Any person desiring to intervene, to protest, or to answer a complaint in any of the above proceedings must file in accordance with Rules 211, 214, or 206 of the Commission's Regulations (18 CFR 385.211, 385.214, or 385.206) on or before 5:00 p.m. Eastern time on the specified comment date. Protests may be considered, but intervention is necessary to become a party to the proceeding.

eFiling is encouraged. More detailed information relating to filing requirements, interventions, protests, service, and qualifying facilities filings can be found at: *http://www.ferc.gov/docs-filing/efiling/filing-req.pdf.* For other information, call (866) 208–3676 (toll free). For TTY, call (202) 502–8659.

The Commission's Office of Public Participation (OPP) supports meaningful public engagement and participation in Commission proceedings. OPP can help members of the public, including landowners, environmental justice communities, Tribal members and others, access publicly available information and navigate Commission processes. For public inquiries and assistance with making filings such as interventions, comments, or requests for rehearing, the public is encouraged to contact OPP at (202) 502–6595 or *OPP@ferc.gov.*

Dated: September 12, 2024.

Debbie-Anne A. Reese,

Acting Secretary.

[FR Doc. 2024–21292 Filed 9–18–24; 8:45 am]

BILLING CODE 6717–01–P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Docket No. AI24–1–000]

Accounting for Transferability of Income Tax Credits; Notice of Proposed Accounting Release

Take notice that the Chief Accountant of the Federal Energy Regulatory Commission proposes to issue an accounting release (attached) to provide guidance on the accounting for the transferability of income tax credits related to certain energy projects as a result of the Inflation Reduction Act of 2022, which allows entities to monetize such credits via transfers to independent third parties for cash.[1] The proposed accounting release would require an entity to treat the transfer of income tax credits as a nonoperating activity, including revenue (*i.e.,* the entirety of the cash received) and associated costs to facilitate the transfer. This proposed accounting release would apply to jurisdictional public utilities and licensees and natural gas companies.

This proposed accounting release is not intended to prejudice the rate treatment of the transfer of income tax credits in any proceeding before the Commission.

The Commission has reviewed the proposed Accounting Release. At the conclusion of the comment period specified at the end of this notice, the Chief Accountant will consider the comments received, make any necessary changes, and issue the final accounting release. The effective date of the final accounting release will be the day that it is issued.

Specifically, comments on the following accounting topics are requested:

1. The proposed accounting release would require an entity to treat the transfer of income tax credits as a nonoperating activity, including the revenue received from the transfer of the income tax credit (*i.e.,* the entirety of the cash proceeds) and any costs to facilitate the transfer of income tax credits. If you disagree with this conclusion, please provide the basis for your disagreement.

2. The proposed accounting release would require an entity, upon the transfer of its income tax credits to an independent third party, to derecognize all associated balances previously recorded on its books, including associated accumulated deferred income tax (ADIT) balances. If you disagree with this conclusion, please provide the basis for your disagreement.

3. The proposed accounting release would require an entity that purchases a non-investment tax credit, such as a *production* tax credit, from an independent third party, to record the tax credit on its books using the same account (*i.e.,* an ADIT asset) that it would have used had it itself *generated* the tax credit for use on its own income tax return, with any costs incurred to facilitate the purchase recorded as nonoperating. If you disagree with this conclusion, please provide the basis for your disagreement.

4. The proposed accounting release would require an entity that purchases an *investment* tax credit from an independent third party to use either the flow-through or deferred method of accounting for investment tax credits, consistent with the Commission's existing accounting regulations, as if it itself received the upfront tax credit from the IRS, with any costs incurred to facilitate the purchase recorded as nonoperating. If you disagree with this conclusion, please provide the basis for your disagreement.

All interested parties are invited to submit comments on this proposed accounting release using the ''eFiling'' link at *http://www.ferc.gov.* In lieu of electronic filing, you may submit a paper copy which must reference the accounting docket number.

To file via U.S. Postal Service: Debbie-Anne A. Reese, Acting Secretary, Federal Energy Regulatory Commission, 888 First Street NE, Washington, DC 20426

To file via any other courier: Debbie-Anne A. Reese, Acting Secretary, Federal Energy Regulatory Commission, 12225 Wilkins Avenue, Rockville, Maryland 20852

Comment Date: 5:00 p.m. Eastern Time on October 25, 2024.

Dated: September 12, 2024.

Debbie-Anne A. Reese,

Acting Secretary.

Attachment

Federal Energy Regulatory Commission

Proposed Accounting Release: Docket No. AI24–1–000 Accounting for Transferability of Income Tax Credits

To All Jurisdictional Public Utilities and Licensees and Natural Gas Companies

Subject: Accounting for Transferability of Income Tax Credits

The Inflation Reduction Act of 2022 allows for transferability of income tax credits related to certain energy projects and permits entities to monetize such credits via transfers to independent third parties for cash.[2] The Commission has previously determined that dispositions of assets are not part of normal recurring operating activities,

[1] *Inflation Reduction Act of 2022 (IRA),* H.R. 5376—117th Congress (2021–2022). The IRA transferability provision allows a non-tax-exempt entity (seller) with an income tax credit to transfer the income tax credit to another non-tax-exempt entity (purchaser) and such credit cannot later be resold; as such, the seller would effectively receive cash from the sale *as if it was paid directly by the IRS,* as an incentive to encourage investment in energy projects, and the buyer would be able to use the purchased income tax credit for its own income tax return purposes.

[2] *Inflation Reduction Act of 2022,* H.R. 5376—117th Congress (2021–2022) (which includes a provision that allows a non-tax-exempt entity (seller) with an income tax credit to transfer the income tax credit to another non-tax-exempt entity (purchaser) and such credit cannot later be resold; as such, the seller would effectively receive cash from the sale *as if it was paid directly by the IRS,* as an incentive to encourage investment in energy projects, and the buyer would be able to use the purchased income tax credit for its own income tax return purposes).

and, therefore, generally should be accounted for using nonoperating accounts.[3] Consistent with this long-standing policy, the transfer of income tax credits should be treated as a nonoperating activity.

Accordingly, this accounting guidance requires an entity to treat the revenue received from the transfer of the income tax credit (*i.e.,* the entirety of the cash proceeds) and any costs to facilitate the transfer, as nonoperating income or expense consistent with the underlying nature of the transfer as a nonoperating activity. Additionally, upon a transfer of an income tax credit to an independent third party, an entity must derecognize all associated balances previously recorded on its books, including associated accumulated deferred income tax (ADIT) balances, consistent with the accounting treatment for a disposition of an asset that had associated ADIT prior to a sale.[4]

An entity that purchases a *non-investment* tax credit, such as a *production* tax credit, from an independent third party, is required to record the tax credit on its books using the same account (*i.e.,* an ADIT asset) that it would have used had the entity itself *generated* the tax credit for use on its own income tax return. An entity that purchases an *investment* tax credit from an independent third party is required to use either the flow-through or deferred method of accounting for investment tax credits, consistent with the Commission's existing accounting regulations, as if the entity itself received the upfront tax credit from the IRS. In all cases, an entity is required to record the costs incurred to facilitate a transfer of income tax credits as nonoperating.

This guidance is for accounting purposes only and is not intended to prejudice the rate treatment of the transfer of income tax credits in any proceeding before the Commission.

Appendix A provides an example that describes the accounting for transferability of an investment tax credit, and an example that describes the accounting for transferability of a non-investment tax credit such as a production tax credit.

Appendix A

Illustrative Examples of the Application of the Accounting Release

Example 1: Accounting for transferability of an Investment Tax Credit (ITC).

The *entire* cash received from the transfer of ITCs is treated as nonoperating income because the transferred ITC is intended to merely take a new form (*i.e.,* the ITC is monetized into cash) upon its sale to a third party (*i.e.,* the seller effectively receives the entirety of the cash from the sale *as if the IRS directly paid the seller for the ITC*). Any costs to facilitate the sale are likewise treated as nonoperating expense. If an entity previously maintained accumulated deferred income tax (ADIT) (*e.g.,* in Account 190) associated with ITCs (*i.e.,* in Account 255), such an entity should derecognize, both the ITC and its associated ADIT upon transfer.

Journal entry to record the *entire* cash proceeds from the sale of the ITC:
Debit Account 131, Cash, Credit Account 421, Miscellaneous Nonoperating Income

Journal entry to record costs to facilitate the sale of the ITC:
Debit Account 426.5, Other Deductions Credit Account 131, Cash

Journal entry to derecognize the ITC upon the sale:
Debit Account 255, Accumulated Deferred Investment Tax Credits, Credit Account 411.4, ITC Adjustments, Utility Operations

Journal entry to derecognize the associated ADIT asset upon the sale of the ITC:
Debit Account 410.1, Provision for Deferred Income Taxes, Operating Income, Credit Account 190, Accumulated Deferred Income Taxes

Example 2: Accounting for transferability of a Production Tax Credit (PTC).

The *entire* cash received from the transfer of PTCs is treated as nonoperating income, and any costs to facilitate the sale are likewise treated as nonoperating expense. If an entity previously maintained ADIT assets (*e.g.,* in Account 190) for unutilized PTCs (*i.e.,* unused on the entity's income tax return), such ADIT should be derecognized upon the sale of the PTC.

Journal entry to record the *entire* cash proceeds from the sale of the PTC:
Debit Account 131, Cash, Credit Account 421, Miscellaneous Nonoperating Income

Journal entry to record costs to facilitate the sale of the PTC:
Debit Account 426.5, Other Deductions, Credit Account 131, Cash

Journal entry to derecognize the associated ADIT asset upon the sale of the PTC:
Debit Account 410.1, Provision for Deferred Income Taxes, Operating Income, Credit Account 190, Accumulated Deferred Income Taxes

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[3] See 18 CFR parts 101 and 201, Plant Instruction No. 5 (f), *Plant Purchased or Sold* (where the Commission's regulations require the use of nonoperating accounts to record gains and losses, and sales costs, associated with the sale of plant); *Cent. La. Elec. Co.,* Opinion No. 394, 71 FERC ¶ 61,225 (1995) (where the Commission determined that sales of receivables should be treated as nonoperating activities, and the expenses associated with such sales should likewise be recorded as nonoperating); and *Sw. Pub. Serv. Co.,* 188 FERC ¶ 61,102 (2024) (where the Commission determined transaction costs associated with sales of production tax credits are nonoperating in nature).

[4] *See, e.g., Ga. Power Co.,* Docket No. AC16–109–000 (Aug. 5, 2016) (unpublished letter order).

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

Combined Notice of Filings

Take notice that the Commission has received the following Natural Gas Pipeline Rate and Refund Report filings:

Filings Instituting Proceedings

Docket Numbers: RP24–1062–000.
Applicants: Equitrans, L.P.
Description: 4(d) Rate Filing: Formula Based Negotiated Rate—10/1/2024 Update to be effective 10/1/2024.
Filed Date: 9/12/24.
Accession Number: 20240912–5001.
Comment Date: 5 p.m. ET 9/24/24.

Docket Numbers: RP24–1063–000.
Applicants: Equitrans, L.P.
Description: Compliance filing: Operational Purchases and Sales 2024 to be effective N/A.
Filed Date: 9/12/24.
Accession Number: 20240912–5007.
Comment Date: 5 p.m. ET 9/24/24.

Docket Numbers: RP24–1064–000.
Applicants: Texas Eastern Transmission, L.P.
Description: 4(d) Rate Filing: Negotiated Rates—Nextera 911957 and 911890 eff 10–1–24 to be effective 10/1/2024.
Filed Date: 9/12/24.
Accession Number: 20240912–5043.
Comment Date: 5 p.m. ET 9/24/24.

Any person desiring to intervene, to protest, or to answer a complaint in any of the above proceedings must file in accordance with Rules 211, 214, or 206 of the Commission's Regulations (18 CFR 385.211, 385.214, or 385.206) on or before 5:00 p.m. Eastern time on the specified comment date. Protests may be considered, but intervention is necessary to become a party to the proceeding.

The filings are accessible in the Commission's eLibrary system (*https://*