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AUTHORITY: 16 U.S.C. 791a–825r, 2601–2645; 42 U.S.C. 7101–7352.

SOURCE: Order 141, 12 FR 8485, Dec. 19, 1947, unless otherwise noted.

**Subpart A—Determination of Cost of Projects Constructed Under License****§ 4.1 Initial cost statement.**

(a) *Notification of Commission.* When a project is constructed under a license issued under the Federal Power Act, the licensee shall, within one year after the original project is ready for service, file with the Commission a letter, in quadruplicate, declaring that the original costs have been booked in compliance with the Commission's Uniform System of Accounts and the books of accounts are ready for audit.

(b) *Licensee's books.* The licensee's books of accounts for each project shall be maintained in such a fashion that each year's additions, betterments, and deletions to the project may be readily ascertained.

(c) *Availability of information to the public.* The information made available to the Commission in accordance with this section must be available to the public for inspection and copying when specifically requested.

(d) *Compliance with the Act.* Compliance with the provisions of this section satisfies the filing requirements of sec-

tion 4(b) of the Federal Power Act (16 U.S.C. 797(b)).

[Order 53, 44 FR 61948, Oct. 29, 1979]

**§ 4.3 Report on project cost.**

(a) *Scheduling an audit.* When the original cost declaration letter, filed in accordance with § 4.1 is received by the Commission, its representative will schedule and conduct an audit of the books, cost records, engineering reports, and other records supporting the project's original cost. The audit may include an inspection of the project works.

(b) *Project records.* The cost records shall be supported by memorandum accounts reflecting the indirect and overhead costs prior to their spread to primary accounts as well as all the details of allocations including formulas utilized to spread the indirect and overhead costs to primary accounts.

(c) *Report by Commission staff.* Upon completion of the audit, a report will be prepared for the Commission setting forth the audit findings and recommendations with respect to the cost as claimed.

[Order 53, 44 FR 61948, Oct. 29, 1979]

**§ 4.4 Service of report.**

Copies of such report will be served by certified mail upon said licensees, and copies will also be sent to the State public service commission, or if the States has not regulatory agency, to the Governor of the State where such project is located, and to such other parties as the Commission shall prescribe, and the report will be made available for public inspection at the time of service upon the licensee.

(Administrative Procedure Act, 5 U.S.C. 551–557 (1976); Federal Power Act, as amended, 16 U.S.C. 291–628 (1976 & Supp. V 1981), Dept. of Energy Organization Act 42 U.S.C. 7101–7352 (Supp. V 1981); E.O. 12009, 3 CFR 142 (1978))

[Order 141, 12 FR 8485, Dec. 19, 1947, as amended by Order 344, 48 FR 49010, Oct. 24, 1983]

**§ 4.5 Time for filing protest.**

Thirty days after service thereof will be allowed to such licensee within which to file a protest to such reports. If no protest is filed within the time allowed, the Commission will issue such

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order as may be appropriate. If a protest is filed, a public hearing will be ordered in accordance with subpart E of part 385 of this chapter.

[Order 141, 12 FR 8485, Dec. 19, 1947, as amended by Order 225, 47 FR 19056, May 3, 1982]

### § 4.6 Burden of proof.

The burden of proof to sustain each item of claimed cost shall be upon the licensee and only such items as are in the opinion of the Commission supported by satisfactory proof may be entered in the electric plant accounts of the licensee.

[Order 53, 44 FR 61948, Oct. 29, 1979]

### § 4.7 Findings.

(a) *Commission determination.* Final action by the Commission will be in the form of an order served upon all parties to the proceeding. One copy of the order will be furnished to the Secretary of Treasury by the Commission.

(b) *Adjustments to licensee's books.* The licensee's books of account for the project shall be adjusted to conform to the actual legitimate cost as revised by the order of the Commission. These adjustments and the project may be audited by Commission representatives, as scheduled.

[Order 53, 44 FR 61948, Oct. 29, 1979]

## Subpart B—Determination of Fair Value of Constructed Projects, Under Section 23(a) of the Act

### § 4.10 Valuation data.

(a) *Notification of Commission.* In every case arising under section 23(a) of the Federal Power Act that requires the determination of the fair value of a project already constructed, the licensee shall, within six months after the date of issuance of a license, file with the Commission a letter, in quadruplicate.

(b) *Contents of letter.* The letter referred to in paragraph (a) shall contain a statement to the effect that an inventory and appraisal in detail, as of the effective date of the license, of all property subject thereto and to be so valued has been completed. The letter

shall also include a statement to the effect that the actual legitimate original cost, or if not known, the estimated original cost, and accrued depreciation of the property, classified by prime accounts as prescribed in the Commission's Uniform System of Accounts, have been established.

(c) *Licensee's books.* The licensee's books of account for each project shall be maintained in such a fashion that each year's additions, betterments, and deletions to the projects may be readily ascertained.

(d) *Availability of information to the public.* The information made available to the Commission in accordance with this section must be available for inspection and copying by the public when specifically requested.

[Order 53, 44 FR 61948, Oct. 29, 1979]

### § 4.11 Reports.

Representatives of the Commission will inspect the project works, engineering reports, and other records of the project, check the inventory and make an appraisal of the property and an audit of the books, records, and accounts of the licensee relating to the property to be valued, and will prepare a report of their findings with respect to the inventory, appraisal, original cost, accrued depreciation, and fair value of the property.

### § 4.12 Service of report.

A copy of such report will be served by certified mail upon said licensee, and copies will also be sent to the State public service commission, or if the State has no regulatory agency, to the Governor of the State where such project is located. The report will be made available for public inspection at the time of service upon the licensee.

(Administrative Procedure Act, 5 U.S.C. 551-557 (1976); Federal Power Act, as amended, 16 U.S.C. 291-628 (1976 & Supp. V 1981), Dept. of Energy Organization Act 42 U.S.C. 7101-7352 (Supp. V 1981); E.O. 12009, 3 CFR 142 (1978))

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