

Supporting Statement for
FERC Form Nos. 1, 1-F, and 3-Q (electric and natural gas)

The Federal Energy Regulatory Commission (Commission or FERC) requests the Office of Management and Budget (OMB) approve FERC Form Nos. 1, 1-F, and 3-Q (electric and gas) for three years.¹ There are no changes to the reporting requirements for these existing information collections:

- 1) FERC Form No. 1 (also called FERC-1) (Annual Report of Major Electric Utilities, Licensees and Others; OMB Control No. 1902-0021)
- 2) FERC Form No. 1-F (also called FERC-1F) (Annual Report for Nonmajor Public Utilities and Licensees; OMB Control No. 1902-0029)
- 3) FERC Form No. 3-Q (also called FERC-3Q, Quarterly Financial Report of Electric Utilities, Licensees, and Natural Gas Companies; OMB Control No. 1902-0205)
 - a. Form No. 3-Q for natural gas entities
 - b. Form No. 3-Q for electric entities

1. CIRCUMSTANCES THAT MAKE THE COLLECTION OF INFORMATION NECESSARY

FERC Form Nos. 1, 1-F, and 3-Q.² In accordance with sections 304 and 309 of the Federal Power Act and section 10(a) of the Natural Gas 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.

Under the existing regulations, FERC jurisdictional entities subject to its Uniform System of Accounts (USofA) 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 Form Nos. 1 and 1-F. FERC Form No. 1 is a comprehensive financial and operating report submitted for electric rate regulation, market oversight analysis, and financial audits by Major electric utilities, licensees and others. Major pertains to utilities and licensees that have, in each of the last three consecutive calendar years, sales or transmission services that exceed one of the following: (1) one million megawatt hours of total sales; (2) 100 megawatt hours of sales for resale; (3) 500

¹ FERC Form Nos. 1, 1-F, and 3-Q are part of the “Forms Refresh” effort, which is a separate activity and not addressed here. (It was started in Docket No. AD15-11 and is ongoing in Docket No. RM19-12.) Order 859 in Docket No. RM19-12 is posted in FERC’s eLibrary at <https://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=15278794>.

² Unless otherwise specified, the FERC-3Q refers to both the electric and gas versions, which are separate ICs (under OMB Control No. 1902-0205) in ROCIS and reginfo.gov.

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megawatt hours of power exchanges delivered; or (4) 500 megawatt hours of wheeling for others (deliveries plus losses).³ FERC Form No. 1-F is designed to collect financial and operational information from Nonmajor electric utilities and licensees. Nonmajor pertains to utilities and licensees that have total annual sales of 10,000 megawatt-hours or more in each of the last three consecutive years and that are not classified as Major.⁴

FERC Form No. 3-Q is a quarterly financial and operating report for rate regulation, market oversight analysis, and financial audits which supplements the (a) FERC Forms Nos. 1 and 1-F for the electric industry, or the (b) FERC Form Nos. 2 and 2-A for the natural gas industry. FERC Form No. 3-Q is submitted for electric utilities and licensees reporting Forms No. 1 or 1-F and natural gas companies reporting Forms No. 2 or 2A.⁵

The Commission collects FERC Forms Nos. 1, 1-F, and 3-Q as prescribed in Title 18 CFR (Code of Federal Regulations) Parts 141.1, 141.2, and 141.400 and 260.300. FERC Forms Nos. 1, 1-F, and 3-Q provide an informative picture of the jurisdictional entities' financial conditions and other relevant data that are used by the Commission and the public in making economic judgments about the entity or its industry.

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

FERC Form Nos. 1, 1-F, and 3-Q (electric). These forms provide information concerning a company's current performance, compiled using the Commission's USofA.⁶ The forms include a basic set of financial statements: Comparative Balance Sheet, Statement of Income and Statement of Retained Earnings, Statement of Cash Flows, and the Statement of Comprehensive Income and Hedging Activities and supporting schedules containing supplementary information. Electric respondents report revenues and the related quantities of electric sales and electricity transmitted; account balances for

³ 18 CFR § 141.1. Nonoperating entities formerly designated as Major and new entities that expect to be in the Major category should file as detailed in 18 CFR § 101, General Instructions (1)(A)(3).

⁴ 18 CFR § 141.2. Nonoperating entities formerly designated as Nonmajor and new entities that expect to be in the Nonmajor category should file as detailed in 18 CFR § 101, General Instructions (1)(A)(2).

⁵ 18 CFR 260.1(b). For natural gas, "Major" pertains to a company whose combined gas transported or stored for a fee exceed 50 million Dth in each of the three previous calendar years. 18 CFR 260.2(b). "Nonmajor" pertains to a company not meeting the filing threshold for Major, but having total gas sales or volume transactions exceeding 200,000 Dth in each of the three previous calendar years.

⁶ See 18 CFR Part 101 (Uniform System of Accounts Prescribed For Public Utilities And Licensees Subject To The Provisions Of The Federal Power Act).

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all electric operation and maintenance expenses; selected plant cost data; and other statistical information.

Information in the forms is used by the Commission, state regulatory agencies, and others in the review of the financial condition of regulated companies. The information is also used in various rate proceedings, market oversight, the Commission's audit programs, and the computation of annual charges based on certain schedules contained on the forms.

If data from the FERC Form Nos. 1, 1-F and 3-Q (electric) were not available, it would be difficult for the Commission to meet its mandatory review responsibilities because it would have fewer regulatory mechanisms to ensure transparency and to protect ratepayers.

FERC Form No. 3-Q (gas). The FERC Form No. 3-Q is a quarterly financial and operating report for rate regulation, market oversight analysis, and financial audits which supplements the (a) FERC Form Nos. 1 and 1-F, for the electric industry, or the (b) FERC Form No. 2 (Annual Report for Major Natural Gas Companies; OMB Control No. 1902-0028) and FERC Form No. 2-A (Annual Report for Nonmajor Natural Gas Companies; OMB Control No. 1902-0030), for the natural gas industry. The FERC Form No. 3-Q is submitted for all Major and Nonmajor electric utilities, licensees, and natural gas companies⁷.

This form provides information concerning a company's current performance, compiled using the Commission's USofA.⁸ FERC Form No. 3-Q natural gas quarterly respondents include monthly and quarterly quantities of gas transported and associated revenues; storage, terminaling, and processing services; natural gas customer accounts and details of service; and operational expenses, depreciation, depletion and amortization of gas plant.

The form provides information concerning a company's past performance and its future prospects and is based on the companies' financial and other information. The form contains schedules which include a basic set of financial statements: Comparative

⁷ 18 CFR 260.1(b) states that for natural gas companies as defined by the Natural Gas Act, Major pertains to a company whose combined gas transported or stored for a fee exceed 50 million Dth in each of the three previous calendar years. 18 CFR 260.2(b) states that for natural gas companies as defined by the Natural Gas Act, Nonmajor pertains to a company not meeting the filing threshold for FERC Form No. 2, but having total gas sales or volume transactions exceeding 200,000 Dth in each of the three previous calendar years.

⁸ See 18 CFR Part 201 (Uniform System Of Accounts Prescribed For Natural Gas Companies Subject To The Provisions Of The Natural Gas Act).

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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 assists the Commission in the administration of its jurisdictional responsibilities and is used by Commission staff, state regulatory agencies, customers, financial analysts 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 Page No. 520 of FERC Form No. 2. The Commission provides the information to the public, interveners and all interested parties to assist in the proceedings before the Commission.

In addition, the 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 judgments about the entity or its industry. For financial information to be useful to the Commission, it must be understandable, relevant, reliable and timely. FERC Form Nos. 2 and 2-A financial statements are prepared in accordance with the Commission's USofA and related regulations, and provide data that enables the Commission to develop and monitor cost-based rates, analyze costs of different services and classes of assets, and compare costs across lines of business. The use of a uniform system of accounts permits natural gas companies to account for similar transactions and events in a consistent manner, and communicate those results to the Commission on a periodic basis.

Additionally, the uniformity 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 USofA 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.

In summary, without the information collected in the forms, it would be difficult for the Commission to ensure, as required by the NGA, that a pipeline's rates remain just and reasonable, respond to Congressional and outside inquires 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 THE BURDEN AND TECHNICAL OR LEGAL OBSTACLES TO REDUCING BURDEN

The forms are filed electronically except for a few FERC Form No. 1-Fs.

In a separate rulemaking in Docket No. RM19-12, which is not addressed in this supporting statement, the Commission announced its intention to adopt XBRL as the standard for filing these (and other) forms. *Revisions to the Filing Process for Commission Forms*, Order No. 859, 167 FERC ¶ 61,241 (2019). The Final Rule in Docket No. RM19-12 and related 9 ICRs are pending OMB review.

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.

FERC Form Nos. 1, 1-F, and 3-Q. 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 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

FERC Form Nos. 1, 1-F, and 3-Q. As noted previously, FERC Form No. 1 is filed by major utilities or licensees and as such does not apply to small entities. FERC Form No. 1-F is filed by public utilities with total sales of 10,000 megawatt-hours or more that are not major utilities. The Form No. 3-Q is filed only by electric or gas companies that file

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Forms Nos. 1, 1-F, 2, or 2-A, and therefore excludes companies that do not qualify as Major or Nonmajor. 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

FERC Form Nos. 1, 1-F, and 3-Q. 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' requirements. FERC Form No. 3-Q filings provide quarterly updates to supplement the Form Nos 1, 1-F, 2, and 2A. This quarterly information provides the Commission and the public with updated and timely information regarding a company's financial and operational status.

Some of the information in particular filings may change markedly from one year to the next. If the information were collected less frequently, the Commission would have difficulty performing its mandated review and oversight in a timely and accurate manner.

7. EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE INFORMATION COLLECTION

There are no special circumstances related to these information collections, other than those mentioned below.

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

The Commission published a 60-day Notice in the Federal Register on 5/7/2019 (84 FR 19921) providing the public with an opportunity to comment on the information collections.

Comments:

One commenter, the Bureau of Economic Analysis (BEA), filed comments in response to the 60-day notice, broadly supporting the collection, outlining the manner in which BEA

utilizes the FERC Form Nos. 1 and 1-F data, and expressing interest in additional data.⁹ There were no comments filed in opposition to the collection.

BEA states that it uses FERC tabulations indirectly, as they are used to estimate the U.S. Census Bureau's Construction Value Put-In Place (VPIP) for electric utilities. BEA explains that Census VPIP serves a major source data input to the national income and product account (NIP A) structures investment estimates. According to BEA, NIPA estimates for electric structures rely upon the VPIP source data. As a result, BEA states that estimates of utility industry structures investment for the BEA Fixed Assets Accounts rely in turn upon the NIPA structures estimates and also directly upon selected Commission data sets published by the Energy Information Administration. BEA notes that while it uses this information indirectly through the VPIP program, BEA considers it an indispensable data source to the NIPA estimates.

BEA offers that it would like to explore receiving line items from Forms 1 and 1F aggregated to industry totals, similar to the method and timing used to provide information to the Census Bureau. According to BEA, these tabulations would be used by BEA for, among other things, estimating industry gross output and changes in intermediate inputs. BEA explains that it would use the aggregated FERC data as well for the fixed asset account nonresidential structure investment, capital stock, and ultimately for consumption of fixed capital (depreciation) estimates that depend upon the NIPA structures estimates.

BEA states that it has in the past used items such as plant in service by type of utility; subsidiary and nonutility investments; allowance for funds used during construction; plant held for future use; plant leased to others; construction work in progress; depreciation; and other plant-related schedules because they are useful in estimating total industry plant-in-service. BEA further states that, in general, income statement and balance sheet data support utility industry investment by industry estimates. BEA notes that tabulations by legal form of ownership are also useful in the estimation of investment by legal form of organization for utility industries. BEA also expressed interest in plant-in-service separately identified for electric generation (by type of generation - hydro, nuclear, etc.), transmission, and distribution.

BEA requests that the Commission consider the inclusion of additional questions on the electric utility survey forms. Specifically, BEA suggests offering new questions that ask for capital expenditures for new versus replacement fixed assets, intangibles, and equipment and structures separately (excluding land). According to BEA, these questions

⁹The BEA comment is posted in FERC's eLibrary at <https://elibrary.ferc.gov/idmws/common/OpenNat.asp?fileID=15275219>.

would provide additional useful information to BEA that would lead to improved estimates of capital spending at BEA and for Census/VPIP.

Finally, BEA offers that more detailed information about equipment and structures leased from others under operating leases would be useful to us for statistical purposes.

Commission Response:

As discussed above, the public utilizes the data in FERC Form Nos. 1 and 1-F to assist in monitoring the rates, the financial condition of entities and in assessing energy markets. BEA's comments in support of the collection of the FERC Form Nos. 1 and 1-F data provide tangible examples of this utilization and reflect the public benefit of reporting this information. As further discussed above, the instant request to review and approve contains no changes to the reporting requirements for the existing information collections.

The Commission is also publishing a 30-day Notice in the Federal Register.

9. EXPLAIN ANY PAYMENT OR GIFTS TO RESPONDENTS

There are no payments or gifts to respondents.

10. DESCRIBE ANY ASSURANCE OF CONFIDENTIALITY PROVIDED TO RESPONDENTS

The Commission does not consider the information collected in filings to be confidential. 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.¹⁰ The Commission will review each request for confidential treatment on a case-by-case basis.

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.

There are no questions of a sensitive nature.

12. ESTIMATED BURDEN OF COLLECTION OF INFORMATION

¹⁰ 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>.

The estimated burden and cost¹¹ of the information collections follow.

FERC Form No.	Number of Respondents (1)	Annual Number of Responses per Respondent (2)	Total Number of Responses (1)*(2)=(3)	Average Burden & Cost Per Response¹² (4)	Total Annual Burden Hours & Cost¹³ (3)*(4)=(5)	Annual Cost per Respondent (\$) (5)÷(1)
Form No. 1	207	1	207	1,168 hrs.; \$92,272	241,776 hrs.; \$19,100,304	\$92,272
Form No. 1-F	5	1	5	122 hrs.; \$9,638	610 hrs.; \$48,190	\$9,638
Form No. 3-Q (electric)	212	3	636	168 hrs.; \$13,272	106,848 hrs.; \$8,440,992	\$39,816
Form No. 3-Q (natural gas)	165	3	495	167 hrs.; \$13,193	82,665 hrs.; \$6,530,535	\$39,579
<i>Total for FERC Form No. 3-Q</i>			1,131		189,513 hrs.; \$14,971,527	

13. ESTIMATE OF THE TOTAL ANNUAL COST BURDEN TO RESPONDENTS

All costs are related to burden hours and are discussed in Questions 12 and 15. There are no capital costs.

¹¹ The Commission staff believes the FERC FTE (full-time equivalent) average cost for wages plus benefits is representative of the corresponding cost for the industry respondents. The FERC 2018 average salary plus benefits for one FERC FTE is \$164,820/year (or \$79.00/hour).

¹² The average burden and cost per response is calculated using the hourly wage figures described in detail below.

¹³ Every figure in this column is rounded to the nearest dollar.

14. ESTIMATED ANNUALIZED COST TO FEDERAL GOVERNMENT

The estimate of the cost for ‘analysis and processing of filings’¹⁴ is based 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 collections. (The corresponding annual and hourly FERC costs use the figures for 2018, as noted.)

The Paperwork Reduction Act (PRA) Administrative Cost¹⁵ is the average annual FERC cost associated with preparing, issuing, and submitting materials necessary to comply with the PRA for rulemakings, orders, or any other vehicle used to create, modify, extend, or discontinue an information collection. It also includes the cost of publishing the necessary notices in the Federal Register.

The estimated annualized cost to the Federal Government follows.¹⁶

Information Collection	Full-Time FERC Staff Equivalents (FTEs) for 'Analysis & Processing of Filings'	FERC Staff Cost of Analysis & Processing of Filings (FTEs * \$164,820/year)	PRA Administrative Cost (\$4,931 per collection)	Estimated Annual Federal Cost (rounded)
FERC-1, FERC-1F, & FERC-3Q (electric and gas)	4	\$659,280.00	\$14,793.00	\$674,073.00

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

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

¹⁴ The estimate uses the FERC’s FY 2018 average annual salary plus benefits of one FERC FTE (full-time equivalent [\$164,820 per year or \$79.00 per hour]). (These estimates were updated in May 2018.)

¹⁵ This estimate was updated May 2018.

¹⁶ The federal costs for the FERC-1, FERC-1-F, and FERC-3-Q (for both electric and gas) will be included under the ICR for FERC-1 in ROCIS and reginfo.gov.

The following table shows adjustments (such as normal industry fluctuations [companies merging, splitting, going into and leaving the business]) and reflects metadata used in ROCIS (and reginfo.gov).

FERC Form No.		Total Request	Previously Approved	Change due to Adjustment in Estimate	Average Annual Change Due to Agency Discretion
FERC-1	Annual Number of Responses	207	210	-3	0
	Annual Time Burden (Hr.)	241,776	245,280	-3,504	0
	Annual Cost Burden (\$)	\$0	\$0	\$0	\$0
FERC-1F	Annual Number of Responses	5	5	0	0
	Annual Time Burden (Hr.)	610	610	0	0
	Annual Cost Burden (\$)	\$0	\$0	\$0	\$0
FERC-3Q, electric	Annual Number of Responses	636	639	-3	0
	Annual Time Burden (Hr.)	106,848	107,352	-504	0
	Annual Cost Burden (\$)	\$0	\$0	\$0	\$0
FERC-3Q, natural gas	Annual Number of Responses	495	501	-6	0
	Annual Time Burden (Hr.)	82,665	83,667	-1,002	0
	Annual Cost Burden (\$)	\$0	\$0	\$0	\$0

The updated annual totals for FERC-3Q (electric and natural gas) are 1,131 responses and 189,513 burden hours.

16. TIME SCHEDULE FOR PUBLICATION OF DATA

FERC Form Nos. 1, 1-F, and 3-Q (electric and natural gas), in Docket No. IC19-22
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There is no publication of data.

17. DISPLAY OF EXPIRATION DATE

The expiration dates are posted on ferc.gov at <http://www.ferc.gov/docs-filing/info-collections.asp> and on the forms where applicable.

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT

There are no exceptions.