

BACKGROUND:

The current regulations for accounting and financial reporting apply only to gambling enterprises. These regulations do not include accounting and financial reporting requirements for TPPPS companies and gambling businesses, even though these entities serve a critical role in the gaming industry by providing an assured banking role in rotating player-dealer games. Without regulation, the monitoring of the financial activities for TPPPS companies and gambling businesses is limited to a review during the license renewal process every two years or through individual documentation requests made by the Bureau of Gambling Control (Bureau).²

Current regulations for accounting and financial reporting also include terms that are found in other articles and chapters, yet defined only in Article 4 of Chapter 7. Moreover, repetitive provisions have been found throughout the Commission's regulations that should be consolidated into General Provisions. Finally, multiple provisions, such as allowing electronic storage and submission of records, are being repetitively drafted into proposed regulations because they are not yet universally provided across all of the Commission's regulations and therefore must be specifically included. Without this consolidation, definitions for various terms will be difficult to locate and each chapter will need to continue to include unnecessary duplication of basic and widely accepted procedures, maintaining burdensome procedures.

PROBLEM ADDRESSED:

The Commission is authorized to adopt regulations governing accounting and financial reporting requirements for gambling enterprises.³ The Commission is also authorized to adopt regulations governing licensing requirements, disclosures, approvals, and financial audit requirements for TPPPS companies,⁴ as well as to approve or disapprove transactions, events, and processes as provided in the Act.⁵

While accounting and financial reporting requirements were previously established, the current requirements apply only to gambling enterprises. The need to also apply these requirements to TPPPS companies and gambling businesses has become apparent. TPPPS companies and gambling businesses are a large part of the gambling industry, and yet lack the oversight placed upon the gambling enterprises. Adding these regulations in Chapter 5 will provide uniform standards for accounting and financial reporting for gambling enterprises, TPPPS companies and gambling businesses.

Consolidation of repetitive or generally accepted terms and provisions into Chapter 1 of the Commission's regulations will provide simple, clear and uniform terms and procedures.

² In the Act, "department" refers to the Department of Justice. While the Act assigns certain powers and authority to the department, in actual practice the responsibility for fulfilling the obligations imposed upon the department is delegated to the Bureau of Gambling Control, pursuant to Business and Professions Code section 19810.

³ Business and Professions Code section 19841.

⁴ Business and Professions Code section 19984.

⁵ Business and Professions Code section 19824.

PURPOSE:

This proposed action has been drafted to apply current procedures for the maintenance of accounting records and financial reporting for gambling enterprises to TPPPS companies and gambling businesses in order to ensure compliance with the Act by all gambling entities, and to protect the integrity of the gambling industry.⁶ This proposed action has also been drafted to create uniform definitions of terms and to consolidate repetitive provisions.

Section 19841 lists multiple accounting and financial regulations that shall be adopted by the Commission. Throughout section 19841, the term “owner licensee” is used. Section 19805, subdivision (ad), defines “owner licensee” as the owner of a gambling enterprise, and neither TPPPS companies nor gambling businesses are specifically referenced. Nevertheless, the Commission has the authority to apply the same requirements of section 19841 to TPPPS companies and gambling businesses under sections 19984 and 19853.

The Commission has the authority to license and establish reasonable criteria for TPPPS companies under subdivision (b) of section 19984. This subdivision also provides the Commission the authority to impose disclosure and approval requirements upon TPPPS companies as deemed necessary. Subdivision (c) of section 19984 provides that the Bureau, pursuant to regulations adopted by the Commission, may conduct financial audits and other investigatory services needed to regulate TPPPS companies. The licensing of gambling businesses is authorized under section 19853(a)(3), which provides that the Commission has the authority to require any person who does business on the premises of a gambling establishment to apply for a gambling license. Moreover, the Commission has broad authority over all persons or things having to do with the operations of gambling establishments under section 19811, as well as the ability to regulate any activity related to the conduct of controlled gambling under section 19841. Finally, in section 19801, the Legislature found public trust and confidence can only be maintained by strict and comprehensive regulation of all persons, practices, associations, and activities related to the operation of gambling establishments.

Therefore, while the requirements of section 19841 do not specifically mention TPPPS companies or gambling businesses, the requirement for detailed regulation of financial activities of gambling enterprises coupled with the authority and legislative intent to regulate the financial activities of all entities involved in gambling activities, infers an authority to apply the requirements of section 19841 to TPPPS companies and gambling businesses, as well as to gambling enterprises.

ANTICIPATED BENEFITS OF PROPOSED REGULATION:

These proposed regulations will have the benefit of providing uniform accounting and financial reporting and record maintenance for all gambling entities. The procedures will assure the public that those with a TPPPS or gambling business license conduct their financial activities appropriately and with proper oversight. This will provide transparency, clarity and uniformity concerning the financial activities of gambling enterprises, TPPPS companies and gambling businesses.

⁶ Business and Professions Code section 19823.

These proposed regulations will also provide simple and uniform terms and provisions that would apply throughout the Commission's regulations. Among these, the proposed regulations will allow electronic communication and storage of records to be accepted, when appropriate, throughout the regulations. This will provide an option for faster, easier, and more cost effective methods of meeting regulatory requirements.

PROPOSED ACTION:

This proposed action will make changes in Division 18, Title 4 of the California Code of Regulations. The proposed changes are as follows:

CHAPTER 1. GENERAL PROVISIONS.

Amend Section 12002. General Definitions.

With the addition of a new Chapter 5, certain definitions limited to Chapter 2.1 and 2.2 will now also apply in Chapter 5. Additionally, some terms are used throughout the regulations. For simplicity and clarity, these terms would be added in the general definitions. Duplications of these terms would then be removed accordingly. The following amendments are proposed:

- Subsection (b) – Quotations are added around the term “Bureau” as a non-substantive conforming editorial change for consistency.
- Subsection (g) – The term “dealer’s bank” would be moved from paragraph (2) of subsection (b) of Section 12400 and added in Section 12002 to allow this term to be uniformly used throughout the Commission’s regulations. The phrase “gambling establishment” would be changed to “gambling enterprise” for accuracy and clarity. Business and Professions Code section 19805 defines “gambling enterprise” as the person or entity that conducts a gambling operation, and a “gambling establishment” as the physical room or rooms where a gambling operation is conducted. As this term refers to the conduct of an operation and not the physical space, “gambling enterprise” is the more appropriate term.
- Subsection (h) – The term “drop” would be moved from paragraph (3) of subsection (b) of Section 12400 and added in Section 12002 to allow this term to be uniformly used throughout the Commission’s regulations. References to TPPPS players would be added as they also provide compensation to play in a controlled game. The phrase “gambling establishment” would be changed to “gambling enterprise” for accuracy and clarity. Business and Professions Code section 19805 defines “gambling enterprise” as the person or entity that conducts a gambling operation, and a “gambling establishment” as the physical room or rooms where a gambling operation is conducted. As this term refers to the conduct of an operation and not the physical space, “gambling enterprise” is the more appropriate term. Finally, the current definition of the term “drop” may unintentionally include tournament fees; therefore the definition is amended to exclude tournaments for consistency and accuracy in the use of this term.
- Subsection (i) – A comma is added after “19816” in the first sentence and the word “the” is deleted after “vacant,” in the second sentence. These are non-substantive grammatical changes.

- Subsection (j) – The term “fiscal year” would be moved from paragraph (4) of subsection (b) of Section 12400 and added in Section 12002 to allow this term to be uniformly used throughout the Commission’s regulations.
- Subsection (k) – The term “gambling business” would be added to allow this term to be uniformly used throughout the Commission’s regulations.
- Subsection (m) – The term “jackpot” would be moved from paragraph (8) of subsection (b) of Section 12400 and added in Section 12002 to allow this term to be uniformly used throughout the Commission’s regulations. The phrase “authorized game” would be changed to “controlled game” as defined in section 19805. Use of the term “controlled game” creates consistency and simplicity, as this term is used throughout the Act, related sections of the Penal Code, and the regulations of the Commission and the Bureau. Finally, the term “predetermined” would be changed to “specified” for accuracy and to better reflect how a jackpot is achieved according to the individual game rules.
- Subsection (n) – The term “licensee” would be added to allow this term to be uniformly used throughout the Commission’s regulations.
- Subsection (o) – The term “player’s bank” would be moved from paragraph (11) of subsection (b) of Section 12400 to allow this term to be uniformly used throughout the Commission’s regulations. The definition would be amended to include the monies a TPPPS company has on deposit to be consistent with the Bureau regulations. The phrase “gambling establishment” would be changed to “gambling enterprise” for accuracy and clarity. Business and Professions Code section 19805 defines “gambling enterprise” as the person or entity that conducts a gambling operation, and a “gambling establishment” as the physical room or rooms where the gambling operation is conducted. As this term refers to the conduct of an operation and not the physical space, “gambling enterprise” is the more appropriate phrase.
- Subsection (r) – The term “third-party providers of proposition player services” or “TPPPS” would be added to allow this term to be uniformly used throughout the Commission’s regulations.
- The remaining subsections would be renumbered accordingly.

Add Section 12003. General Requirements.

Several requirements, such as requiring records to be maintained in English, are included in multiple sections throughout the Commission’s regulations. Moreover, requirements such as allowing electronic communication and storage have been repetitively added to individual chapters of the regulations as they are not yet generally allowed. These repetitive provisions could be included in a general requirements section for simplicity and clarity. Duplications of these requirements could then be removed accordingly.

- Subsection (a) – The requirement that all books, accounts, financial records, and documents required by the Commission or the Bureau shall be in English would be added. This provides for clarity and common understanding between the licensee and the

Commission and Bureau as well as uniform application of this provision throughout the Commission's regulations.

- Subsection (b) – The requirement that all records required by the Commission or the Bureau shall be maintained for five years, unless otherwise specified, would be added. Multiple sections in the current regulations mandate a five year retention period for various records required by the Act and by regulation. Moreover, the Act and regulations require record retention when those records are subject to an audit or review by the Bureau. Five years is a generally applied retention period for other businesses and industries when the documentation is retained for potential audits or reviews. The adoption of a reasonable and uniform baseline for record retention will create simplicity and clarity throughout the Commission's regulations. However, this baseline can be adjusted in individual regulation sections for circumstances where less or greater retention periods would be appropriate.

The requirement that these records shall be stored in a secure location on the premises of the gambling establishment, main offices of the TPPPS company or gambling business, or other location approved by the Bureau would also be added. These provisions would simplify the record maintenance requirements throughout the regulations, but allow for variances when necessary.

The requirement that any change in an approved location be reported to the Bureau within five business days and that the location would be deemed approved if not disapproved by the Bureau, would be added. This would allow the Bureau to be informed as soon as possible of any change in location to maintain its ability to perform investigations and audits. This would also allow the licensee to proceed with the location change unless the Bureau has denied the change.

These requirements are included in the Commission's regulations in accordance with section 19841, subdivisions (a) and (h). Subdivision (a) of section 19841 provides that the Commission shall adopt regulations with respect to licensing that shall include, but not be limited to, provisions that prescribe the information to be furnished by any licensee or registrant concerning business activities, organizational structure and financial affairs. Subdivision (h) provides that the Commission shall adopt regulations that prescribe minimum procedures for adoption by the owner licensees to safeguard assets and the provision of reliable records, accounts, and reports of transactions and operations, including reports to the Bureau.

- Subsection (c) – The current requirement of Section 12405 that each licensee must provide the Bureau with copies of any records upon request would be added to Section 12003. To comply with subsection (d), if hardcopies of documents stored in another form are required by the Bureau, the licensee would need to be able to comply with that request. This maintains efficient and consistent procedures for the Bureau to obtain records for investigatory and auditing purposes.
- Subsection (d) – The option to store and submit records in either a permanent form or other media unless otherwise specified would be added. As electronic methods of storage and communication become more common for licensees and the Bureau, this option

would allow for faster and less expensive methods of communication and document storage requirements.

Add CHAPTER 5. ACCOUNTING AND TRANSACTION APPROVALS.

Adding “Chapter 5” would permit the organization and consolidation of the accounting and financial reporting regulations to clearly establish that the sections contained in Chapter 5 will apply to gambling enterprises, TPPPS companies, and gambling businesses.

Add Article 1. Accounting and Financial Reporting.

Add Section 12311 – Definitions.

The current Section 12400 would be renumbered as Section 12311, with some amendments for accuracy and clarity. The meaning of the words and terms in this article may not be consistent with the meaning of similar words or terms used in other existing regulations. As a result, these definitions are necessary to ensure that the proposed regulations are clear, concise and easy to understand. The following amendments are proposed:

- Subsection (a) – The current subsection (a) of Section 12400 would be retained in Section 12311 and amended to reference the definitions in Section 12002.
- Subsection (b), paragraph (1) – The current definition for “Group I Licensee” in paragraph (5) of subsection (b) of Section 12400 would be retained.
- Subsection (b), paragraph (2) – The current definition for “Group II Licensee” in paragraph (6) of subsection (b) of Section 12400 would be retained.
- Subsection (b), paragraph (3) – The current definition for “Group III licensee” in paragraph (7) of subsection (b) of Section 12400 would be retained and amended to refer to licensees with a reported gross income of \$500,000 or more but less than \$2 million for the preceding fiscal year. In the current Section 12403, the reporting requirements for Groups I and II are provided in paragraphs (1) and (2) of subsection (a). In paragraphs (3) and (4), different provisions are provided for different income levels within Group III. Special reporting options are provided for those in Group III with gross revenue of less than \$500,000 annually. This accommodation is compliant with section 19840, which provides that the regulations of the Commission shall take into consideration the operational differences of large and small establishments. However, the use of the same term, Group III, to reference two distinct revenue levels is unnecessary and unclear. Because this subgroup of Group III (gross revenue of less than \$500,000) is appropriately granted this accommodation for financial reporting, for clarity and simplicity, this subgroup should be identified separately as Group IV. Therefore, the definition for the term “Group III” would be amended to refer to licensees with a reported gross income of \$500,000 or more but less than \$2 million, and the term “Group IV” would be added to refer to those making less than \$500,000 annually.
- Subsection (b), paragraph (4) – The term “Group IV licensee” would be added to refer to licensees with a reported gross income of less than \$500,000 for the preceding fiscal year. In the current Section 12403, the reporting requirements for Groups I and II are provided in paragraphs (1) and (2) of subsection (a). In paragraphs (3) and (4), different provisions

are provided for different income levels within Group III. Special reporting options are provided for those in Group III with gross revenue of less than \$500,000 annually. This accommodation is compliant with section 19840, which provides that the regulations of the Commission shall take into consideration the operational differences of large and small establishments. However, the use of the same term, Group III, to reference two distinct revenue levels is unnecessary and unclear. Because this subgroup of Group III (gross revenue of less than \$500,000) is appropriately granted this accommodation for financial reporting, for clarity and simplicity, this subgroup should be identified separately as Group IV. Therefore, the term “Group IV” would be added to refer to those making less than \$500,000 annually.

- Subsection (b), paragraph (5) – The current definition for “jackpot administrative fee” in paragraph (9) of subsection (b) of Section 12400 would be retained.
- Subsection (b), paragraph (6) – The current definition for “licensee” in paragraph (10) of subsection (b) of Section 12400 would be retained and amended to include, for the purposes of this chapter, those possessing a TPPPS or gambling business license or registration in addition to the section 19805 definition of “owner licensee.” This would add simplicity and clarity for the proposed provisions as they incorporate TPPPS companies and gambling businesses into the existing accounting and financial reporting regulations.
- Section 12400 – The definition for the term “authorized game” in paragraph (1) in subsection (b) of Section 12400 would not be included in Section 12311, but would be deleted. Use of the term “controlled game,” as defined in section 19805, is more consistent and clear, as this term is used throughout the Act, related sections of the Penal Code, and the regulations of the Commission and the Bureau. The term “authorized game” is only used in the Section 12400 definition for “jackpot,” which has now been amended to use the term “controlled game.” Therefore the term “authorized game” is inconsistent and unnecessary. Paragraphs (2), (3), (4), and (8) of subsection (b) of Section 12400 would be moved to Section 12002 as discussed above.

Add Section 12312 – Record Retention and Maintenance; General Provisions.

Section 12312 consolidates several current requirements for accounting and financial reporting into one section, adding references to TPPPS companies and gambling businesses where appropriate.

- Subsection (a) – The current requirement in Section 12405 to maintain financial records for seven years within California would become subsection (a) of Section 12312, with the added qualification that the retention requirement applies to the records required by this article.
- Subsection (b) – The current requirement of subsection (a) of Section 12401 to maintain accurate, complete, and legible records in sufficient detail to support the amount of revenue reported to the Bureau in renewal applications would become subsection (b) of Section 12312. Additionally, the phrase “gross revenue as defined in Business and Professions Code section 19805(r)” would be replaced with “all financial activities.”

“Gross revenue,” as defined in section 19805, refers only to a cardroom’s gross income, and therefore would not apply to TPPPS companies or gambling businesses. This is also incompatible with the provisions of Section 12313, which will require that the preparation of financial statements incorporate all financial activities. Therefore, the phrase “all transactions pertaining to financial activities” is more accurate, consistent, and inclusive.

- Subsection (c) – The current requirement of subsection (b) of Section 12401 to maintain various accounting records would become subsection (c) of Section 12312. References to TPPPS companies and gambling businesses would also be added to apply the requirements for maintenance of relevant records to TPPPS companies and gambling businesses as well as gambling enterprises.
- Subsection (d) – The current requirements of subsection (a) of Section 12402 to maintain a uniform chart of accounts and accounting classifications in order to prepare a complete set of financial statements would become subsection (d) of Section 12312, with minor changes. The words “and” instead of “or” and the clarification of “particular” would be incorporated for clarity of the requirement. The requirement that the statement of operations is to be a detailed statement of operations would be added to more clearly explain the reporting requirement. Also, alternative but acceptable terminology for the records needed would be added to add clarity and understanding. The requirement that the chart of accounts be included with the initial application of a TPPPS company or gambling business for review and approval by the Bureau would be added. This would allow the Bureau to confirm that the licensee has an acceptable chart of accounts for use during an audit. Requirements for submissions of the chart of accounts in Section 12402, subsections (b) and (c), would be removed as no longer necessary. If the chart of accounts is needed at any time after the initial application, the Bureau may request the document in accordance with Section 12003.
- Subsection (e) – The current requirements of subsection (d) of Section 12402 to keep a general ledger and to use a double-entry accounting system would become subsection (e) of Section 12312, with no change other than the correction of the referenced subsection in this section and a hyphen placed between “double” and “entry” for correct spelling.

Add Section 12313 – Financial Statements and Reporting Requirements.

The current Section 12403 would be renumbered as Section 12313 with non-substantive edits for clarity and simplicity. Additionally, the following amendments are proposed:

- Subsection (a) – The current reporting requirements of Section 12403 would be amended to include TPPPS companies and gambling businesses. The various license types would be specified for clarity. TPPPS companies and gambling businesses will have different information to submit on their annual financials than gambling enterprises due to the different natures of the entities. Therefore, the license types are individually referenced rather than trying to refer to them collectively as “licensees.”
- Subsection (a), paragraph (4) – The reference to those in Group III with gross revenue less than \$500,000 per year would be changed to refer to the new Group IV. While only

three income groups are identified in the current regulations, the reporting option in this paragraph is for a subgroup of Group III, consisting of those making less than \$500,000 within the Group III definition of those making less than \$2 million. This subgroup would be accommodated separately in the term “Group IV,” as proposed in Section 12311. Therefore, this reporting option is amended to reflect the new term “Group IV.”

- Subsection (b) – The repetitive provision in paragraphs (2), (3), and (4) of subsection (b) of Section 12403 would be merged into subsection (b) of Section 12313 for simplicity and clarity. The remaining subsections would be renumbered accordingly.
- Subsection (c) – The phrase “and the Commission” would be added to allow the Commission to also receive a copy of the annual financial statements to be used to make determinations on an applicant’s suitability for licensure and other approvals.

The Commission inadvertently deleted the requirement for licensees to submit annual financial statements to the Commission in its Section 100 regulation changes implementing the Governor’s Reorganization Plan of 2012 (GRP No. 2). The Section 100 change rationale for the deletion indicated that “The references to the Commission also receiving financial statements [and] documents are deleted as unnecessarily duplicative. The Bureau has the responsibility for investigations under the GRP No. 2 amendment of section 19826(a). It is not necessary that licensees be required to send the same documents to both the Bureau and the Commission.”

While the Bureau uses the annual financial statements for investigative purposes, the Commission also needs to receive the annual financial statements. They are used by the Commission to obtain current data on gambling enterprise revenues and other financial information. The Commission needs timely access to the information provided within the annual financial statements, including gambling enterprise revenues, to respond to requests from Commissioners and the Administration. This information is not always readily available to the Commission from other sources.

Add Section 12315 – Records and Reports of Monetary Instrument Transactions for Gambling Enterprises.

The current Section 12404 would be renumbered as Section 12315, with the following amendments:

- The phrase “for Gambling Enterprises” would be added to the title of Section 12315 as the requirements of this section are specific to gambling enterprise activities.
- Subsection (b) – This subsection would be amended to refer to Chapter X of Title 31 of the Code of Federal Regulations. On March 1, 2011, the Financial Crimes and Enforcement Network (FinCEN) transferred its regulations from 31 CFR Part 103 to 31 CFR Chapter X as part of an ongoing effort to increase the efficiency and effectiveness of its regulatory oversight. 31 CFR Chapter X is organized by generally applicable regulations and by industry-specific regulations. The provisions that are applicable to casinos and card clubs (cardrooms), including all of the sections currently listed in Section 12404, are now found in 31 CFR Chapter X, Part 1021 (revised as of July 1,

2011). There have been no substantive changes made to the underlying regulations as a result of this transfer and reorganization.

Add Section 12316 – Unclaimed or Abandoned Property.

The current Section 12410 is renumbered as Section 12316.

- The references to “licensee” would be changed to “gambling enterprise” because the requirements of this section are specific to gambling enterprise activities.

CHAPTER 7. CONDITIONS OF OPERATION FOR GAMBLING ESTABLISHMENTS.

Repeal Article 4. Accounting and Financial Reporting.

Article 4, including Sections 12400 through 12410, would be repealed and its provisions moved to Chapter 1 or to the new Chapter 5 as described above. Article 4 is currently in Chapter 7, which contains regulations for the conditions of operation of gambling establishments. Because the accounting and financial reporting regulations will now apply to TPPPS companies and gambling businesses as well as gambling enterprises, including these regulations in a chapter designated for gambling establishment operations is no longer appropriate. Moving the regulations to a chapter that will apply the requirements uniformly to gambling establishments, TPPPS companies and gambling businesses adds clarity, consistency and understanding.

UNDERLYING DATA:

Technical, theoretical, or empirical studies or reports relied upon:

No studies or reports were relied upon during the development of these regulations.

BUSINESS IMPACT:

These regulations will not have a significant adverse economic impact on businesses. This initial determination is based on the following facts or evidence/documents/testimony:

This regulatory proposal does not add any accounting or financial reporting requirement for gambling enterprises. The changes would only require TPPPS companies and gambling businesses to meet the same standards as gambling enterprises, as appropriate. Therefore, it was determined that there would be no cost or other adverse impact on gambling enterprises associated with the proposed action.

This regulatory proposal sets forth requirements for record maintenance and submittal of financial information that each TPPPS company and gambling business should already have in place. These records would be used to submit tax information to the Internal Revenue Service and the Franchise Tax Board. The requirement for the submission of an audit, review, compilation, or federal tax filings is adjusted by gross income to ensure that the financial reporting is required to be submitted in a way that is appropriate and affordable for each licensee.

Therefore, it was determined that there would be no significant adverse economic impact directly affecting TPPPS companies or gambling businesses.

The proposed regulations will consolidate repetitive general provisions into one chapter making them applicable, when appropriate, throughout the Commission's regulations. Additionally, a general provision to allow for the use of electronic communication and storage of records will provide an option that licensees may choose as a faster, easier and more cost-effective method of compliance where appropriate.

SPECIFIC TECHNOLOGIES OR EQUIPMENT:

These regulations do not mandate the use of specific technologies or equipment.

ECONOMIC IMPACT ASSESSMENT/ANALYSIS:

IMPACT ON JOBS/NEW BUSINESSES:

The Commission has determined that this regulatory proposal will not have a significant impact on the creation of new jobs or businesses, the elimination of jobs or existing businesses, or the expansion of businesses in California.

This determination is based on the fact that this regulatory proposal will not impose any significant cost or other adverse economic impact on licensees, as discussed above under "Business Impact." Furthermore, this regulatory proposal would have no effect on any other business or job.

CONSIDERATION OF ALTERNATIVES:

No reasonable alternative to the regulation would be more effective in carrying out the purpose for which the action is proposed, would be as effective and less burdensome to affected private persons than the proposed action, or would be more cost-effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

Set forth below are the alternatives that were considered and the reasons each alternative was rejected:

No reasonable alternative has been considered or otherwise identified and brought to the attention of the Commission.