

Supporting Statement for
**FERC-725D, Facilities Design, Connections and Maintenance
Reliability Standards**

The Federal Energy Regulatory Commission (Commission) (FERC) requests that the Office of Management and Budget (OMB) review and approve **FERC-725D, Facilities Design, Connections and Maintenance Reliability Standards**, for a three year period. FERC-725D (Control No. 1902-0247) is an existing Commission data collection, (filing requirements), as contained in 18 Code of Federal Regulations, Part 40.

FERC-725D is an information collection requirement that implements three Reliability Standards: FAC-010-2, FAC-011-2, and FAC-014-2. There are changes to the information collection burden as reported in the last submission due to an updated burden analysis and an increase in the number of applicable entities.

Compliance with these Reliability Standards is mandatory and enforceable for the applicable categories of entities identified in each Reliability Standard. These Reliability Standards are approved by the Commission pursuant to its authority under section 215 of the Federal Power Act (FPA), which authorizes the Commission to approve a Reliability Standard proposed by the Electric Reliability Organization (ERO) if the Commission determines that it is just and reasonable, not unduly discriminatory or preferential and in the public interest. The Reliability Standards addressed in FERC-725D are necessary for the reliable operation of the nation's interconnected Bulk-Power System.

Detailed background information regarding the FERC-725D collection can be found in pages 1-9 of the supporting statement for the Final Rule in Docket No. RM08-11.¹

A. Justification

1. CIRCUMSTANCES THAT MAKE THE COLLECTION OF INFORMATION NECESSARY

EPA 2005 added a new section 215 to the FPA, which provides for a system of mandatory and enforceable Reliability Standards. Section 215(d)(1) of the FPA provides that the ERO must file each Reliability Standard or modification to a Reliability Standard that it proposes to be made effective, *i.e.*, mandatory and enforceable, with the Commission.

Section 215(d)(2) of the FPA provides that the Commission may approve, by rule or order, a proposed Reliability Standard or modification to a proposed Reliability Standard if it meets the statutory standard for approval, giving due weight to the technical expertise of the ERO. Alternatively, the Commission may remand a Reliability Standard pursuant to section 215(d)(4) of the FPA. Further, the Commission may order the ERO to submit to the Commission a proposed Reliability Standard or a modification to a Reliability Standard that

¹ This document is publicly available at <http://www.reginfo.gov/public/do/DownloadDocument?documentID=110567&version=1>.

FERC-725D (OMB Control No. 1902-0247)

addresses a specific matter if the Commission considers such a new or modified Reliability Standard appropriate to “carry out” section 215 of the FPA.²

A Reliability Standard defines obligations or requirements of utilities and other entities that operate, plan and use the bulk power system in North America. Meeting these requirements helps to ensure the reliable planning and operation of the bulk power system. Each NERC Reliability Standard details the purpose of the standard, the entities that must comply, the specific actions that constitute compliance, and how the standard will be measured.

Each of the standards pertaining to this collection contain the following purpose:

To ensure that System Operating Limits (SOLs) used in the reliable planning and operation of the Bulk Electric System (BES) are determined based on an established methodology or methodologies.³

Recent Events

A common cause of the past major regional blackouts was violation of NERC’s then Operating Policies and Planning Standards. During July and August 1996, the west coast of the United States experienced two cascading blackouts caused by violations of voluntary Operating Policies.⁴ In response to the outages, the Secretary of Energy convened a task force to advise the Department of Energy (DOE) on issues needed to be addressed to maintain the reliability of the bulk-power system. In a September 1998 report, the task force recommended, among other things, that federal legislation should grant more explicit authority for FERC to approve and oversee an organization having responsibility for bulk-power Reliability Standards.⁵ Further, the task force recommended that such legislation provide for Commission jurisdiction for reliability of the bulk-power system and FERC implementation of mandatory, enforceable Reliability Standards.

Electric reliability legislation was first proposed after issuance of the September 1998 task force report and was a common feature of comprehensive electricity bills since that time. A stand-alone electric reliability bill was passed by the Senate unanimously in 2000. In 2001, President Bush proposed making electric Reliability Standards mandatory and enforceable as part of the National Energy Policy.⁶

Under the new electric power reliability system enacted by the Congress, the United States will no longer rely on voluntary compliance by participants in the electric industry with

² See 16 U.S.C. 824o(d)(5) (2006).

³ See <http://www.nerc.com/files/FAC-014-2.pdf> as an example. The same purpose is also stated in FAC-011 and FAC-010.

⁴ The Electric Power Outages in the Western United States, July 2-3, 1996, at 76, and WSCC Disturbance Report, For the Power System outage that Occurred on the Western Interconnection August 10, 1996, at 4.

⁵ Maintaining Reliability in a Competitive U.S. Electricity Industry. Final report of the Task Force on Electric System Reliability. Secretary of Energy Advisory Board, U.S. Department of Energy (September 1998), at 25-27, 65-67.

⁶ Report of the National Energy Policy Development Group, May 2001, at p. 7-6.

FERC-725D (OMB Control No. 1902-0247)

industry reliability requirements for operating and planning the Bulk-Power System. Congress directed the development of mandatory, Commission-approved, enforceable electricity Reliability Standards.

A mandatory Reliability Standard should not reflect the “lowest common denominator” in order to achieve a consensus among participants in the ERO’s Reliability Standard development process. Therefore, the Commission reviews each Reliability Standard submitted and, where appropriate, later remands if necessary, an inadequate Reliability Standard to ensure that it protects reliability, has no undue adverse effect on competition, and can be enforced in a clear and even-handed manner.

NERC stated that the three FAC Reliability Standards ensure that system operating limits and interconnection reliability operating limits are developed using consistent methods and that those methods contain certain essential elements.⁷ NERC requested an effective date of July 1, 2007 for Reliability Standards FAC-010-1, October 1, 2007 for FAC-011-1, and January 1, 2008 for FAC-014-1. NERC explained that it has proposed a phased schedule for implementing these Reliability Standards so that each responsible entity has sufficient time to develop the methodology for determining stability limits associated with a list of multiple contingencies, to update the system operating limits as needed to comply with the new requirements, to communicate the limits to others, and to prepare the documentation necessary to demonstrate compliance.

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

The three FAC Reliability Standards require planning authorities and reliability coordinators to establish methodologies to determine system operating limits (SOLs) for the bulk-power system in the planning and operation horizons.

The three Reliability Standards do not require responsible entities to file information with the Commission. Nor, with the exception of a three year self-certification of compliance, do the Reliability Standards require responsible entities to file information with the ERO or Regional Entities. However, the Reliability Standards do require responsible entities to develop and maintain certain information for a specified period of time, subject to inspection by the ERO or Regional Entities.

⁷ NERC filing at 20. Section 39.5(a) of the Commission’s regulations, 18 CFR 39.5 (2007), provides that the ERO’s submission of a new or modified Reliability Standard must include, *inter alia*, a concise statement of the basis and purpose of the proposed Reliability Standard and a demonstration that the proposal is just, reasonable not unduly discriminatory or preferential, and in the public interest. The Commission notes that NERC’s filing, at 20, includes a single paragraph describing the purpose of the proposed Reliability Standards. Future Reliability Standard filings may be subject to a deficiency letter if they fail to satisfy the filing requirements set forth in the Commission’s regulations.

FERC-725D (OMB Control No. 1902-0247)

The information generated or maintained is used by the ERO or Regional Entities to verify compliance with the standards. Without being able to verify compliance, the ERO or Regional Entities would have no method for oversight of these standards. This could lead to a lack of compliance with the standard and degradation in the reliability of the bulk electric system.

Reliability Standard **FAC-010-2** requires the planning authority to have a documented methodology for use in developing SOLs and must retain evidence that it issued its SOL methodology to relevant reliability coordinators, transmission operators and adjacent planning authorities. Likewise, the planning authority must respond to technical comments on the methodology within 45 days of receipt. Further, each planning authority must self-certify its compliance to the compliance monitor once every three years. Reliability Standard **FAC-011-2** requires similar documentation by the reliability coordinator.⁸ Reliability Standard **FAC-014-2** requires the reliability coordinator, planning authority, transmission operator, and transmission planner to verify compliance through self-certification submitted to the compliance monitor annually. These entities must also document that they have developed SOLs consistent with the applicable SOL methodology and that they have provided SOLs to entities identified in Requirement 5 of the Reliability Standard. Further, the planning authority must maintain a list of multiple contingencies and their associated stability limits.

These three standards set requirements for the development of SOLs of the Bulk-Power System for use in the planning and operation horizons. In addition, these standards ensure that the SOLs are determined based on established methodology. SOLs are based on certain operating criteria. These include, but are not limited to:

- Facility Ratings (Applicable pre-and post-Contingency equipment or facility ratings)
- Transient Stability Ratings (Applicable pre-and post-Contingency Stability Limits)
- Voltage Stability Ratings (Applicable pre- and post-Contingency Voltage Stability)
- System Voltage Limits (Applicable pre- and post-Contingency Voltage Limits)

Additionally, NERC has proposed the addition and/or revision of the following terms to its Glossary of Terms Used in Reliability Standards (NERC glossary): “cascading outages,” “delayed fault clearing,” “Interconnection Reliability Operating Limit (IROL),” and “Interconnection Reliability Operating Limit T_v (IROL T_v).”⁹

⁸ The difference between the two is that FAC-10-1 deals with SOL methodology for the planning horizon and FAC-011-1 with SOL methodology for the operating horizon.

⁹ In Order No. 693, at P 1893-98, the Commission approved the NERC glossary and directed specific modifications to the document. The Commission clarified in its June 8, 2008 Order on Rehearing and Clarification that the statement in Order No. 705 regarding NERC’s definition of IROL T_v was not intended to prejudge the results of the survey of IROL practices that the Commission directed NERC to perform in Order No. 693. The Commission believes that operating the system within IROL limits under normal system conditions and exceeding IROL limits only after a contingency and subsequently returning the system to a secure condition as soon as possible, but no longer than 30 minutes, may be appropriate. See *North American*, 123 FERC ¶ 61,239 (2008) at P 10.

FERC-725D (OMB Control No. 1902-0247)

FAC-010-2 (System Operating Limits Methodology for the Planning Horizon)

The stated Purpose of the Reliability Standard is to “ensure that System Operating Limits (SOLs) used in the reliable planning of the Bulk Electric System (BES) are determined based on an established methodology or methodologies.”¹⁰ FAC-010-2 applies to “planning authorities” and requires each planning authority to document its methods for determining system operating limits and to share the calculated limits with reliability entities.¹¹

Requirement R1 of the Reliability Standard provides that the Planning Authority shall have a documented SOL methodology within its planning area that is applicable to the planning time horizon, does not exceed facility ratings, and includes a description of how to identify the subset of SOLs that qualify as interconnection reliability operating limits (IROLs).¹²

Requirement R2 of the Reliability Standard identifies specific considerations that must be included in the methodology. For example, Requirement R2.1 provides that the methodology must include a requirement that SOLs provide bulk electric system performance so that, in the pre-contingency state and with all facilities in service, the bulk electric system shall demonstrate transient, dynamic and voltage stability and all facilities shall be within their facility ratings.

Reliability Standard FAC-010-2 identifies data retention requirements and two sets of Levels of Non-Compliance, one of general applicability and one for the Western Interconnection. FAC-010-2 also includes Measures corresponding to each Requirement. It identifies the regional reliability organization as the entity responsible for compliance monitoring.

FAC-011-2 (System Operating Limits Methodology for the Operations Horizon)

Reliability Standard FAC-011-2 requires each reliability coordinator to develop a SOL methodology for determining which of the stability limits associated with the list of multiple contingencies are applicable for use in the operating horizon based on actual or expected system conditions.

10 The NERC glossary defines system operating limit or SOL as “the value . . . that satisfies the most limiting of the prescribed operating criteria for a specified system configuration to ensure operation within acceptable reliability criteria. . . .”

11 The NERC glossary defines “planning authority” as “the responsible entity that coordinates and integrates transmission facility and service plans, resource plans, and protection systems.” The Commission notes that Version 2 of NERC’s Reliability Functional Model, adopted by the NERC Board of Trustees on February 10, 2004, at 14-16, discusses the role of the planning authority. However, Version 3 of NERC’s Reliability Functional Model, adopted by the NERC Board of Trustees on February 13, 2007, at 13-15, appears to have replaced “planning authority” with the new term “planning coordinator.”

12 NERC has proposed the following definition of IROL, “a System Operating Limit that, if violated, could lead to instability, uncontrolled separation, or Cascading Outages that adversely impact the reliability of the Bulk Electric System.”

FERC-725D (OMB Control No. 1902-0247)

Requirement R1 of FAC-011-2 states that the Planning Authority shall have a documented SOL Methodology for use in developing SOLs within its planning authority area. R1 indicates that the SOL Methodology must be applicable to developing SOL's used in the planning horizon, state that SOL's shall not exceed associated facility ratings, and include a description of how to identify the subset of SOL;s that qualify as IROLs.

Requirement R2 of FAC-011-2 identifies specific considerations that must be included in the methodology in a pre-contingency state and following one or multiple contingencies.

Requirement R3 of FAC-011-2 requires that the methodology for determining SOLs shall include as a minimum a description of the study model, selection of the applicable contingencies, level of detail of system models used to determine SOLs, allowed uses of Special Protection Systems

FAC-014-2 (Establish and Communicate System Operating Limits)

Reliability Standard FAC-014-2 requires each reliability coordinator, planning authority, transmission planner and transmission operator to develop and communicate SOL limits in accordance with the methodologies developed pursuant to FAC-010-2 and FAC-011-2. FAC-014-2 requires the reliability coordinator to ensure that SOLs are established for its "reliability coordinator area" and that the SOLs are consistent with its SOL methodology. It provides that each transmission operator, planning authority and transmission planner must establish SOLs as directed by its reliability coordinator that are consistent with the reliability coordinator's methodology. Further, FAC-014-2 requires the reliability coordinator, planning authority and transmission planner to provide its SOLs to those entities that have a reliability-related need.¹³

The three Standards do not require responsible entities to file information with the Commission. In addition, with the exception of a three year self-certification of compliance, the Reliability Standards do not require responsible entities to file information with NERC or the Regional Entities. However, the Reliability Standards do require responsible entities to develop and maintain certain information for a specific period of time, subject to inspection by the ERO (NERC) or Regional Entities.

These three Reliability Standards serve an important reliability purpose in ensuring that SOLs used in the reliable planning and operation of the Bulk-Power System are determined based on an established methodology. Moreover, they clearly identify the entities to which they apply and contain clear and enforceable requirements.

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

¹³ The Notice of Proposed Rulemaking (NOPR) provides additional background on the content of each FAC Reliability Standard. Facilities, Design, Connections and Maintenance Mandatory Reliability Standards, Notice of Proposed Rulemaking, 72 FR 46,413 (Aug. 20, 2007), FERC Stats. And Regs. ¶ 32,622, at P 9-36 (Aug. 13, 2007).

FERC-725D (OMB Control No. 1902-0247)

The Commission has developed the capability for electronic filing of nearly all submittals to FERC. In Order No. 619 (issued 9/14/2000), the Commission established an electronic filing initiative that permitted over 40 qualified types of documents to be filed over the Internet to its website. Since that time, FERC has expanded its eFiling options in phases to include nearly all document types and security levels (such as privileged information and Critical Energy Infrastructure Information (CEII)). Electronic filing, combined with electronic posting and service over the web site, permits staff and the public to obtain filings in a faster and more efficient manner. More information on FERC's eFiling program is available at <http://www.ferc.gov/docs-filing/efiling.asp>.

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

Filing requirements are periodically reviewed as OMB review dates arise or as the Commission may deem necessary in carrying out its responsibilities under the FPA in order to eliminate duplication and ensure that filing burden is minimized. There are no similar sources of information available that can be used or modified for these reporting purposes.

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

In general, while the Commission is mindful of the possible impact on small entities, the Commission is also concerned that Bulk-Power-System reliability not be compromised based on an unwillingness of entities, large or small, to incur reasonable expenditures necessary to preserve such reliability. As the Commission explained in Order No. 672:

A proposed Reliability Standard may take into account the size of the entity that must comply with the Reliability Standard and the cost to those entities of implementing the proposed Reliability Standard. However, the ERO should not propose a "lowest common denominator" Reliability Standard that would achieve less than excellence in operating system reliability solely to protect against reasonable expenses for supporting this vital national infrastructure. For example, a small owner or operator of the Bulk Power-System must bear the cost of complying with each Reliability Standard that applies to it.¹⁴

FERC-725D is a filing requirement concerning the implementation of Reliability Standards by the ERO and its responsibilities as well as those of Regional Entities and Regional

¹⁴ Order No. 672 at P 330.

FERC-725D (OMB Control No. 1902-0247)

Advisory Bodies in the development of Reliability Standards. The Electricity Modernization Act specifies that the ERO and Regional Entities are not departments, agencies or instrumentalities of the United States government and will not be like most other businesses, profit or not-for-profit. Congress created the concept of the ERO and Regional Entities as select, special purpose entities that will transition the oversight of the Bulk-Power System reliability from voluntary, industry organizations to independent organizations subject to Commission jurisdiction.

Section 215(b) of the FPA requires all users, owners and operators of the Bulk-Power System to comply with Commission-approved Reliability Standards. Each proposed Reliability Standard submitted for approval by NERC applies to some subset of users, owners and operators. Most of the entities, i.e., planning authorities, reliability coordinators, transmission planners and transmission operators, to which the requirements of these standards apply do not fall within the definition of small entities.¹⁵

Based on available information regarding NERC's compliance registry, approximately 470 entities are responsible for compliance with the three new Reliability Standards. It is estimated that one-third of the responsible entities, are municipal and cooperative organizations. The Reliability Standards apply to planning authorities, transmission planners, transmission operators and reliability coordinators, which tend to be larger entities. Thus, the Commission believes that only a portion of the municipal and cooperative organization to which the proposed Reliability Standards would apply, qualify as small entities. As discussed above, the Reliability Standards are not a burden on the industry since most if not all of the applicable entities had been performing SOL calculations prior to the approval of these Reliability Standards, and these standards simply provide a common methodology for those calculations.

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

The ERO will conduct periodic assessments of the reliability and adequacy of the Bulk-Power System in North America and report its findings to the Commission, the Secretary of Energy, Regional Entities, and Regional Advisory Bodies annually or more frequently if so ordered by the Commission. The ERO and Regional Entities will report to FERC on their enforcement actions and associated penalties and to the Secretary of Energy, relevant Regional Entities and relevant Regional Advisory Bodies annually or quarterly in a manner to be prescribed by the Commission. If the information were conducted less frequently or discontinued, the Commission would be placed at a disadvantage in not having the data necessary for monitoring its mandated obligations.

¹⁵ The RFA definition of "small entity" refers to the definition provided in the Small Business Act, which defines a "small business concern" as a business that is independently owned and operated and that is not dominant in its field of operation. See 15 U.S.C. 632 (2000). According to the SBA, a small electric utility is defined as one that has a total electric output of less than four million MWh in the preceding year.

FERC-725D (OMB Control No. 1902-0247)

7. EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE INFORMATION COLLECTION

FERC-725D is a filing requirement necessary to comply with the applicable provisions of the Electricity Modernization Act of 2005 and section 215 of the Federal Power Act.

In accordance with 18 CFR 39.5, the ERO must file each Reliability Standard or a modification to a Reliability Standard with the Commission. The filing is to include a concise statement of the basis and purpose of the proposed Reliability Standard, either a summary of the Reliability development proceedings conducted by the ERO or a summary of the Reliability Standard development proceedings conducted by a Regional Entity together with a summary of the Reliability Standard review proceedings of the ERO and a demonstration that the proposed Reliability Standard is “just, reasonable, not unduly discriminatory or preferential, and in the public interest.

The ERO must make each effective Reliability Standard available on its Internet website. Copies of the effective Reliability Standards will be available from the Commission’s Public Reference Room.

Some of the data retention requirements contained in this collection may mean some records are kept for longer than the specified limit as described in 5 CFR 1320.5(d)(2)(iv) which directs that agencies should not require the public to retain records for no more than three years. These time periods were found to be necessary, and proposed, by the ERO and industry through their process of proposal, discussion, and voting.

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

The ERO standards process provides opportunity for the affected entities to participate in development, review, and voting on proposed Reliability Standards before they are approved and submitted to FERC for review and approval.

The Commission solicited public comment on this data collection in a public notice published in the Federal Register November 24, 2010 (75 FR 71678). The Commission received no comments from the public. In conjunction with submitting this package to OMB the Commission published another notice in the Federal Register (April 1, 2011, 76 FR 18209), which provides 30 days for the public to submit comments.

9. EXPLAIN ANY PAYMENT OR GIFTS TO RESPONDENTS

No payments or gifts have been made to respondents.

FERC-725D (OMB Control No. 1902-0247)

10. DESCRIBE ANY ASSURANCE OF CONFIDENTIALITY PROVIDED TO RESPONDENTS

The Commission generally does not consider the data filed to be confidential. However, certain standards may have confidentiality provisions in the standard.

The Commission has in place procedures to prevent the disclosure of sensitive information, such as the use of protective orders and rules establishing critical energy infrastructure information (CEII). In addition, information provided with a filing may be submitted with a specific request for confidential treatment to the extent permitted by law and considered pursuant to 18 C.F.R. 388.112 of FERC's regulations.

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 OF INFORMATION

Current OMB Inventory:

Data Collection	No. of Respondents¹⁶ (1)	Average No. of Responses per Respondent (2)	Average Burden Hours per Response (3)	Total Annual Burden Hours (1)x(2)x(3)
FERC-725D	250	1	Reporting: 90	Reporting: 22,500
			Recordkeeping: 210	Recordkeeping: 52,500
Total	250			75,000

¹⁶ This figure comes from NERC's compliance registry matrix which was updated on 10/27/10 and includes all entities registered as a Planning Authority, Reliability Coordinator, Transmission Planner, or Transmission Operator functions that are responsible for compliance with FAC-014-2.

FERC-725D (OMB Control No. 1902-0247)

The Commission's estimates below regarding the number of respondents is based on the NERC compliance registry as of October 27, 2010 and includes all entities registered as a Planning Authority, Reliability Coordinator, Transmission Planner, or Transmission Operator functions that are responsible for compliance with one or all of the three standards in this collection.

The new estimated annual public reporting burden follows:

Data Collection	No. of Respondents ¹⁷ (1)	Average No. of Responses per Respondent (2)	Average Burden Hours per Response (3)	Total Annual Burden Hours (1)x(2)x(3)
FERC-725D	470	1	Reporting: ¹⁸ 90	Reporting: 42,300
			Recordkeeping: 210	Recordkeeping: 98,700
Total	470			141,000

The proposed inventory for FERC-725D contains the same reporting and recordkeeping estimates as the current inventory but differs in the number of respondents by 220. This adjustment in the number of respondents yields an increase in the total annual burden of 66,000.

13. ESTIMATE OF THE TOTAL ANNUAL COST BURDEN TO RESPONDENTS

Existing cost estimates

- Reporting: 22,500 hours @ \$120/hour = \$2,700,000.
- Recordkeeping:¹⁹ = 52,500 @ \$40/hour = \$2,100,000
- Storage: 1,800 sq. ft. x \$925 (off site storage) = \$1,665,000

Total cost = \$6,465,000.

Revised cost estimates

The estimated average annualized cost is increased by \$175,500 (\$6,640,500 - \$6,465,000 = \$175,500) from the previous estimate due to an increase in the number of entities who are registered for the Planning Authority, Reliability Coordinator, Transmission Planner, and Transmission Operator functions. The estimated cost increase would be greater, however,

¹⁷ This figure comes from NERC's compliance registry matrix which was updated on 10/27/10 and includes all entities registered as a Planning Authority, Reliability Coordinator, Transmission Planner, or Transmission Operator functions that are responsible for compliance with FAC-014-2.

¹⁸ Hours are attributable to developing SOLs. Recordkeeping pertains to the documentation to be maintained for audits.

¹⁹ Labor Rates: (file/record clerk @ \$17 an hour + supervisory @23 an hour)

FERC-725D (OMB Control No. 1902-0247)

the estimates for the per hour costs for reporting and the square footage costs for recordkeeping have decreased due to recent analysis. The new estimated average annualized cost is **\$6,640,500** (\$14,128.72 per respondent), as shown here:

- Reporting:²⁰ 42,300 hours @ \$95/hour = \$4,018,500.
- Recordkeeping:²¹ 98,700 hours @ \$26/hour = \$2,566,200
- Storage:²² 1,800 sq. ft. @ \$31/sq. ft. = \$55,800²³

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 anyone particular function or activity.

The standards do not require any information to be submitted to the Commission, neither does the Commission actively verify compliance with these standards (this is done by the ERO or Regional Entities). The Commission does incur costs in maintaining this collection of information current with OMB as is estimated here:

Data Clearance Program: \$1,575

15. REASONS FOR CHANGES IN BURDEN INCLUDING THE NEED FOR ANY INCREASE

The burden has increased due to an increase in the number of entities who are registered for the Planning Authority, Reliability Coordinator, Transmission Planner, and Transmission Operator functions. The change in applicable entities reported here is also due to the Commission now having a more accurate estimate of the number of entities that must comply with these standards.

16. TIME SCHEDULE FOR THE PUBLICATION OF DATA

No data is publicized as a result of this collection.

20 Estimate based on hourly costs for legal, technical and administrative staff. See http://www.bls.gov/oes/current/naics2_22.htm and

http://www.marylandlawyerblog.com/2009/07/average_hourly_rate_for_lawyer.html.

21 Estimate based on hourly costs for technical and clerical staff. See http://www.bls.gov/oes/current/naics2_22.htm.

22 Estimate based on in-office square foot costs obtained from a Commission assessment of the industry performed in 2010.

23 This cost will be reported in ROCIS. All other costs relate to burden hours and will only be reported here in the supporting statement.

FERC-725D (OMB Control No. 1902-0247)

17. DISPLAY OF THE EXPIRATION DATE

It is not appropriate to display the expiration date for OMB approval of the information collected. The information will not be collected on a standard, preprinted form which would avail itself to that display.

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT

The data collected for this reporting requirement is not used for statistical purposes. Therefore, the Commission does not use "effective and efficient statistical survey methodology."

B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS.

This is not a collection of information employing statistical methods.