration amends 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 the Federal Aviation Administration Order 7400.9G, Airspace Designations and Reporting Points, dated September 1, 1999, and effective September 16, 1999, is amended as follows:

Paragraph 2004—Jet Routes

\* \* \* \* \*

J-151 [Revised]

From Cross City, FL; Vulcan, AL; Farmington, MO; St Louis, MO; Des Moines, IA; O'Neill, NE; Rapid City, SD; Billings, MT; INT Billings 266° and Whitehall, MT, 103° radials; to Whitehall.

\* \* \* \* \*

Issued in Washington, DC, on July 28, 2000.

Paul Gallant,

Acting Manager, Airspace and Rules Division. [FR Doc. 00–19931 Filed 8–4–00; 8:45 am]

BILLING CODE 4910–13–P

FEDERAL TRADE COMMISSION

16 CFR Part 423

Exemption Granted Concerning Trade Regulation Rule on Care Labeling of Textile Wearing Apparel and Certain Piece Goods

AGENCY: Federal Trade Commission.

ACTION: Request for exemption granted.

SUMMARY: In a Federal Register notice dated April 14, 2000, the Federal Trade Commission (the “Commission”) requested public comment on a proposed exemption to its Trade Regulation Rule on Care labeling of Textile Wearing Apparel and Certain Piece Goods (“the Care Labeling Rule” or “the Rule”). The Esprit de Corp company petitioned the Commission for the proposed exemption, which would permit it to distribute three specific styles of apron camisoles without attaching permanent care labels to the garments, as otherwise required by the Care Labeling Rule. Only one comment, which supports the approval of the proposed exemption, was received.1 On the basis of the petition, the sample garments submitted by the petitioner, and the comment received, the Commission believes that a permanent label on the garments would impair the appearance and usefulness of the items. In granting the petition, the Commission notes that care instructions for the camisoles still must be given on a hang tag, or on the package, or in some other conspicuous place, so that consumers will be able to see the care information before buying the product.

DATES: The exemption is effective August 7, 2000.

FOR FURTHER INFORMATION CONTACT: Constance M. Vecellio, Attorney, Federal Trade Commission, Washington, DC 20580, (202) 326–2966.

SUPPLEMENTARY INFORMATION: The Rule was promulgated by the Commission on December 16, 1971, 36 FR 23883 (1971), and amended on May 20, 1983, 48 FR 22733 (1983). The Rule makes it an unfair or deceptive act or practice for manufacturers and importers of textile wearing apparel and certain piece goods to sell these items without attaching care labels stating “what regular care is needed for the ordinary use of the product.” (16 CFR 423.6(a) and (b)) The Rule defines a care label as a “permanent label or tag \* \* \* that is attached or affixed in such a manner

that it will not become separated from the product \* \* \*.” (16 CFR 423.1(a))

Section 423.8(b) of the Rule states that manufacturers or importers can ask for an exemption from the requirement of attaching a permanent care label for any textile wearing apparel product or product line if the label would harm the appearance or usefulness of the product. Section 423.8(c) of the Rule states that if an item is exempt from care labeling under subparagraph (b) of section 423.8, the consumers still must be given the required care information for the product, but the care information can be provided on a hang tag, on the package, or in some other conspicuous place, so that consumers will be able to see the care information before buying the product.

List of Subjects in 16 CFR Part 423

Clothing, Labeling, Textiles, Trade practices.

Authority: 15 U.S.C. 41–58.

By direction of the Commission.

Donald S. Clark,

Secretary.

[FR Doc. 00–19899 Filed 8–4–00; 8:45 am]

BILLING CODE 6750–01–M

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

18 CFR Parts 125, 225, and 356

[Docket No. RM99–8–000; Order No. 617]

Preservation of Records of Public Utilities and Licensees, Natural Gas Companies, and Oil Pipeline Companies

Issued July 27, 2000.

AGENCY: Federal Energy Regulatory Commission, DOE.

ACTION: Final rule.

SUMMARY: The Federal Energy Regulatory Commission (Commission) is amending its records retention regulations for public utilities and licensees, natural gas companies, and oil pipeline companies (“regulated companies”). The Commission is updating its regulations and eliminating unnecessary burdens on regulated companies as part of its ongoing program to reduce or eliminate burdensome and unnecessary regulatory requirements.

EFFECTIVE DATE: This final rule is effective January 1, 2001.

ADDRESSES: Office of the Secretary, Federal Energy Regulatory Commission,

1 Comment dated May 4, 2000, from John B. Pellegrini, of the law firm of Ross & Hardies, on behalf of the United States Association of Importers of Textiles and Apparel (“USA-ITA”).

888 First Street, NE, Washington, DC 20426.

**FOR FURTHER INFORMATION CONTACT:**

Mary C. Lauermann (Technical Information), Office of Finance, Accounting and Operations, 888 First Street, NE, Washington, DC 20426, (202) 208-0087

Julia A. Lake (Legal Information), Office of the General Counsel, 888 First Street, NE, Washington, DC 20426, (202) 208-2019

**SUPPLEMENTARY INFORMATION:**

Before Commissioners: James J. Hoecker, Chairman; William L. Massey, Linda Breathitt, and Curt Hebert, Jr.

**I. Introduction**

The Federal Energy Regulatory Commission (Commission) is amending Parts 125, 225, and 356<sup>1</sup> of its regulations to update, reduce, and clarify records retention requirements for jurisdictional public utilities and licensees, natural gas companies and oil pipeline companies. This final rule is part of the Commission's ongoing program to update and eliminate burdensome and unnecessary requirements. These changes will significantly reduce the burden of maintaining records for regulated companies. This process was also initiated to respond to requests made by the Office of Management and Budget (OMB) and the industry.

**II. Background**

Both the Federal Power Act<sup>2</sup> and the Natural Gas Act<sup>3</sup> require jurisdictional companies to keep records that the Commission may prescribe "as necessary or appropriate for purposes of administration" of these acts.<sup>4</sup> In 1977, the Commission assumed jurisdiction over transportation of oil by oil pipeline companies from the Interstate Commerce Commission by 705(a) of the Department of Energy Organization Act.<sup>5</sup> Section 20 of the Interstate Commerce Act<sup>6</sup> requires oil pipeline companies to keep records that the Commission determines are necessary to effectively regulate those companies. In 1983, the Commission last amended its records retention regulations applicable to the public utilities and licensees,

natural gas companies, and oil pipeline companies.<sup>7</sup>

In response to an Office of Management and Budget (OMB) request during recertification of the information collection requirements of FERC Form 555, Preservation of Records of Public Utilities and Licensees, Natural Gas Companies, and Oil Pipeline Companies, the Commission agreed to review the media and records retention requirements for the public utilities and licensees, natural gas companies, and oil pipeline companies. OMB also requested that the Commission review the possibility of reducing the records retention requirements for general ledgers from 50 years to 10 years and plant ledgers from 50 years to 25 years. In January, the Commission updated the media requirements<sup>8</sup> and this final rule is the result of a review of the current records retention regulations for public utilities and licensees, natural gas companies, and oil pipeline companies.

On December 21, 1999, the Commission issued a notice of proposed rulemaking (NOPR) in Docket No. RM99-8-000.<sup>9</sup> The Commission received eight comments on the NOPR representing the electric and gas pipeline industries.<sup>10</sup> No comments were received from oil pipeline companies or licensees.

**III. Discussion**

The Commission has made modifications to the current public utilities and licensees, natural gas companies, and oil pipeline companies records retention regulations. These changes to parts 125, 225, and 356 include revising the general instructions, shortening various records retention periods, increasing retention periods for a few categories of records, and removing all but one retention reserve item. Therefore, the final order will reduce or eliminate burdensome and unnecessary regulatory requirements for public utilities and licensees, natural gas companies, and oil pipeline companies. All respondents to the NOPR commended the Commission's efforts in reducing retention requirements. However, several respondents felt the Commission had not gone far enough in reducing requirements for accounting records and

ledgers. Specific comments are addressed below.

*A. Changes to Public Utilities and Licensees, and Natural Gas Companies General Instructions*

The final rule makes the following changes to the general instructions of parts 125 and 225, incorporates the Commission's new regulation on record storage media, and clarifies the Commission's regulations on keeping records used to support costs in rate cases and depreciation.

1. 125.2(d) and 225.2(d)—Incorporate the accounting issuance AI99-2-000<sup>11</sup> on record storage media.

2. 125.2(k) and 225.2(k)—Incorporate the need to keep records that will be used for "rate cases" until the next rate case.

3. 125.2(m) and 225.2(m)—Incorporate a paragraph on life or mortality study data needed to be retained for depreciation purposes.

The Commission also made some minor editorial corrections to reflect changes proposed in the NOPR.

The Commission believes that these changes are needed to bring clarity to the Commission's records retention instructions and regulations.

*B. Shortening of Public Utilities and Licensees, and Natural Gas Companies Records Retention Periods*

The Commission shortened certain retention periods in §§ 125.3 and 225.3 of the Commission's regulations to reduce the record keeping burden on the industries. The records retention periods for the following item numbers and description of records found in the regulations are reduced for both the public utilities and licensees, and natural gas companies except where noted:

**Item Number and Description**

2. (a) of Organizational documents.
3. (a) of Contracts and agreements (public utilities and licensees only).
3. (b) of Contracts and agreements.
4. (a) and (b) of Accountants' and auditors' reports.
6. (a)(1), (a)(2), (b)(1), and (b)(2) of General and subsidiary ledgers.
7. Journals.
8. (a) of Journal vouchers and journal entries.
9. Cash books.
10. Voucher registers.
11. (a), (b), (c), (d) of Vouchers.
- 12.1. (b) of Production—Nuclear (public utilities and licensees only).
15. (a), (b), (c) of Maintenance work orders.

<sup>11</sup> 86 FERC ¶ 61,005 (1999).

<sup>1</sup> 18 CFR parts 125, 225, and 356.

<sup>2</sup> Section 301, 16 U.S.C. 825(a).

<sup>3</sup> Section 8, 15 U.S.C. 717g(a).

<sup>4</sup> Section 402(a)(2) of the Department of Energy Organization Act transfers these Federal Power Act and Natural Gas Act responsibilities from the Federal Power Commission to the Federal Energy Regulatory Commission. 42 U.S.C. 7172(a)(2).

<sup>5</sup> 42 U.S.C. 7295.

<sup>6</sup> 49 App. U.S.C. 1 *et seq.*

<sup>7</sup> 48 FR 12722 (Mar. 28, 1983).

<sup>8</sup> 86 FERC ¶ 61,005 (1999).

<sup>9</sup> 65 FR 1484 (Jan. 10, 2000).

<sup>10</sup> The American Gas Association (AGA), The Association of Records Managers and Administrators—Houston Chapter (ARMA), ANR Pipeline Company and Colorado Interstate Gas Company (ANR & CIG), Edison Electric Institute (EEI), Southern Companies (Southern), The United Illuminating Company (UI), UtiliCorp United, Williston Basin Interstate Pipeline Company.

16. (a), (b) of Plant ledgers.  
 17. (a), (b), (c), (d), (e), (f) of Construction work in progress ledgers.  
 18. (a), (b) of Retirement work in progress ledgers, work orders, and supplemental records.  
 18. (c) of Retirement work in progress ledgers, work orders, and supplemental records (public utilities and licensees only).  
 19. Summary sheets, distribution sheets, reports, and statements.  
 20. (a) Appraisals and valuations.  
 33. (a) and (b) of Revenue summaries.  
 34. (a)(1), (3), (5), (6) and (b), (c) of Tax records.  
 36. (b) of Records of deposits with banks.  
 38. (a) of Statistics.  
 41. Reports to Federal and State regulatory commissions.  
 42. Advertising.

#### Industry Comments—Retention of General Ledgers

ANR Pipeline Company and Colorado Interstate Gas Company (ANR & CIG), Edison Electric Institute (EEI), The United Illuminating Company (UI), Southern Companies (Southern), and Association of Records Managers and Administrators—Houston Chapter (ARMA) stated that the retention requirements for general ledgers, journal vouchers, and indexes thereto should be reduced to 10 years, or if the requirement for ledgers (both general and plant) is maintained at 25 years, then the retention requirements for supporting documentation (journal entries, vouchers, etc.) should be reduced to no more than 10 years. Additionally, clarification was requested for retaining general accounting records for 25 years.

#### Commission Response

The request to further reduce retention requirements to 10 years for general ledgers, journal vouchers and indexes thereto is granted, and the electric and gas schedules have been revised. However, companies must maintain sufficient records to support fully any current, future, or pending rate case (see the revised regulatory text for §§ 125.2(k) and 225.2(k)).

#### Industry Comments—Electric and Gas Versus Oil

EEI, UI, and Southern requested that record retention requirements in part 125 (and 225) be further reduced to conform to the retention periods in part 356. Additionally, EEI and UI wanted the Commission to provide substantive reasons for longer time periods for utilities and licensees than for oil pipelines for each category of information.

#### Commission Response

The retention period needs for both electric and gas differ greatly from those of oil due to the nature of the industries, the licensing aspects of hydroelectric projects, the certification process in gas, and the cost based ratemaking in both electric and gas. Additionally, the regulatory/statutory requirements of the electric and gas industries differ greatly from those of the oil industry. As stated in the NOPR, the oil industry retention requirements and the reductions in part 356 are based on a statutory mandate that limits oil pipeline company reparations recovery to 3 years from the time the cause of action accrues. Therefore, retention of records beyond statutorily mandated reparation periods in the oil industry is not necessary. The Commission denies the request.

#### Industry Comments—Business Purpose

EEI and UI requested the Commission provide a business purpose or regulatory need for periods in excess of 10 years (general ledgers), and substantive reasons for longer time periods for utilities and licensees than for oil pipelines.

#### Commission Response

The Commission has revised the retention period for general ledgers to 10 years for public utilities and licensees and natural gas pipeline companies, but denies the request to reduce the retention period to bring it in line with the period required for oil pipeline companies. The Commission needs sufficient data available for scrutiny in order to carry out its regulatory mandates. As rate case filings become more infrequent, it is imperative that the Commission, and its staff, have access to supporting rate-case documentation, as well as documentation that might be pertinent to complaint proceedings. Because there is no statutory mandate that limits utilities and licensees reparations recovery time frames, records must be maintained for a significant period longer than those for an oil pipeline which is subject to statutorily mandated recovery period of 3 years from the time the cause of action accrues.

#### Industry Comments—Commission Focus

EEI and UI stated that the revised retention requirements do not conform to the Commission's new stated focus. They stated that:

The rationale for many of the current retention periods is no longer valid. Retention periods were established for many types of records based on audit cycles carried out by Commission staff. Under current

regulation, many records have 6 or 10 year retention periods. This would make records available during one or two audit cycles that, historically, were on a 3 to 5 year basis. Based on the Commission's previous audit practices, this retention period made sense. Proposals in the NOPR do not reduce many of these prior requirements despite the fact that in 1998, the Commission changed its audit practices to focus on particular issues of concern.

#### Commission Response

We agree that the Commission has expressly changed its audit focus. That change illustrates the need for the retention of records as outlined in the final rule. The "ad hoc" nature of audits in the future requires that data necessary to complete those audits be retained for a period long enough to provide sufficient data for review. The final rule does reduce the overall retention requirements significantly from the current regulation. Additionally, records are not retained solely for the purpose of audit. Data must be maintained to support current, future, or pending rate cases submitted to the Commission.

#### Industry Comments—Service Applications

ANR & CIG requested a reduction in the proposed retention period for service applications to 1 year after the date of the application versus 4 years because the terms of the contract would supersede any in the service application.

#### Commission Response

The statute of limitations for imposing civil penalties for violations is 3 years. A 4 year retention period covers the statute of limitations time period of 3 years plus 1 additional year to conduct any extensive investigation. Service applications for awarded contracts are to be maintained for the same period so it is possible to go back, for audit purposes, to determine the circumstances that existed at that time and not just the current circumstances. The Commission denies the request.

#### Industry Comments—Gas Measurement Data

ANR & CIG requested that the retention period for gas measurement data be increased from 7 months to 1 year, which could be extended in the event of an unresolved dispute. The concern of the company is that, if measurement data for interconnections was destroyed after seven months because no dispute was filed, it would be difficult to identify and determine the cause of any equipment malfunctions. The companies stated that

a year would be sufficient to identify malfunctions in the absence of a complaint, but that seven months would be too short a time. The companies further stated that maintaining measurement data for a year would not be burdensome.

#### Commission Response

Considering that most companies maintain records for a complete business year regardless of when such records can be destroyed, the Commission grants this request and has revised the schedule to require gas measurement data be retained for a year. Additionally, the Commission takes this opportunity to clarify that for retention item 13(e) related to "well records, including clearing, bailing, shooting etc., records; rock pressure; open flow; production, gas analysts' reports etc.," records must be maintained for 1 year after the field or relevant production area is abandoned.

#### Industry Comments—Plant in Service

ANR & CIG, EEI, UI, and Southern requested clarification of the retention requirements for plant in service and the seeming conflict between §§ 125.2(g) and 225.2(g) and §§ 125.3 and 225.3 items 16 (a) and (b) plant ledgers. The companies wanted to know if there were any records related to plant in service which must be retained for a period that is longer than that set forth in the NOPR schedule, and whether the schedule or text controlled.

#### Commission Response

Sections 125.2(g) and 225.2(g) state that plant in service records must be maintained for 25 years or until the plant is removed from service, all removal/restoration activities are complete, and all costs are removed from the accounting records unless accounting adjustments from reclassification and original cost studies have been approved by the commission having jurisdiction. Therefore, if the plant in question has a life longer than 25 years, §§ 125.2(g) and 225.2(g) govern. Additionally, EEI and UI recommended that general instruction 125.2(g) be deleted as it does not add clarity to the requirement. The Commission denies this request. Sections 125.2(g) and 225.2(g) address more than just the retention periods for plant, they address additions, retirements, and betterments.

#### Industry Comments—Affiliates

The American Gas Association (AGA), EEI, and UI requested clarification of the changes to §§ 125.2(i) and 225.2(i) regarding imposing retention

requirements on affiliates. AGA believes the Commission intends to impose retention requirements on a natural gas company or jurisdictional electric utility only with respect to situations where an affiliate performs services for it. EEI and UI are concerned that the proposed revised language may be interpreted to expand the Commission's authority inappropriately beyond the current regulation, and recommends the Commission not make the proposed change to the regulations.

#### Commission Response

The Commission grants the request for clarification, but denies EEI's request not to change the language in § 125.2(i). The Commission does not intend to expand its authority or retention requirements to non-regulated affiliates. Only those records supporting services provided to pipelines or utilities by affiliates must be maintained by the affiliates. Records supporting services performed for affiliates must be maintained by utilities to provide information related to the nature of the transaction, the amounts involved, and the accounts used to record the transactions.

#### Industry Comments—Technology Management

ARMA requested clarification of the requirements related to §§ 125.3 and 225.3—item 5 Information Technology Management which states "retain as long as it represents an active viable program or for periods prescribed for related output data, whichever is shorter."

#### Commission Response

The Commission clarifies that this item is strictly referring to software program documentation and any revisions thereto. The original source data used as input for data processing and data processing report outputs must be maintained for the retention period established for that data type, as identified elsewhere in the schedule. To further clarify, the schedule has been modified to include "software" as part of the item text.

#### Industry Comments—Standardization Across Media

ARMA felt that the non-standardization of retention periods across media types, *i.e.*, paper versus electronic record retention requirements could lead to confusion if an oil, gas, and/or electric company chose electronic records retention to meet Commission requirements. ARMA cited §§ 125.3 and 225.3 item 5 as the source of the confusion. Sections 125.3 and

225.3 item 5 states: "Retain as long as it represents an active viable program or for periods prescribed for related output data, whichever is shorter."

#### Commission Response

This requirement speaks only to the documentation supporting computer programs still in use by the utility. As long as the program is active and viable the supporting documentation for that program should be retained. If the program has been superseded, the supporting software documentation can be destroyed. Additionally, ARMA states that "the Commission is not requiring the electronic, non-graphic, data and programs be maintained for the same periods as required paper documents. This is incorrect. Sections 125.3 and 225.3 item 5 addresses only computer software documentation and revisions thereto. The original source data used for input for data processing and data processing report printouts must be retained for the applicable periods identified elsewhere in the schedule.

#### Industry Comments—Uniform Retention Across Media

ARMA, EEI, UI, and Southern want the Commission to adopt uniform retention periods across media types and record types. ARMA stated that the Commission opened the door for companies to maintain records in various media, including digital media, tape disk, or image files.

#### Commission Response

The Commission purposefully established no specific media type to allow companies flexibility in the selection of media which would provide the ability to adapt quickly to changes in technology without the necessity of obtaining Commission approval of the use of media not provided for in the regulations. We do not see this as leading to confusion but rather to efficiencies of storage. EEI and UI recommend uniformity in retention periods and lowering requirements to maximize efficiencies of business operations. The proposed regulations provide uniformity by type of information to be retained. Further the retention periods are reduced from those presently in place. We believe that the revised regulations will provide for efficiencies and savings from reduced retention periods and unrestricted use of storage media.

#### Industry Comments—Mergers and Acquisitions

ARMA requested clarification to §§ 125.3 and 225.3 item 20(b)(1) Mergers

and Acquisitions. ARMA states that the use of the phrase “\* \* \* or as ordered by the Commission” along with the identified 10 year time frame for retention of plant and depreciation records relevant to mergers and acquisitions does not provide a true retention guideline. ARMA suggests that a defined period, such as audit completion, should be used.

#### Commission Comments

The Commission does not concur with using audit completion as the retention requirement. The stated 10 year retention period is valid. A longer period would be on an exception basis as merited by the specifics of a particular case. The longer period would not be an across-the-board, generally applicable requirement. As such, this requirement would not be burdensome on the industry as a whole.

#### Industry Comments—Retention Costs

E EI and UI raised the issue that excessive record retention imposes substantial costs. They argued that documents with long retention requirements require migration of data to updated or new media several times during their lives. They stated that the migration of data to new media is “costly, time-consuming, and labor intensive” and that savings resulting from the current reduction in retention requirements will not be as significant as the Commission envisions. They pointed out that the Commission’s accounting release on Records Storage Media<sup>12</sup> gave regulated utilities “flexibility to select storage media other than those previously prescribed, the new media requirements will not alleviate the burden of long retention requirements.”

#### Commission Response

The Commission purposefully did not mandate a storage media in order to reduce additional burden on industry. Migration to updated media is only necessary for those records that are maintained on media that does not provide an archival feature, or cannot be moved to archival media.

#### Industry Comments—OMB Reauthorization of FERC Form 555

E EI and UI stated that the NOPR failed to adhere to the conditions contained in the Office of Management and Budget’s (OMB) reauthorization of the FERC Form 555, “Preservation of Records of Public Utilities and Licensees, Natural Gas Companies and Oil Pipeline Companies” of July 22,

1998. The companies stated that the Commission followed OMB’s terms of clearance for reduction of the retention period for plant ledgers (from 50 to 25 years), but did not reduce the retention period of general ledgers as outlined in the clearance (from 50 to 10 years).

#### Commission Response

The Commission has revised the retention period for general ledgers with this final rule to the 10 year period as requested in the OMB reauthorization and by industry.

#### Industry Response—Reporting Burden

E EI and UI believe that the estimated reporting burden included in the NOPR is inaccurate and low. The companies state that the revised retention requirements may allow utilities to reduce record storage costs, but reductions in labor costs will be minimal. Additionally, long retention requirements will require data to be transferred to different media several times during their lives as companies upgrade their systems.

#### Commission Response

Burden estimates were based on projected reductions to retention periods and only serve as an average. Staff found no definitive studies on the ratio of staffing to record storage, but substantial savings should result due to the reduction in retention periods coinciding with the opportunity to retain records in whatever medium companies select. Although E EI and UI performed an informal survey and determined that from 9 (small companies) to 26 (large companies) full-time staff were needed to comply with record retention requirements, a report on information management<sup>13</sup> concluded “There is definitely no simple relationship between the number of records maintained and the number of people needed to maintain them.” The report continued that an informal survey determined that, in many cases, very few people can adequately manage a great deal of paper, especially when there is high control, high automation, and low retrieval rates. The Commission does not concur with industry’s comments.

#### Industry Comments—Miscellaneous

Southern noted an apparent inadvertent omission in retention item 13.1 Production—Electric (less Nuclear), where an entry for “station and system generation reports and clearance logs”

was omitted from the schedule, and the sub-items below that entry were associated with “generation and output logs with supporting data”. The Commission concurs, and retention item 13.1(c) “Station and system generation reports and clearance logs,” has been added. Additionally, sub-items 13.1(b)(1) and (b)(2) have been renumbered to sub-items 13.1(c)(1) Hydro-electric, and (2) Steam and others, and been properly associated with item 13.1(c). Retention items 13.1(c) through (f) have been renumbered to 13.1(d) through (g).

Southern requested clarification of the textual descriptions of retention items 34(c) and (d) tax records between the schedule and the NOPR appendix. The NOPR appendix was included for informational purposes only, and may have included preliminary language revised in the final NOPR; the language included in the regulatory text governs.

Southern noted that the retention period for retention item 38 Statistics, was listed as 5 years in the schedule and 3 years in the NOPR appendix, and requested clarification of the proposed retention period. The NOPR appendix was included for informational purposes only; the language included in the regulatory text governs, and the correct retention period is 5 years.

Southern requested clarification on whether the Commission would categorize customer service orders as contracts, work orders, or some other record item under the proposed rule. The characterization of a service order lies in the nature of the order, there is no generic definition or answer.

E EI and UI request clarification of the revised retention requirement for Journal Vouchers, retention item 8(b)(1) “Charging Plant Accounts,” in the appendix to the NOPR. They point out that the change between the current and proposed retention periods is summarized as revised, but that the current period is 6 years and the proposed revised period is 25 years, and state that this represents an increase and not a reduction to the current schedule. All the Commission has done is clarify an already existing regulation. The current schedule identifies a retention period of 6 years for journal vouchers charging plant accounts, but also requires regulated companies to see current § 125.2(j) for additional governing language. Section 125.2(j) requires records related to plant be retained a minimum of 25 years. E EI and UI are correct that there has been no reduction in the retention requirement, but neither has there been an increase.

Southern requested adoption of consistent retention periods for the

<sup>12</sup> See note 8.

<sup>13</sup> Ann Balough, “The Cost of Information Management”, *The Records & Retrieval Report, The Newsletter for Professional Information Managers*, Vol. 13, No. 10, Dec. 1997.

same or similar record types, *i.e.*, service contracts and commodity contracts. Southern points out that in § 125.3 items 3(a) service contracts, and 3(b) commodity contracts the retention periods are 3 years and 4 years respectively. Also, in § 125.3 item 29 customer service contracts, the retention period is 4 years. The Commission concurs and clarifies that the retention period for service, commodity, and customer service contracts is 4 years. Section 125.3 item 3(a) has been revised to reflect this clarification.

#### Audit Requirement Changes

In addition, the Commission is revising the public utilities and licensees and natural gas companies requirements that are tied to "FERC audit reports." The Commission no longer audits on a 3 year cycle. Instead it conducts industry wide audits on specific Commission accounting issues. The Commission's changes to its regulatory requirements regarding audits range between two and six years.

#### Item Number and Description

1. Annual reports or statements to stockholders.
26. Material ledgers.
29. Customers service applications and contracts.
30. Rate Schedules.

#### C. Additions to Public Utilities and Licensees and Natural Gas Companies Records Retention Periods

To continue to meet its regulatory requirements the Commission is adding records retention requirements for the following public utilities and licensees, and natural gas companies record categories:

#### Item Number and Description

20. (b) Appraisals and valuations.
21. (a) The original or reproduction of engineering records, drawings and other supporting data.

35. Statement of funds and deposits. Retention item 20 (b) is added to include property or investments that are written up or down as a result of mergers or acquisitions, asset impairments, and other basis. The records retention item 20 (b) will be 10 years after the event. These added records retention requirements will allow the Commission adequate time to review these events as necessary.

Retention item 21 (a) maps, diagrams, profiles, photographs, field survey notes, plot plan, detail drawings, and records of engineering studies and similar records showing the location of proposed or as-constructed facilities is changed to include retention until

retired. These records are needed for our environmental reviews, and therefore should be retained until the facilities are retired.

Retention item 35, Statement of funds and deposits, is revised in response to FERC policy statement on Post-Employment Benefits Other Than Pension<sup>14</sup> (PBOP), to require retention of records until the fund is dissolved or terminated. This information is necessary to allow the Commission to ensure the proper disposition of rate payer contributions for PBOPs.

#### D. Removal of Public Utilities and Licensees, and Natural Gas Companies Reserve Accounts

The Commission is removing all but one reserve item in both public utilities and licensees, and natural gas companies (see schedules at §§ 125.3 and 225.3). The removal of these reserve items allows the records retention schedule to reflect only the records the Commission needs to fulfill its mission. However, we will keep reserve item 37 as a place holder in the public utilities and licensees records retention schedule in order to align the public utilities and licensees and natural gas companies item numbers.

#### Industry Comments

Southern requested that the Commission refrain from deleting the reserve items and from renumbering the § 125.3 schedule, as such actions would require the company procedures and guidelines citing items in the schedule to be revised. Southern Company stated that re-numbering the schedule solely for the purpose of deleting [reserved] items creates an unnecessary burden for Southern.

#### Commission Response

The purpose of the NOPR was to bring the retention periods up-to-date. Therefore, this wholesale change and a complete renumbering of the regulatory text is appropriate. Removal of the reserved items better identifies only those records the Commission needs to fulfill its mission, and eliminates confusion for those entities that consist of both public utilities and licensees and natural gas companies. The Commission also feels that the prospective nature and the implementation date of the final rule provides sufficient time for companies to update their regulations prior to the new schedule going into effect. Therefore, the Commission denies this request.

#### E. Changes to Oil Pipeline Companies General Instructions

The Commission is reorganizing the oil pipeline companies general instructions to better align them to the public utilities and licensees, and natural gas companies general instructions (see § 356.2). This reorganization makes the general instructions for all industries consistent.

#### F. Shortening of Oil Pipeline Companies Records Retention Periods

The Commission shortened certain oil pipeline companies retention periods for 7 of the 24 items to 3 years for § 356 (see schedule at § 356.3). These reductions represent a significant reduction in the reporting burden on the oil industry. They are based on the statutory mandate that limits oil pipeline company reparations recovery to 3 years from the time the cause of action accrues.<sup>15</sup> We are reducing the following oil pipeline companies records retention requirements to 3 years:

#### Item Number and Description

2. Minutes of Directors and other corporate meetings.
4. (a) Contracts and related papers.
7. (a) and (b) Ledgers.
8. (a) and (b) Journals.
9. (a) and (b) Vouchers.
11. Records of accounting.
24. (a) Annual financial operating reports.

#### G. Additions to Oil Pipeline Companies Records Retention Periods

The Commission revised records retention requirements for the following oil pipeline companies record items (see schedule at § 356.3):

#### Item Number and Description

12. (d) (1) Group method and depreciation rate.
12. (g) Files of detailed authorizations for expenditures.

Record item 12 (d) (1) is revised from 10 years to 3 years after disposition of property because the Commission needs to review these records at any time during the life of the asset. Retention item 12 (g) is also revised to extend the period from 3 years from acquisition to 3 years after disposition of property because the Commission must be able to review any records related to property or equipment at any time during the life of the asset.

#### IV. Environmental Statement

Commission regulations require that an environmental assessment or an

<sup>14</sup> 61 FERC ¶61,330 (1992).

<sup>15</sup> 49 U.S.C. 1, Sec. 16(3).

environmental impact statement be prepared for any Commission action that may have a significant adverse effect on the human environment.<sup>16</sup> No environmental consideration is necessary for the promulgation of a rule that is clarifying, corrective, procedural or that does not substantially change the effect of legislation or regulations being amended,<sup>17</sup> and also for information gathering, analysis, and dissemination.<sup>18</sup> The final rule changes do not substantially change the effect of the underlying legislation or change the forms. Accordingly, no environmental assessments are necessary.

**V. Regulatory Flexibility Act**

The Commission received no comments on its certification, in the NOPR, that the proposed rule would not

have a significant economic impact on a substantial number of small entities and that an initial Regulatory Flexibility Act (RFA)<sup>19</sup> analysis is not required.

In *Mid-Tex Elect. Coop. v. FERC*, 773 F. 2d 327 (D. C. Cir. 1985), the court found that Congress, in passing the RFA, intended agencies to limit their consideration “to small entities that would be directly regulated” by proposed rules. *Id.* at 342. The court further concluded that “the relevant ‘economic impact’ was the impact of compliance with the proposed rule on regulated small entities.” *Id.* at 342.

This final rule will not have an adverse impact on small entities, nor will it impose upon them any significant costs of compliance. Rather, this rule will significantly reduce the record keeping burden on all

jurisdictional entities, including small entities. Most entities regulated by the Commission do not fall within the RFA’s definition of a small entity.<sup>20</sup> Therefore, the Commission certifies that this rule will not have a significant economic impact on a substantial number of small entities.

**VI. Information Collection Statement**

The following collection of information contained in this final rule was submitted to the Office of Management and Budget (OMB) for review under 3507(d) of the Paperwork Reduction Act of 1995.<sup>21</sup> FERC identifies the information retained under parts 125, 225, and 356 as FERC Form 555. The reporting burden to implement this final rule is as follows:

Data collection	No. of respondents	No. of responses	Hrs. per response	Total annual hours
FERC-555 .....	515	1	1080	556,200

The NOPR was submitted to OMB at the time of issuance. OMB terms of clearance, provided in their May 19, 2000 response, was that the NOPR “engendered significant public comment and that OMB will review the package at the final rule stage after FERC has completed any revisions to the information collection.” Comments were received from EEI and UI and are addressed in Section III—Discussion. The retention requirements remain essentially the same as those in the NOPR, therefore, the estimated annual filing burden remains the same. The burden estimates for complying with this rule are set out in the preceding Table.

Total Annual Hours for Collection (Reporting + Record keeping, (if appropriate) = 556,200). Based on the Commission’s experience with current record keeping requirement practices, it is estimated that about 1,080 hours<sup>22</sup> are needed to retain records per year, for a total annual burden of 556,200 hours. The Commission estimates that the final rule will significantly decrease the burden of the current regulations by shortening the retention periods for certain records.

*Information Collection Costs:* The Commission has projected the average annualized cost for all respondents to comply with these requirements to be:

Annualized Capital/Startup Costs: \$0.00.

Annualized Costs (Operations & maintenance): \$29,274,430.

Total Annualized Costs: \$29,274,430.

The OMB regulations require OMB to approve certain information collection requirements imposed by agency rule.<sup>23</sup> Accordingly, pursuant to OMB regulations the Commission provided notice of information collection to OMB.

*Title:* FERC Form 555, Preservation of Records of Public Utilities, Natural Gas Companies, and Oil Pipeline Companies.

*Action:* Data Collection.

*OMB Control No.:* 1902-0098, the respondent shall not be penalized for failure to respond to this collection of information unless the collection of information displays a valid OMB control number.

*Respondents:* Business or other for profit, including small businesses.

*Frequency of Responses:* On Occasion.

*Necessity of Information:* The final rule revises the requirements contained in 18 CFR parts 125, 225, and 356.

*Internal Review:* The Commission has assured itself, by means of internal review, that there is specific, objective support for the burden estimates associated with the recordkeeping. The official records maintained by the

regulated companies in accordance with the Schedules provided in parts 125, 225, and 356 are used by the companies as the basis of their required rate filings and reports to the Commission. The Federal Power Act, the Natural Gas Act, and Interstate Commerce Act, require regulated companies to keep such records as the Commission may prescribe “as necessary or appropriate for purposes of administration” of these acts. One of the Commission’s most important functions under these acts is ensuring that rates charged by regulated companies for certain transactions are “just and reasonable.” Almost all the records the Commission requires to be retained are for the purpose of providing an adequate base of information to make decisions on the “reasonableness” of rates. Similarly, the length of retention periods have been based on the time that information will be needed to make decisions on the impact of rates. The records are necessary as they are used by the Commission’s staff during compliance reviews and special analyses performed as deemed necessary by the Commission. These requirements conform to the Commission’s plan for efficient information collection within the public utilities and licensees, natural gas companies, and oil pipeline companies.

<sup>16</sup> Regulations Implementing National Environmental Policy Act, 52 FR 47897 (Dec. 17, 1987); FERC Stats. & Regs. ¶ 30,783 (Dec. 10, 1987).

<sup>17</sup> 18 CFR 380.4(a)(2)(ii).

<sup>18</sup> 18 CFR 380.4(a)(5).

<sup>19</sup> 5 U.S.C. 601-612.

<sup>20</sup> 5 U.S.C. 601(3), citing to 3 of the Small Business Act, 15 U.S.C. 632. Section 3 of the Small Business Act defines a “small-business concern” as a business which is independently owned and operated and which is not dominant in its field of operation.

<sup>21</sup> 44 U.S.C. 3507(d).

<sup>22</sup> Previous to this proposed rule, the reporting burden was estimated at approximately 2400 hours per response.

<sup>23</sup> 5 CFR 1320.11.

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) 208-1415, fax: (202) 208-2425, email: [mike.miller@ferc.fed.us](mailto:mike.miller@ferc.fed.us)).

For submitting comments concerning the collection of information and the associated burden estimate, please send your comments to the contact listed above and to the Office of Management and Budget, Office of Information and Regulatory Affairs, Washington, DC 20503. (Attention: Desk Officer for the Federal Energy Regulatory Commission, phone: (202) 395-3087, fax: (202) 395-7285).

### VII. Document Availability

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.fed.us>) and in FERC'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.

From FERC's Home Page on the Internet, this information is available in both the Commission's Issuance Posting System (CIPS) and the Records and Information Management System (RIMS).

—CIPS provides access to the texts of formal documents issued by the Commission since November 14, 1994.

—CIPS can be accessed using the CIPS link or the Energy Information Online icon. The full text of this document will be available on CIPS in ASCII and WordPerfect 8.0 format for viewing, printing, and/or downloading.

—RIMS contains images of documents submitted to and issued by the Commission after November 16, 1981. Documents from November 1995 to the present can be viewed and printed from FERC's Home Page using the RIMS link or the Energy Information Online icon. Descriptions of documents back to November 16, 1981, are also available from RIMS-on-the-Web; requests for copies of these and other older documents should be submitted to the Public Reference Room.

User assistance is available for RIMS, CIPS, and the Website during normal

business hours from our Help line at (202) 208-2222 (e-mail to [Webmaster@ferc.fed.us](mailto:Webmaster@ferc.fed.us)) or the Public Reference Room at (202) 208-1371 (e-mail to [public.referenceroom@ferc.fed.us](mailto:public.referenceroom@ferc.fed.us)).

During normal business hours, documents can also be viewed and/or printed in FERC's Public Reference Room, where RIMS, CIPS, and the FERC Website are available. User assistance is also available.

### VIII. Effective Date and Congressional Notification

This rule will take effect on January 1, 2001. The Commission has determined, with the concurrence of the Administrator of the Office of Information and Regulatory Affairs of the Office of Management and Budget, that this Rule is not a "major rule" within the meaning of section 251 of the Small Business Regulatory Enforcement Fairness Act of 1996.<sup>24</sup> The Commission will submit the final rule to both houses of Congress and the General Accounting Office.<sup>25</sup>

#### List of Subjects

##### 18 CFR Part 125

Electric power; Electric utilities; Reporting and record keeping requirements.

##### 18 CFR Part 225

Natural gas; Reporting and record keeping requirements.

##### 18 CFR Part 356

Pipelines; Reporting and record keeping requirements

By the Commission.

**David P. Boergers,**

*Secretary.*

In consideration of the foregoing, the Commission amends parts 125, 225, and 356 Chapter I, Title 18 of the Code of Federal Regulations, as follows:

### PART 125—PRESERVATION OF RECORDS OF PUBLIC UTILITIES AND LICENSEES.

1. The authority for part 125 is revised to read as follows:

**Authority:** 16 U.S.C. 825, 825c, and 825h; 44 U.S.C. 3501 *et seq.*

2. Section 125.1 is revised to read as follows:

#### § 125.1 Promulgation.

This Part is prescribed and promulgated as the regulations governing the preservation of records by

public utilities subject to the jurisdiction of the Commission and by licensees holding licenses issued by the Commission, to the extent and in the manner set forth therein.

3. In § 125.2, paragraphs (a)(1) through (a)(3), and paragraphs (d) through (m) are revised to read as follows, and paragraph (n) is removed:

#### § 125.2 General instructions.

(a) *Scope of this part.* (1) The regulations in this part apply to all books of account and other records prepared by or on behalf of the public utility or licensee. See item 40 of the schedule (§ 125.3) for those records that come into possession of the public utility or licensee in connection with the acquisition of property, such as purchase, consolidation, merger, etc.

(2) The regulations in this part should not be construed as excusing compliance with other lawful requirements of any other governmental body, Federal or State, prescribing other record keeping requirements or for preservation of records longer than those prescribed in this part.

(3) To the extent that any Commission regulations may provide for a different retention period, the records should be retained for the longer of the retention periods.

\* \* \* \* \*

(d) *Record storage media.* Each public utility and licensee has the flexibility to select its own storage media subject to the following conditions.

(1) The storage media must have a life expectancy at least equal to the applicable record retention period provided in § 125.3 unless there is a quality transfer from one media to another with no loss of data.

(2) Each public utility and licensee is required to implement internal control procedures that assure the reliability of, and ready access to, data stored on machine readable media. Internal control procedures must be documented by a responsible supervisory official.

(3) Each transfer of data from one media to another must be verified for accuracy and documented. Software and hardware required to produce readable records must be retained for the same period the media format is used.

(e) *Destruction of records.* At the expiration of the retention period, public utilities and licensees may use any appropriate method to destroy records.

(f) *Premature destruction or loss of records.* When records are destroyed or lost before the expiration of the prescribed period of retention, a certified statement listing, as far as may be determined, the records destroyed

<sup>24</sup> 5 U.S.C. 804(2).

<sup>25</sup> 5 U.S.C. 801(a)(1)(A).

and describing the circumstances of accidental or other premature destruction or loss must be filed with the Commission within ninety (90) days from the date of discovery of the destruction.

(g) *Schedule of records and periods of retention.* (1) Records related to plant in service must be retained until the facilities are permanently removed from utility service, all removal and restoration activities are completed, and all costs are retired from the accounting records unless accounting adjustments resulting from reclassification and original costs studies have been approved by the regulatory commission having jurisdiction. If the plant is sold, the associated records or copies thereof, must be transferred to the new owners.

(2) Records related to hydroelectric facilities and additions, retirements, and betterments thereto must be retained until:

(i) The Commission has determined the actual legitimate original cost of the facilities, or the licenses are surrendered. If the plant is sold, the associated records or copies thereof, must be transferred to the new owners.

(ii) Records related to the determination of amortization reserves pursuant to section 10(d) of the Federal Power Act must be retained until a final determination and adjudication of the amortization reserves are made.

(h) *Retention periods designated "Destroy at option".* "Destroy at option" constitutes authorization for destruction of records at managements' discretion if it does not conflict with other legal retention requirements or usefulness of such records in satisfying pending regulatory actions or directives.

(i) *Records of services performed by associated companies.* Public utilities and licensees must assure the availability of records of services performed by and for associated or affiliated companies with supporting cost information for the periods indicated in § 125.3 as necessary to be able to readily furnish detailed information as to the nature of the transaction, the amounts involved, and

the accounts used to record the transactions.

(j) *Index of records.* Public utilities and licensees must arrange, file, and index records so records may be readily identified and made available to Commission representatives.

(k) *Rate case.* Notwithstanding the minimum retention periods provided in these regulations, if a public utility or licensee wants to reflect costs in a current, future, or pending rate case, or if a public utility or licensee has abandoned or retired a plant subsequent to the test period of the utility's rate case, the utility must retain the appropriate records to support the costs and adjustments proposed in the current or next rate case.

(l) *Pending complaint litigation or governmental proceedings.* Notwithstanding the minimum requirements, if a public utility or licensee is involved in pending litigation, complaint procedures, proceedings remanded by the court, or governmental proceedings, it must retain all relevant records.

(m) *Life or mortality study data.* Life or mortality study data for depreciation purposes must be retained for 25 years or for 10 years after plant is retired, whichever is longer.

\* \* \* \* \*

4. Section 125.3 is revised to read as follows:

**§ 125.3 Schedule of records and periods of retention.**

**Table of Contents**

*Corporate and General*

1. Reports to stockholders.
2. Organizational documents.
3. Contracts including amendments and agreements.
4. Accountants' and auditors' reports.

*Information Technology Management*

5. Automatic data processing records.

*General Accounting Records*

6. General and subsidiary ledgers.
7. Journals: General and subsidiary.
8. Journal vouchers and entries.
9. Cash books.

10. Voucher registers.

11. Vouchers.

*Insurance*

12. Insurance records.

*Operations and Maintenance*

- 13.1. Production—Public utilities and licensees (less nuclear).
- 13.2. Production—Nuclear.
14. Transmission and distribution—Public utilities and licensees.
15. Maintenance work orders and job orders.

*Plant and Depreciation*

16. Plant ledgers.
17. Construction work in progress ledgers.
18. Retirement work in progress ledgers.
19. Summary sheets.
20. Appraisals and valuations.
21. Engineering records.
22. Contracts relating to utility plant.
23. Reclassification of utility plant account records.
24. Accumulated depreciation and depletion of utility plant account records.

*Purchase and Stores*

25. Procurement.
26. Material ledgers.
27. Materials and supplies received and issued.
28. Records of sales of scrap and materials and supplies.

*Revenue Accounting and Collection*

29. Customers' service applications and contracts.
30. Rate schedules.
31. Maximum demand and demand meter record cards.
32. Miscellaneous billing data.
33. Revenue summaries.

*Tax*

34. Tax records.

*Treasury*

35. Statements of funds and deposits.
36. Records of deposits with banks and others.

*Miscellaneous*

37. [Reserved.]
38. Statistics.
39. Budgets and other forecasts.
40. Records of predecessors companies.
41. Reports to Federal and State regulatory commissions.
42. Advertising.

SCHEDULE OF RECORDS AND PERIODS OF RETENTION

Item No. and description	Retention period
<b>Corporate and General</b>	
1. Reports to stockholders: Annual reports or statements to stockholders.	5 years.
2. Organizational documents:	
(a) Minute books of stockholders', directors', and directors' committee meetings.	5 years or termination of the corporation's existence, whichever occurs first.
(b) Titles, franchises, and licenses: Copies of formal orders of regulatory commissions served upon the utility.	6 years after final non-appealable order.
3. Contracts, including amendments and agreements (except contracts provided for elsewhere):	

## SCHEDULE OF RECORDS AND PERIODS OF RETENTION—Continued

Item No. and description	Retention period
(a) Service contracts, such as for management, accounting, and financial services.	All contracts, related memoranda, and revisions should be retained for 4 years after expiration or until the conclusion of any contract disputes pertaining to such contracts, whichever is later.
(b) Contracts with others for transmission or the purchase, sale or interchange of product.	All contracts, related memoranda, and revisions should be retained for 4 years after expiration or until the conclusion of any contract disputes or governmental proceedings pertaining to such contracts, whichever is later.
(c) Memoranda essential to clarifying or explaining provisions of contracts listed above, including requests for discounts.	For the same periods as contracts to which they relate.
(d) Card or book records of contracts, leases, and agreements made, showing dates of expirations and of renewals, memoranda of receipts, and payments under such contracts.	For the same periods as contracts to which they relate.
4. Accountants' and auditors' reports:	
(a) Reports of examinations and audits by accountants and auditors not in the regular employ of the utility (such as reports of public accounting firms and commission accountants).	5 years after the date of the report.
(b) Internal audit reports and working papers .....	5 years after the date of the report.
<b>Information Technology Management</b>	
5. Automatic data processing records (retain original source data used as input for data processing and data processing report printouts for the applicable periods prescribed elsewhere in the schedule): Software program documentation and revisions thereto.	Retain as long as it represents an active viable program or for periods prescribed for related output data, whichever is shorter.
<b>General Accounting Records</b>	
6. General and subsidiary ledgers:	
(a) Ledgers:	
(1) General ledgers .....	10 years.
(2) Ledgers subsidiary or auxiliary to general ledgers except ledgers provided for elsewhere.	10 years.
(b) Indexes:	
(1) Indexes to general ledgers .....	10 years.
(2) Indexes to subsidiary ledgers except ledgers provided for elsewhere.	10 years.
(c) Trial balance sheets of general and subsidiary ledgers .....	2 years.
7. Journals: General and subsidiary .....	10 years.
8. Journal vouchers and journal entries including supporting detail:	
(a) Journal vouchers and journal entries .....	10 years.
(b) Analyses, summarization, distributions, and other computations which support journal vouchers and journal entries:	
(1) Charging plant accounts .....	25 years.
(2) Charging all other accounts .....	6 years.
9. Cash books: General and subsidiary or auxiliary books .....	5 years after close of fiscal year.
10. Voucher registers: Voucher registers or similar records when used as a source document.	5 years.
11. Vouchers:	
(a) Paid and canceled vouchers (one copy-analysis sheets showing detailed distribution of charges on individual vouchers and other supporting papers).	5 years.
(b) Original bills and invoices for materials, services, etc., paid by vouchers.	5 years.
(c) Paid checks and receipts for payments of specific vouchers .....	5 years.
(d) Authorization for the payment of specific vouchers .....	5 years.
(e) Lists of unaudited bills (accounts payable), list of vouchers transmitted, and memoranda regarding changes in audited bills.	Destroy at option.
(f) Voucher indexes .....	Destroy at option.
<b>Insurance</b>	
12. Insurance records:	
(a) Records of insurance policies in force, showing coverage, premiums paid, and expiration dates.	Destroy at option after expiration of such policies.
(b) Records of amounts recovered from insurance companies in connection with losses and of claims against insurance companies, including reports of losses, and supporting papers.	6 years.
<b>Operations and Maintenance</b>	
13.1 Production—Public utilities and licensees (less Nuclear):	
(a) Boiler-tube failure report .....	3 years.
(b) Generation and output logs with supporting data: .....	3 years.
(c) Station and system generation reports and clearance logs:	
(1) Hydro-electric .....	25 years.
(2) Steam and others .....	6 years.
(d) Generating high-tension and low-tension load records .....	3 years.

SCHEDULE OF RECORDS AND PERIODS OF RETENTION—Continued

Item No. and description	Retention period
(e) Load curves, temperature logs, coal, and water logs .....	3 years.
(f) Gauge-reading reports .....	2 years, except river flow data collected in connection with hydro operation must be retained for life of corporation.
(g) Recording instrumentation charts .....	1 year, except where the basic chart information is transferred to another record, the charts need only be retained 6 months provided the record containing the basic data is retained 1 year.
13.2 Production—Nuclear:	
For informational purposes, refer to the document retention requirements of the Nuclear Regulatory Commission.	
14. Transmission and distribution—Public utilities and licensees.	
(a) Substation and transmission line logs .....	3 years.
(b) System operator's daily logs and reports of operation .....	3 years.
(c) Transformer history records .....	For life of transformer.
(d) Records of transformer inspections, oil tests, etc .....	Destroy at option.
15. Maintenance work orders and job orders:	
(a) Authorizations for expenditures for maintenance work to be covered by work orders, including memoranda showing the estimates of costs to be incurred.	5 years.
(b) Work order sheets to which are posted in detail the entries for labor, material, and other charges in connection with maintenance, and other work pertaining to utility operations.	5 years.
(c) Summaries of expenditures on maintenance and job orders and clearances to operating other accounts (exclusive of plant accounts).	5 years.
<b>Plant and Depreciation</b>	
16. Plant ledgers:	
(a) Ledgers of utility plant accounts including land and other detailed ledgers showing the cost of utility plant by classes.	25 years.
(b) Continuing plant inventory ledger, book or card records showing description, location, quantities, cost, etc., of physical units (or items) of utility plant owned.	25 years.
17. Construction work in progress ledgers, work orders, and supplemental records:	
(a) Construction work in progress ledgers .....	5 years after clearance to plant account, provided continuing plant inventory records are maintained; otherwise 5 years after plant is retired.
(b) Work orders sheets to which are posted in summary form or in detail the entries for labor, materials, and other charges for utility plant additions and the entries closing the work orders to utility plant in service at completion.	5 years after clearance to plant account, provided continuing plant inventory records are maintained; otherwise 5 years after plant is retired.
(c) Authorizations for expenditures for additions to utility plant, including memoranda showing the detailed estimates of cost, and the bases therefor (including original and revised or subsequent authorizations).	5 years after clearance to plant account except where there are ongoing Commission proceedings.
(d) Requisitions and registers of authorizations for utility plant expenditures.	5 years after clearance to plant account except where there are ongoing Commission proceedings.
(e) Completion or performance reports showing comparison between authorized estimates and actual expenditures for utility plant additions.	5 years after clearance to plant account except where there are ongoing Commission proceedings.
(f) Analysis or cost reports showing quantities of materials used, unit costs, number of man-hours etc., in connection with completed construction project.	5 years after clearance to plant account except where there are ongoing Commission proceedings.
(g) Records and reports pertaining to progress of construction work, the order in which jobs are to be completed, and similar records which do not form a basis of entries to the accounts.	Destroy at option.
18. Retirement work in progress ledgers, work orders, and supplemental records:	
(a) Work order sheets to which are posted the entries for removal costs, materials recovered, and credits to utility plant accounts for cost of plant retirement.	5 years after plant is retired.
(b) Authorizations for retirement of utility plant, including memoranda showing the basis for determination to be retired and estimates of salvage and removal costs.	5 years after plant is retired.
(c) Registers of retirement work .....	5 years.
19. Summary sheets, distribution sheets, reports, statements, and papers directly supporting debits and credits to utility plant accounts not covered by construction or retirement work orders and their supporting records.	5 years.
20. Appraisals and valuations:	

## SCHEDULE OF RECORDS AND PERIODS OF RETENTION—Continued

Item No. and description	Retention period
(a) Appraisals and valuations made by the company of its properties or investments or of the properties or investments of any associated companies. (Includes all records essential thereto.).	3 years after appraisal.
(b) Determinations of amounts by which properties or investments of the company or any of its associated companies will be either written up or written down as a result of:	
(1) Mergers or acquisitions .....	10 years after completion of transaction or as ordered by the Commission.
(2) Asset impairments .....	10 years after recognition of asset impairment.
(3) Other bases .....	10 years after the asset was written up or down.
21. The original or reproduction of engineering records, drawings, and other supporting data for proposed or as-constructed utility facilities: Maps, diagrams, profiles, photographs, field survey notes, plot plan, detail drawings, records of engineering studies, and similar records showing the location of proposed or as-constructed facilities.	Retain until retired.
22. Contracts relating to utility plant:	
(a) Contracts relating to acquisition or sale of plant .....	6 years after plant is retired or sold.
(b) Contracts and other agreements relating to services performed in connection with construction of utility plant (including contracts for the construction of plant by others for the utility and for supervision and engineering relating to construction work).	6 years after plant is retired or sold.
23. Records pertaining to reclassification of utility plant accounts to conform to prescribed systems of accounts including supporting papers showing the bases for such reclassifications.	6 years.
24. Records of accumulated provisions for depreciation and depletion of utility plant and supporting computation of expense:	
(a) Detailed records or analysis sheets segregating the accumulated depreciation according to functional classification of plant.	25 years.
(b) Records reflecting the service life of property and the percentage of salvage and cost of removal for property retired from each account for depreciable utility plant.	25 years.
<b>Purchase and Stores</b>	
25. Procurement:	
(a) Agreements entered into for the acquisition of goods or the performance of services. Includes all forms of agreements not specifically set forth in Subsection 7 such as but not limited to: Letters of intent, exchange of correspondence, master agreements, term contracts, rental agreements, and the various types of purchase orders:	
(1) For goods or services relating to plant construction .....	6 years.
(2) For other goods or services .....	6 years.
(b) Supporting documents including accepted and unaccepted bids or proposals (summaries of unaccepted bids or proposals may be kept in lieu of originals) evidencing all relevant elements of the procurement.	6 years.
26. Material ledgers: Ledger sheets of materials and supplies received, issued, and on hand	6 years after the date the records/ledgers were created.
27. Materials and supplies received and issued: Records showing the detailed distribution of materials and supplies issued during accounting periods	6 years.
28. Records of sales of scrap and materials and supplies:	
(a) Authorization for sale of scrap and materials and supplies .....	3 years.
(b) Contracts for sale of scrap materials and supplies .....	3 years.
<b>Revenue Accounting and Collecting</b>	
29. Customers' service applications and contracts: Contracts, including amendments for extensions of service, for which contributions are made by customers and others	4 years after expiration.
30. Rate schedules: General files of published rate sheets and schedules of utility service. Including schedules suspended or superseded	6 years after published rate sheets and schedules are superseded or no longer used to charge for utility service.
31. Maximum demand, and demand meter record cards	1 year, except where the basic chart information is transferred to another record the charts need only be retained 6 months, provided the basic data is retained 1 year.
32. Miscellaneous billing data: Billing department's copies of contracts with customers (other than contracts in general files)	Destroy at option.
33. Revenue summaries: Summaries of monthly operating revenues according to classes of service. Including summaries of forfeited discounts and penalties	5 years.
<b>Tax</b>	
34. Tax records:	

SCHEDULE OF RECORDS AND PERIODS OF RETENTION—Continued

Item No. and description	Retention period
(a) Copies of tax returns and supporting schedules filed with taxing authorities, supporting working papers, records of appeals of tax bills, and receipts for payment. See Subsection 11(b) for vouchers evidencing disbursements: (1) Income tax returns ..... (2) Property tax returns ..... (3) Sales and other use taxes ..... (4) Other taxes ..... (5) Agreements between associate companies as to allocation of consolidated income taxes. (6) Schedule of allocation of consolidated Federal income taxes among associate companies. (b) Filings with taxing authorities to qualify employee benefit plans. (c) Information returns and reports to taxing authorities .....	2 years after final tax liability is determined. 2 years after final tax liability is determined. 2 years. 2 years after final tax liability is determined. 2 years after final tax liability is determined. 2 years after final tax liability is determined. 5 years after discontinuance of plan. 3 years after final tax liability is determined.
<b>Treasury</b>	
35. Statements of funds and deposits .....  (a) Statements of periodic deposits with fund administrators or trustees. (b) Statements of periodic withdrawals from fund ..... (c) Statements prepared by fund administrator or trustees of fund activity including: (1) Beginning of the year balance of fund; (2) Deposits with the fund; (3) Acquisition of investments held by the fund; (4) Disposition of investments held by the fund; (5) Disbursements from the fund, including party to whom disbursement was made; (6) End of year balance of fund.	For nuclear decommissioning funds, retain records for all items listed for 3 years after final decommissioning is completed. If amortization reserve funds related to licensed projects are maintained, retain until the Commission makes a final determination of the disposition of amortization reserves. Retain records for the most recent 3 years.  Retain records for the most recent 3 years. Retain records until the fund is dissolved or terminated.
36. Records of deposits with banks and others: (a) Statements from depositories showing the details of funds received, disbursed, transferred, and balances on deposit. (b) Check stubs, registers, or other records of checks issued .....	Destroy at option after completion of audit by independent accountants. 3 years.
<b>Miscellaneous</b>	
37. [Reserved]	
38. Statistics: Financial, operating and statistical reports used for internal administrative or operating purposes.	5 years.
39. Budgets and other forecasts (prepared for internal administrative or operating purposes) of estimated future income, receipts and expenditures in connection with financing, construction and operations, including acquisitions and disposals of properties or investments.	3 years.
40. Records of predecessor companies .....	Retain consistent with the requirements for the same types of records of the utility.
41. Reports to Federal and State regulatory commissions including annual financial, operating and statistical reports.	5 years.
42. Advertising: Copies of advertisements by or for the company on behalf of itself or any associate company in newspapers, magazines, and other publications, including costs and other records relevant thereto (excluding advertising of appliances, employment opportunities, routine notices, and invitations for bids all of which may be destroyed at option).	2 years.

**PART 225—PRESERVATION OF RECORDS OF NATURAL GAS COMPANIES**

5. The authority for part 225 is revised to read as follows:

**Authority:** 15 U.S.C. 717–717w, 3301–3432; 16 U.S.C. 792–828c; 42 U.S.C. 7101–7352; E.O. 12009, 3 CFR 1978 Comp. p. 142.

6. Section 225.1 is revised to read as follows:

**§ 225.1 Promulgation.**

This part is prescribed and promulgated as the regulations governing the preservation of records by natural gas companies subject to the jurisdiction of the Commission, to the extent and in the manner set forth therein.

7. In § 225.2, paragraphs (a) (1) through (a) (3), and paragraphs (d) through (m) are revised to read as follows, and paragraph (n) is removed:

**§ 225.2 General instructions.**

(a) *Scope of this part.* (1) The regulations in this part must apply to all books of account and other records prepared by or on behalf of the natural gas company. See item 40 of the schedule for those records that come into possession of the natural gas company in connection with the acquisition of property, such as purchases, consolidation, merger, etc.

(2) The regulations in this part should not be construed as excusing compliance with other lawful requirements of any other governmental body, Federal or State, prescribing other record keeping requirements, or for preservation of records for periods longer than those prescribed in this part.

(3) To the extent that any Commission regulations may provide for a different retention period, the records should be retained for the longer of the retention periods.

\* \* \* \* \*

(d) *Record storage media.* Each natural gas company has the flexibility to select its own storage media subject to the following conditions.

(1) The storage media must have a life expectancy at least equal to the applicable record retention period provided in § 225.3 unless there is a quality transfer from one media to another with no loss of data.

(2) Each natural gas company is required to implement internal control procedures that assure the reliability of and ready access to data stored on machine readable media. Internal control procedures must be documented by a responsible supervisory official.

(3) Each transfer of data from one media to another must be verified for accuracy and documented. Software and hardware required to produce readable records must be retained for the same period the media format is used.

(e) *Destruction of records.* At the expiration of the records retention period, natural gas companies may use any appropriate method to destroy records.

(f) *Premature destruction or loss of records.* When records are destroyed or lost before the expiration of the prescribed period of retention, a certified statement listing, as far as may be determined, the records destroyed and describing the circumstances of accidental or other premature destruction or loss must be filed with the Commission within ninety (90) days from the date of discovery of the destruction.

(g) *Schedule of records and periods of retention.* (1) Records related to plant in service must be retained until the facilities are permanently removed from service, all removal and restoration activities are completed, and all costs are retired from the accounting records unless accounting adjustments resulting from reclassification and original costs studies have been approved by the regulatory commission having

jurisdiction. If the plant is sold, the associated records or copies thereof, must be transferred to the new owners.

(2) Records related to additions, retirements, and betterments thereto must be retained until the Commission has determined the actual legitimate original cost of the facilities.

(h) *Retention periods designated "Destroy at option".* "Destroy at option" constitutes authorization for destruction of records at managements' discretion if it does not conflict with other legal retention requirements or usefulness of such records in satisfying pending regulatory actions or directives.

(i) *Records of services performed by associated companies.* The natural gas companies must assure the availability of records of services performed by associated or affiliated companies with supporting cost information for the periods indicated in § 225.3 as necessary to be able to readily furnish detailed information as to the nature of the transaction, the amounts involved, and the accounts used to record the transactions.

(j) *Index of records.* Natural gas companies must arrange, file, and index records so they may be readily identified and made available to Commission representatives.

(k) *Rate case.* Notwithstanding the minimum retention periods provided in these regulations, if a natural gas company intends to reflect costs in a current, pending, or future rate case, or if a natural gas company has abandoned or retired a plant subsequent to the test period of its last rate case, it must retain all relevant records.

(l) *Pending complaint litigation or governmental proceeding.* Notwithstanding the minimum requirements, if a natural gas company is involved in pending litigation, complaint procedures, proceedings remanded by the court, or governmental proceedings, it must retain all relevant records.

(m) *Life or mortality study data.* Life or mortality study data for depreciation purposes must be retained for 25 years or for 10 years after plant is retired whichever is longer.

\* \* \* \* \*

8. Section 225.3 is revised to read as follows:

**§ 225.3 Schedule of records and periods of retention.**

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SCHEDULE OF RECORDS AND PERIODS OF RETENTION

Item No. and description	Retention period
<b>Corporate and General</b>	
1. Reports to stockholders: Annual reports or statements to stockholders.	5 years.
2. Organizational documents:	
(a) Minute books of stockholders', directors', and directors' committee meetings.	5 years or termination of the corporation's existence, whichever occurs first.
(b) Titles, franchises, and licenses: Copies of formal orders of regulatory commissions served upon the natural gas company.	6 years after final non-appealable order.
3. Contracts including amendments and agreements (except contracts provided for elsewhere):	
(a) Service contracts, such as for management, accounting, and financial services.	All contracts, related memoranda, and revisions should be retained for 4 years after expiration or until the conclusion of any contract disputes pertaining to such contracts, whichever is later.
(b) Contracts with others for transportation or for the purchase, sale or interchange of product.	All contracts, related memoranda, and revisions should be retained for 4 years after expiration or until the conclusion of any contract disputes or governmental proceedings pertaining to such contracts, whichever is later.
(c) Memoranda essential to clarifying or explaining provisions of contracts listed above, including requests for discounts.	For the same periods as contracts to which they relate.
(d) Card or book records of contracts, leases, and agreements made that show dates of expirations, renewals, memoranda of receipts, and payments under such contracts.	For the same periods as contracts to which they relate.
4. Accountants' and auditors' reports:	
(a) Reports of examinations and audits by accountants and auditors not in the regular employ of the natural gas company (such as reports of public accounting firms and Commission accountants).	5 years after the date of the report.
(b) Internal audit reports and working papers .....	5 years after the date of the report.
<b>Information Technology Management</b>	
5. Automatic data processing records (retain original source data used as input for data processing and data processing report printouts for the applicable periods prescribed elsewhere in the schedule): Software program documentation and revisions thereto.	Retain as long as it represents an active viable program or for periods prescribed for related output data, whichever is shorter.
<b>General Accounting Records</b>	
6. General and subsidiary ledgers:	
(a) Ledgers:	
(1) General ledgers .....	10 years.
(2) Ledgers subsidiary or auxiliary to general ledgers except ledgers provided for elsewhere.	10 years.
(b) Indexes:	
(1) Indexes to general ledgers .....	10 years.
(2) Indexes to subsidiary ledgers except ledgers provided for elsewhere.	10 years.
(c) Trial balance sheets of general and subsidiary ledgers .....	2 years.
7. Journals: General and subsidiary .....	10 years.
8. Journal vouchers and journal entries including supporting detail:	
(a) Journal vouchers and journal entries .....	10 years.
(b) Analyses, summarizations, distributions, and other computations which support journal vouchers and journal entries:	
(1) Charging plant accounts .....	25 years.
(2) Charging all other accounts .....	6 years.
9. Cash books: General and subsidiary or auxiliary books .....	5 years after close of fiscal year.
10. Voucher registers: Voucher registers or similar records when used as a source document.	5 years.
11. Vouchers:	
(a) Paid and canceled vouchers (1 copy-analysis sheets showing detailed distribution of charges on individual vouchers and other supporting papers).	5 years.
(b) Original bills and invoices for materials, services, etc., paid by vouchers.	5 years.
(c) Paid checks and receipts for payments of specific vouchers .....	5 years.
(d) Authorization for the payment of specific vouchers .....	5 years.
(e) Lists of unaudited bills (accounts payable), list of vouchers transmitted, and memoranda regarding changes in audited bills.	Destroy at option.
(f) Voucher indexes .....	Destroy at option.
<b>Insurance</b>	
12. Insurance records:	
(a) Records of insurance policies in force, showing coverage, premiums paid, and expiration dates.	Destroy at option after expiration.

## SCHEDULE OF RECORDS AND PERIODS OF RETENTION—Continued

Item No. and description	Retention period
(b) Records of amounts recovered from insurance companies in connection with losses and of claims against insurance companies, including reports of losses, and supporting papers.	6 years.
<b>Operations and Maintenance</b>	
13. Production—Gas:	
(a) Recording instrument charts such as pressure (static and/or differential), temperature, specific gravity, heating value, etc.	If the measurement data have not been disputed or adjusted, destroy after 1 year.
(b) Test of heating value at stations and outlying points .....	If the measurement data have not been disputed or adjusted, destroy after 1 year.
(c) Records of gas produced, out, and holder stock .....	If the measurement data have not been disputed or adjusted, destroy after 1 year.
(d) Analysis of (gas produced) B.T.U. and sulphur content .....	If the measurement data have not been disputed or adjusted, destroy after 1 year.
(e) Well records, including clearing, bailing, shooting etc., records; rock pressure; open flow; production, gas analysts' reports etc.	1 year after field or relevant production area abandoned
(f) Gas measuring records .....	If the measurement data have not been disputed or adjusted, destroy after 1 year.
14. Transmission and distribution—Gas:	
(a) Substation and transmission line log .....	If the measurement data have not been disputed or adjusted, destroy after 1 year.
(b) System operator's daily logs and reports of operation .....	If the measurement data have not been disputed or adjusted, destroy after 1 year.
(c) Gas measuring records .....	If the measurement data have not been disputed or adjusted, destroy after 1 year.
(d) Transmission line operating reports .....	If the measurement data have not been disputed or adjusted, destroy after 1 year.
(e) Compression operation and reports .....	If the measurement data have not been disputed or adjusted, destroy after 1 year.
(f) Recording instrument charts such as pressure (static and/or differential), temperature, specific heating value, etc.	If the measurement data have not been disputed or adjusted, destroy after 1 year.
14.1 Underground storage of natural gas:	
(a) Well records, reports, and logs which include data relating to pressures, injected volumes, withdrawn volumes, core analysis, daily volumes of gas injected into and withdrawn from reservoir, cushion, and working gas volumes for each reservoir.	1 year after reservoir, field, or relevant storage area is abandoned.
(b) Records containing information relating to reservoir gas leakage, showing the total gas leakage, and recycled gas.	1 year after reservoir, field, or relevant storage area is abandoned.
(c) Records on back pressure tests field data .....	1 year or until superseded.
(d) Records on back pressure test results, gas analysis .....	1 year or until superseded.
15. Maintenance work orders and job orders:	
(a) Authorizations for expenditures for maintenance work to be covered by work orders, including memoranda showing the estimates of costs to be incurred.	5 years.
(b) Work order sheets to which are posted in detail the entries for labor, material, and other charges in connection with maintenance, and other work pertaining to natural gas company operations.	5 years.
(c) Summaries of expenditures on maintenance and job orders and clearances to operating other accounts (exclusive of plant accounts).	5 years.
<b>Plant and Depreciation</b>	
16. Plant ledgers:	
(a) Ledgers of natural gas company's plant accounts including land and other detailed ledgers showing the cost of plant by class.	25 years.
(b) Continuing plant inventory ledger, book or card records showing description, location, quantities, cost, etc., of physical units (or items) of natural gas plant owned.	25 years.
17. Construction work in progress ledgers:	
(a) Construction work in progress ledgers .....	5 years after clearance to the plant account, provided continuing plant inventory records are maintained; otherwise 5 years after plant is retired.
(b) Work order sheets to which are posted in summary form or in detail the entries for labor, materials, and other charges for natural gas company's plant additions and the entries closing the work orders to plant in service at completion.	5 years after clearance to the plant account, provided continuing plant inventory records are maintained; otherwise 5 years after plant is retired.
(c) Authorizations for expenditures for additions to natural gas company plant, including memoranda showing the detailed estimates of cost, and the bases therefor (including original and revised or subsequent authorizations).	5 years after clearance to the plant account, provided continuing plant inventory records are maintained; otherwise 5 years after plant is retired.

SCHEDULE OF RECORDS AND PERIODS OF RETENTION—Continued

Item No. and description	Retention period
(d) Requisitions and registers of authorizations for natural gas company plant expenditures.	5 years after clearance to the plant account, provided continuing plant inventory records are maintained; otherwise 5 years after plant is retired.
(e) Completion or performance reports showing comparison between authorized estimates and actual expenditures for natural gas company plant additions.	5 years after clearance to the plant account, provided continuing plant inventory records are maintained; otherwise 5 years after plant is retired.
(f) Analysis or cost reports showing quantities of materials used, unit costs, number of man-hours etc., in connection with completed construction project.	5 years after clearance to the plant account, provided continuing plant inventory records are maintained; otherwise 5 years after plant is retired.
(g) Records and reports pertaining to progress of construction work, the order in which jobs are to be completed, and similar records which do not form a basis of entries to the accounts.	Destroy at option.
(h) Well-drilling logs and well construction records .....	1 year after field or well is abandoned.
18. Retirement work in progress ledgers, work orders, and supplemental records:	
(a) Work order sheets to which are posted the entries for removal costs, materials recovered, and credits to natural gas company plant accounts for cost of plant retirement.	5 years after plant is retired.
(b) Authorizations for retirement of natural gas company plant, including memoranda showing the basis for determination of cost of plant to be retired, and estimates of salvage and removal costs.	5 years after plant is retired.
(c) Registers of retirement work .....	5 years.
19. Summary sheets, distribution sheets, reports, statements, and papers directly supporting debits and credits to natural gas company plant accounts not covered by construction or retirement work orders and their supporting records.	5 years.
20. Appraisals and valuations:	
(a) Appraisals and valuations made by the company of its properties or investments or of the properties or investments of any associated companies. Includes all records essential thereto.	3 years after appraisal.
(b) Determinations of amounts by which properties or investments of the company or any of its associated companies will be either written up or written down as a result of:	
(1) Mergers or acquisitions .....	10 years after completion of transaction or as ordered by the Commission.
(2) Asset impairments .....	10 years after recognition of asset impairment.
(3) Other bases .....	10 years after the asset was written up or down.
21. The original or reproduction of engineering records, drawings, and other supporting data for proposed or as-constructed gas facilities: Maps, diagrams, profiles, photographs, field survey notes, plot plan, detail drawings, records of engineering studies, and similar records showing the location of proposed or as-constructed facilities.	Retained until retired or abandoned.
22. Contracts relating to natural gas plant:	
(a) Contracts relating to acquisition or sale of plant .....	6 years after plant is retired or sold.
(b) The primary records of gas acreage owned, leased or optioned excluding deeds and leases but including such records as lease sheets, leasehold cards, and option agreements.	6 years after plant is retired or sold.
23. Records pertaining to reclassification of natural gas plant accounts to conform to prescribed systems of accounts including supporting papers showing the bases for such reclassifications.	6 years.
24. Records of accumulated provisions for depreciation and depletion of gas plant and supporting computation of expense:	
(a) Detailed records or analysis sheets segregating the accumulated depreciation according to functional classification of plant.	25 years.
(b) Records reflecting the service life of property and the percentage of salvage and cost of removal for property retired from each account for depreciable natural gas plant.	25 years.
<b>Purchases and Stores</b>	
25. Procurement:	
(a) Agreements entered into for the acquisition of goods or the performance of services. Includes all forms of agreements not specifically set forth in Subsection 7 such as but not limited to: Letters of intent, exchange of correspondence, master agreements, term contracts, rental agreements, and the various types of purchase orders:	
(1) For goods or services relating to plant construction .....	6 years.
(2) For other goods or services .....	6 years.

## SCHEDULE OF RECORDS AND PERIODS OF RETENTION—Continued

Item No. and description	Retention period
(b) Supporting documents including accepted and unaccepted bids or proposals (summaries of unaccepted bids or proposals may be kept in lieu of originals) evidencing all relevant elements of the procurement.	6 years.
26. Material ledgers: Ledger sheets of materials and supplies received, issued, and on hand.	6 years after the date records/ledgers were created.
27. Materials and supplies received and issued: Records showing the detailed distribution of materials and supplies issued during accounting periods.	6 years.
28. Records of sales of scrap and materials and supplies:	
(a) Authorization for sale of scrap and materials and supplies .....	3 years.
(b) Contracts for sale of scrap and materials and supplies .....	3 years.
<b>Revenue Accounting and Collection</b>	
29. Customers' service applications and contracts: Contracts, including amendments for extensions of service, for which contributions are made by customers and others.	4 years after expiration.
30. Rate schedules: General files of published rate sheets and schedules of natural gas company service (including schedules suspended or superseded).	6 years after published rate sheets and schedules are superseded or no longer used to charge for services.
31. Maximum demand, pressure, temperature, and specific gravity charts and demand meter record card.	If the measurement data have not been disputed or adjusted, destroy after 7 months.
32. Miscellaneous billing data: Billing department's copies of contracts with customers (other than contracts in general files).	Destroy at option.
33. Revenue summaries: Summaries of monthly operating revenues according to classes of service. Including summaries of forfeited discounts and penalties.	5 years.
<b>Tax</b>	
34. Tax records:	
(a) Copies of tax returns and supporting schedules filed with taxing authorities, supporting working papers, records of appeals of tax bills, and receipts for payment. See Subsection 11(b) for vouchers evidencing disbursements:	
(1) Income tax returns .....	2 years after final tax liability is determined.
(2) Property tax returns .....	2 years after final tax liability is determined.
(3) Sales and other use taxes .....	2 years.
(4) Other taxes .....	2 years after final tax liability is determined.
(5) Agreements between associate companies as to allocation of consolidated income taxes.	2 years after final tax liability is determined.
(6) Schedule of allocation of consolidated Federal income taxes among associate companies.	2 years after final tax liability is determined.
(b) Filings with taxing authorities to qualify employee benefit plans	5 years after discontinuance of plan.
(c) Information returns and reports to taxing authorities .....	3 years after final tax liability is determined.
<b>Treasury</b>	
35. Statements of funds and deposits:	
(a) Statements of periodic deposits with fund administrators or trustees.	Retain records for the most recent 3 years.
(b) Statements of periodic withdrawals from fund .....	Retain records for the most recent 3 years.
(c) Statements prepared by fund administrator or trustees of fund activity including:	Retain records until the fund is dissolved or terminated.
(1) Beginning of the year fund balance	
(2) Deposits with the fund;	
(3) Acquisition of investments held by the fund;	
(4) Disposition of investments held by the fund;	
(5) Disbursements from the fund, including party to whom disbursement was made; and,	
(6) End of year fund balance.	
36. Records of deposits with banks and others:	
(a) Statements from depositories showing the details of funds received, disbursed, transferred, and balances on deposit.	Destroy at option after completion of audit by independent accountants.
(b) Check stubs, registers, or other records of checks issued .....	3 years.
37. Records of receipts and disbursements:	
(a) Daily or other periodic statements of fund receipts or disbursements.	Destroy at option after completion of annual audit by independent accountants.
(b) Records or periodic statements of outstanding vouchers, checks, drafts, etc., issued and not presented.	Destroy at option after completion of annual audit by independent accountants.
(c) Reports of associates showing working fund transactions and summaries thereof.	Destroy at option after completion of annual audit by independent accountants.
(d) Reports of revenue collections by field cashiers, pay stations, etc.	Destroy at option after completion of annual audit by independent accountants.

SCHEDULE OF RECORDS AND PERIODS OF RETENTION—Continued

Item No. and description	Retention period
<b>Miscellaneous</b>	
38. Statistics: Financial, operating, and statistical reports used for internal administrative or operating purposes.	5 years.
39. Budgets and other forecasts (prepared for internal administrative or operating purposes) of estimated future income, receipts, and expenditures in connection with financing, construction and operations, including acquisitions and disposals of properties or investments.	3 years.
40. Records of predecessor companies	Retain consistent with the requirements for the same types of records of the natural gas company.
41. Reports to Federal and State regulatory commissions including annual financial, operating, and statistical reports.	5 years.
42. Advertising: Copies of advertisements by or for the company on behalf of itself or any associate company in newspapers, magazines, and other publications, including costs and other records relevant thereto (excluding advertising of appliances, employment opportunities, routine notices, and invitations for bids all of which may be destroyed at option).	2 years.

9. Part 356 is revised to read as follows:

**PART 356—PRESERVATION OF RECORDS FOR OIL PIPELINE COMPANIES**

- Sec.
- 356.1 Promulgation
- 356.2 General instructions.
- 356.3 Preservation of records for oil pipeline companies

**Authority:** 42 U.S.C. 7101–7352; 49 U.S.C. 1–27; E.O. 12009, 3 CFR 1978 Comp. p. 142.

**§ 356.1 Promulgation.**

This part is prescribed and promulgated as the regulations governing the preservation of records by oil pipeline companies subject to the jurisdiction of the Commission, to the extent and in the manner set forth therein. This part is enforceable as of the date the oil pipeline company becomes subject to the jurisdiction of the Commission.

**§ 356.2 General instructions.**

(a) *Scope of this part.* (1) The regulations in this part apply to all books of account and other records prepared by or on behalf of the oil pipeline companies.

(2) The regulations in this part must not be construed as excusing compliance with other lawful requirements of any other governmental body, Federal or State, prescribing other record keeping requirements or for preservation of records longer than those prescribed in this part.

(3) To the extent that any Commission regulations may provide for a different retention period, the records should be retained for the longer of the retention periods.

(4) Unless otherwise specified in the schedule in § 356.3, duplicate copies of

records may be destroyed at any time. Provided, however, that such duplicate copies must not contain significant information not shown on the originals.

(5) Records other than those listed in the schedule may be destroyed at the option of the oil pipeline company. Provided, however, that records which are used in lieu of those listed must be preserved for the periods prescribed for the records used for substantially similar purposes and that retention of records pertaining to added services, functions, plant, etc., the establishment of which cannot be presently foreseen, must conform to the principles embodied herein.

(6) Notwithstanding the provision of the records retention schedule, the Commission may, upon request of the oil pipeline company, authorize shorter retention periods for any records listed in § 356.3. The oil pipeline companies must show that the longer retention periods are no longer necessary or appropriate to protect the public interest, investors, or consumers. A waiver from any provision of these regulations may be made by the Commission upon its own initiative or upon submission of a written request by the company. Each request for waiver must demonstrate that unusual circumstances warrant a departure from prescribed retention periods, procedures, or techniques, or that compliance with such prescribed requirements would impose an unreasonable burden on the company.

(b) *Designation of supervisory official.* Each oil pipeline company subject to the provision of this part must designate one or more persons to supervise the oil pipeline company's program for preservation and authorized destruction of records.

(c) *Protection and storage of records.* Each oil pipeline company subject to these regulations must provide reasonable protection for records. The records must have protections from fire, floods, and other hazards. Storage spaces, will also prevent unnecessary exposure to deterioration from excessive humidity, dryness, or lack of proper ventilation.

(d) *Record storage media.* (1) Each oil pipeline company has the flexibility to select its own storage media.

(2) The storage media must have a life expectancy at least equal to the applicable record retention period provided in § 356.3 unless there is a quality transfer from one media to another with no loss of data.

(3) Each oil pipeline company is required to implement internal control procedures that assure the reliability of and ready access to data stored on machine readable media. Internal control procedures must be documented by a responsible supervisory official.

(e) *Destruction of records.* Oil pipeline companies may use any appropriate method to destroy permitted records.

(f) *Premature destruction or loss of records.* When records are destroyed or lost before the expiration of the prescribed period of retention, a certified statement listing, as far as may be determined, the records destroyed, and describing the circumstances of accidental or other premature destruction or loss must be filed with the Commission within ninety (90) days from the date of discovery of such destruction.

(g) *Retention periods designated "Destroy at option".* "Destroy at option" constitutes authorization for destruction of records at managements' discretion if it does not conflict with other legal

retention requirements or usefulness of such records in satisfying pending regulatory action or directives.

(h) *Records of services performed by associated companies.* Oil pipeline companies must assure the availability of records of services performed by associated companies for the periods indicated in § 356.3 as necessary to be able to readily furnish detailed information as to the nature of transaction, the involved, and the accounts used to record the transactions.

(i) *Index of records.* Oil pipeline companies must arrange, file, and index records so they may be readily identified and made available to Commission representatives.

(j) *Rate case.* The schedule of records in § 356.3 shows the periods of time that designated records must be preserved. However, notwithstanding the minimum retention periods provided in this regulation, if an oil pipeline company intends to reflect costs in a current, pending, or future rate case, or if an oil pipeline company has abandoned or retired plant subsequent to the test period of its last rate case, it must retain the appropriate records to support the costs, and adjustments proposed in the next or current rate case.

(k) *Pending complaint litigation or governmental proceeding.* Notwithstanding the minimum

requirements, if an oil pipeline company is involved in pending litigation, complaint proceedings, proceedings remanded by the court, or governmental proceedings, it must retain all relevant records.

(l) *Companies going out of business.* The records referred to in these regulations may be destroyed after business is discontinued and the company is completely liquidated. The records may not be destroyed until dissolution is final and all transactions are completed. When a company is merged with another company under jurisdiction of the Commission, the successor company must preserve records of the merged company in accordance with these regulations.

(m) *Life or mortality study data.* Life or mortality study data for depreciation purposes must be retained for 25 years or for 10 years after plant is retired.

**§ 356.3 Preservation of records for oil pipeline companies.**

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**SCHEDULE OF RECORDS AND PERIODS OF RETENTION**

Item No. and description	Retention period
<b>Corporate and General</b>	
1. Incorporation and reorganization:	
(a) Charter of certificate of incorporation and amendments .....	Permanently or at termination of the corporation's existence.
(b) Legal documents related to mergers, consolidations, reorganizations, receiverships, and similar actions which affect the identity or organization of the company.	Permanently or at termination of the corporation's existence.
2. Minutes to Directors', Executive Committees', Stockholders', and other corporate meetings.	5 years.
3. Titles, franchises, and authorities:	
(a) Certificates of public convenience and necessity issued by regulating bodies.	Until expiration or cancellation.
(b) Operating authorizations and exemptions to operate issued by regulating bodies.	Until expiration or cancellation.
(c) Copies of formal orders of regulatory bodies served upon the company.	1 year after expiration or cancellation.
(d) Deeds, charters, and other title papers .....	3 years after disposition of property.
4. Contracts and agreements:	
(a) Contracts and related papers for transactions which are subject to the provisions of the Clayton Antitrust Act (15 U.S.C. 20).	4 years after expiration, provided there is no pending litigation or governmental inquiry or proceeding involved.
(b) Service contracts, such as for operational management, accounting, financial or legal service, and agreements with agents.	3 years after expiration or termination.
(c) Contracts and other agreements relating to the construction, acquisition or sale of real property and equipment except as otherwise provided in paragraph (a) of this item.	3 years after expiration or termination.
5. Accountant's, auditor's, and inspector's reports:	
(a) Certifications and reports of examinations and audits conducted by public and certified public accountants.	3 years.
(b) Reports of examinations and audits conducted by internal auditors, time inspectors, weight inspectors, and others.	3 years.

SCHEDULE OF RECORDS AND PERIODS OF RETENTION—Continued

Item No. and description	Retention period
<b>Treasury</b>	
6. Long-term debt records: (a) Bond indentures, underwriting, mortgage, and other long-term credit agreements.	6 years after redemption.
<b>Financial Accounting</b>	
7. Ledgers: (a) General and subsidiary ledgers with indexes thereto .....	3 years.
(b) Balance sheets and trial balance sheets of general and subsidiary ledgers.	3 years.
8. Journals: (a) General journals .....	3 years.
(b) Subsidiary journals and any supporting data, except as otherwise provided for, necessary to explain journal entries.	3 years.
(c) Schedules of recurring or standard journal entries with entry identifications.	Until superseded.
9. Vouchers: (a) Voucher registers or equivalent .....	5 years.
(b) Paid and canceled vouchers, expenditure authorizations, detailed distribution sheets, and other supporting data including original bills and invoices, except as otherwise provided herein.	5 years.
10. Accounts receivable, record, or register of accounts receivable .....	3 years after settlement.
11. Records of accounting codes and instructions .....	3 years after discontinuance.
<b>Property and Equipment</b>	
12. Property records: (a) Records which maintain complete information on cost or other value of all real property or equipment.	3 years after disposition of property.
(b) Records and additions and betterments made to property and equipment.	3 years after disposition of property.
(c) Records pertaining to retirements and replacements of property and equipment.	3 years after disposition of property.
(d) Records pertaining to depreciation: (1) When group method and depreciation rates are prescribed by the Commission.	3 years after disposition of property.
(2) Other .....	3 years after disposition of property.
(e) Records of equipment number changes .....	3 years after disposition of property.
(f) Records of motor and engine changes .....	Destroy at option.
(g) Files of detailed authorizations for expenditures, work or job orders showing estimated costs of additions and betterments, extensions, replacements, major repairs and dismantlements, approved by proper officials, together with supporting data.	3 years after disposition of property.
(h) Periodical inventories of property and equipment .....	3 years after prior inventory.
13. Engineering records: (a) Plans and specifications .....	3 years after the disposition of the property.
(b) Estimates of work, engineering studies, construction bids, and similar data pertaining to property changes actually made.	15 years.
<b>Personnel and Payroll</b>	
14. Payroll records: (a) Registers, abstracts, or summaries showing earnings, deductions, and amounts paid to each employee by pay periods.	3 years.
(b) Records showing the detailed distribution of salaries and wages to various accounts.	3 years.
<b>Taxes</b>	
15. Copies of tax returns and supporting schedules filed with taxing authorities, supporting working papers, records of appeals of tax bills, and receipts for payment. See Subsection 9(b) for vouchers evidencing disbursements: (a) Income tax returns .....	3 years after final tax liability is determined.
(b) Property tax returns .....	3 years after final tax liability is determined.
(c) Sales and other use taxes .....	3 years final tax liability is determined.
(d) Other taxes .....	3 years after final tax liability is determined.
(e) Agreements between associate companies as to allocation of consolidated income taxes.	3 years after final tax liability is determined.
(f) Schedule of allocation of consolidated Federal income taxes among associate companies.	3 years after final tax liability is determined.
16. Information returns and reports to taxing authorities .....	3 years, or for the period of any extensions granted for audits.
<b>Purchase and Stores</b>	
17. Material ledger, records of material and supplies on hand at all locations.	2 years.

SCHEDULE OF RECORDS AND PERIODS OF RETENTION—Continued

Item No. and description	Retention period
18. Inventories: General Inventories of material and supplies on hand, with record of adjustments between accounts required to bring stores records into agreement with physical inventories.	2 years.
<b>Transportation</b>	
19. Oil and other products stocks and movement pipelines only:	
(a) Records and receipts, deliveries, pumpings, stocks, and over and short.	3 years.
(b) Run tickets showing quantities by tank measurement of meter reading of oil and other products received into the delivered from company's lines.	3 years.
(c) Statements of oil and oil products consumed as fuel including quantity value, and where consumed.	3 years.
(d) Statement of oil and other products lost by line breaks and leaks including quantity, value, and location of breaks and leaks.	3 years.
(e) Reports of power furnished by producers: monthly reports of the quantity of oil run in connection with which power was furnished by producers, and records of payment for such power.	3 years.
(f) Records of producers' property identifying ownership and location for producers' tanks or wells to which carrier's lines are connected.	3 years after disconnection.
(g) Division or other periodical inventory reports of oil and other products on hand.	3 years.
(h) Division orders: Directions received by carrier as to the division of interest and to whose account transported oil should be credited.	3 years after discontinuance.
(i) Directions received by the carrier for the transfer of division order interests from one interest owner to another.	3 years after discontinuance.
(j) Transfer orders for the transfer of ownership of oil or other products in carrier's custody.	3 years.
<b>Tariffs and Rates</b>	
20. Official file copies of tariffs, classifications, division sheets, and circulars relative to the transportation of property.	3 years after expiration or cancelation.
21. Authorities and supporting papers for transportation of property for free or at reduced rates.	3 years.
22. Copies of concurrences and powers of attorney .....	2 years after expiration or cancelation.
23. Correspondence and working papers in connection with the making of rates and compliance of tariffs, classifications, division sheets, and circulars affecting the transportation of property.	2 years after cancelation of tariff.
<b>Reports and Statistics</b>	
24. Reports to Federal Energy Regulatory Commission and other regulatory bodies, annual financial, operating and statistical reports, file copies, and supporting data.	5 years.

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**DEPARTMENT OF DEFENSE**

**Office of the Secretary**

**32 CFR Part 310**

**[DoD Reg. 5400.11.R]**

**Privacy Act; Implementation**

**AGENCY:** Office of the Secretary, DoD.

**ACTION:** Final rule, with comments.

**SUMMARY:** As directed by Secretary of Defense memorandum dated May 25, 2000, the Department of Defense Privacy Program is being amended to include specific language for providing periodic Privacy Act training for DoD personnel who may be expected to deal with the news media or the public.

**DATES:** This rule is effective May 25, 2000. Comments must be received by October 6, 2000.

**ADDRESSES:** Defense Privacy Office, 1941 Jefferson Davis Highway, Suite 920, Arlington, VA 22202-4502.

**FOR FURTHER INFORMATION CONTACT:** Mr. Vahan Moushegian, Jr., at (703) 607-2943.

**SUPPLEMENTARY INFORMATION:** **Executive Order 12866.** It has been determined that this Privacy Act rule for the Department of Defense does not constitute 'significant regulatory action'. Analysis of the rule indicates that it does not have an annual effect on the economy of \$100 million or more; does not create a serious inconsistency or otherwise interfere with an action taken or planned by another agency; does not materially alter the budgetary impact of entitlements, grants, user fees, or loan programs or the rights and obligations of

recipients thereof; does not raise novel legal or policy issues arising out of legal mandates, the President's priorities, or the principles set forth in Executive Order 12866 (1993).

**Regulatory Flexibility Act.** It has been determined that this Privacy Act rule for the Department of Defense does not have significant economic impact on a substantial number of small entities because it is concerned only with the administration of Privacy Act systems of records within the Department of Defense.

**Paperwork Reduction Act.** It has been determined that this Privacy Act rule for the Department of Defense imposes no information requirements beyond the Department of Defense and that the information collected within the Department of Defense is necessary and consistent with 5 U.S.C. 552a, known as the Privacy Act of 1974.