

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

The Federal Energy Regulatory Commission (Commission or FERC) requests Office of Management and Budget (OMB) approval of the **FERC-555, Preservation of Records for Public Utilities and Licensees, Natural Gas and Oil Pipeline Companies**, for a three-year period. FERC-555 is a current 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 at least equal to the applicable record retention period unless there is a quality transfer of the data from one media to another with no loss of data.

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.

Since 2000, the Commission has made no further changes to the record retention requirements under FERC-555; neither has the Commission received comments regarding burden estimates in response to information collection 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 under 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.

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).

5 42 U.S.C. 7295.

6 49 App. U.S.C. 1 *et seq.*

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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.

In general, FERC's regulations require jurisdictional companies to maintain the following types of records:

- Corporate
- Information Technology Management
- General Accounting
- Personnel and Payroll
- Transportation
- Tariffs and Rates
- Insurance
- Operations and Maintenance
- Plant and Depreciation
- Purchase and Stores
- Revenue Accounting and Collection
- Tax
- Treasury
- Miscellaneous

See 18 CFR Parts 125, 225, and 356 for the specific items and retention periods.

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 or investigation.

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

The Commission's regulations state that the storage media selected must have a life expectancy at least equal to the applicable record retention period unless there is a quality transfer of the data from one media to another with no loss of data. The Commission purposefully does not mandate a 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

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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

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, the Commission published a 60-day notice⁷ and a 30-day notice⁸ to the public regarding this information collection on 10/9/2013 and 12/20/2013 respectively. Within

⁷ 78 FR 61983

⁸ 78 FR 77111

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the public notices, the Commission noted that it would be requesting a three-year extension of the public reporting burden. The Commission received no responses from the public regarding this information collection.

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 summarizes the burden estimate for FERC-555:

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Number of Respondents (A)	Number of Responses Per Respondent (B)	Total Number of Responses (A)x(B)=(C)	Average Burden Hours per Response (D)	Estimated Total Annual Burden (C)x(D)
509	1	509	5,218	2,655,962

The total hourly cost for the hours above is \$76,706,300. The total annual burden cost per company is \$150,700. FERC derived these estimates using information submitted by jurisdictional filers in 2010 and wage and benefit data from the Bureau of Labor Statistics.

Additional Background. Based on the data submitted by jurisdictional filers in 2010, we provide more detail regarding how we generated burden and cost estimates. We divided the entities into three size categories based on annual revenue reported on FERC's financial forms (Form 1, Form 2/2A and Form 6).⁹ As indicated in the appendix, we only received useful responses from five entities: three large, one medium, and one small. Because of this very limited data, it should not be inferred that the average burden and cost indicated for each entity size are representative of the burden for all entities in that size category and industry. We performed the analysis in this way in order to come up with a better average to apply across all the industries. It should also be noted that it is difficult to compare across industries

⁹ The size thresholds are estimates based on staff judgment.

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based on entity size. For example, the first table below indicates that a large electric utility has an annual revenue more than ten times greater than a large gas pipeline.

The first table shows the estimated size categories by industry, and the second table shows the burden and cost based on size (combining the 3 industries).

Industry and Size Classification	Annual Revenue
ELECTRIC	
Large	>\$1.15 Billion
Medium	\$310 Million to \$1.15 Billion
Small	<\$310 Million
GAS	
Large	>\$100 Million
Medium	\$10 Million to \$100 Million
Small	<\$10 Million
OIL	
Large	>\$50 Million
Medium	\$5 Million to \$50 Million
Small	<\$5 Million

Size	Number of Entities (1)	Average Hours Per Entity (2)	Total Burden Hours ¹⁰ (1)*(2)
Large	174	11,475	1,996,658
Medium	166	2,371	393,619
Small	169	1,571	265,572

13. ESTIMATE OF THE TOTAL ANNUAL COST BURDEN TO RESPONDENTS

The Commission estimates that entities spend money on storage space (physical and electronic) in order to comply with the record retention requirements.

FERC estimates that the total non-labor record retention cost is \$78,242,971. The average annual cost per company is \$153,719. FERC also derived these estimates using cost information submitted by a few jurisdictional filers in 2010, as described in Appendix A.

The breakout of estimated record retention costs suffer from the same data insufficiency issues described in item #12.

The breakdown of non-labor cost by entity size follows:

Size	Number of Entities	Record Retention Cost Per Entity	Total Record Retention Cost
Large	174	\$306,869	\$53,395,251
Medium	166	\$94,194	\$15,636,239

¹⁰ Due to rounding during the analysis and calculations, the total in this column does not sum to the exact figure reported shown in the summary burden table.

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Small	169	\$54,507	\$9,211,730
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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. Based on the staff and resources involved in processing the information, the estimated average annual cost to FERC follows.

	Number of Employees (FTE)	Estimated Annual Federal Cost
Analysis and Processing of filings	0.0	\$0
PRA ¹¹ Administrative Cost ¹²		\$2,250
FERC Total		\$2,250

15. REASONS FOR CHANGES IN BURDEN INCLUDING ANY INCREASE

The Commission found that the estimated number of respondents increased from 475 to 509 entities. The Commission also found that the proportion of large entities increased (31% to 34%) while the proportion of medium sized entities decreased (36% to 33%) relative to the total number of entities. Because the Commission’s estimate is partially calculated based on size mix among the respondents, the average burden hours per entity also increased (from 4,968 hours per entity to 5,218). Finally, the Commission updated some of the wage figures, which also contributed to the change in burden hours per entity and in the change to the cost figures. The Commission did not change any of the record retention requirements. These burden changes are solely adjustments to the estimates.

FERC-555	Total Request	Previously Approved	Change due to Adjustment in Estimate	Change Due to Agency Discretion
Annual Number of Responses	509	475	34	0
Annual Time Burden (Hr)	2,655,962	2,359,800	296,162	0
Annual Cost Burden (\$)	\$78,242,971	\$72,400,925	\$5,842,046	0

16. TIME SCHEDULE FOR PUBLICATION OF DATA

There are no tabulations, statistical analysis or publication plans for the information collection.

17. DISPLAY OF THE EXPIRATION DATE

¹¹ Paperwork Reduction Act of 1995 (PRA)

¹² The Commission bases the cost of Paperwork Reduction Act administration on staff time, and other costs related to compliance with the Paperwork Reduction Act of 1995.

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It is inappropriate to display the OMB control number 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.

APPENDIX A

This effort was conducted in 2010 and is included for background purposes. The number of entities and wage figures have been updated in the body of the supporting statement and in ROCIS metadata to reflect the updated 2013 estimates.

2010 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 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.

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.

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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

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