March 21, 2019

Mr. Brent J. Fields
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

File Number S7-26-18
Request for Comment on Earnings Releases and Quarterly Reports

Dear Mr. Fields:

The Edison Electric Institute (EEI) and the American Gas Association (AGA) appreciate the opportunity to respond to the Securities and Exchange Commission's (Commission) Request for Comment on Earnings Releases and Quarterly Reports, File Number S7-26-18 (hereafter the "RFC").

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.

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EEI and AGA regularly work together on projects that impact the energy utility sector broadly. The Commission's RFC indicates that it is intended to "enhance, or at a minimum maintain, the investor protection attributes of periodic disclosures while reducing administrative and other burdens on reporting companies associated with quarterly reporting". We support these objectives. Our comments are organized to correspond to each of the Issues for Consideration in the RFC rather than to address individual questions.

Information Content Resulting from the Quarterly Reporting Process

We support maintaining the flexibility afforded under the existing financial reporting regime to allow companies to respond to investor and other stakeholder ("stakeholders") needs via additional methods, such as the publication of earnings releases, and do not believe that the use or content of such releases should be prescribed by the Commission. We understand that some companies may publish an earnings release prior to filing the Form 10-Q, while others may publish an earnings release and file the Form 10-Q concurrently. Still others, including many smaller reporting companies, may not publish an earnings release at all and, instead, rely on the Form 10-Q to inform stakeholders of recent results.

When companies determine that stakeholders value such information, we believe that they do publish earnings releases and that the flexibility to publish, or not publish, earnings releases allows companies to provide their stakeholders with desired information in the most cost-effective manner for their particular circumstances. It also enables them to cost-effectively provide supplemental information that is not required within the current disclosure framework of Form 10-Q filings. By having flexibility, companies are afforded the opportunity to meet the needs of their stakeholders for useful information beyond that which is necessary for general purpose financial reporting and/or which is provided through a different means.

For example, we understand that certain analysts and hedge funds focus primarily on published earnings releases as a means for quickly obtaining information they desire to supplement the Form 10-Q, while other stakeholders may rely more exclusively on the Form 10-Q. Further, another benefit of the earnings release for certain stakeholders is the inclusion of forward-looking information that is not required to be presented in the Form 10-Q and generally is not, for example, earnings guidance. Since the content of published earnings releases is not prescriptive, we believe companies provide stakeholders with additional information that is useful for their purposes even though it is not included, and not required to be included, in a Form 10-Q.

Timing of the Quarterly Reporting Process

We do not believe that the Commission should prescribe the timing for publishing an earnings release. While there is diversity in practice in the timing of publishing earnings releases, this flexibility enables companies to address and respond to the needs of their particular stakeholders. In addition, the imposition of another deadline would further compact what for some companies is already a tight reporting period. We believe that the existing approach best serves the needs of all stakeholders.

Earnings Release as Core Quarterly Disclosures

We support efforts to identify potential synergies between formal disclosure requirements and information included in earnings releases. However, we do not believe there is significant duplication of effort in compiling the earnings release and Form 10-Q and generally do not believe that the Supplemental Approach would offer sufficient additional benefits to the users of the financial statements to warrant that approach. There is significant value to having a single document, the Form 10-Q, as a source of consistent, comparable financial data for all registrants. Further, we believe there is greater potential for duplication of effort as well as possible confusion among stakeholders if required disclosures are split between different documents. We also note that cost and effort would be added if the earnings release were subject to filing and XBRL tagging.

The Form 10-Q provides stability and a base of information, while the flexibility of earnings releases provides the ability to meet the emerging or changing needs of users in an expeditious manner. This reporting regime allows companies to provide investors with the information that may be most meaningful to them as they make investment decisions using the Form 10-Q as a standardized, required disclosure and tailored earnings releases to meet additional stakeholder needs.

While we support retaining the existing reporting structure, we do believe that there may be opportunities to find synergies in this area. For example, Regulation S-X 10-01(a)(5) establishes the concept that, in general, footnote disclosures need not be repeated for items that "have not changed significantly in amount or composition since the end of the most recently completed fiscal year." We note that some Form 10-Q footnotes have grown in size, often providing pages of disclosures for items that "have not changed significantly in amount or composition since the end of the most recently completed fiscal year." Examples of such footnote disclosures include related party transactions, investments in debt and equity securities, fair value, and benefit plan disclosures. A change in regulation, guidance, or GAAP that allows users more flexibility in determining which interim footnote disclosures to provide as well as permitting and encouraging increased use of cross-referencing within the Form 10-Q (e.g., between MD&A and the Notes to Financial Statements) would reduce the burden of preparers without reducing the benefits to users.

Reporting Frequency

While we believe that the current quarterly reporting requirements provide stakeholders with timely information that allows them to make sound investment decisions, we support the Commission's efforts to review semi-annual reporting depending on the level of disclosure and other requirements adopted. We believe there could be real cost savings in moving to semi-annual reporting. However, the Commission should also consider the implications for other important stakeholders, such as underwriters' counsel for shelf registrations, who rely heavily upon the frequency of reporting; and the requirements for Current Reports on Form 8-K, including those filed under Item 8.01, which could negate some of the potential benefits of a change in the required frequency of financial reports.

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EEI and AGA appreciate the opportunity to provide our input on the RFC. 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