

Supporting Statement for
**FERC-555, Preservation of Records for Public Utilities and Licensees, Natural Gas and Oil
Pipeline Companies**

The Federal Energy Regulatory Commission (FERC or Commission) requests that the Office of Management and Budget (OMB) review and approve the FERC-555 information collection (OMB Control Number 1902-0098) for a three-year period. The FERC-555 is a current collection and its record retention requirements are contained in Title 18 Code of Federal Regulations (CFR) Parts 125, 225, and 356.

1. CIRCUMSTANCES THAT MAKE THE COLLECTION OF INFORMATION NECESSARY

Both the Federal Power Act¹ and the Natural Gas Act² require jurisdictional companies to keep records that the Commission may prescribe "as necessary or appropriate for purposes of administration" of these acts.³ 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.⁴ Section 20 of the Interstate Commerce Act⁵ requires oil pipeline companies to keep records that the Commission determines are necessary to effectively regulate those companies.

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:

¹ Section 301, 16 U.S.C. 825(a).

² Section 8, 15 U.S.C. 717g(a).

³ 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).

⁴ 42 U.S.C. 7295.

⁵ 49 App. U.S.C. 1 *et seq.*

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- 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 INFORMATION TECHNOLOGY TO REDUCE THE 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 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 THE BURDEN IN COLLECTION OF INFORMATION INVOLVING SMALL ENTITIES

The FERC-555's 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

In accordance with OMB requirements, the Commission published a 60-day notice⁶ to the public regarding this information collection on 6/27/2019. Additionally, the Commission issued a 30-day notice on 8/28/2019⁷. Within 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

The Commission does not make payments or provide gifts to respondents related to FERC-555.

10. DESCRIBE ANY ASSURANCE OF CONFIDENTIALITY PROVIDED TO RESPONDENTS

Not applicable. None of these data associated with the FERC-555 are filed at or to the Commission. These records are maintained by the jurisdictional companies in/on their own facilities. As such, the Commission offers no assurance of confidentiality and leaves that responsibility to each jurisdictional company.

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 that are considered private in FERC-555.

12. ESTIMATED BURDEN OF COLLECTION OF INFORMATION

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Number of Respondents (1)	Annual Number of Responses per Respondent (2)	Total Number of Responses (1)*(2)=(3)	Average Burden Hrs. & Cost (\$) Per Response ⁸ (4)	Total Annual Burden Hours & Total Annual Cost (\$) (3)*(4)=(5)
509	1	509	5,218.14 hrs.; \$417,451	2,656,034 hrs.; \$212,482,720

⁶ 84 FR 30705

⁷ <https://elibrary-backup.ferc.gov/idmws/common/OpenNat.asp?fileID=15336115>

⁸ The estimates for cost per response are derived using the following formula: Average Burden Hours per Response * \$80/hour = Average cost/response. The figure is the 2019 FERC average hourly cost (for wages and benefits) of \$80 (and an average annual salary of \$167,091/year). Commission staff is using the FERC average salary because we consider any record retention requirements completed in response to the FERC-555 to be compensated at rates similar to the work of FERC employees.

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Additional Background:

Based on the data submitted by jurisdictional filers, we provide more detail regarding how we generated burden and (burden and non-burden) cost estimates. Commission staff 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, Commission staff 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. Commission staff performed this analysis in order to come up with a better average to apply across all the industries. Interested parties should note that it is difficult to compare across industries based on entity size.

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 in each size category).

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 (rounded) ¹⁰ (1) * (2)
Large	174	11,475 Hrs.	1,996,658 Hrs.
Medium	166	2,371 Hrs.	393,619 Hrs.
Small	169	1,571 Hrs.	265,572 Hrs.
Total	509		2,655,849 Hrs.

⁹ The size thresholds are estimates based on staff judgment.

¹⁰ Due to rounding during the analysis and calculations, the total in this column (2,655,849 hours) does not sum to the exact figure (of 2,656,034 hours) shown in the summary burden table; the difference is 185.

The total estimated annual cost for burden hours to respondents is \$212,482,720 (or 2,656,034 hrs. * \$80/hr.) The average cost for burden hours per respondent is \$417,451. The non-burden cost related to physical and electronic storage are discussed in Question 13, below.

13. ESTIMATE OF THE TOTAL ANNUAL COST BURDEN TO RESPONDENTS

The Commission estimates that entities incur non-burden hour costs for storage space (physical and electronic) in order to comply with the record retention requirements.

FERC estimates that the annual total non-burden record storage cost is \$78,243,220. The average annual non-burden storage cost per company is \$153,719 (or \$78,243,220/509). FERC also derived these estimates using cost information submitted by a few jurisdictional filers, as noted above.

The breakdown of the estimated non-burden hour (non-labor) cost by entity size follows:

Entity Size	Number of Entities	Record Retention Cost (\$) Per Entity	Total Record Retention Cost (\$) (rounded)
Large	174	\$306,869	\$53,395,251
Medium	166	\$94,194	\$15,636,239
Small	169	\$54,507	\$9,211,730
Total	509		\$78,243,220

14. ESTIMATED ANNUALIZED COST TO FEDERAL GOVERNMENT

The Commission bases its estimate of the “Analysis and Processing of filings” cost 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. However, since the jurisdictional companies retain records as mandated by 18 CFR 125, 225, and 356, the federal cost relates to financial audits of those records.

The estimated annual federal cost related for FERC-555 follows:

	Number of Employees (FTE)	Estimated Annual Federal Cost
Analysis and Processing of filings	72 ¹¹	\$12,030,552

PRA ¹² Administrative Cost ¹³		\$4,832
FERC Total		\$12,035,384

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

The total estimated annual burden hour (labor) cost to respondents is \$212,482,720 (or \$417,451 per respondent). The total estimated annual non-burden (or non-labor) record storage cost is \$78,243,220 (or \$153,719 per respondent). The average estimated annual cost per company (including costs for labor and non-labor storage costs) is \$571,170 (rounded) per respondent.¹⁴

Program Changes. There are no changes to the recordkeeping requirements.

Adjustment in Estimate. The adjustment of +\$249 for ‘annual cost burden’ related to record storage (non-burden) cost is merely due to rounding.

	Total Request	Previously Approved	Change due to Adjustment in Estimate	Change Due to Agency Discretion
Annual Number of Responses	509	509	0	0
Annual Time Burden (Hr.)	2,656,034	2,656,034	0	0
Annual Cost Burden (\$)	\$78,243,220	\$78,242,971	+\$249	0

16. TIME SCHEDULE FOR PUBLICATION OF DATA

There is no publication of data associated with FERC-555 information. The FERC-555 covers record retention requirements imposed upon jurisdictional entities and, thus, is not submitted to FERC.

17. DISPLAY OF EXPIRATION DATE

The expiration dates are available at <http://www.ferc.gov/docs-filing/info-collections.asp>.

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT

¹¹ Commission staff estimates that approximately 72 FTEs work on financial audits at a cost of \$12,030,552 (using the 2019 figure of \$167,091 per FTE per year).

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 (PRA).

¹³ Based upon FERC’s 2019 estimated average annual PRA Administrative Cost: \$4,832.

¹⁴ This is a correction/clarification to the estimates provided in the 30-day notice in Docket No. IC19-28-000.

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There are no exceptions.