



American Public Power Association

2301 M Street, N.W.  
Washington, D.C. 20037-1484  
202/467-2900  
202/467-2910 (fax)  
[www.APPAnet.org](http://www.APPAnet.org)

December 13, 2004

Mr. Guy F. Caruso  
Administrator  
Energy Information Administration  
U.S. Department of Energy  
Room 2H-027  
1000 Independence Ave., SW  
Washington DC 20585

Dear Guy:

I am writing to urge you to reinstate EIA's data collection on Form EIA-412 "Annual Electric Industry Financial Report." The American Public Power Association represents the nation's 2,000 publicly owned electric utilities, and the largest of these utilities file annual financial and operating data on the EIA-412. In late November EIA notified all filers of the form that EIA-412 data would not be collected for the 2004 data year. Since that notification, we have heard from our members about their concerns over the loss of the EIA-412 data.

As you know from earlier meetings and discussions, APPA and its members use many of the form's data items to make comparisons between individual utilities and to compute industry averages. A primary concern of our members is the loss of expense data that allows them to compare their performance against other utilities. From a policy perspective, the trends in expense categories such as transmission, purchased power, and generation are important in analyzing the effect of RTOs on utility costs. APPA is also concerned with the loss of debt and interest data that we use to address the financial position of public power as it compares to the investor-owned segment of the industry.

We understand that the form is being eliminated because of budget constraints. The electric power sector has experienced significant change in the last ten years – more so than any other energy sector – and this has resulted in revisions to EIA's data collection forms and the addition of hundreds of new respondents. Given these extensive changes, the importance of electricity to the economy, and the necessity to monitor how the restructured industry is functioning, it is extremely important that EIA continue improving its collection of electric information. The increased complexity of electricity data collection should be reflected in a larger allocation of resources, and if the appropriation process does not provide enough money for an adequate electric program, EIA should look at how dollars could be transferred from other areas of EIA.

APPA has always maintained that EIA's primary function is data collection and that data analysis should come second. Other entities can analyze information, but only EIA has the

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resources and the mandate to provide quality, comprehensive data. EIA should consider revisions to its analysis and forecasting programs before cutting back on data collection. Another possibility is to rotate which form is eliminated in a given year, thereby allowing Form EIA-412 data to be collected every-other year.

Last April, APPA submitted testimony to the Senate Appropriations Committee's Subcommittee on Interior and Related Agencies in support of sufficient funding for the EIA-412. One of the items we highlighted was transmission data and its increased importance, the result of industry restructuring and renewed concern with reliability. The Form EIA-412 collects from public power, cooperative and Federal utilities, transmission information representing about thirty percent of all large transmission lines.

Ironically, just as EIA was announcing the cancellation of the EIA-412 for the 2004 data year, it was also issuing a new report, "Electricity Transmission in a Restructured Industry: Data Needs for Public Policy Analysis," which points out the shortcomings in the available transmission data. The report concludes that changing and consolidating existing data collections could greatly improve the transmission information available to policymakers. The report also lists needed changes, including specific improvements to the EIA-412 transmission data collection, for example, requiring merchant transmission companies to file the transmission portions of the form. As EIA's transmission report makes clear, there are still critical information gaps to fill. Eliminating the EIA-412 is a step in the wrong direction.

I have highlighted the importance of transmission information, but an equally strong case can be made for other EIA-412 data series, for example, generating plant data. It is crucial that utilities, government, regulators, and the public all have access to reliable data in order to monitor pricing and structural changes in the electric utility industry and the effects of these changes on competition. EIA's collection of transmission, plant cost, bulk power transactions, and financial and operating data on the EIA-412 is important in addressing these competition issues.

APPA will be working through the appropriations process to support an increase in EIA's budget for the next fiscal year. At the same time, we urge you to make the EIA-412 a higher priority for funding and search for ways to reinstate the form by the 2005 data collection cycle.

Sincerely,



Alan Richardson  
President and CEO

cc: Mr. Kyle McSlarrow  
Deputy Secretary of Energy