

**SUPPORTING STATEMENT FOR REQUESTS FOR APPROVAL UNDER
THE PAPERWORK REDUCTION ACT AND 5 CFR 1320
LPC FIRST Financial Reporting**

A. Justification

- 1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection. Attach a copy of the appropriate section of each statute and regulation mandating or authorizing the collection of information.**

Currently 153 power distributors (local power companies (LPCs)) purchase electric power from TVA under contracts which specify the retail rates for the sale of electricity. The TVA Act of 1933, Section 10, provides TVA the specific authority to develop these rates and administer the power contracts.

Public service commissions do not regulate TVA-served distributors; TVA is the sole regulatory authority. The power contract between TVA and the power distributor is the vehicle by which power rates are established. To ensure that each distributor is following acceptable accounting principles and procedures, and to assist in making management decisions concerning rates, finances, and other long-term plans, reporting of data is needed annually. Thus, under the Financial and Accounting Policy Section of the Schedule of Terms and Conditions of the power contract with each distributor, provisions were made for the distributors (local power companies) to follow accounting as prescribed by TVA, and to submit an annual financial report to TVA.

The Financial Information & Regulatory System Tool (FIRST) will be used by LPCs to submit monthly and annual financial data including schedules, balance sheets, income statements, and annual reports through data entry or automated integration. FIRST streamlines data collection and reduces the burden on the public.

- 2. Indicate how, by whom, and for what purpose the information is to be used. Except for a new collection, indicate the actual use the agency has made of the information received from the current collection.**

TVA, serving in its regulatory capacity, uses this financial and statistical information to monitor each distributor's current financial position and to forecast requirements for reasonable levels of resources for renewals, replacements, and contingencies.

The data from this information collection is used by TVA organizations (Regulatory Assurance, Commercial Energy Solutions, Treasury and Risk, Regional Relations, and Transmission and Power Supply) and the TVA Board of Directors to assist in making management decisions concerning electric power rates, financing the TVA power generating and transmission system, and other long-term plans.

If this information collection is not conducted, TVA would be severely hampered in fulfilling its responsibilities to Congress under Section 11 of the TVA Act of 1933 to "permit domestic and rural use [of electricity] at the lowest possible rates."

- 3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g. permitting electronic submission of responses, and the basis for the decision for adopting this means of collection. Also, describe any consideration of using information technology to reduce burden.**

Respondents use a web-based application known as the Financial Information & Regulatory System Tool (FIRST) to provide the information to TVA (via data entry or automated data uploads). The system performs mathematical computations, uses monthly report data to automatically update annual reporting, and automatically imports previous years' general information for updating.

Internal TVA staff periodically review the forms and the data requirements to determine whether any improvements can be made to make data collection easier and less time consuming.

4. **Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Item 2 above.**

With implementation of the FIRST system, TVA is reviewing ways to eliminate collection of duplicate information from the LPCs.

5. **If the collection of information impacts small business or other small entities (Item 5 of OMB Form 83-I), describe any methods used to minimize burden.**

The FIRST system includes data validations and automatic calculations that were not included in the previous DARS system and will make the entering of data more efficient and less time-consuming. FIRST is more user-friendly for the LPC users ease of entry and provides more robust data upload options, including some pages on the Annual Report (vs. only the Monthly Report previously).

6. **Describe the consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.**

If this information collection is not conducted, TVA could not fulfill its responsibilities of reporting distributor operations to Congress as outlined under the TVA Act of 1933.

7. **Explain any special circumstances that would cause an information collection to be conducted in a manner:**

- requiring respondents to report information to the agency more often than quarterly;
- requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;
- requiring respondents to submit more than an original and two copies of any document;
- requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records for more than three years;
- in connection with a statistical survey, that is not designed to produce valid and reliable results that can be generalized to the universe of study;
- requiring the use of statistical data classification that has not been reviewed and approved by OMB; that includes a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use; or
- requiring respondents to submit proprietary trade secret, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.

Respondents use Form 4171 in monthly presentations to their governing boards and have previously expressed to TVA the desire for Form 4171 to remain a monthly collection rather than quarterly. A change to quarterly would create a greater burden to the respondents.

8. **If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the agency's notice, required by 5 CFR 1320.8(d), soliciting comments on the information collection prior to submission to OMB. Summarize public comments received in response to that notice and describe actions taken by the agency in response to these comments. Specifically address comments received on cost and hour burden.**

Describe efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported.

Consultation with representatives of those from whom information is to be obtained or those who must compile records should occur at least once every 3 years—even if the collection of information activity is the same as in prior periods. There may be circumstances that may preclude consultation in a specific situation. These circumstances should be explained.

A copy of the Federal Register Notices are attached to the information collection submission. There were no

public comments.

9. **Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.**

Not applicable.

10. **Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy.**

The majority of information provided is not confidential. Most information collected describes an LPC's current state or potential future plans and is not of a sensitive or personal nature.

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. This justification should include the reasons why the agency considers the questions necessary, the specific uses to be made of the information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.**

This information collection asks no questions of a sensitive nature.

12. **Provide estimates of the hour burden of the collection of information. The statement should:**

- Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated. Unless directed to do so, agencies should not conduct special surveys to obtain information on which to base hour burden estimates. Consultation with a sample (fewer than 10) of potential respondents is desirable. If the hour burden on respondents is expected to vary widely because of differences in activity, size, or complexity, show the range of estimated hour burden, and explain the reasons for the variance. Generally, estimates should not include burden hours for customary and usual business practices.

- If this request for approval covers more than one form, provide separate hour burden estimates for each form and aggregate the hour burdens in Item 13 of OMB Form 83-I.

- Provide estimates of annualized cost to respondents for the hour burdens for collections of information, identifying and using appropriate wage rate categories. The cost of contracting out or paying outside parties for information collection activities should not be included here. Instead this cost should be included in Item 14.

	Number of Respondents	Number of Responses	*Burden per Response	*Annual Burden
Annual Report	153	1	14 hours	2,142 hours
Monthly Report	153	12	.3 hour	551 hours
Total Annual Burden				2,693 hours

Total annualized cost for respondents to prepare information and respond to the information collection is estimated to be \$74,811.54 (2693 hours x \$27.78 per hour).

*Note: Estimates only: With the new FIRST system, it is unknown how many LPCs will select the option of uploading data instead of data entry. Therefore, actual amounts may be less than estimates.

Annualized cost per applicant: The average hourly wage for the states in the TVA service area is \$27.78 and represents an increase in the average hourly wage from the previous approval. This estimate was calculated using a snapshot of data taken on 12-31-2021 from the 2021 Bureau of Labor Statistics National Compensation Survey on Wages from the following sources:

https://www.bls.gov/regions/southeast/news-release/countyemploymentandwages_mississippi.htm
https://www.bls.gov/regions/southeast/news-release/countyemploymentandwages_kentucky.htm
https://www.bls.gov/regions/southeast/news-release/countyemploymentandwages_alabama.htm
https://www.bls.gov/regions/southeast/news-release/countyemploymentandwages_tennessee.htm
https://www.bls.gov/regions/southeast/news-release/countyemploymentandwages_georgia.htm
https://www.bls.gov/regions/southeast/news-release/countyemploymentandwages_northcarolina.htm
https://www.bls.gov/regions/mid-atlantic/news-release/countyemploymentandwages_virginia.htm

13. Provide an estimate of the total annual cost burden to respondents or record keepers resulting from the collection of information. (Do not include the cost of any hour burden shown in Items 12 and 14).

The cost estimate should be split into two components: (a) a total capital and start-up cost component (annualized over its expected useful life); and (b) a total operation and maintenance and purchase of services component. The estimates should take into account costs associated with generating, maintaining, and disclosing or providing the information. Include descriptions of methods used to estimate major cost factors including system and technology acquisition, expected useful life of capital equipment, the discount rate(s), and the time period over which costs will be incurred. Capital and start-up costs include, among other items, preparations for collecting information such as purchasing computers and software; monitoring, sampling, drilling and testing equipment; and record storage facilities.

If cost estimates are expected to vary widely, agencies should present rates of cost burdens and explain the reasons for the variance. The cost of purchasing or contracting out information collection services should be a part of this cost burden estimate. In developing cost burden estimates, agencies may consult with a sample of respondents (fewer than 10), utilize the 60-day pre-OMB submission public comment process and use existing economic or regulatory impact analysis associated with the rulemaking containing the information collection, as appropriate.

Generally, estimates should not include purchases of equipment or services, or portions thereof, made: (1) prior to October 1, 1995, (2) to achieve regulatory compliance with requirements not associated with the information collection, (3) for reasons other than to provide information or keep records for the government, or (4) as part of customary and usual business or private practices.

None.

14. Provide estimates of annualized cost to the Federal government. Also, provide a description of the method used to estimate cost, which should include quantification of hours, operational expenses (such as equipment, overhead, printing, and support staff), and any other expense that would not have been incurred without this collection of information. Agencies also may aggregate cost estimates from Items 12, 13, and 14 in a single table.

Estimated Infrastructure Costs: avg \$1,250 per month (based on first 3 months of Azure usage - Feb/Mar/April 2021 as basis)
Estimated labor contract support costs: \$11k per month (based off of technology Statement of Work (SOW))
TOTAL: $(\$1,250 \times 12) + (\$11k \times 12) = \$147k$

15. Explain the reasons for any program changes or adjustment reported in Items 13 or 14 of the OMB Form 83-I.

Not applicable.

16. For collections of information whose results will be published, outline plans for tabulation, and publication. Address any complex analytical techniques that will be used. Provide the time schedule for the entire project, including beginning and ending dates of the collection of information, completion of report, publication dates, and other actions.

Not applicable. The results of this information collection are not planned for publication or statistical use.

17. **If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.**

Not applicable.

18. **Explain each exception to the certification statement identified in Item 19, "Certification for Paperwork Reduction Act Submissions," of OMB Form 83-I.**

Not applicable.

B. Collections of Information Employing Statistical Methods

Not applicable. This information collection does not employ statistical methods.

The agency should be prepared to justify its decision not to use statistical methods in any case where such methods might reduce burden or improve accuracy of results. When Item 17 on the Form OMB 83-I is checked, "Yes," the following documentation should be included in the Supporting Statement to the extent that it applies to the methods proposed:

- 1. Describe (including a numerical estimate) the potential respondent universe and any sampling or other respondent selection methods to be used. Data on the number of entities (e.g., establishments, State and local government units, households, or persons) in the universe covered by the collection and in the corresponding sample are to be provided in tabular form for the universe as a whole and for each of the strata in the proposed sample. Indicate expected response rates for the collection as a whole. If the collection had been conducted previously, include the actual response rate achieved during the last collection.**
- 2. Describe the procedures for the collection of information including:**
 - * Statistical methodology for stratification and sample selection,**
 - * Estimation procedure,**
 - * Degree of accuracy needed for the purpose described in the justification,**
 - * Unusual problems requiring specialized sampling procedures, and**
 - * Any use of periodic (less frequent than annual) data collection cycles to reduce burden.**
- 3. Describe methods to maximize response rates and to deal with issues of non-response. The accuracy and reliability of information collected must be shown to be adequate for intended uses. For collections based on sampling, a special justification must be provided for any collection that will not yield "reliable" data that can be generalized to the universe studied.**
- 4. Describe any tests of procedures or methods to be undertaken. Testing is encouraged as an effective means of refining collections of information to minimize burden and improve utility. Tests must be approved if they call for answers to identical questions from 10 or more respondents. A proposed test or set of test may be submitted for approval separately or in combination with the main collection of information.**
- 5. Provide the name and telephone number of individuals consulted on statistical aspects of the design and the name of the agency unit, contractor(s), grantee(s), or other person(s) who will actually collect and/or analyze the information for the agency.**