

Supporting Statement for
FERC-604, Cash Management Agreements

The Federal Energy Regulatory Commission (Commission or FERC) requests that the Office of Management and Budget (OMB) review and approve FERC-604 (Cash Management Agreements; OMB Control No. 1902-0267), for a three-year period. FERC-604 is an existing data collection.

1. CIRCUMSTANCES THAT MAKE THE COLLECTION OF INFORMATION NECESSARY

This collection of information is authorized by the following statutory provisions:

- Sections 8 and 10 of the Natural Gas Act (NGA), 15 U.S.C. 717g and 717i;
- Sections 301 and 304 of the Federal Power Act (FPA), 16 U.S.C. 825 and 825c; and
- Section 60502 of the Interstate Commerce Act (ICA), 49 U.S.C. 60502.

These statutes authorize the Commission to require entities that are subject to the Commission's jurisdiction to preserve accounts and related records, and to file reports found to be necessary or appropriate to assist the Commission in the proper administration of each statute.

Regulations at 18 CFR 141.500, 260.400, and 357.5 provide for implementation of this information collection in accordance with these statutes. These regulations apply to FERC-regulated entities that are subject to the Commission's Uniform System of Accounts and that participate in cash management programs.¹

The pertinent regulations require each affected entity to file "cash management agreements" with the Commission within 10 days of the entity's entry into a cash management program. The regulations also require that any subsequent change in a cash management agreement be filed with the Commission within 10 days of the change.

The Commission promulgated these regulations in 2003 upon determining that these reporting requirements are needed to:

- Ensure that rates paid by the customers of FERC-regulated entities are just and reasonable;

¹ Cash management programs or "money pool" programs typically concentrate cash assets of jurisdictional affiliates in joint accounts for the purpose providing financial flexibility and lowering the cost of borrowing.

- Aid the Commission in meeting its oversight and market monitoring obligations; and
- Benefit the investing public.²

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

Cash management agreements typically contain terms of repayment into a consolidated corporate-wide “money pool” from which money was drawn by an operating company. Terms may include timing of repayment, maximum/minimum draws, interest rates, and potentially covenants/conditions that the drawing company must maintain. There are various aspects of these terms that affect whether an operating company is charging just and reasonable rates. For example, the interest rate on these draws are typically considered short-term interest rates, which are factored into calculating a utility’s cost of financing construction projects (i.e., increases revenue requirements).

If FERC did not collect the information, the Commission would be unable to monitor the impacts of cash management agreements on rates.

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

The Commission allows respondents to file the cash management agreements electronically. Based on the Commission’s eLibrary, the Commission estimates that all respondents are utilizing eFiling to submit their agreements.

3. 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 initiated cash management program documentation and filing rules because the information was not available from other sources. The Securities Exchange Commission sometimes requires holding companies (a small subset of the respondent universe) to file cash management agreements. However, FERC is the only agency that collects the needed information from all of the relevant entities.

² See Regulation of Cash Management Practices, Final Rule, Order No. 634-A, 68 FR 61993 (Oct. 31, 2003); *see also* Quarterly Financial Reporting and Revisions to the Annual Reports, Final Rule, 106 FERC ¶ 61,113 (February 11, 2004).

4. METHODS USED TO MINIMIZE BURDEN IN COLLECTION OF INFORMATION INVOLVING SMALL ENTITIES

The Commission estimates that this collection requires 1.5 hours of burden per year per respondent. In fact, if a company does not participate in a cash management agreement or makes no changes to its existing agreement, there is no burden. While the Commission does regulate small entities, it does not consider the minimal burden harmful to small entities.

5. CONSEQUENCE TO FEDERAL PROGRAM IF COLLECTION WERE CONDUCTED LESS FREQUENTLY

The Commission requires entities to file cash management agreements when such agreements are entered into or when there are changes to the agreements. If the Commission delayed the filings, neither Commission nor interested parties would have access to current information regarding cash management agreements.

6. EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE INFORMATION

There could be special circumstances because the relevant regulations require the filing of a cash management agreement within 10 days of a change. If a cash management agreement is changed more than once during a quarter, the agreement would have to be filed more frequently than quarterly.

7. 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 notices in the Federal Register inviting public comments on this information collection. In each 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.

On June 14, 2022, the Commission published a 60-day notice (87 FR 35980). The public comment period ended on August 15, 2022. The Commission received no comments in response. The Commission published a 30-day notice in the Federal Register on August 24, 2022 (87 FR 51974).

8. EXPLAIN ANY PAYMENT OR GIFTS TO RESPONDENTS

There are no payments or gifts to respondents of this collection.

9. DESCRIBE ANY ASSURANCE OF CONFIDENTIALITY PROVIDED TO RESPONDENTS

The information collected in FERC-604 is publicly 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.³ The Commission will review each request for confidential treatment on a case-by-case basis.

10. 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 associated with the reporting requirements.

11. ESTIMATED BURDEN COLLECTION OF INFORMATION

The Commission estimates the annual public reporting burden for the information collection as:

FERC-604, Cash Management Agreements					
Number of Respondents (1)	Number of Responses Per Respondent (2)	Total Number of Responses (1) * (2) = (3)	Average Burden Hours & Average Cost⁴ per Response (\$)(4)	Total Annual Burden Hours & Total Annual Cost (\$)(3) * (4) = (5)	Cost per Respondent (\$)(5) ÷ (1) = (6)
45	1	45	1.5 hours; \$130.50	67.5 hours; \$5,872.50	\$130.50

12. ESTIMATE OF THE TOTAL ANNUAL COST BURDEN TO RESPONDENTS

³ 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>.

⁴ The Commission staff estimates that the industry’s hourly cost for wages plus benefits is similar to the Commission’s \$87.00 FY 2021 average hourly cost for wages and benefits.

There are no non-labor start-up costs. All costs are related to burden hours and are addressed in Questions #12 and #15.

13. ESTIMATED ANNUALIZED COST TO FEDERAL GOVERNMENT

The estimate of the cost for analysis and processing of filings 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 collection.

The Commission incurs costs associated with obtaining OMB clearance for the FERC-604 information collection under the Paperwork Reduction Act (PRA). The PRA Administrative Cost is a Federal 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. This average annual cost includes requests for extensions, all associated rulemakings and orders, other changes to the collection, and associated publications in the Federal Register. FERC estimates the annual cost for this effort to be \$8,279.00.

	Number of Employees (FTE)	Estimated Annual Federal Cost
Analysis and Processing of Filings ⁵	0.3	\$54,210.90
PRA Administrative Cost ⁶		\$8,279
FERC Total		\$62,489.90

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

There are no program changes. Adjustments in responses and burden hours are due to increased numbers of respondents (i.e., public utilities, licensees, natural gas companies, and oil pipeline companies).

The following table itemizes the adjustments.

	Total Request	Previously Approved	Change due to Adjustment	Change Due to Agency Discretion

⁵ Based upon 2021 FERC average annual salary plus benefits (\$180,703).

⁶ The PRA Administration Cost includes preparing supporting statements, notices, and other activities associated with Paperwork Reduction Act compliance.

			in Estimate	
Annual Number of Responses	45	35	+ 10	No change
Annual Time Burden (Hr.)	67.5 hrs.	52.5 hrs.	+ 15 hrs.	No change
Annual Cost Burden (\$)	\$0	\$0	\$0	\$0

15. TIME SCHEDULE FOR PUBLICATION OF DATA

There are no publications for the collection of information.

16. DISPLAY OF EXPIRATION DATE

The expiration date is displayed in a table posted on ferc.gov at <https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Fwww.ferc.gov%2Fsites%2Fdefault%2Ffiles%2F2022-08%2FInformation-Collections-8-3-2022.xlsx&wdOrigin=BROWSELINK>.

17. EXCEPTIONS TO THE CERTIFICATION STATEMENT

There are no exceptions.