October 22, 2019

Ms. Vanessa Countryman, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

File Number S7-11-19
Modernization of Regulation S-K Items 101, 103, and 105

Dear Ms. Countryman:

The Edison Electric Institute (EEI) and the American Gas Association (AGA) appreciate the opportunity to respond to the Securities and Exchange Commission's (Commission) Proposed Rule, *Modernization of Regulation S-K Items 101, 103, and 105*, File Number S7-11-19 (hereafter the "Proposal").

EEI is the association that represents all U.S. investor-owned electric companies. Our members provide electricity for 220 million Americans and operate in all 50 states and the District of Columbia. As a whole, the electric power industry supports more than 7 million jobs in communities across the United States. In addition to our U.S. members, EEI has more than 60 international electric companies as International Members, and hundreds of industry suppliers and related organizations as Associate Members. Organized in 1933, EEI provides public policy leadership, strategic business intelligence, and essential conferences and forums.

AGA, founded in 1918, represents 202 local energy companies that deliver clean natural gas throughout the United States. There are more than 70 million residential, commercial and industrial natural gas customers in the U.S., of which almost 93 percent – more than 65 million customers – receive their gas from AGA members. AGA is an advocate for natural gas utility companies and their customers and provides a broad range of programs and services for member natural gas pipelines, marketers, gatherers, international gas companies and industry associates. Today, natural gas meets almost one-fourth of the United States' energy needs.

EEI and AGA regularly work together on projects that impact the energy utility sector broadly.

We strongly support the overall purpose and objective of the Proposal. We believe this initiative will contribute to more effective and useful disclosures by focusing on those matters that are both applicable to the registrant's business and financially material. The Proposal's explicit, affirmative support for this approach to disclosure is an important step toward achieving its goals.

We offer comments below on specific aspects of the Proposal that are of particular interest to our member companies.

Item 101(a) – General Development of Business

EEI and AGA support revising Item 101(a) to be more principles-based and focused on requiring disclosure of information material to an understanding of the general development of the business. We also agree with the elimination of a prescribed timeframe for this disclosure, as businesses develop at different rates and in different manners and a registrant is in the best position to determine an appropriate timeframe given its particular circumstances.

We support the *option* for registrants to disclose material updates of the general development of the business in filings made after a registrant's initial filing. However, we do not believe the Proposal's approach should be mandatory. While registrants may choose to disclose only material updates, we do not believe that is always most useful for investors. For example, when registrants have frequent material updates (e.g., significant acquisitions), including the full disclosure of the general development of the business in each filing (or every few filings) may be the most effective way to provide appropriate information to investors in a format that is easy for them to understand.

For those that would choose to avail themselves of the hyperlink approach, we do not agree with the Proposal's mandate to use only a single hyperlink reference. If there are material updates in more than one reporting period, registrants need to be allowed to include hyperlinks to all of those filings in order to provide investors a full discussion of the general development of its business. Obviously, too many hyperlinks could indicate that it is time to include a succinct rewrite of the general development of the business, and we believe that this can be addressed in the instruction section of the rule.

Item 101(c) – Narrative Description of Business

We applaud and support the Proposal's principles-based revisions under Item 101(c). We believe that information provided to investors will be enhanced by explicitly reinforcing that disclosures should be limited to specific items that are material to a registrant. In particular, we support the emphasis that the list of matters to be considered for disclosure is intended to be non-exclusive rather than to serve as line-item requirements and that disclosure is applicable only to the extent a topic is material. Clarifying that these topics are provided to assist each registrant in making that determination but are not required simply because they are listed as examples will support efforts to create more focused disclosure.

We also support the principles-based modifications to the list of topics to be considered for disclosure. Specifically, we strongly support the topic regarding the effects of compliance with material government regulations replacing the more narrow prior approach that was limited only to environmental regulations. Similarly, we support a management-view approach to a discussion of human capital resources, to the extent there are measures or objectives on which management focuses and that are material to understanding the business, rather than an arbitrary and outdated disclosure of number of employees. In both of these cases, we again note the importance of the Proposal's emphasis that disclosure is only required if material.

Item 103 – Legal Proceedings

EEI and AGA support the revision to Item 103 to include hyperlinks or cross-references to legal proceeding disclosures located elsewhere in the document. We believe this approach will help decrease duplicative disclosures without being cumbersome for investors to utilize. We also support increasing the disclosure threshold to reflect the 35+ years of inflation since its 1982 adoption.

However, we do not believe that the disclosure threshold should be a fixed dollar amount that would still be relatively low for many large public companies. For example, we note that the proposed $300,000 threshold represents roughly .0001% of the total assets of the company that is number 100 in the S&P 500 and only 2% of the total assets of the company that is number 500. Use of a fixed threshold amount that has no relationship to materiality would require registrants to spend unnecessary resources gathering and reporting immaterial items and could mislead investors into concluding that an issue is material when it is not. At a minimum, we believe the threshold should be raised to $1 million to be more reflective of matters that are likely to be material.

We also observe that any new fixed threshold would be likely to become obsolete in the future, particularly if it is $300,000. In order to alleviate the shortcomings associated with retaining a fixed disclosure threshold amount that is unrealistically low, we propose using the greater of a registrant-related materiality metric or our proposed $1 million threshold. This approach would ensure that information disclosed is useful to investors without being overly burdensome to the preparers of filings or becoming obsolete simply due to the passage of time.

Item 105 – Risk Factors

We support the objective of improving the risk factors section by focusing on risks pertinent to a registrant, organizing those risks in meaningful categories, and eliminating overly general disclosure. We agree that categorization of risk factors under relevant headings is a useful improvement to risk factor disclosures and support a requirement to do so. However, we oppose the Proposal's broad requirement to include a "General Risk Factors" section for risk factors that could apply to other companies or securities that are not specifically applicable to a registrant in the current period.

Many registrants already present risk factors under relevant categories that meet investors' needs. These categories may include both company-specific and more general risk factors, based on established criteria reflecting relevant industry conditions that can arise from time to time. Requiring a "General Risk Factors" category for any factor that cannot specifically be associated with a registrant's immediate situation has the potential to undermine the deliberate categorization of factors disclosed by a registrant. Further, grouping all such items under "General Risk Factors" and reporting them last in a sequence could inadvertently convey a reduced prominence of certain important risks.

If this aspect of the Proposal is retained, we are concerned that the dichotomy between specific and "General" is not sufficiently clear or robust. In order to be operable, the final rule would have to be clearer as to what qualifies as a "General Risk Factor" in order to enable registrants to apply the rule consistently and avoid mischaracterization of risks or diversity in reporting.

Lastly, we note that risk factors are inherently forward-looking, and, for most companies, risk factors serve double duty – the fulfillment of Item 105 and the provision of "meaningful cautionary language" as contemplated by the Safe Harbor. As a result, we believe that great deference should be provided to registrants to enable them to decide what should, and should not, be included in risk factors and how they are categorized.

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EEI and AGA appreciate the opportunity to provide our input on the Proposal. We would be pleased to discuss our comments and to provide any additional information that you may find helpful.

Very truly yours,

/s/ Richard F. McMahon, Jr.

Richard F. McMahon, Jr.
Senior Vice President, Edison Electric Institute

/s/ Matthew Kim

Matthew Kim
Chair, American Gas Association Accounting Advisory Council
Vice President and Gas Utilities Controller of Southern Company Gas