

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

**Accounting and Financial Reporting for
Public Utilities Including RTOs**

Docket No. RM04-12-000

**NEW YORK INDEPENDENT SYSTEM OPERATOR, INC.'S
COMMENTS IN SUPPORT OF EEI'S MOTION FOR EXPEDITED ACTION TO
DELAY THE JANUARY 1, 2006 DEADLINE SET IN ORDER NO. 668**

Pursuant to Rule 213 of the Commissions Rules of Practice and Procedure, 18 C.F.R. § 385.213 (2005), the New York Independent System Operator, Inc. (NYISO), hereby files these comments in support of the motion by the Edison Electric Institute (EEI) requesting expedited action by the Commission for relief from the January 1, 2006 deadline for keeping dozens of new accounting records under the Uniform System of Accounts (USofA) set in Order No. 668, issued on December 16, 2005.

STATEMENT OF THE ISSUES

EEI requests that the Commission promptly extend the deadline for beginning to capture and prospectively report financial information in the new accounts and sub-accounts specified in Order No. 668, from January 1, 2006 to July 1, 2006, to give affected public utilities and licensees time needed to meet this requirement. According to EEI, an extension would also give the Commission time to address requests for rehearing, which are due January 17, 2006, thereby providing appropriate due process and final guidance to reporting entities and parties in the rulemaking. As discussed below, the NYISO supports EEI's motion for an extension and provides some additional background in support of an extension.

Docket No. RM04-12-000

The issue in this proceeding is:

1. Whether it is appropriate for the Commission to grant an extension of the requirements of Order No. 668 for a minimum of six months.

DISCUSSION

As noted by EEI, Order No. 668 leaves companies less than two weeks to adjust their recordkeeping systems and begin capturing the required accounting information. The NYISO agrees with EEI that this is an unreasonable deadline. First, considered by themselves, the required record keeping changes require more than two weeks for companies to design, review, implement and ensure accuracy of the changes. Moreover, the company staff who would be required to implement the Order No. 668 changes are already fully engaged in normal end-of-year closing of books and records. Requiring companies to meet a January 1, 2006 deadline to implement the Order No. 668 accounting and reporting requirements thus would be nearly impossible to accomplish in any reliable fashion. In its comments on the NOPR, the ISO/RTO Council (which includes the NYISO) requested that the Commission act quickly on the final rule requirements to allow implementation by January 1, 2006.

Second, the Commission has not yet issued Appendix B to the final rule with the revised schedules to FERC Forms 1, 1-F and 3-Q. Without the revised schedules, companies cannot begin setting up accurate accounting mechanisms to support the reporting requirements in those forms.

Third, requiring implementation of the rule by January 1, 2006, more than two weeks prior to the due date for rehearing requests, would require extensive work by companies before they had an opportunity to obtain final guidance from the Commission in a rehearing

Docket No. RM04-12-000

order. Most of the Commission's final rules provide significantly more than two weeks lead time before imposing significant new implementation obligations.¹ Requiring companies to implement such major changes within two weeks would be unreasonable.

As EEI suggests, companies need at least six months to make such significant changes in their recordkeeping systems and affiliated financial reporting. It would not have been reasonable for companies to start on implementation of the proposed accounting rule when the NOPR was issued because of the uncertainty of what requirements would be contained in the final rule and the unavailability of the revised FERC form schedules.

The NYISO supports EEI's request for a six month extension, until July 1, 2006, for RTOs, ISOs, other public utilities, and licensees to begin keeping the new accounts and reporting this information in subsequent financial statements. The NYISO also agrees that the Commission should announce this change before January 1, 2006 to avoid any issues regarding a company's noncompliance with the rule.

¹ See, e.g., *Standardization of Generator Interconnection Agreements and Procedures*, (Order No. 2003), FERC Stats. and Regs. ¶ 31,146 (2003) (providing that the final rule becomes effective 60 days after publication in the Federal Register); *Standards of Conduct for Transmission Providers*, (Order No. 2004), FERC Stats. and Regs. ¶31,155 (2003) (providing that rule becomes effective 60 days after publication in the Federal Register with compliance required seven months from date of order); *Repeal of the Public Utility Holding Company Act of 1935 and Enactment of the Public Utility Holding Company Act of 2005*, (Order No. 667), FERC Stats. and Regs. ¶ 31,197 (2005) (order dated December 8, 2005 becomes effective on February 8, 2006); *Commission Authorization to Hold Interlocking Positions*, (Order No. 664), FERC Stats. and Regs. ¶ 31,194 (2005) (regulations to become effective 30 days after publication in the Federal Register).

Docket No. RM04-12-000

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CONCLUSION

The NYISO supports EEI's request for a six month extension of Order No. 668 for RTOs, ISOs, other public utilities, and licensees to begin keeping the new accounts and reporting this information in subsequent financial statements. The NYISO also requests that the Commission announce this extension before January 1, 2006 to avoid any issues regarding a company's noncompliance with the rule.

Respectfully submitted,

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Submission Contents

NYISO Comments in Support of EEI's Expedited Action Motion to Delay the 1/1/06
Deadline in Order 668
NYISORTOActingComments.doc..... 1-4