

Supporting Statement for
**FERC Form 1 "Annual Report for Major Electric Utilities, Licensees and Others", and
FERC Form 1-F "Annual Report of Nonmajor Public, Licensees and Others"**

The Federal Energy Regulatory Commission (Commission or FERC) requests Office of Management and Budget (OMB) review and approval of **FERC Form 1 and FERC Form 1-F** (OMB Control Nos. 1902-0021 and 1902-0029) for an additional three years.

A. Justification

1. CIRCUMSTANCES THAT MAKE THE COLLECTION OF INFORMATION NECESSARY

In accordance with sections 304 and 309 of the Federal Power Act, FERC is authorized to collect and record data to the extent it considers necessary, and to prescribe rules and regulations concerning accounts, records and memoranda. The Commission may prescribe a system of accounts for jurisdictional companies and after notice and an opportunity for hearing may determine the accounts in which particular outlays and receipts will be entered, charged or credited. The Form No. 1 is a comprehensive financial and operating report submitted for Electric Rate regulation and financial audits. Major is defined as having (1) one million Megawatt hours or more; (2) 100 megawatt hours of annual sales for resale; (3) 500 megawatt hours of annual power exchange delivered; or (4) 500 megawatt hours of annual wheeling for others (deliveries plus losses). Form 1-F is designed to collect financial and operational information from nonmajor public utilities and licensees. Public utilities and licensees that are not classified as major and had total sales in each of the last three consecutive years of 10,000 megawatt-hours or more are classified as nonmajor. The Commission collects Form Nos. 1 and 1-F information as prescribed in 18 CFR 141.1 and 141.2.

Under the existing regulations FERC jurisdictional entities subject to its Uniform System of Accounts must annually file with the Commission a complete set of financial statements, along with other selected financial and non financial data through the submission of FERC Annual Report Forms 1, 1-F. The FERC Annual Report Forms provide the Commission, as well as others, with an informative picture of the jurisdictional entities financial condition along with other relevant data that is used by the Commission, as well as others, in making economic judgments about the entity or its industry.¹

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

¹ The FERC Form 3-Q is also used by the Commission for a similar purpose as the Forms 1 and 1-F. The Form 3-Q is collected quarterly as opposed to annually. As the Form 3-Q was recently approved by OMB it is not under review in this proceeding.

These forms provide information concerning a company's past performance and its future prospects, information compiled using a standard chart of accounts contained in the Commission's Uniform System of Accounts (USofA).² The forms contain schedules which include a basic set of financial statements: Comparative Balance Sheet, Statement of Income and Retained Earnings, Statement of Cash Flows, and the Statement of Comprehensive Income and Hedging Activities. Supporting schedules containing supplementary information are filed, including revenues and the related quantities of products sold or transported; account balances for various operating and maintenance expenses; selected plant cost data; and other information. The information collected in the forms is used by Commission staff, state regulatory agencies and others in the review of the financial condition of regulated companies. The information is also used in various rate proceedings, industry analyses and in the Commission's audit programs and as appropriate, for the computation of annual charges based on certain schedules contained on the forms. The Commission provides the information to the public, intervenors and all interested parties to assist in the proceedings before the Commission.

Additionally, the uniformity of information helps to present accurately the entity's financial condition and produces comprehensive data related to the entity's financial history helping to act as a guide for future action. The uniformity provided by the Commission's chart of accounts and related accounting instructions permits comparability and financial statement analysis of data provided by jurisdictional entities. Comparability of data and financial statement analysis for a particular entity from one period to the next, or between entities, within the same industry, would be difficult to achieve if each company maintained its own accounting records using dissimilar accounting methods and classifications to record similar transactions and events.

The Form 1 is not a substitute for a rate case filing nor is the data intended to project what might happen in future years; rather the data must provide enough detail to enable the form's users to monitor and assess a utility's rates. For example, many transmission owners operate under formula rates that are reset each year. The annual rate adjustment may not initiate a rate proceeding and the customer's recourse, if it believes the resulting rates are unjust and unreasonable, is to file a complaint under section 206 of the FPA. While the Form 1 in particular is not intended to provide all of the information that would be available in a rate case, customers nevertheless need sufficient information to enable them to perform a preliminary rate assessment and to determine whether, under the circumstances, a complaint may be warranted, and the Form 1 needs to provide that information.

The FERC Annual Report Forms provide the Commission, as well as others, with an informative picture of the jurisdictional entities' financial condition along with other relevant data that is used by the Commission in making economic judgements about the entity or its industry. For financial information to be useful to the Commission, it must be understandable, relevant, reliable and timely. As financial reporting has evolved over the years, users of

² See 18 CFR Part 201.

financial information have been willing to forgo some precision in reliability for the ability to obtain the information on more timely intervals, such as quarterly reporting.

In summary, without this information the Commission will not be able to respond and make decisions in a timely manner particularly to rapidly changing financial conditions of entities subject to its jurisdiction.

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

The Commission has made available to all Form 1 (also Forms 2, 2-A, 3-Q, 6, 6-Q and 60) respondents, a web-based, Windows submission software necessary to file electronically through a doorway found on the FERC web site at <http://www.ferc.gov/docs-filing/eforms/form-1/elec-subm-soft.asp>. All filers of the Form 1 must file electronically. The Form 1-F filers may file electronically or in hard copy.

The Commission has adopted user friendly electronic filing formats and software to facilitate these required formats and software in order to generate the required electronic filings. (See 18 CFR section 385.2011 of the Commission's regulations.)

To improve access to FERC-held financial information, the Commission has made it easier for users to electronically access financial information filed with the Commission. The Commission has also worked with the Securities and Exchange Commission in an effort to establish web links between the two agencies respective web home pages so that all users can access FERC-held financial information in a timely and efficient manner.

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

The Commission's filings and data requirements are periodically reviewed in conjunction with OMB clearance expiration dates. This includes a review of the Commission's regulations and data requirements to identify any duplication. The Commission's staff is continuously reviewing its various filings in an effort to alleviate duplication.

While some jurisdictional entities may file similar information with the Securities and Exchange Commission (SEC), the level of detail concerning assets, liabilities, stockholders' equity along with the revenues, expenses, gains and losses is different for the Commission and the SEC. The financial statements filed with the SEC are on a consolidated, or parent company basis. The Commission notes that a majority of the jurisdictional entities that it regulates file financial information with the SEC that consolidates their assets, liabilities and profits with their parent

company, or combine the regulated and unregulated operations in the reports to the SEC. While consolidation is appropriate for SEC reporting, the Commission requires more detailed information concerning the results of operations, and the financial position of each jurisdictional entity in order to meet its regulatory needs. Therefore, the Commission has required jurisdictional entities to file financial information on a jurisdictional entity level basis using a uniform system of accounts.

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

As noted previously, the Form 1 is filed by major utilities or licensees and us such does not apply to small entities. The Form 1-F is filed by public utilities with total sales of 10,000 megawatt-hours or more that are not major utilities. If the reporting requirements represent an undue burden on small businesses, the affected entity may seek a waiver of the disclosure requirements from the Commission. However, the Commission believes that the information collected on these forms is the minimum necessary to provide a meaningful review of financial conditions and would impose the least possible burden on entities.

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

The existing Form Nos. 1 and 1-F are required by the Commission to be submitted annually. Annual reporting is consistent with the reporting to the companies' own management, the Internal Revenue Service, state and other Federal agencies' (including Office of Management and Budget) requirements. Further, Section 304(a) of the Federal Power Act (16 U.S.C. 825(c)) states the following:

“Every licensee and every public utility shall file with the Commission such annual and other periodic or special reports as the Commission may by rules and regulations or order prescribe as necessary or appropriate to assist the Commission in the proper administration of this Act. The Commission may prescribe the manner and form in which such reports shall be made, and require from such persons specific answers to all questions upon which the Commission may need information. The Commission may require that such reports shall include, among other things, full information as to assets and liabilities, capitalization, net investment, and reduction thereof, gross receipts, interest due and paid, depreciation, and other reserves, cost of project and other facilities, cost of maintenance and operation of the project and other facilities, cost of renewals and replacement of the project works and other facilities, depreciation, generation, transmission, distribution delivery, use, and sale of electric energy. The Commission may require any such person to make adequate provision for currently determining such costs and other facts. Such reports shall be made under oath unless the Commission otherwise specifies.”

Therefore, the Commission is meeting its statutory obligations as well as implementing a reporting frequency that coincides with industry business practices and OMB guidelines as noted above.

7. EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE INFORMATION COLLECTION

The requirements meet all of OMB's section 1320.5 requirements.

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

The Commission issued a notice in the Federal Register on August 3, 2011 (76 FR 46781) soliciting comment on these collections of information. The Commission received one comment from the Bureau of Economic Analysis (BEA). In that comment, BEA requests additional reporting in Forms Nos. 1 and 1-F. BEA relies on this data collection for its analysis. In response, the Commission intends to work with BEA should there be a need to make any changes to this data collection.

9. EXPLAIN ANY PAYMENTS OR GIFTS TO RESPONDENTS

There are no payments or gifts to respondents in the proposed rule.

10. DESCRIBE ANY ASSURANCE OF CONFIDENTIALITY PROVIDED TO RESPONDENTS

The Commission considers its annual reporting system to be public information and, therefore, generally not confidential. The benefits of a standardized and uniform accounting system would not be realized if the financial information once compiled were withheld from public view. To ensure that these benefits are realized, and to provide transparency of economic consequences to all affected interests, the Commission has prescribed a program of periodic financial reporting that makes financial and non-financial information publicly available to all interested parties.

However, the Commission will entertain specific requests for confidential treatment to the extent permitted by law pursuant to 18 C.F.R. 388.112.

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

There are no questions of a sensitive nature associated with the data requirements in these collections of information.

12. ESTIMATED BURDEN COLLECTION OF INFORMATION

FERC Form 1

The current inventory, the Commission adjustment and the proposed inventory for the Form 1 are shown in the following table:

FERC Form 1	Number 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)
Current Inventory	211	1	1,161.85	245,150
Proposed Inventory	209	1	1,162	242,858
Adjustment due to agency discretion	-2	-	+.15	-2,292

The estimated number of entities that must file the FERC Form one has decreased by 2 since 2008. This is due to normal fluctuations in the market, not to any special circumstances. The average burden per response has been rounded up by .15 because the Commission did not see the value of estimating out two decimal places.

FERC Form 1-F

The current inventory, the Commission adjustment and the proposed inventory for the Form 1-F are shown in the following table:

FERC Form 1-F	Number 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)
Current Inventory	4	1	115.75	463
Proposed Inventory	5	1	116	580

Adjustment due to agency discretion	+1	-	+.25	+117
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The estimated number of entities that must file the FERC Form 1-F has increased by 1 since 2008. This is due to normal fluctuations in the market, not to any special circumstances. The average burden per response has been rounded up by .25 because the Commission did not see the value of estimating out two decimal places.

The average burden hours per response for both forms is based on the Commissions estimate over many years of collecting this form.

13. ESTIMATE OF THE TOTAL ANNUAL COST BURDEN TO RESPONDENTS

The total estimated annual cost burden to respondents on the FERC Form 1 is \$12,385,758 (242,858 hours X \$51/hour³). The average cost per respondent is \$59,262.

The total estimated annual cost burden to respondents on the FERC Form 1F is \$29,580 (580 hours X \$51/hour³). The average cost per respondent is \$5,916.

The above dollar per hour figures have been updated from what was used in the last submission under these control numbers in order to reflect current wage estimates.⁴ The forms do not require any ongoing system/capital costs and therefore there are no costs reported in the ROCIS inventory.

14. ESTIMATED ANNUALIZED COST TO FEDERAL GOVERNMENT

Data Requirement	Analysis of data (FTEs)⁵ (1)	Estimated Salary Per Year (2)	FERC Forms Clearance Per Year (3)	Total Annual Cost to FERC [(1)x(2)] + (3)
Form 1	1	\$142,372	\$1,575	\$143,947
Form 1-F	.1	\$142,372	\$1,575	\$15,812

³ The per hour figures were obtained from the Bureau of Labor Statistics National Industry-Specific Occupational and Employment Wage Estimates (http://www.bls.gov/oes/current/naics4_221100.htm), and are based on the mean wage statistics for staff in the areas of management, business and financial, legal and administrative. The mean wage was then increased by 20% to account for benefits/overhead.

⁴ The last submittal used \$91/hour. This is higher than the proposed estimate cost figures mainly due to using \$250/hour for an attorney. The current estimate uses the wage figures in the Bureau of Labor Statistics database which indicates a much lower per hour figure for attorneys.

⁵ An "FTE" is a "Full time Equivalent" employee that works the equivalent of 2,080 hours per year.

Total			\$159,759
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15. REASONS FOR CHANGES IN BURDEN INCLUDING THE NEED FOR ANY INCREASE

The forms themselves remain unchanged from what they were previously. The only changes in the burden are agency adjustments resulting from slight changes in the number of entities filing the forms and a slight increase in the estimated burden per response.

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The estimated number of entities that must file the FERC Form 1-F has increased by 1 since 2008. This is due to normal fluctuations in the market, not to any special circumstances. The average burden per response has been rounded up by .25 because the Commission did not see the value of estimating out two decimal places.

The average burden hours per response for both forms is based on the Commissions estimate over many years of collecting these forms.

16. TIME SCHEDULE FOR PUBLICATION OF DATA

The Commission has not published the information contained on FERC Forms 1 and 1-F. The publication of energy data became the responsibility of the Energy Information Administration when the Commission succeeded the Federal Power Commission per the Department of Energy Organization Act in October 1977. The primary purpose of the information collected on these forms is to support the Commission's regulatory activities. However, copies of the forms submitted to the Commission are available on its Internet web site or through its Public Reference Room.

17. DISPLAY OF EXPIRATION DATE

All forms display both the OMB control number and the expiration date. In addition, this information is also displayed in the upper right-hand corner of the cover page in the appropriate electronic versions for these forms.

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT

There is an exception to the Paperwork Reduction Act submission certification. Because the data collected on these forms is not used for statistical purposes, the Commission does not, as stated in submission certification use "effective and efficient statistical survey methodology."

B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

These are not collections of information employing statistical methods.