

**SUPPORTING STATEMENT FOR REQUESTS FOR APPROVAL UNDER
THE PAPERWORK REDUCTION ACT AND 5 CFR 1320
Power Distributor Reports to TVA**

A. Justification

1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection. Attach a copy of the appropriate section of each statute and regulation mandating or authorizing the collection of information.

Currently 158 power distributors purchase electric power from TVA under contracts which specify the retail rates for the sale of electricity. The TVA Act of 1933, Section 10, provides TVA the specific authority to develop these rates and administer the power contracts.

Public service commissions do not regulate TVA-served distributors; TVA is the sole regulatory authority. The power contract between TVA and the power distributor is the vehicle by which power rates are established. To ensure that each distributor is following acceptable accounting principles and procedures, and to assist in making management decisions concerning rates, finances, and other long-term plans, some form of reporting data is needed annually. Thus, under the Financial and Accounting Policy Section of the Schedule of Terms and Conditions of the power contract with each distributor, provisions were made for the distributors to follow accounting as prescribed by TVA, and to submit an annual financial report to TVA.

The annual report that power distributors complete and submit to the Tennessee Valley Authority (TVA) is TVA Form 3957, Power Distributors Annual Report to TVA. TVA Form 3957 is a comprehensive and detailed analysis of the financial records of a power distributor at the end of a fiscal year (FY) ending on June 30. The form is completed by the distributor at year end and submitted to TVA by August 15. TVA Form 4171 is a form to collect monthly Balance Sheet, Income Statement, and sales and purchases data which roll in the Balance Sheet, Income Statement and statistical data in TVA Form 3957.

2. Indicate how, by whom, and for what purpose the information is to be used. Except for a new collection, indicate the actual use the agency has made of the information received from the current collection.

TVA, serving in its regulatory capacity, uses this financial and statistical information to monitor each distributor's current financial position and to forecast requirements for reasonable levels of resources for renewals, replacements, and contingencies.

The data from this information collection is used by TVA organizations (Chief Financial Officer, Customer Services and Marketing, and Transmission and Power Supply) and the TVA Board of Directors to assist in making management decisions concerning electric power rates, financing the TVA power generating and transmission system, and other long-term plans.

If this information collection is not conducted, TVA would be severely hampered in fulfilling its responsibilities to Congress under Section 11 of the TVA Act of 1933 to "permit domestic and rural use [of electricity] at the lowest possible rates."

3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g. permitting electronic submission of responses, and the basis for the decision for adopting this means of collection. Also, describe any consideration of using information technology to reduce burden.

Respondents use a web-based application known as the Electronic Distributor Annual Reporting System (eDARS) to provide the information to TVA. The system performs the mathematical computations, uses monthly report data to automatically complete pages 1, 2, 3 and 7 of the annual report form, and automatically imports last year's data, and imports previous years' general information for updating.

Internal staffs periodically review the forms and the data requirements to determine whether any improvements can be made to make data collection easier and less time consuming. Form 3957 contains many supporting schedules of various accounts on the Balance Sheet and the Revenue and Expense Statement.

4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Item 2 above.

The eDARS system eliminated collection of duplicate information from the power distributors.

5. If the collection of information impacts small business or other small entities (Item 5 of OMB Form 83-I), describe any methods used to minimize burden.

The eDARS system now in use eliminated a paper-based system. The TVA web-based application also eliminates the need for the distributors to purchase and maintain this software application on their own servers and desktops.

6. Describe the consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.

If this information collection is not conducted, TVA could not fulfill its responsibilities of reporting distributor operations to Congress as outlined under the TVA Act of 1933.

7. Explain any special circumstances that would cause an information collection to be conducted in a manner:
 - requiring respondents to report information to the agency more often than quarterly;
 - requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;
 - requiring respondents to submit more than an original and two copies of any document;
 - requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records for more than three years;
 - in connection with a statistical survey, that is not designed to produce valid and reliable results that can be generalized to the universe of study;
 - requiring the use of statistical data classification that has not been reviewed and approved by OMB;
 - that includes a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use; or
 - requiring respondents to submit proprietary trade secret, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.

Respondents use Form 4171 in monthly presentations to their governing boards and have expressed to TVA the desire for Form 4171 to remain a monthly collection rather than quarterly. A change to quarterly would create a greater burden to the respondents.

8. If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the agency's notice, required by 5 CFR 1320.8(d), soliciting comments on the information collection prior to submission to OMB. Summarize public comments received in response to that notice and describe actions taken by the agency in response to these comments. Specifically address comments received on cost and hour burden.

Describe efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported.

Consultation with representatives of those from whom information is to be obtained or those who must compile records should occur at least once every 3 years—even if the collection of information activity is the same as in prior periods. There may be circumstances that may preclude consultation in a specific situation. These circumstances should be explained.

A copy of the Federal Register Notices are attached to the information collection submission. There were no public comments.

9. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.

Not applicable.

10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy.

Normally, access to specific information about the distributor is kept to a minimum number of TVA employees on a need-to-know basis.

11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private. This justification should include the reasons why the agency considers the questions necessary, the specific uses to be made of the information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.

This information collection asks no questions of a sensitive nature.

12. Provide estimates of the hour burden of the collection of information. The statement should:

- Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated. Unless directed to do so, agencies should not conduct special surveys to obtain information on which to base hour burden estimates. Consultation with a sample (fewer than 10) of potential respondents is desirable. If the hour burden on respondents is expected to vary widely because of differences in activity, size, or complexity, show the range of estimated hour burden, and explain the reasons for the variance. Generally, estimates should not include burden hours for customary and usual business practices.

- If this request for approval covers more than one form, provide separate hour burden estimates for each form and aggregate the hour burdens in Item 13 of OMB Form 83-I.

- Provide estimates of annualized cost to respondents for the hour burdens for collections of information, identifying and using appropriate wage rate categories. The cost of contracting out or paying outside parties for information collection activities should not be included here. Instead this cost should be included in Item 14.

The annual burden for this information collection is estimated to be 3,792 hours, as detailed below:

	Number of Respondents	Number of Responses	Burden Per Response	Annual Burden
Power Distributors Annual Report to TVA	158	1	18 hours	2,844 hours
Power Distributors Monthly Report to TVA	158	12	.5 hour	948 hours
Total annual burden				3,792 hours

13. Provide an estimate of the total annual cost burden to respondents or recordkeepers resulting from the collection of information. (Do not include the cost of any hour burden shown in Items 12 and 14).

- The cost estimate should be split into two components: (a) a total capital and start-up cost component (annualized over its expected useful life); and (b) a total operation and maintenance and purchase of services component. The estimates should take into account costs associated with generating, maintaining, and disclosing or providing the information. Include descriptions of methods used to estimate major cost factors including system and technology acquisition, expected useful life of capital equipment, the discount rate(s), and the time period over which costs will be incurred. Capital and start-up costs include, among other items, preparations for collecting information such as purchasing computers and software; monitoring, sampling, drilling and testing equipment; and record storage facilities.

- If cost estimates are expected to vary widely, agencies should present rates of cost burdens and explain the reasons for the variance. The cost of purchasing or contracting out information collection services should be a part of this cost burden estimate. In developing cost burden estimates, agencies may consult with a sample of respondents (fewer than 10), utilize the 60-day pre-OMB submission public comment process and use existing economic or regulatory impact analysis associated with the rulemaking containing the information collection, as appropriate.

- Generally, estimates should not include purchases of equipment or services, or portions thereof, made: (1) prior to October 1, 1995, (2) to achieve regulatory compliance with requirements not associated with the information collection, (3) for reasons other than to provide information or keep records for the government, or (4) as part of customary and usual business or private practices.

Total annualized cost for respondents to prepare information and respond to the information collection is estimated to be \$72,048 (3,792 hours x \$19.00 per hour).

The estimated hourly wage, including benefits, for the TVA service area is \$19.00. The hourly wage information was obtained from the PEW Center on the States, a research organization administered by the University of Richmond. A sixty-percent load for benefits was added to the PEW Center hourly wage information to reach the estimated hourly wage of \$19.00.

14. Provide estimates of annualized cost to the Federal government. Also, provide a description of the method used to estimate cost, which should include quantification of hours, operational expenses (such as equipment, overhead, printing, and support staff), and any other expense that would not have been incurred without this collection of information. Agencies also may aggregate cost estimates from Items 12, 13, and 14 in a single table.

The monthly and annual reports are funded by power revenues from the sale of electrical power to TVA's customers. The estimated cost per year is:

eDARS Software license and maintenance	\$ 2,000
Power Distributors Annual Report	22,854 (estimated @ 293 hours x \$78 per hour)
Power Distributors Monthly Report	7,644 (estimated @ 98 hours x \$78 per hour)
Total annualized cost to TVA	\$30,498

This annualized cost represents a decrease of approximately \$10,700 over the hardcopy reports submitted prior to implementation of the web-based application.

15. Explain the reasons for any program changes or adjustment reported in Items 13 or 14 of the OMB Form 83-I.

Not applicable.

16. For collections of information whose results will be published, outline plans for tabulation, and publication. Address any complex analytical techniques that will be used. Provide the time schedule for the entire project, including beginning and ending dates of the collection of information, completion of report, publication dates, and other actions.

Not applicable. The results of this information collection are not planned for publication or statistical use.

17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.

Not applicable.

18. Explain each exception to the certification statement identified in Item 19, "Certification for Paperwork Reduction Act Submissions," of OMB Form 83-I.

Not applicable.

B. Collections of Information Employing Statistical Methods

Not applicable. This information collection does not employ statistical methods.