

SUPPORTING STATEMENT FOR FERC-521, Payments for Benefits from Headwater Improvements

The Federal Energy Regulatory Commission (Commission or FERC) requests that the Office of Management and Budget (OMB) review and approve (for a three-year period) the **FERC-521, Payments for Benefits from Headwater Improvements** (OMB Control No. 1902-0087). FERC-521 is an existing data collection (filing application) whose filing requirements are contained in Title 18 Code of Federal Regulations (CFR), Part 11.

The estimated reporting burden for FERC-521 is expected to be 120 hours per year over the next three years, with no change from the current burden estimate. The average burden per filing is estimated to be 40 hours.

A. Justification

1. CIRCUMSTANCES THAT MAKE THE COLLECTION OF INFORMATION NECESSARY

Headwater benefits are the additional energy production possible at downstream hydropower projects resulting from the regulation of river flows by an upstream storage reservoir. Authority for the filing of headwater benefits information is contained under the Commission's defined role as mandated by Part 1, of the Federal Power Act¹ (FPA), Section 10(f). Under Section 10(f) of the Federal Power Act, an owner of a hydropower project is required to reimburse upstream headwater project owners for an equitable part of the benefits it receives. This includes paying equitable portions of the annual charges for interest, maintenance, and depreciation of the headwater project to the U.S. Treasury. The Commission collects about \$6 million annually, which it returns to the U.S. Treasury. The Commission's regulations provide for apportionment of these costs between the headwater project and downstream projects based on downstream energy gains and propose an equitable apportionment methodology that can be applied to all river basins in which headwater improvements are built.

The Commission focuses its efforts on assessing headwater benefits derived from upstream federal storage projects constructed and operated by the U.S. Army Corps of Engineers and the Bureau of Reclamation. The purpose of determining the headwater benefits is to assess the downstream beneficiaries for a portion of the annual charges of the headwater project. The Commission implements these requirements in the 18 C.F.R., Part 11.

¹ 16 U.S.C. Section 803 (1982 and supp. IV 1986)

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

FERC-521 implements the existing regulations and is necessary for the determination of headwater benefits derived by downstream parties. The regulations set forth a formula for determining an equitable apportionment of the annual charges for interest, maintenance, and depreciation for a storage reservoir or other headwater improvement owned by the United States, a licensee, or a pre-1920 permittee. Energy gains are determined by FERC using various analytical methods. The method chosen depends upon the complexity of the river basin and the potential headwater benefits. Complex river basins that include a large number of headwater and downstream projects often require a detailed computer analysis using FERC's computer modeling simulation program Headwater Benefits Energy Gain Model (HWBEG). For river basins that are not complex or in which the headwater benefits are expected to be small, the Commission relies on a flow duration methodology to determine energy gains. Investigations are based on the determination of the average energy gains of a project. To determine how much annual energy is produced, it is necessary to calculate how much energy the downstream project would have produced if the upstream projects did not exist. The amount of energy that a hydropower project produces depends primarily on the following factors:

- Stream flow;
- Reservoir storage;
- Head;
- Size and efficiency of the turbines and generators;
- Load to be served.

In determining energy gains, the size and efficiency of the turbines and the generators, and the load to be served will remain constant, while stream flow, reservoir storage, and head will vary depending on the operation conditions of the upstream reservoirs. Because head and stream flow determine the amount of energy produced at the hydropower project, a relationship of generation as a function of the head and stream flow can be developed. Commission experience has shown that the relationship between generation and stream flow is an adequate tool for estimating generation in calculating gains.

If the information were not collected, there would be no data available to determine the benefits received from downstream parties from the operation of storage reservoirs, or other headwater improvements.

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

There is an ongoing consideration of the use of improved information technology to reduce burden in the filing requirements for submission of information concerning headwater benefits, the required attachments of drawings, blueprints, and quad sheets, plus the variety of technical data submitted compounds problems for using the automation of data materials.

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

In an effort to alleviate duplication, filing requirements are periodically reviewed as OMB review dates arise, or as the Commission may deem necessary in carrying out its regulatory responsibilities under the FPA. All Commission information collections are subject to a systematic validation review of all information collections imposed on regulated industry.

The reporting requirements associated with FERC-521 are basic filing requirements pertaining to headwater benefits. There are no similar sources of information available that can be used or modified for the purposes described in Item A(1).

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

The filing requirements are imposed on both large and small entities. Specific efforts have been made to minimize the burden imposed on small entities who file the data. For example, only those hydropower projects with an installed generating capacity greater than 1.5 MW are subject to headwater benefits charges. No final charge assessed may exceed 85 percent of the value of the energy gains for the assessment period. The data required is specific to each respondent; therefore, the reporting burden varies between each respondent.

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

If the information were collected less frequently, the Commission would be placed at a disadvantage in not having available data for determining the benefits from headwater improvements.

7. EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE INFORMATION COLLECTION

There are no special circumstances relating to this information collection.

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-521 was issued in FERC Docket No. IC11-521-000 on March 16, 2011 (at <http://elibrary.ferc.gov/idmws/common/OpenNat.asp?fileID=12588164>) and published in the Federal Register (76 FR 16393, 03/23/2011). There were no comments filed in response to this notice.

9. EXPLAIN ANY PAYMENTS OR GIFTS TO RESPONDENTS

No payments or gifts have been made to respondents.

10. DESCRIBE ANY ASSURANCE OF CONFIDENTIALITY PROVIDED TO RESPONDENTS

All data is public information, and therefore not confidential. A filer, however, may request, under the Freedom of Information Act and Commission's regulations at 18 C.F.R. 388.112, confidential treatment of some, or all of the FERC-521 filing. Each request for confidential treatment will be reviewed on a case-by-case basis.

11. PROVIDE ADDITIONAL JUSTIFICATION FOR ANY QUESTIONS OF A SENSITIVE NATURE

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

12. ESTIMATED BURDEN OF THE COLLECTION OF INFORMATION

The estimated burden of the collection of information is based on the Commission's previous experience with FERC-521. It is estimated that the total annual burden for Headwater Benefits is as follows:

Data Collection	No. of Respondents Annually (1)	Number of Responses Per Respondent (2)	Average Burden Hours Per Response (3)	Total Annual Burden Hours (1)x(2)x(3)
FERC-521	3	1	40	120 hours

The burden estimate is unchanged from the last submission to OMB for this collection.

13. ESTIMATE OF TOTAL ANNUAL COST BURDEN TO RESPONDENTS

The estimated annual cost to the respondents, averaged over the next three years are as follows:

Total Annual Burden Hours for Respondents (1)	Employee Hours Per Year (2)	Estimated Annual Cost Per Employee (3)	Total Annual Cost to Respondents [(1)/(2)]x(3)
120	2080	\$142,372	\$8,214

The total cost is higher than in the last submission to OMB due to using an updated estimated annual cost figure per employee.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

There is a cost to the Federal Government as a result of using the information that is collected to process the annual charge bills. The Commission estimates that it requires approximately .12 FTE to process the information. Also, there is a cost associated with maintaining this data collection current with OMB requirements. These costs are summarized as:

Processing Information: .12 FTEs @ \$142,372 per FTE = \$17,085 (rounded)
 Data Collection: \$1,575
Total Cost: \$18,660

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

There are no changes to the reporting requirements or burden.

16. TIME SCHEDULE FOR INFORMATION COLLECTION AND PUBLICATION

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

17. DISPLAY OF EXPIRATION DATE

It is not appropriate to display the expiration date for OMB approval of the information collected under FERC-521. The information submitted to the Commission is not collected on a standard preprinted form which would avail itself to this display. Rather, owners of hydropower projects prepare and submit filings that reflect the unique or specified circumstances related to the jurisdictional transaction. In addition, as previously noted, the information contains a mixture of narrative descriptions and empirical support that varies with each respondent.

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 Item (i) “effective and efficient statistical survey methodology” as stated in the online certification form to OMB. The information collected is case specific to each respondent.

B. Collection of Information Employing Statistical Methods

The FERC-521 is not a collection of information that employs statistical methodology.