

# PROPOSED RULEMAKING

## PENNSYLVANIA PUBLIC UTILITY COMMISSION

[52 PA. CODE CHS. 57 AND 59]

[L-00030160]

### Electric and Gas Utility Record Retention

The Pennsylvania Public Utility Commission (Commission) on March 6, 2003, adopted a proposed rulemaking order which proposes to amend existing regulations regarding record retention requirements for jurisdictional electric and gas utilities by eliminating unnecessary and burdensome reporting requirements when possible. The contact persons are John Crawford, Audits (technical) ((717) 772-0302), Robert Wilson, Bureau of Fixed Utility Services (technical) ((717) 783-6162) and Matthew Totino, Law Bureau (legal) ((717) 787-3126).

#### Executive Summary

Section 57.45 (relating to preservation of records) of the Commission's regulations establishes record retention requirements for electric utilities in this Commonwealth. Section 59.45 (relating to preservation of records) establishes record retention requirements for gas utilities in this Commonwealth. These sections require the public utilities to keep their records in conformity with the most recent publication of "Regulations to Govern the Preservation of Records of Electric, Gas and Water Utilities," which is published by the National Association of Regulatory Utility Commissioners (NARUC).<sup>1</sup> See 52 Pa. Code §§ 57.45 and 59.45. The NARUC regulations were last revised in 1985.

By order entered on March 6, 2003, at Doc. No. L-00030160, the Commission adopted a proposed rulemaking order to amend §§ 57.45 and 59.45, consistent with the report and recommendation of the working group established to review the Commission's current record retention requirements for electric and gas utilities. The Commission agreed that the record retention changes as proposed by the working group will lessen the record retention burden and associated costs for the relevant utilities without compromising the Commission's ability to meet its statutory responsibility to ensure that all public utilities in this Commonwealth furnish and maintain adequate, efficient, safe and reasonable service and facilities. See 66 Pa.C.S. § 1501. The Commission added that the proposed changes will facilitate a mandatory, uniform system of recordkeeping for the relevant utilities, consistent with Chapter 17 of the Public Utility Code, 66 Pa.C.S. Chapter 17 (relating to accounting and budgeting matters).

Under section 5(a) of the Regulatory Review Act (71 P.S. § 745.5(a)), on April 16, 2003, the Commission submitted a copy of this proposed rulemaking to the Independent Regulatory Review Commission (IRRC) and the Chairpersons of the Senate and House Committees. In addition to submitting the proposed rulemaking, the Commission provided IRRC and the Committees with a copy of a detailed Regulatory Analysis Form prepared by the Commission. A copy of this material is available to the public upon request.

<sup>1</sup>The National Association of Regulatory Utility Commissioners (NARUC) is a non-profit organization comprised of governmental agencies that regulate the activities of telecommunications, energy, and water utilities. NARUC's mission is to serve the public interest by improving the quality and effectiveness of public utility regulation.

Under section 5(g) of the Regulatory Review Act, if IRRC has any questions to any portion of the proposed rulemaking, it will notify the Commission within 30 days of the close of the public comment period. The notification shall specify the regulatory review criteria that have not been met by the portion of the proposed rulemaking to which an objection is made. The Regulatory Review Act specifies detailed procedures for review, prior to final publication of the amendments, by the Commission, the General Assembly and the Governor of objections raised.

Public Meeting held  
March 6, 2003

*Commissioners Present:* Glen R. Thomas, Chairperson; Robert K. Bloom, Vice Chairperson; Aaron Wilson, Jr.; Terrance J. Fitzpatrick; Kim Pizzingrilli, statement follows

*Petition of the Energy Association of Pennsylvania for Waiver of 52 Pa. Code § 57.45 (Electric Service: Preservation of Records) and 52 Pa. Code § 59.45 (Gas Service: Preservation of Records); Doc. No. P-00011902*

*Petition of the Energy Association of Pennsylvania for Amendment of 52 Pa. Code § 57.45 (Electric Service: Preservation of Records) and 52 Pa. Code § 59.45 (Gas Service: Preservation of Records); Doc. No. P-00011903*

*Rulemaking Re: Amendment of 52 Pa. Code § 57.45 (Electric Service: Preservation of Records) and 52 Pa. Code § 59.45 (Gas Service: Preservation of Records); Doc. No. L-00030160*

#### Proposed Rulemaking Order

*By the Commission:*

#### Background

On June 18, 2001, the Energy Association of Pennsylvania (Energy Association) filed two petitions at the previous P-dockets requesting a waiver and amendment of our regulations in §§ 57.45 and 59.45 dealing with record retention. Section 57.45 establishes record retention requirements for Electric Distribution Companies (EDCs), while § 59.45 applies to Natural Gas Distribution Companies (NGDCs). Both regulations require public utilities to keep their records in conformity with the most recent publication of "Regulations to Govern the Preservation of Records of Electric, Gas and Water Utilities," which is published by the NARUC.<sup>2</sup> See §§ 57.45 and 59.45. The most recent NAURC requirements were revised in May of 1985.

In support of the petitions, the Energy Association referenced the new record retention rules of the Federal Energy Regulatory Commission, effective January 1, 2001. 18 CFR 125, 225 and 356. These rules updated, reduced and clarified record retention requirements for jurisdictional public utilities and licensees, natural gas companies and oil pipeline companies by 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. *Preservation of Records of Public Utilities and Licensees, Natural Gas Companies and Oil Pipeline Companies*, 65 FR 48148 (2000).

<sup>2</sup>The NARUC is a nonprofit organization comprised of governmental agencies that regulate the activities of telecommunications, energy and water utilities. NARUC's mission is to serve the public interest by improving the quality and effectiveness of public utility regulation.

By order entered on April 16, 2002, at Doc. Nos. P-00011902 and P-00011903, the Commission denied the petitions filed by the Energy Association requesting a waiver and amendment of our regulations in §§ 57.45 and 59.45. Although the Commission denied the petitions, the Commission specifically recognized the value of eliminating unnecessary and burdensome reporting requirements, whenever possible. At the same time, the Commission emphasized that the elimination or amendment of existing Commission regulations must not impair its ability to meet its statutory responsibility to ensure that all public utilities in the Commonwealth furnish and maintain adequate, efficient, safe, and reasonable service and facilities. See 66 Pa.C.S. § 1501.

With these dual interests in mind, the Commission directed the Law Bureau, in conjunction with the Bureau of Fixed Utility Services and the Bureau of Audits, to convene a working group to review the Commission's current record retention regulations for EDCs and NGDCs. After completing its review, the working group was directed to report its recommendation to the Commission.

By this order, the Commission adopts the consensus report and recommendation of the working group dated January 30, 2003,<sup>3</sup> to amend the Commission's record retention regulations in §§ 57.45 and 59.45.<sup>4</sup> The Commission agrees that the record retention changes as proposed by the working group will lessen the record retention burden and associated costs for the relevant utilities without compromising the Commission's ability to meet its statutory responsibility to ensure that all public utilities in this Commonwealth furnish and maintain adequate, efficient, safe, and reasonable service and facilities. See 66 Pa.C.S. § 1501. The changes will facilitate a mandatory, uniform system of recordkeeping for the relevant utilities, consistent with Chapter 17 of the Public Utility Code, 66 Pa.C.S. § 1701 et seq.

Accordingly, under sections 501 and 1501 of the Public Utility Code, 66 Pa.C.S. §§ 501 and 1501, Chapter 17 of the Public Utility Code, 66 Pa.C.S. Chapter 17, sections 201 and 202 of the act of July 31, 1968 (P. L. 769, No. 240) (45 P. S. §§ 1201—1202) and regulations promulgated there under 1 Pa. Code §§ 7.1, 7.2 and 7.5, section 204(b) of the Commonwealth Attorneys Act (71 P. S. § 732.204(b)), section 5 of the Regulatory Review Act (71 P. S. § 745.5) and section 612 of The Administrative Code of 1929 (71 P. S. § 232), we are considering adopting the proposed rulemaking set forth in Annex A; *Therefore,*

*It Is Ordered That:*

1. The proposed rulemaking at the L-docket will consider the regulations set forth in Annex A.

<sup>3</sup>The Commission's Office of Trial staff was also consulted and does not oppose the proposed changes.

<sup>4</sup>In addition to the proposed amendments of the working group, the Commission also proposes several additional technical changes so that the language used in both sections is consistent and uniform.

2. The Secretary shall submit this order and Annex A to the Office of Attorney General for review as to form and legality and to the Governor's Budget Office for review of fiscal impact.

3. The Secretary shall submit this order and Annex A for review and comment to IRRC and Legislative Standing Committees.

4. The Secretary shall certify this order and Annex A and deposit them with the Legislative Reference Bureau to be published in the *Pennsylvania Bulletin*.

5. An original and 15 copies of any comments referencing the docket number of the proposed rulemaking be submitted within 30 days of publication in the *Pennsylvania Bulletin* to the Pennsylvania Public Utility Commission, Attn: Secretary, P. O. Box 3265, Harrisburg, PA 17105-3265. Reply comments will not be entertained.

6. A copy of this order and Annex A shall be served upon the Energy Association of Pennsylvania, all jurisdictional electric and natural gas utilities, the Office of Trial Staff, the Office of Consumer Advocate and the Office of Small Business Advocate.

JAMES J. MCNULTY,  
*Secretary*

*Statement of Commissioner Kim Pizzigrilli*

Today the Commission adopts a consensus report and recommendation of a Commission directed working group to amend our current record retention regulations.<sup>5</sup> Further, we are proposing several additional technical changes to ensure that the language in both sections is consistent and uniform.

I would like to thank and commend the participants of the working group and the Commission's Staff for all their efforts to reach consensus on the proposed changes. The consensus report highlights the importance of seeking input from interested parties, in an informal setting, to ascertain the rationale behind differing positions and what can be gained from such discussions. Here, the Commission and all the parties to the working group will benefit from the elimination of unnecessary and burdensome reporting requirements. However, and more importantly, the proposed regulatory changes will not impair our ability to meet our statutory responsibility to ensure that all public utilities in the Commonwealth furnish and maintain adequate, efficient, safe and reasonable service and facilities.<sup>6</sup>

**Fiscal Note:** 57-227. No fiscal impact; (8) recommends adoption.

<sup>5</sup>52 Pa. Code §§ 57.45 and 59.45.

<sup>6</sup>66 Pa.C.S.A. § 1501.

## Annex A

## TITLE 52. PUBLIC UTILITIES

## PART I. PUBLIC UTILITY COMMISSION

## Subpart C. FIXED SERVICE UTILITIES

## CHAPTER 57. ELECTRIC SERVICE

## Subchapter D. ACCOUNTS AND RECORDS

## § 57.45. Preservation of records.

[ A public ] Each electric utility shall keep and preserve its records in conformity with the provisions applicable to it in the most recent publication of the National Association of Regulatory Utility Commissioners, entitled "Regulations to Govern the Preservation of Records of Electric, Gas and Water Utilities[ . ]," **except as follows when the following retention periods apply:**

	<i>Item No. and Description</i>	<i>Retention Period</i>
6. (a)	Minute books of stockholders', directors', and directors' committee meetings.	25 years
6. (b)(4)	Licenses (including amendments thereof) granted by Federal or State authorities for construction and operation of utility plant.	5 years after plant is retired or expiration of license, whichever is shorter.
8. (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 regulatory commission accountants).	5 years after date of report or Commission audit, whichever comes last.
8. (b)	Internal audit reports and work papers.	5 years after date of report or Commission audit, whichever comes last.
10. (a)(1)	General ledgers.	20 years
10. (a)(2)	Ledgers subsidiary or auxiliary to general ledgers except ledgers provided for elsewhere.	20 years
10. (b)(1)	Indexes to general ledgers.	20 years
10. (b)(2)	Indexes to subsidiary ledgers except ledgers provided for elsewhere.	20 years
11. (a)	Journals, general and subsidiary.	20 years
13. (a)	Cash books, general and subsidiary or auxiliary books.	5 years after close of fiscal year.
14. (a)	Voucher registers or similar records when used as a source document.	5 years
15. (a)	Paid and cancelled vouchers (1 copy analysis sheets showing detailed distribution of charges on individual vouchers and other supporting papers).	5 years
15. (b)	Original bills and invoices for materials, services, and the like, paid by vouchers.	5 years
15. (c)	Paid checks and receipts for payments by voucher or otherwise.	5 years
15. (d)	Authorization for the payment of specific vouchers.	5 years
22.4. (e)	Pumping output logs with supporting data.	3 years
26. (a)	Authorization for expenditures for maintenance work to be covered by work orders, including memoranda showing the estimates of costs to be incurred.	5 years
26. (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

	<i>Item No. and Description</i>	<i>Retention Period</i>
26. (c)	Summaries of expenditures on maintenance and job orders and clearances to operating and other accounts (exclusive of plant accounts).	5 years
30. (a)	Ledgers of utility plant accounts including land and other detailed ledgers showing the costs of utility plant by classes.	30 years
31. (a)	Construction work in progress ledgers.	5 years after clearance to the plant account, provided continuing property plant inventory records are maintained; otherwise 6 years after plant is retired.
31. (b)	Work order 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 the plant account, provided continuing property plant inventory records are maintained; otherwise 6 years after plant is retired.
31. (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 property plant inventory records are maintained; otherwise 5 years after plant is retired.
33.	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 after clearance to the plant account, provided continuing property plant inventory records are maintained; otherwise 6 years after plant is retired.
41. (a)	Ledger sheets and card records of materials and supplies received, issued and on hand.	6 years
45. (a)	Applications for utility service for which contracts have been executed.	4 years
45. (g)	Applications and contracts for extensions covered by refundable deposits or guarantees of revenue, also records pertaining to such contracts.	4 years after entire amount is refunded.
45. (h)	Applications and contracts for extensions for which donations or contributions are made by customers or others.	4 years after expiration.
46. (a)	General files of published rate sheets and schedules of utility service (including schedules suspended or superseded).	6 years
51. (a)	Summaries of monthly operating revenues according to classes of service for entire utility.	5 years
51. (b)	Summaries of monthly operating revenues according to classes of service by towns, districts, or divisions (including summaries of forfeited discounts and penalties).	5 years
53. (e)	Cashiers' stubs for merchandise collection.	1 year
57. (a)(1)	Federal income tax returns.	5 years after settlement.
57. (a)(5)	Agreements between associate companies as to allocation of consolidated income taxes.	5 years after settlement.
57. (c)	Filings with taxing authorities to qualify employee benefit plans.	5 years after settlement of Federal return or discontinuance of plan, whichever is later.
59. (f)	Check stubs, registers, or other records of checks issued.	5 years
59. (g)	Correspondence and memoranda relating to the stopping of payment of bank checks and to the issuance of duplicate checks.	5 years or destroy at option after check is recovered.

	<i>Item No. and Description</i>	<i>Retention Period</i>
61. (a)	Annual financial, operating and statistical reports regularly prepared in the course of business for internal administrative or operating purposes (and not used as the basis for entries to accounts of the companies concerned) to show the results of operations and the financial condition of the utility.	5 years after date of report.
65. (a)	Annual financial, operating and statistical reports.	15 years
65. (c)(1)	Transaction with associated companies.	5 years
65. (c)(7)	Purchases and sales, utility properties.	10 years
65. (c)(9)	Service interruptions.	5 years
66. (a)	Copies of advertisements by the company on behalf of itself or any associate company in newspapers, magazines and other publications including records thereof. (Excluding advertising of product, appliances, employment opportunities, services, territory, routine notices and invitations for bids for securities, all of which may be destroyed at option).	3 years

**CHAPTER 59. GAS SERVICE  
ACCOUNTS AND RECORDS**

**§ 59.45. Preservation of records.**

Each gas utility shall keep and preserve its record in conformity with the [ **provision** ] **provisions** applicable to it in the [ **current** ] **most recent** publication of the National Association of Regulatory Utility Commissioners, [ **1102 ICC Bldg., Post Office Box 684, Washington, D.C. 20044,** ] entitled "Regulations to Govern the Preservation of Records of Electric, Gas and Water Utilities[ . ]," **except as follows when the following retention periods apply:**

	<i>Item No. and Description</i>	<i>Retention Period</i>
6. (a)	Minute books of stockholders', directors', and directors' committee meetings.	25 years
6. (b)(4)	Licenses (including amendments thereof) granted by Federal or State authorities for construction and operation of utility plant.	5 years after plant is retired or expiration of license, whichever is shorter.
8. (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 regulatory commission accountants).	5 years after date of report or Commission audit, whichever comes last.
8. (b)	Internal audit reports and work papers.	5 years after date of report or Commission audit, whichever comes last.
10. (a)(1)	General ledgers.	20 years
10. (a)(2)	Ledgers subsidiary or auxiliary to general ledgers except ledgers provided for elsewhere.	20 years
10. (b)(1)	Indexes to general ledgers.	20 years
10. (b)(2)	Indexes to subsidiary ledgers except ledgers provided for elsewhere.	20 years
11. (a)	Journals, general and subsidiary.	20 years
13. (a)	Cash books, general and subsidiary or auxiliary books.	5 years after close of fiscal year.
14. (a)	Voucher registers or similar records when used as a source document.	5 years
15. (a)	Paid and cancelled vouchers (1 copy analysis sheets showing detailed distribution of charges on individual vouchers and other supporting papers).	5 years

	<i>Item No. and Description</i>	<i>Retention Period</i>
15. (b)	Original bills and invoices for materials, services, and the like, paid by vouchers.	5 years
15. (c)	Paid checks and receipts for payments by voucher or otherwise.	5 years
15. (d)	Authorization for the payment of specific vouchers.	5 years
22.4 (e)	Pumping output logs with supporting data.	3 years
26. (a)	Authorization for expenditures for maintenance work to be covered by work orders, including memoranda showing the estimates of costs to be incurred.	5 years
26. (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
26. (c)	Summaries of expenditures on maintenance and job orders and clearances to operating and other accounts (exclusive of plant accounts).	5 years
30. (a)	Ledgers of utility plant accounts including land and other detailed ledgers showing the costs of utility plant by classes.	30 years
31. (a)	Construction work in progress ledgers.	5 years after clearance to the plant account, provided continuing property plant inventory records are maintained; otherwise 6 years after plant is retired.
31. (b)	Work order 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 the plant account, provided continuing property plant inventory records are maintained; otherwise 6 years after plant is retired.
31. (f)	Analysis or cost reports showing quantities of materials used, unit costs, number of man-hours, and the like, in connection with completed construction project.	5 years after clearance to the plant account, provided continuing property plant inventory records are maintained; otherwise 5 years after plant is retired.
33.	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 after clearance to the plant account, provided continuing property plant inventory records are maintained; otherwise 6 years after plant is retired.
41. (a)	Ledger sheets and card records of materials and supplies received, issued and on hand.	6 years
45. (a)	Applications for utility service for which contracts have been executed.	4 years
45. (g)	Applications and contracts for extensions covered by refundable deposits or guarantees of revenue, also records pertaining to such contracts.	4 years after entire amount is refunded.
45. (h)	Applications and contracts for extensions for which donations or contributions are made by customers or others.	4 years after expiration.
46. (a)	General files of published rate sheets and schedules of utility service (including schedules suspended or superseded).	6 years
51. (a)	Summaries of monthly operating revenues according to classes of service for entire utility.	5 years

	<i>Item No. and Description</i>	<i>Retention Period</i>
51. (b)	Summaries of monthly operating revenues according to classes of service by towns, districts, or divisions (including summaries of forfeited discounts and penalties).	5 years
53. (e)	Cashiers' stubs for merchandise collection.	1 year
57. (a)(1)	Federal income tax returns.	5 years after settlement.
57. (a)(5)	Agreements between associate companies as to allocation of consolidated income taxes.	5 years after settlement.
57. (c)	Filings with taxing authorities to qualify employee benefit plans.	5 years after settlement of Federal return or discontinuance of plan, whichever is later.
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65. (a)	Annual financial, operating and statistical reports.	15 years
65. (c)(1)	Transaction with associated companies.	5 years
65. (c)(7)	Purchases and sales, utility properties.	10 years
65. (c)(9)	Service interruptions.	5 years
66. (a)	Copies of advertisements by the company on behalf of itself or any associate company in newspapers, magazines and other publications including records thereof (excluding advertising of product, appliances, employment opportunities, services, territory, routine notices and invitations for bids for securities, all of which may be destroyed at option).	3 years

[Pa.B. Doc. No. 03-762. Filed for public inspection April 25, 2003. 9:00 a.m.]