

Supporting Statement for
**FERC-555, Preservation of Records for Public Utilities and Licenses,
Natural Gas and Oil Pipeline Companies**
(OMB Control No. 1902-0098)

The Federal Energy Regulatory Commission (Commission or FERC) requests that the Office of Management and Budget (OMB) review and approve the **FERC-555, Preservation of Records for Public Utilities and Licenses, Natural Gas and Oil Pipeline Companies**, for a three-year period. FERC-555 is a Commission data collection, contained in Title 18 Code of Federal Regulations (CFR), Parts 125, 225, and 356.

Background

On January 8, 1999 the Commission issued AI99-2-000, an Accounting Issuance providing guidance on records storage media. Specifically, FERC gave each jurisdictional company the flexibility to select its own storage media. The storage media selected must have a life expectancy equal to the applicable record period unless the quality of the data transferred from one media to another with no loss of data would exceed the record period.

On July 27, 2000, FERC issued Order No. 617¹ amending its records retention regulations for public utilities and licensees, and natural gas and oil pipeline companies. These changes included revising the general instructions, and shortening various records retention periods. The final rule's objective was to reduce or eliminate burdensome and unnecessary regulatory requirements.

It has been more than ten years since the issuance of the final rule and the accounting guidance, and, it is expected that jurisdictional companies have experienced more than sufficient time to implement these provisions. During this period no additional changes have been made to the record retention requirements specified under FERC-555 neither has the Commission received comments regarding burden estimates in response to renewal notices.

A. JUSTIFICATION

1. CIRCUMSTANCES THAT MAKE THE COLLECTION OF INFORMATION NECESSARY

Both the Federal Power Act² and the Natural Gas Act³ require jurisdictional companies to keep records that the Commission may prescribe "as necessary or appropriate for purposes of administration" of these acts.⁴ In 1977, the Commission assumed jurisdiction over transportation of oil by oil pipeline companies from the Interstate Commerce Commission by

1 RM99-8-000

2 Section 301, 16 U.S.C. 825(a).

3 Section 8, 15 U.S.C. 717g(a).

4 Section 402(a)(2) of the Department of Energy Organization Act transfers these Federal Power Act and Natural Gas Act responsibilities from the Federal Power Commission to the Federal Energy Regulatory Commission. 42 U.S.C. 7172(a)(2).

FERC-555 (OMB Control No. 1902-0098)

705(a) of the Department of Energy Organization Act.⁵ Section 20 of the Interstate Commerce Act⁶ requires oil pipeline companies to keep records that the Commission determines are necessary to effectively regulate those companies.

2. HOW, BY WHOM, AND FOR WHAT PURPOSE THE INFORMATION IS TO BE USED AND THE CONSEQUENCES OF NOT COLLECTING THE INFORMATION

The official records maintained by jurisdictional companies in accordance with the Schedules provided in the Code of Federal Regulations (CFR) Title 18 Parts 125, 225 and 356 are used by these companies as the basis for rate filings and reports for the Commission. In addition, the records are used by the Commission's audit and compliance staffs during the periodic compliance reviews and special analyses performed as deemed necessary by the Commission.

The information contained in Parts 125, 225, and 356 is used by jurisdictional companies to determine the minimum length of time to maintain their records subject to the requirements of the Commission.

If jurisdictional companies did not retain records as prescribed by FERC-555 there would be an inadequate basis of available information for proper rate filings and reports. Further, without access to these records, jurisdictional companies may be unable to produce the necessary documentation during a Commission led audit.

3. DESCRIBE ANY CONSIDERATION OF THE USE OF IMPROVED TECHNOLOGY TO REDUCE BURDEN AND TECHNICAL OR LEGAL OBSTACLES TO REDUCING BURDEN.

On January 8, 1999 the Commission issued AI99-2-000, an Accounting Issuance providing guidance on records storage media. The storage media selected must have a life expectancy equal to the applicable record period unless the quality of the data transferred from one media to another with no loss of data would exceed the retention period. The Commission purposefully established no specific media type to allow companies flexibility in the selection of media which would provide the ability to adapt quickly to changes in technology without the necessity of obtaining Commission approval of the use of media not provided for in the regulations. The Commission believes that the current regulations provide for efficiencies and savings from reduced retention periods and unrestricted use of storage media.

4. DESCRIBE EFFORTS TO IDENTIFY DUPLICATION AND SHOW SPECIFICALLY WHY ANY SIMILAR INFORMATION ALREADY AVAILABLE CANNOT BE USED OR MODIFIED FOR USE FOR THE PURPOSE(S) DESCRIBED IN INSTRUCTION NO. 2

⁵ 42 U.S.C. 7295.

⁶ 49 App. U.S.C. 1 *et seq.*

FERC-555 (OMB Control No. 1902-0098)

Filing requirements are periodically reviewed as OMB review dates arise, or as the Commission may deem necessary in carrying out its responsibilities, in order to eliminate duplication and ensure that filing burden is minimized. The records retained under FERC-555 are singular in nature and the Commission contemplates no other means of obtaining the necessary information for rate filings, audits, and reports.

5. METHODS USED TO MINIMIZE BURDEN IN COLLECTION OF INFORMATION INVOLVING SMALL ENTITIES

The FERC-555 record retention requirements are applicable to some small entities and 18 CFR Parts 125, 225, and 356 do not provide any measures for exemptions or waivers for these companies. However, the Commission believes that small entities make up an insignificant portion of the total number of respondents and therefore does not use any methods to minimize burden on these entities.

6. CONSEQUENCE TO FEDERAL PROGRAM IF COLLECTION WERE CONDUCTED LESS FREQUENTLY

These records are not filed with the Commission but are retained by jurisdictional companies to be used as previously noted. Absent the availability of obtaining these records, the Commission would not be able to carry out its regulatory responsibilities as authorized by the Federal Power Act, the Natural Gas Act and the Interstate Commerce Act.

7. EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE INFORMATION COLLECTION

The Commission needs sufficient data available for scrutiny in order to carry out its regulatory mandates. For rate case filings, it is imperative that the Commission, and its staff, have access to supporting rate-case documentation, as well as documentation that might be pertinent to complaint proceedings. For these reasons, many record schedules are set for longer than the three year period generally applicable (5 CFR 1320.5(d)(2)(iv)).

8. DESCRIBE EFFORTS TO CONSULT OUTSIDE THE AGENCY: SUMMARIZE PUBLIC COMMENTS AND THE AGENCY'S RESPONSE TO THESE COMMENTS

In accordance with OMB requirements in 5 C.F.R. 1320.8(d), a Notice requesting comments on the reporting requirements of FERC-555 was issued in FERC Docket No. IC10-555 on 09/16/10 (at <http://elibrary.ferc.gov/idmws/common/OpenNat.asp?fileID=12439635>) and published in the **Federal Register** (75FR 57744, 09/22/2010). There were no comments filed in response to this Notice.

FERC-555 (OMB Control No. 1902-0098)

Prior to the Notice cited above, Commission staff asked a small number of FERC-555 respondents to estimate the burden imposed by this data collection. For more details on this outreach work, see Appendix A. The results indicate that the record retention requirements burden under FERC-555 was underestimated in the previous renewal of this information collection. In response to the estimates received, the Commission has increased the burden estimate for this collection.

In conjunction with the submission of this package, FERC issued a 30-day public notice on November 24, 2010 (at <http://elibrary.ferc.gov/idmws/nvcommon/NVintf.asp?slcfilelist=12494545:0>) and forwarded it to the Federal Register.

9. EXPLAIN ANY PAYMENT OR GIFTS TO RESPONDENTS

No payments or gifts have been made to respondents.

10. DESCRIBE ANY ASSURANCE OF CONFIDENTIALITY PROVIDED TO RESPONDENTS

Not applicable. There is no information filed at the Commission under the FERC-555.

11. PROVIDE ADDITIONAL JUSTIFICATION FOR ANY QUESTIONS OF A SENSITIVE NATURE THAT ARE CONSIDERED PRIVATE.

There are no questions of a sensitive nature that are considered private.

12. ESTIMATED BURDEN OF COLLECTION

The following table portrays the updated burden estimate for FERC-555 based on our outreach work to a small number of companies (see Appendix A for more details):

FERC-555 Record Keeping Burden	No. Of Respondents ⁷	Burden Hours Per respondent	Total Burden Hours
Current Inventory	515	2,402	1,237,030
Proposed Estimate	475	4,968	2,359,800 ⁸
Difference	40	2,566	1,122,770
Program Change	0	0	0
Adjustment	-40	+2,566	+1,122,770

⁷ No. Of Respondents: Electric=205; Gas=128; Oil=142; for total of 475.

⁸ The burden using the revised per response estimate and assuming 515 respondents would be 2,558,520. However, the estimated total number of respondents is now 475, or a reduction of 40 or 198,720 burden hours.

13. ESTIMATE OF THE TOTAL ANNUAL COST BURDEN TO RESPONDENTS

The estimated total annual cost burden to respondents includes labor costs associated with record retention (\$65,597,025) and both electronic and non-electronic record storage costs (\$72,400,925). The total annual cost is \$137,997,950; the total average annual cost per respondent is \$290,522.⁹

14. ESTIMATED ANNUALIZED COST TO FEDERAL GOVERNMENT

The estimate of the cost to the Federal Government is based on salaries for professional and clerical support, as well as direct and indirect overhead costs. Direct costs include all costs directly attributable to providing this information, such as administrative costs and the cost for information technology. Indirect or overhead costs are costs incurred by an organization in support of its mission. These costs apply to activities which benefit the whole organization rather than any one particular function or activity. Based on the staff and resources involved in processing the information, the estimated average annual cost to FERC follows.

FERC-555	No. of Employees (FTEs)	Estimated, Annual, Federal Resources (\$)
Annual Staff Costs¹⁰	0 ¹¹	\$0
Annual Clearance Processing Cost¹²		\$1,528
Total FERC Costs		\$1,528

15. REASONS FOR CHANGES IN BURDEN INCLUDING ANY INCREASE

The Commission reached out to a small number of respondents in order to better estimate the burden. This research led to an almost two-fold increase in the burden hour and cost estimates. Also, the number of respondents has decreased from 515 to 475. The number of

⁹ These cost estimates are a result of the industry outreach discussed in question 8 and more fully described in Appendix A.

¹⁰ FERC's FY2010 FTE cost of \$137,874/year or \$66.29/hour [until DCIO receives a new annual figure from the FERC's DCFO].

¹¹ The FERC staff has no burden associated with this information collection because it does not need to be monitored by Commission staff, unlike financial forms and many other data collections.

¹² This is the estimated annual FERC cost for the work associated with obtaining OMB clearance for an information collection. Because the clearances are usually for 3 years, the total cost of performing the clearance work has been averaged and spread over the three-year clearance period. [Currently, the estimated annual FERC cost per collection is \$1,528.]

FERC-555 (OMB Control No. 1902-0098)

responding public utilities or licensees and oil companies decreased and the number of responding natural gas companies increased reflecting changes in the financial forms filed by the jurisdictional companies.

16. TIME SCHEDULE FOR PUBLICATION OF DATA

There are no tabulations, statistical analysis or publication plans for the information collection. The data are used for regulatory purposes.

17. DISPLAY OF THE EXPIRATION DATE

It is inappropriate to display the OMB Control No. and expiration date as the requirements are for record retention and involve no reporting, disclosure or any other similar type of action under the Paperwork Reduction Act.

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT

The data collected for this reporting requirement are not used for statistical purposes.

B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

This is not a collection of information employing statistical methods.

APPENDIX A

Public Outreach on Burden Estimate

Background and Initial Steps

Commission staff believes the size of the company and the size of the burden to be correlated. As such, potential respondents to this public outreach were divided into three size categories based on revenue: large, medium and small. The following table shows the number

FERC-555 (OMB Control No. 1902-0098)

of companies contacted, how many provided a response, and how many provided useful data for analysis.¹³

Company Size	Number of Companies Contacted	Number of Responses	Number of Useful Responses
Large	4	3	3
Medium	5	2	1
Small	3	2	1
Total	12	7	5

Additionally, staff contacted one trade organization which subsequently provided responses from two large companies. Due to the nature of the data provided from other companies, staff was unable to incorporate these two responses into the analysis.

Staff asked respondents to provide information on the burden hours and costs required to comply with the FERC-555 requirements. In order to minimize the burden of this outreach, staff specifically asked respondents to provide ball-park estimates and not to perform extensive research and analysis.

Responses and Analysis

Each company responded using varying degrees of detail. A few companies provided a complete breakdown of the costs and hours while the others' estimates were on a more aggregate level. Where necessary, staff inferred details from the aggregated figures reported based on the more detailed information that some of the companies reported. For example, company A reported total costs, and total burden hours while companies B and C reported costs broken down by employee costs and records storage costs. Staff applied the ratio of total costs to employee and record storage cost from companies B and C to the total cost reported by company A to obtain the breakdown of costs.

All of the companies except two were unable to parse out the record keeping requirements for FERC-555 from the record keeping requirements imposed by other federal agencies (Securities and Exchange Commission, Internal Revenue Service, etc.). Of these two, one estimated the total costs and burden for their records management program as well as the costs and hours to comply with FERC-555. Based on this difference, staff calculated a deflator that provided the basis for separating out the FERC-555 burden from the overall records management program.

In calculating the burden, staff also used averages weighted according to the size of the company. For example, across the three applicable industries (electric, natural gas, oil) staff estimated there are 146 large companies, 170 medium sized companies and 159 small companies. This means the responses from medium sized companies were given a greater weight in the analysis than the responses for large or small companies.

Results

¹³ For example, some respondents did not provide a sufficient amount of information to be able to make meaningful comparison with more detailed information received from others.

FERC-555 (OMB Control No. 1902-0098)

The following table shows the estimated results of the analysis, on an annual basis.

	Total Burden Hours	Record Maintenance Costs (not including employees)	Employee Costs	Total Costs
All Respondents (475 Companies)	2,359,800	\$72,400,925	\$65,597,025	\$137,997,950
Average Per Respondent	4,968	\$152,423	\$138,099	\$290,522