

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

(Three-year extension requested)

The Federal Energy Regulatory Commission (Commission or FERC) requests that the Office of Management and Budget (OMB) review and renew the information collection requirements in FERC Form No. 60, FERC-61, and FERC-555A under OMB Control No. 1902-0215:

- FERC Form No. 60 (Annual Reports of Centralized Service Companies)¹;
- FERC-61 (Narrative Description of Service Company Functions)²; and
- FERC-555A (Preservation of Records of Holding Companies and Service Companies Subject to PUHCA 2005).³

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

In accordance with the Energy Policy Act of 2005 (EPA 2005), the Commission implemented the repeal of the Public Utility Holding Company Act of 1935 (PUHCA 1935) and implemented the provisions of a newly enacted Public Utility Holding Company Act 2005 (PUHCA 2005). Pursuant to PUHCA 2005, the Commission requires centralized service companies to file FERC Form No. 60, unless the company is exempted or granted a waiver pursuant to the Commission's regulations. The information collected in FERC Form No. 60 enables better monitoring for cross-subsidization, and aids the Commission in carrying out its statutory responsibilities. In addition, centralized service companies are required to follow the Commission's preservation of records requirements for centralized service companies.

¹ 18 CFR Parts 366.23(a)(1) and 369.1

² 18 CFR Part 366.23(a)(2)

³ 18 CFR Part 368

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

FERC Form No. 60.⁴ FERC Form No. 60 is an annual reporting requirement for centralized service companies. The report's function is to collect financial information (including balance sheet, assets, liabilities, billing and charges for associated and non-associated companies) from centralized service companies subject to the Commission's jurisdiction. Unless Commission rule exempts or grants a waiver pursuant to 18 CFR 366.3 and 366.4 to the holding company system, every centralized service company in a holding company system must prepare and file electronically with the Commission, the FERC Form No. 60, pursuant to the General Instructions in the form.

FERC-61. FERC-61 is a filing requirement for service companies in holding company systems (including special purpose companies) that are currently exempt or granted a waiver of the Commission's regulations and would not have to file FERC Form No. 60. Instead, those service companies are required to file, on an annual basis, the FERC-61, which is a narrative description of the service company's functions during the prior calendar year. In complying, a holding company may make a single filing on behalf of all of its service company subsidiaries.

FERC-555A. The Commission's regulations prescribe a mandated preservation of records requirements for holding companies and service companies (unless otherwise exempted by the Commission). This requires them to maintain and make available to the Commission their books and records. The preservation of records requirement provides

⁴ The FERC Form No. 60 is also part of a Commission Notice of Proposed Rulemaking (NOPR) issued on January 17, 2019 in Docket No. RM19-12 that includes 10 information collections. See *Revisions to the Filing Process for Commission Forms*, 166 FERC ¶ 61,027 (2019). The NOPR proposes to change the format of the information that is being collected from a Commission-distributed software application called Visual FoxPro (VFP) to a standard built on eXtensible Business Reporting Language (XBRL). Under the NOPR, the Commission is not proposing to change the information currently collected in the FERC Form No. 60 (or in any of the VFP Forms), but rather to change the format of the information that is being collected from VFP to XBRL. Because there can be only one pending item per OMB Control No. pending OMB review at one time, the FERC Form No. 60 is represented in the RM19-12 NOPR process as the "Form No. 60-A."

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for uniform records retention by holding companies and centralized service companies subject to PUHCA 2005.

Data from the FERC Form No. 60, FERC-61, and FERC-555A provide a level of transparency that: 1) helps protect ratepayers from pass-through of improper service company costs, 2) enables the Commission to review and determine cost allocations (among holding company members) for certain non-power goods and services, 3) aids the Commission in meeting its oversight and market monitoring obligations, and 4) benefits the public, both as ratepayers and investors. In addition, the Commission's audit staff uses these records during compliance reviews and special analyses.

If data from the FERC Form No. 60, FERC-61, and FERC-555A were not available, it would be difficult for the Commission to meet its mandatory review responsibilities because it would have fewer of the regulatory mechanisms needed to ensure transparency and to protect ratepayers.

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 allows most filing to be electronically made as described further at <http://www.ferc.gov/docs-filing/efiling.asp>. The Commission has software for the electronic filing of FERC Form No. 60 (<http://www.ferc.gov/docs-filing/forms/form-60/elec-subm-soft.asp>). Further details regarding submission of the FERC Form No. 60 can be found at <https://www.ferc.gov/docs-filing/forms.asp#60>. FERC-61 can also be electronically filed.

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 SECTION NO. 2

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

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jurisdictional entities that it regulates files 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 THE BURDEN IN COLLECTION OF INFORMATION INVOLVING SMALL ENTITIES

The information requirements under FERC Form No. 60 apply to jurisdictional entities. Companies that do not file the FERC Form No. 60 use the FERC-61 to reduce burden on those small entities. In general, holding companies to which the rules apply are not small entities. If the reporting requirements represent an undue burden on small businesses, the affected entity may seek a waiver of the reporting 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

Data from the FERC Form No. 60 and FERC-61 provide a level of transparency that: 1) helps protect ratepayers from pass-through of improper service company costs, 2) enables the Commission to review and determine cost allocations (among holding company members) for certain non-power goods and services, 3) aids the Commission in meeting its oversight and market monitoring obligations, and 4) benefits the public, both as ratepayers and investors. In addition, the Commission's audit staff used these records during compliance reviews and special analyses.

If data from the FERC Form No. 60 and FERC-61 were collected less frequently, the Commission would have difficulty performing its mandated review responsibilities and would have fewer of the regulatory mechanisms necessary to ensure transparency, protect ratepayers, and confirm that rates are just and reasonable.

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FERC-555A. These records are not filed with the Commission but are retained by jurisdictional companies. Absent the availability of these records, the Commission would have fewer of the regulatory mechanisms necessary to ensure transparency, protect ratepayers, and confirm that rates are just and reasonable

7. EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE INFORMATION COLLECTION

The Commission assumed responsibility for the reporting requirements formerly required by the U.S. Securities and Exchange Commission (SEC) and streamlined those requirements. The FERC-555A recordkeeping requirements are based on the FERC-555⁵ recordkeeping requirements (OMB Control No. 1902-0098) pertaining to regulated public utilities, natural gas companies and oil pipeline companies subject to the Commission's jurisdiction.

Most if not all of the holding companies that are subject to these FERC-555A requirements include electric, gas, and oil utilities as part of their corporate structure. For this reason, it is critical that the information collection for the holding and service companies mirror generally the public utility retention requirements. For this reason, some record schedules in 18 CFR Part 368.3 (included at Attachment A) require retention longer than three years⁶. Those items include:

- organizational documents
- accountants' and auditors' reports
- ledgers
- journal entries and vouchers

These documents provide a level of transparency that assist the Commission in carrying out its mandated review responsibilities. Jurisdictional companies may file for a request for a rate change at any time, but are not required to do so. In addition, the Commission can require prospective changes to a company's rates based on its own motion or upon complaint from an interested party. Thus, retention of data beyond three years is necessary for Commission staff to adequately assess data submitted by entities, including the holding and service companies. In addition, the Commission conducts audits of

⁵ 18 CFR Parts 125 and 225.

⁶ 5 CFR 1320.5(d)(2)(iv).

selected entities, and these periods under audit can require data beyond three years to demonstrate compliance with the audited areas.

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

In accordance with OMB requirements⁷, the Commission published a 60-day notice⁸ and a 30-day notice to the public regarding this information collection on 3/20/2019 and 5/21/2019 respectively. In the public notices, 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 on the 60-day Notice.

9. EXPLAIN ANY PAYMENT OR GIFTS TO RESPONDENTS

The Commission does not make payments or provide gifts for respondents related to these collections.

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

The information contained in FERC Form No. 60 and FERC-61 is publically available. However, the Commission will consider specific requests for confidential treatment (e.g. Critical Energy/Electric Infrastructure Information [CEII] or non-public) to the extent permitted by law.⁹

**11. PROVIDE ADDITIONAL JUSTIFICATION FOR ANY QUESTIONS OF A
SENSITIVE NATURE, SUCH AS SEXUAL BEHAVIOR AND ATTITUDES,
RELIGIOUS BELIEFS, AND OTHER MATTERS THAT ARE COMMONLY
CONSIDERED PRIVATE.**

These collections do not contain any questions of a sensitive nature.

⁷ 5 CFR 1320.8(d)

⁸ 84 FR 10308

⁹ 18 C.F.R. §§ 388.112 and 388.113. More information on the CEII definition, program and requirements is posted at <http://www.ferc.gov/legal/ceii-foia/ceii.asp>.

12. ESTIMATED BURDEN OF COLLECTION OF INFORMATION

The following table provides the estimated annual burden and cost related to the FERC Form No. 60, FERC-61, and FERC-555A information collection requirements:

FERC Form No. 60 (Annual Reports of Centralized Service Companies), FERC-61 (Narrative Description of Service Company Functions), and FERC-555A (Preservation of Records Holding Companies and Service Companies Subject to PUHCA)						
	Number of Respondents (1)	Annual Number of Responses per Respondent (2)	Total Number of Responses (1)*(2)=(3)	Average Burden & Cost Per Response (4)	Total Annual Burden Hours & Total Annual Cost (3)*(4)=(5)	Cost per Respondent (\$) (5)÷(1) ¹⁰
FERC Form No. 60 ¹¹	39	1	39	75 hrs.; \$4,749	2,925 hrs.; \$185,211	\$4,749
FERC-61 ¹²	78	1	78	0.5 hrs.; \$19.84	39 hrs.; \$1,548	\$19.84
FERC-555A ¹³	117	1	117	1,080 hrs.; \$36,061	126,360 hrs.; \$4,219,160	\$36,061
Total Paperwork Burden			234		129,324 hrs.; \$4,405,919	

FERC-555A Record Retention Requirements

¹⁰ Each of the figures in this column are rounded to the nearest dollar.

¹¹ For the FERC Form No. 60, the \$63.32 hourly cost figure comes from the average cost (wages plus benefits) of a utility management analyst (Occupation Code 13-1111) and an accountant (Occupation Code 13-2011) as posted on the Bureau of Labor Statistics (BLS) website (http://www.bls.gov/oes/current/naics2_22.htm).

¹²For the FERC-61, the \$39.68 hourly cost figure comes from the cost of a records clerk (Occupation Code 43-4199) as posted on the BLS website (http://www.bls.gov/oes/current/naics2_22.htm).

¹³For the FERC-555A, the \$33.39 hourly cost figure comes from the average cost (wages plus benefits) of a file clerk (Occupation Code 43-4071) as posted on the BLS website (http://www.bls.gov/oes/current/naics2_22.htm).

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	Total Number of Responses (1)*(2)=(3)	Cost Per Respondent (4)	Total Annual Burden Hours & Total Annual Cost (3)*(4)=(5)
Paper Storage	117	\$387.60	\$45,349.20
Electronic Storage	117	\$15.25	\$1,784.25
Total Storage Burden	117¹⁴		\$47,133.45

Total Annual Cost: \$4,405,919 (Paperwork Burden) + \$47,133.45 (Record Retention) = \$4,453,052.45.

A more detailed breakdown of the FERC-60/61/555A cost categories follows:

Labor Cost: The total estimated annual cost for labor burden to respondents is \$4,405,919 [\$185,211 (FERC Form No. 60) + \$1,548 (FERC-61) +\$4,219,160 (FERC-555A)]

FERC Form No. 60: 2925 hours (75 hours x 39 respondents)* \$63.32/hour = \$185,211

FERC-61: 39 hours (.5 hours x 78 respondents)* \$39.68/hour = \$1,548

FERC-555A: 126,360 hours (1080 hours x 117 respondents) * \$33.39/hour = \$4,219,160

Storage Cost¹⁵: In addition to the labor (burden cost provided above) the table reflects an additional cost for record retention and storage:

¹⁴ Each of the 117 entities is assumed to have both paper and electronic record retention.

¹⁵ Internal analysis assumes 50% paper storage and 50% electronic storage.

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- Paper storage costs (using an estimate of 60 cubic feet x \$6.46 per cubic foot): \$387.60 per respondent annually. Total annual paper storage cost to industry (\$387.60 x 117 respondents): \$45,349.20. This estimate assumes that a respondent stores the same volume of paper as it did in the past and that the cost of such storage has not changed. We expect that this estimate should trend downward over time as more companies move away from paper storage and rely more heavily on electronic storage.
- Electronic storage costs: \$15.25 per respondent annually. Total annual electronic storage cost to industry (\$15.25 x 117 respondents): \$1,784.25. This calculation retains the previous estimate that storage of 1GB per year cost of \$15.25. We expect that this estimate should trend downward over time as the cost of electronic storage technology, including cloud storage, continues to decrease. For example, external hard drives of approximately 500GB are available for approximately \$50. In addition, cloud storage plans from multiple providers for 1TB of storage (with a reasonable amount of requests and data transfers) are available for less than \$35 per month.

13. ESTIMATE OF THE TOTAL ANNUAL COST BURDEN TO RESPONDENTS

There are no start-up costs.

All of the costs for FERC Form No. 60 and FERC-61 are related to labor burden hours. In addition, the costs for the FERC-555A includes a labor burden and a storage burden. See Sections 12 (above) and 15 (below) in this supporting statement.

Total Capital and Start-up cost: \$0

Total Operation, Maintenance, and Purchase of Services for FERC-555A: \$47,133.45

For the FERC-555A,¹⁶ a breakdown of costs associated with Operation, Maintenance, and Purchase of Services follows:

- 50% of the records are paper. Annual paper storage costs (using an estimate of 60 ft³/respondent * \$6.46/ft³ = \$387.60/respondent): \$387.60/respondent * 117 respondents = \$45,349.20
- 50% of the records are electronic. Annual electronic storage cost is \$15.25/year¹⁷ for each entity, or \$1,784.25 for all 117 respondents (117 respondents * \$15.25/respondent = \$ 1,784.25).

Total annual record storage cost for FERC-555A for all entities is \$47,133.45
(\$45,349.20 + \$1,784.25 = \$47,133.45).

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14. ESTIMATED ANNUALIZED COST TO FEDERAL GOVERNMENT

The PRA Administrative Cost (estimate of \$4,931 per collection annually) is a Federal Cost associated with preparing, issuing, and submitting materials necessary to comply with the Paperwork Reduction Act of 1995 (PRA) for rulemakings, orders, or any other vehicle used to create, modify, extend, or discontinue an information collection. This average annual cost includes requests for extensions, all associated rulemakings or orders, and other changes to the collection, as well as necessary publications in the Federal Register.

	Number of Employees (FTE)	Estimated Annual Federal Cost
Analysis and Processing of filings ¹⁸ for FERC Form No. 60	0.5	\$82,410
Analysis and Processing of filings ²⁰ for FERC-61	0.1	\$16,482
Analysis and Processing of filings ²⁰ for FERC-555A	0	\$0
PRA Administrative Cost		\$4,931
FERC Total		\$103,823

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

Program changes. There are no changes to the reporting or recordkeeping requirements.

Adjustment to Estimates.

- The FERC Form No. 60 reporting burden remains unchanged.
- The FERC-61 reporting burden experienced a reduction of 22 responses annually based on fluctuations in market activity. The hourly burden per response remains unchanged. Overall, FERC-61 reporting burden decreased by 11 hours annually.

¹⁸ Based upon FERC’s 2018 FTE average salary plus benefits (\$164,820)

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- The FERC-555A reporting burden experienced an increase of 17 responses annually also based on activity within industry. The hourly burden per response remains unchanged. Overall, FERC-555A reporting burden increased by 18,360 hours annually.

The following table shows the total burden of the collection of information. The format, labels, and definitions of the table follow the ROCIS submission system’s “Information Collection Request Summary of Burden” for the metadata.

	Total Request	Previously Approved	Change due to Adjustment in Estimate	Change Due to Agency Discretion
Annual Number of Responses	234	239	-5	0
Annual Time Burden (Hr.)	129,324	110,975	18,349	0
Annual Cost Burden (\$)	\$47,133	\$40,289	\$6,844	\$0

16. TIME SCHEDULE FOR PUBLICATION OF DATA

There are no data publications.

17. DISPLAY OF EXPIRATION DATE

The expiration dates are displayed in a table posted on ferc.gov at <http://www.ferc.gov/docs-filing/info-collections.asp>.

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT

There are no exceptions.