

### **Supporting Statement**

#### **FERC-60 (Annual Report of Centralized Service Companies); FERC-61 (Narrative Description of Service Company Functions); FERC-555A (Preservation of Records of Holding Companies and Service Companies Subject to PUHCA 2005)**

The Federal Energy Regulatory Commission (Commission or FERC) requests that the Office of Management and Budget (OMB) review and approve the following collections for the three year period:

- FERC Form No. 60 (Annual Report of Centralized Service Companies)
- FERC-61 (Narrative Description of Service Company Functions)
- FERC-555A (Preservation of Records of Holding Companies and Service Companies Subject to PUHCA 2005)

FERC Form No. 60 (or FERC-60) reporting requirements are contained within 18 CFR Part 366.23(a)(1) and 18 CFR 369.1. FERC-61 reporting requirements are contained within 18 CFR 366.23(a)(2). FERC-555A reporting requirements are contained within 18 CFR 368. FERC-60, FERC-61, and FERC- 555A (all included under OMB Control No. 1902-0215) are all existing Commission data collections.

#### **1. CIRCUMSTANCES THAT MAKE THE COLLECTION OF INFORMATION NECESSARY**

In accordance with the Energy Policy Act of 2005 (EPAAct 2005), the Commission implemented the repeal of PUHCA 1935 and implemented the provisions of a new PUHCA 2005. PUHCA 2005 permits Commission access to books and records of holding companies and their members, if necessary, for determining jurisdictional rates. The Commission implemented PUHCA rules governing accounting, record retention and reporting, including certain blanket waivers and exemptions, within the deadlines in EPAAct 2005.

Section 1264 of PUHCA 2005 concerns FERC access to the books and records of holding companies and other companies in holding company systems, and Section 1275 of PUHCA 2005 addresses FERC's review and authorization of the allocation of costs for non-power goods or administrative or management services when requested by a holding company system or state commission. Section 1264 and Section 1275 of PUHCA supplement the Commission's existing authorities under the Federal Power Act (FPA) and the Natural Gas Act (NGA) to protect customers against improper cross-subsidization or encumbrances of assets including the Commission's authority under FPA Section 301 and NGA Section 8 to obtain the books and records of regulated companies and any person that controls or is controlled by these companies if relevant to jurisdictional activities.

Sections 1264(a) and (b) of EAct 2005 provide that each holding company and each associate of a holding company will maintain and make available to FERC “such books, accounts, memoranda, and other records as the Commission determines are relevant to the costs incurred by a public utility or natural gas company that is an associate of such holding company and necessary or appropriate for the protection of the public utility or natural gas company customers with respect to jurisdictional rates.” Section 1264(c) empowers FERC to examine the books and records of any company in a holding company system, or any affiliate thereof, that FERC determines are relevant to the costs incurred by a public utility or natural gas company within the holding company system and necessary or appropriate for the protection of public utility or natural gas customers with respect to jurisdictional rates. Further, Congress has enhanced FERC’s existing authorities over public utility mergers, acquisitions and dispositions of jurisdictional facilities regarding the electric industry.

PUHCA 2005 does not give FERC any new substantive authorities other than the requirement in Section 1275 of EAct 2005 that FERC review and determine certain non-power goods and services cost allocations among holding company members upon request. In addition, EAct 2005 does not give FERC authority to pre-approve holding company activities. The Commission will continue to rely primarily on its ratemaking authorities under Sections 205 and 206 of the FPA and Sections 4 and 5 of the NGA to protect jurisdictional customers against inappropriate cross-subsidization or encumbrances of utility assets on an ongoing basis<sup>1</sup>.

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

Since 1935, the Commission has regulated certain electric utility activities under the Federal Power Act (FPA). Under FPA Sections 205 and 206, the Commission oversees the rates, terms, and conditions of sales for resale of electric energy and transmission service in interstate commerce by public utilities. The Commission must ensure that those rates, terms and conditions are just and reasonable and are not unduly discriminatory or preferential. Under FPA Section 203, the Commission reviews mergers and other asset transfers involving public utilities.

The Commission’s role in the natural gas industry is primarily defined by the Natural Gas Act of 1938 (NGA). Under the NGA, the Commission regulates the construction of new natural gas pipelines, liquefied natural gas terminals and related facilities. The NGA also enables the Commission to oversee the rates, terms and conditions of sales for resale and transportation of natural gas in interstate commerce.

The Commission utilizes its existing FPA and NGA authorities (in combination with its enhanced authority over public utility mergers, acquisitions, and disposition of jurisdictional

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<sup>1</sup> With the exception of reviewing a holding company’s transaction requiring approval under Section 203 of the FPA or a proposed issuance of securities under Section 204 of the FPA

facilities) in conjunction with the authorities under PUHCA 2005 to provide a sound framework to protect customers.

If the Commission did not conduct the collection of data for FERC-60, FERC-61, or the records retention requirements (FERC-555A), the Commission would not be able to meet its statutory responsibilities under NGA, FPA, EAct 2005 or PUHCA 2005. The Commission would not have all of the regulatory mechanisms necessary to ensure customer protection.

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

In general, the Commission continues to expand the list of filing types that may be submitted electronically (as described at <http://www.ferc.gov/docs-filing/efiling.asp>). There is an ongoing effort to determine the potential and the value of improved information technology to reduce the burden. Specifically, in order to increase the efficiency with which it carries out its program responsibilities, the Commission has been implementing measures to use information technology to reduce the amount of paperwork required in its proceedings.

The Commission has developed submission software to provide for the electronic filing of FERC-60 (<http://www.ferc.gov/docs-filing/forms/form-60/elec-subm-soft.asp>). Further details regarding submission of the FERC-60 can be found here: <http://www.ferc.gov/docs-filing/forms.asp#60>.

**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 deems necessary 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 THE BURDEN IN COLLECTION OF INFORMATION INVOLVING SMALL ENTITIES**

The information requirements under FERC-60 and the FERC-555A records retention requirements apply to jurisdictional entities. Companies that do not qualify to file Form 60 use

the FERC-61 to reduce burden on those small entities. Most holding companies to which the rules apply would not fall within the Regulatory Flexibility Act's definition of small entity.<sup>2</sup>

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

FERC-60, FERC-61 and FERC-555A are required for statutory purposes and cannot be discontinued nor collected less frequently.

## **7. EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE INFORMATION COLLECTION**

The Commission assumed responsibility for the reporting requirements formerly required by the SEC and streamlined those requirements by creating a new information collection that is in conformance with OMB's regulations at 5 CFR 1320.5. The recordkeeping requirements are based on the Commission's regulations in 18 CFR Parts 125 and 225, requirements that are covered by FERC-555 (OMB Control No. 1902-0098). Several years ago these requirements were reviewed and where applicable the retention periods were reduced.

In order to regulate its mandates, the Commission requires sufficient data. For rate case filings, it is necessary that the Commission have access to supporting rate-case documentation or anything pertinent to complaint proceedings. Some record schedules are longer than 3 years<sup>3</sup>.

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

In accordance with OMB requirements, the Commission published a 60-day notice<sup>4</sup> and a 30-day notice<sup>5</sup> to the public regarding this information collection on 11/28/2012 and 2/11/2013 respectively. Within the public notice, the Commission noted that it would be requesting a three-year extension of the public reporting burden with no change to the existing requirements concerning the collection of data. No comments were received.

## **9. EXPLAIN ANY PAYMENT OR GIFTS TO RESPONDENTS**

There are no payments or gifts to FERC-60, FERC-61, or FERC-555A respondents.

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<sup>2</sup> 15 USC 632

<sup>3</sup> 5 CFR 1320.5(d)(2)(iv)

<sup>4</sup> 77FR 70996

<sup>5</sup> 78 FR 9679

**10. DESCRIBE ANY ASSURANCE OF CONFIDENTIALITY PROVIDED TO RESPONDENTS**

The Commission does not consider the filings within the FERC-60, FERC-61, or the FERC-555A to be confidential. Information provided with the filing may be submitted with a specific request for confidential treatment to the extent permitted by law and pursuant to FERC's regulations.

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

The Commission does not consider any of the questions within the FERC-60, 61, or 555A to be of a sensitive nature that would be considered private.

**12. ESTIMATED BURDEN OF COLLECTION OF INFORMATION**

The Commission estimates the Public Reporting Burden for this information collection as:

<b>FERC-60 (Annual Report of Centralized Service Companies), FERC-61 (Narrative Description of Service Company Functions), &amp; FERC-555A (Preservation of Records Companies and Service Companies Subject to PUHCA)</b>					
<b>FERC Collection</b>	<b>Number of Respondents (A)</b>	<b>Number of Responses Per Respondent (B)</b>	<b>Total Number of Responses (A)x(B)=(C)</b>	<b>Average Burden Hours per Response (D)</b>	<b>Estimated Total Annual Burden (C)x(D)</b>
FERC-60	34	1	34	75	2,550
FERC-61	82	1	82	0.5	41
FERC-555A	100	1	100	1,080	108,000
<b>TOTAL</b>					<b>110,591</b>

The following table shows the labor cost associated with the burden hours.

The total estimated annual cost burden to respondents is \$2,360,829.41 [\$306,000 (FERC Form 60) + \$2,829.41 (FERC-61) + \$2,538,000 (FERC-555A) = \$2,846,829]

FERC Form 60: 2,550 hours \* \$120/hour = \$306,000

FERC-61: 41 hours \* \$69.01/hour = \$2,829.41

FERC-60, FERC-61, & FERC-555A (OMB Control No. 1902-0215)

FERC-555A<sup>6</sup>: \$2,538,000 [Labor costs for paper storage: 108,000 hours ÷ 2 = 54,000 \* \$19/hours<sup>7</sup> = \$1,026,000; labor costs for electronic storage: 108,000 hours ÷ 2 = 54,000 \* \$28/hour<sup>8</sup> = \$1,512,000; total cost: \$1,026,000 + 1,512,000 = \$2,538,000]

### 13. ESTIMATE OF THE TOTAL ANNUAL COST BURDEN TO RESPONDENTS

Total Capital and Start-up cost: \$0

Total Operation, Maintenance, and Purchase of Services: \$39,526

Record Retention/storage cost for paper storage (using an estimate of 6,000 ft<sup>3</sup>): \$38,763

- Electronic record retention/storage cost: \$762.50 [Electronic record storage cost: 100 respondents ÷ 2 = 50 respondents \* \$15.25/year<sup>9</sup> = \$762.50]

### 14. ESTIMATED ANNUALIZED COST TO FEDERAL GOVERNMENT

	Number of Employees (FTE)	Estimated Annual Federal Cost
FERC-60 <sup>10</sup>	1	\$143,540
FERC-61	0.005	\$718
FERC-555A	0.5	\$71,770
PRA <sup>11</sup> Administrative Cost <sup>12</sup>		\$1,588
<b>FERC Total</b>		<b>\$217,616</b>

The Commission bases its estimate of these information collection costs to the Federal Government on salaries and benefits for professional and clerical support. This estimated cost represents staff analysis, decision-making, and review of any actual filings submitted in response to the information collection.

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

The requirements within FERC-60 did not change. However, the Commission proposes four less filers for this clearance (from 38 to 34 respondents) due to the consolidation of part of the respondent universe and the discontinuance of some centralized service companies.

6 Internal analysis assumes 50% electronic and 50% paper storage

7 2012 average hourly wage of filing clerk working within an electric utility

8 The Commission bases the \$28/hour figure on a FERC staff study that included estimating public utility recordkeeping costs.

9 Per entity; the Commission bases this figure on the estimated cost to service and to store 1 GB of data (based on the aggregated cost of an IBM advanced data protection server).

10 Based upon 2012 FTE average salary plus benefits (\$143,540)

11 Paperwork Reduction Act of 1995 (PRA)

12 Based upon 24 hours of Commission staff time/effort

The requirements within FERC-61 did not change. However, the Commission proposes 60 more filers for this clearance (from 22 to 82 respondents) due to respondents’ ability to either file individually or to have a holding company file for a group of companies per 18 CFR 366.23(a) (2).

The requirements within FERC-555A did not change. Thus, there is no significant change in burden from the last date of submittal.

The Commission proposes a net increase of 56 respondents to the annual number of responses associated with FERC-60/61/555A. The Commission proposes no significant change in annual time burden.

The table below illustrates a significant decrease to the annual cost burden for these information collections. This is due primarily to 1) a previous error in accounting for capital investment and non-labor costs (see next paragraph) and 2) a large reduction in storage costs due the ongoing implementation of digital (i.e. cheaper) storage and record-keeping.

With the clearance package, the cost to industry is displayed using the unit of burden hours. In accordance with the “ROCIS HOW TO Guide for Agency Users of the Information Collection Request (ICR) Module”, users should not report as a dollar cost any burden reported in hours<sup>13</sup>. Therefore, Commission staff corrected the industry’s annual cost burden within the ROCIS metadata to show that the Commission associates no cost to capital investment or other non-labor costs. The Commission estimates the monetary cost related to the burden hours in #13 (above). This was done erroneously in previous FERC-60/61/555A supporting statements. Commission staff corrected the error within the current proposed clearance package.

<b>FERC-60, FERC-61, &amp; FERC-555A</b>	<b>Total Request</b>	<b>Previously Approved</b>	<b>Change due to Adjustment in Estimate</b>	<b>Change Due to Agency Discretion</b>
Annual Number of Responses	216	160	56	0
Annual Time Burden (Hr)	110,591	110,861	-270	0
Annual Cost Burden (\$)	\$39,525	\$1,912,341	-\$1,872,816	\$0

The format, label, and definitions of the table above follow the ROCIS system’s “ICR Summary of Burden” for the meta-data.

<sup>13</sup> [https://www.rocis.gov/rocis/jsp/common/ROCIS HOW TO Guide for AGENCY Users of ICR Module-03192012\\_v2.pdf](https://www.rocis.gov/rocis/jsp/common/ROCIS%20HOW%20TO%20Guide%20for%20AGENCY%20Users%20of%20ICR%20Module-03192012_v2.pdf), p.37

## **16. TIME SCHEDULE FOR PUBLICATION OF DATA**

This information collection will not be published and, thus, there is no need to outline plans for tabulation or publication. Also, there is no requirement for a time schedule regarding beginning and ending dates of the collection of information, completion of report, publication dates, etc.

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

## **17. DISPLAY OF EXPIRATION DATE**

After OMB has reviewed and approved FERC Form No. 60, the Commission will update the cover page to include the OMB control number and expiration date on the form. The instructions include a disclaimer that respondents will not be subject to a penalty if a valid OMB control number is not displayed on the FERC Form No. 60. For FERC-555A, the recordkeeping requirements, these records are to be retained by the respondents and, therefore, do not provide a format for the display of the OMB control number nor the disclaimer.

The FERC-61 is not in a structured format when filed that would make it applicable for posting the OMB control number and the expiration date.

## **18. EXCEPTIONS TO THE CERTIFICATION STATEMENT**

The Commission does not use the data collected for this reporting requirement for statistical purposes. Therefore, the Commission does not use as stated in item (i) of the certification to OMB "effective and efficient statistical survey methodology." The information collected is case specific to each information collection.