

Supporting Statement for
**FERC Form 60 Annual Reports for Service Companies;
Revised Filing Requirements for Centralized Service Companies Under the Public Utility
Holding Company Act of 2005, the Federal Power Act, and the Natural Gas Act**
As proposed in Docket No. RM09-21-000
(Final Rule Issued December 17, 2009)

The Federal Energy Regulatory Commission (Commission) (FERC) requests Office of Management and Budget (OMB) review and approval of the Final Rule for the information collection identified above. The Final Rule does not modify the reporting requirements but merely clarifies the types of entities that must comply with the requirements as more fully explained below.

The Commission estimates that the annual reporting-burden related to the subject Final Rule will be 2,850 hours for FERC Form 60 (1902-0215). This is an adjustment to the estimate currently approved by OMB. The other information collection requirements approved under this OMB control no. 1902-0215, FERC-555A, Preservation of Records for Service Companies Subject to PUHCA and FERC-61 Narrative Description of Service Company Functions are not affected by this Final Rule. It should be noted that all three information collection requirements (FERC Form 60, FERC-61 and FERC-555A) expire 2/28/2010 and will be the subject of a separate submission seeking their renewal.

Background

On August 8, 2005, the Energy Policy Act of 2005, Pub. L. No. 109-58, 119 Stat. 594 (2005) was signed in to law. It repealed the Public Utility Holding Company Act of 1935 (PUHCA 1935)¹ and enacted the Public Utility Holding Company Act of 2005 (PUHCA 2005)² PUHCA 2005 which with one exception became effective on February 8, 2006 (six months from the date of enactment). Sections 1266, 1272, and 1275 of EPAct 2005 directed the Commission to issue certain rules and to provide detailed recommendations to Congress on technical and conforming amendments to federal law within four months after the date of enactment. In addition, EPAct 2005 directed the Commission to issue a final rule exempting certain entities from the federal access to books and records provisions of EPAct 2005 within 90 days of the effective date of Subtitle F. On December 8, 2005, the Commission issued Order No. 667, adding a new Subchapter U and Part 366 to Title 18 of the Code of Federal Regulations to implement PUHCA 2005.³

1 15 U.S.C. §§ 79a et seq. (2000).

2 EPAct 2005 at §§ 1261 et seq.

3 Order No. 667, 70 FR 75592 (Dec. 20, 2005), FERC Stats. & Regs.; Regulations and Preambles 2001-2005 ¶ 31,197 (2005), order on reh'g, Order No. 667-A, 71 FR , FERC Stats. & Regs. ¶ 31,213 (2006).

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Order No. 667 required that, unless otherwise exempted by Commission rule or order, holding companies⁴ and service companies⁵ must maintain and make available to the Commission their books and records.⁶ In addition, Order No. 667 allowed holding companies and service companies that did not currently follow the Commission's records retention requirements to transition to the Commission's requirements by January 1, 2007. Order No. 667 further provided that holding companies would not be required to comply with a Uniform System of Accounts, but that centralized service companies would be required to do so as of January 1, 2007.

The Commission indicated in Order No. 667 that it would initiate a separate rulemaking proceeding to address how the Commission's Uniform System of Accounts and records retention requirements in Parts 101, 125, 201 and 225 of its regulations should be modified to adopt or otherwise integrate the relevant parts of the SEC's Uniform System of Accounts and records retention rules. The Commission indicated that it intended to issue a final rule on any appropriate accounting and records retention requirements modifications before January 1, 2007, so that service companies would be able to transition to the Commission's Uniform System of Accounts and records retention requirements and so that holding companies could make the transition to the Commission's records retention requirements, by that date.

Final Rule (Docket No. RM06-11-000), Order No. 684

On October 19, 2006, the Commission issued Order No. 684 (Docket No. RM06-11-000, a final rule to amend regulations to further implement the Public Utility Holding Company Act of 2005 (PUHCA 2005). Order No. 684 was in response to Order No. 667, namely a separate rulemaking proceeding to modify the Uniform System of Accounts for centralized service companies that are not special purpose companies under PUHCA 2005. Specifically, FERC added the following: (1) a Uniform System of Accounts (USofA) for Centralized Service Companies; (2) preservation of records requirements for holding companies and service

⁴⁴ As defined in 18 CFR 366.1, holding company means (i) any company that directly or indirectly owns, controls, or holds, with power to vote, 10 percent or more of the outstanding voting securities of a public-utility company or of a holding company of any public-utility company; and (ii) any person, determined by the Commission, after notice and opportunity for hearing, to exercise directly or indirectly (either alone or pursuant to an arrangement or understanding with one or more persons) such a controlling influence over the management or policies of any public-utility company or holding company as to make it necessary or appropriate for the rate protection of utility customers with respect to rates that such person be subject to the obligations, duties, and liabilities imposed by this subtitle upon holding companies.

⁵ As defined in 18 CFR 366.1, service company means any associate company within a holding company system organized specifically for the purpose of providing non-power goods or services or the sale of goods or construction work to any public utility in the same holding company system.

⁶ Order No. 667 also required traditional, centralized service companies to file the newly created Form No. 60, Annual Report for Centralized Service Companies.

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companies; (3) revised FERC Form No. 60, Annual Report of Centralized Service Companies, in order to provide for financial reporting that is consistent with the new USofA and (4) provide for electronic filing of a revised FERC Form No. 60. In issuing Order No. 684, FERC provided for greater accounting transparency for centralized service company operations, and uniform records retention by holding companies and service companies subject to PUHCA 2005. This transparency is to protect ratepayers from pass-through of improper service company costs.

Notice of Proposed Rulemaking (Docket No. RM09-21-000)

On September 17, 2009, the Commission issued a Notice of Proposed Rulemaking (NOPR), RM09-21-000. In the NOPR, the Commission proposed to revise the Commission's regulations at 18 CFR 366.1, 366.23 and 367.2 to require every centralized service company that provides non-power services to any public utility, natural gas company, or both, to file Form No. 60 (Annual Report of Centralized Service Companies) annually and abide by the Uniform System of Accounts, unless exempted or granted a waiver pursuant to 18 CFR 366.3 or 366.4.

In Order Nos. 667, 667-A and 684, the Commission intended to require every centralized service company that provides non-power services to a public utility, a natural gas company, or both, to file FERC Form No. 60 annually, unless the holding company is exempted or granted a waiver pursuant to 18 CFR 366.3 or 366.4. However, it recently came to the Commission's attention that the regulatory text as currently drafted, particularly at 18 CFR 366.1 and 366.23 and 18 CFR 367.1 and 367.2, does not make it clear as to which entities are subject to the Commission's requirements. The Commission believed that the clarification in the NOPR better tracks the regulatory intent in prior orders concerning the filing of FERC Form No. 60.

Final Rule (Docket No. RM09-21-000)

On December 17, 2009, the Commission issued a Final Rule, RM09-21-000. In the Final Rule, the Commission is revising its regulations to require every centralized service company that provides non-power services to any public utility, natural gas company, or both, to file Form No. 60 "Annual Report of Centralized Service Companies" annually and abide by the Uniform System of Accounts, unless exempted or granted a waiver. This rule provides greater transparency and will aid the Commission in fulfilling its regulatory obligations under the Federal Power Act and the Natural Gas Act to ensure that rates are just and reasonable.

A. Justification

1. CIRCUMSTANCES THAT MAKE THE COLLECTION OF INFORMATION NECESSARY

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The Public Utility Holding Company Act of 1935 (PUHCA) was enacted by Congress as a response to questionable practices of huge holding companies during the 1920s and 30s. These holding companies controlled utilities in complicated pyramid structures, where a few investors at the top held controlling shares of many subsidiary companies. PUHCA 1935 prevented a utility holding company from subsidizing unregulated business activities from profits obtained from their regulated business activities and captive customers. PUHCA 1935 required that all side businesses be kept separate from the regulated companies. Congress repealed PUHCA in response to industry comments that the law was outdated and restricted competition and diversification in the electric industry.

In accordance with the Energy Policy Act of 2005 (EPAAct), the Commission implemented the repeal of PUHCA 1935 and the provisions of a new PUHCA 2005. PUHCA 2005 permits Commission access to books and records of holding companies and their members if necessary for determining jurisdictional rates. The Commission implemented PUHCA rules governing accounting, record retention and reporting, including certain blanket waivers and exemptions, within the deadlines in EPAAct.

Section 1264 of PUHCA 2005 concerns FERC access to the books and records of holding companies and other companies in holding company systems, and section 1275 of PUHCA 2005 addresses FERC's review and authorization of the allocation of costs for non-power goods or administrative or management services when requested by a holding company system or state commission. Section 1264 and section 1275 of PUHCA supplement the Commission's existing authorities under the Federal Power Act (FPA) and the Natural Gas Act (NGA) to protect customers against improper cross-subsidization or encumbrances of assets, including the Commission's broad authority under FPA section 301 and NGA section 8 to obtain the books and records of regulated companies and any person that controls or is controlled by these companies if relevant to jurisdictional activities.

Sections 1264(a) and (b) of EPAAct 2005 provide that each holding company and each associate of a holding company, will maintain and make available to FERC "such books, accounts, memoranda, and other records as the Commission determines are relevant to the costs incurred by a public utility or natural gas company that is an associate of such holding company and necessary or appropriate for the protection of the public utility or natural gas company customers with respect to jurisdictional rates."⁷ Section 1264(c) empowers FERC to examine the books and records of any company in a holding company system, or any affiliate thereof, that FERC determines are relevant to the costs incurred by a public utility or natural gas company within the holding company system and necessary or appropriate for the protection of public utility or natural gas customers with respect to jurisdictional rates. Further, with respect to the

⁷ EPAAct 2005 at §§ 1264 *et seq.*

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electric industry, Congress has enhanced FERC's existing authorities over public utility mergers, acquisitions and dispositions of jurisdictional facilities.

PUHCA 2005 is primarily a "books and records access" statute and does not give FERC any new substantive authorities, other than the requirement in section 1275 of EAct 2005 that FERC review and determine certain non-power goods and services cost allocations among holding company members upon request. In addition, EAct 2005 does not give FERC authority to pre-approve holding company activities.⁸ FERC with the exception of reviewing a holding company's transaction requiring approval under section 203 of the FPA or a proposed issuance of securities under section 204 of the FPA, will continue to rely primarily on its ratemaking authorities under sections 205 and 206 of the FPA and sections 4 and 5 of the NGA to protect jurisdictional customers against inappropriate cross-subsidization or encumbrances of utility assets on an ongoing basis.

When the Commission in Order No. 684 compared the final rule it was adopting there to the proposals in the April 2006 Notice, the Commission did not state that it was now entirely excusing certain centralized service companies from their obligations to file FERC Form No. 60 and to abide by the Uniform System of Accounts. Indeed, the Commission explained in Order No. 684 that "a structured USofA as proposed under new part 367 of the Commission's regulations was necessary to ensure consistency across the centralized service companies and, equally important, to ensure the Commission has the information necessary to carry out its obligations under PUHCA 2005, the Federal Power Act (FPA), and the Natural Gas Act (NGA)."⁹ The Commission also explained in Order No. 684:

Although flexibility in accounting rules may have enabled the SEC to meet its regulatory responsibilities, such flexibility will not allow the Commission to accomplish its regulatory mandate to ensure just and reasonable rates. There are hundreds of entities subject to the Commission's jurisdiction. The only way the Commission can efficiently carry out this mandate is by requiring these entities to account for transactions in a structured and uniform manner. That is why the Commission adopted and still maintains USofAs for public utilities and licensees and for natural gas companies. A structured USofA for centralized service companies is an equally essential tool that the Commission needs to carry out its regulatory responsibilities.^[10]

⁸ Section 1289 of EAct 2005 amends section 203 of the FPA to grant FERC expanded approval authority with respects to mergers and the acquisition of securities by holding companies within certain holding company systems.

⁹ Order No. 684, FERC Stats. & Regs. ¶ 31,229 at P 27.

¹⁰ *Id.* at P 29.

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As noted above, previous orders were issued with the intent to require every centralized service company that provides non-power services to a public utility, a natural gas company, or both, to file FERC Form No. 60 (Annual Report of Centralized Service Companies) annually, unless the holding company is exempted or granted a waiver. As noted above, it was pointed out to the Commission that the regulatory text as currently expressed, particularly at 18 CFR 366.1 and 366.23 and 18 CFR 367.1 and 367.2 could be read to reach a different conclusion. This more narrow application was not intended by the Commission and the Final Rule revises the regulations to ensure that every centralized service company that provides non-power services to a public utility, a natural gas company, or both, file FERC Form No. 60 annually and abide by the Uniform System of Accounts, unless the holding company is exempted or granted a waiver pursuant to 18 CFR 366.3 or 366.4.

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

Since 1935, the Commission has regulated certain electric utility activities under the Federal Power Act (FPA). Under FPA sections 205 and 206, FERC oversees the rates, terms and conditions of sales for resale of electric energy and transmission service in interstate commerce by public utilities. The Commission must ensure that those rates, terms and conditions are just and reasonable, and not unduly discriminatory or preferential. Under FPA section 203, the Commission reviews mergers and other asset transfers involving public utilities.

The Commission's role in the natural gas industry is largely defined by the Natural Gas Act of 1938 (NGA). Pursuant to sections 8, 10 and 14 of the National Gas Act (NGA), (15 U.S.C. 717g-717m, PL. 75-688), the Commission is authorized to make investigations and collect and record data, to prescribe rules and regulations concerning accounts, records and memoranda as necessary or appropriate for purposes of administering the NGA. The Commission may prescribe a system of accounts for jurisdictional companies, and after notice and opportunity for hearing, may determine the accounts in which particular outlays and receipts will be entered, charged or credited. Additionally under the NGA, the Commission regulates the construction of new natural gas pipelines, liquefied natural gas terminals and related facilities and oversees the rates, terms and conditions of sales for resale and transportation of natural gas in interstate commerce.

The Commission believes that its existing FPA and NGA authorities, in combination with its enhanced authority over public utility mergers, acquisitions, and disposition of jurisdictional facilities, in conjunction with the new authorities under PUHCA 2005 provides a sound framework to protect customers.

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In Order No. 667, the Commission prescribed, for an initial transition period, uniform financial accounting and reporting requirements for centralized service companies' requirements within holding companies and record retention requirements for both service companies and holding companies and that the modification of the Commission's Uniform System of Accounts and records retention requirements would be implemented later. However, upon further review, the decision was made to implement a new Uniform System of Accounts and records retention requirements to ensure a smoother transition for service companies and holding companies. The Commission has developed standardized accounting rules. These rules, contained in the new Uniform System of Accounts for Centralized Service Companies, are generally consistent with the accounting standards that must be followed by commercial enterprises. Timely reporting of the information is critical to monitoring the industry to ensure that practices are not discriminatory and that appropriate rates are charged. The official records maintained by the regulated companies are in accordance with schedules already set by the Commission in its regulations and already used by companies as the basis for required filings and reports with the Commission. In addition, the records are used by the Commission's audit staff during compliance reviews and special analyses as deemed necessary by the Commission. The additional financial transparency required by these requirements aids the Commission in meeting its oversight and market monitoring obligations and will benefit the public both as ratepayers and investors.

The Commission believes that these revisions promote transparency and are consistent with the Commission's regulatory obligation to regulate public utilities under the Federal Power Act (FPA)¹¹ and natural gas companies under the Natural Gas Act (NGA)¹² to ensure that rates are just and reasonable. The revisions also better track the Commission's intent in prior orders directing the filing of Form No. 60.

If the collection of data for FERC Form 60 and the records retention requirements were not implemented; the Commission would not be able to meet its statutory responsibilities, under EPAAct 1992, EPAAct of 2005 and PUHCA 2005. The Commission would not have all of the regulatory mechanisms necessary to ensure customer protection.

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

There is an ongoing effort to determine the potential and the value of improved information technology to reduce the burden. Specifically, in order to increase the efficiency with which it carries out its program responsibilities, the Commission has been implementing

¹¹ 16 U.S.C. 791a *et seq.*

¹² 15 U.S.C. 717 *et seq.*

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measures to use information technology to reduce the amount of paperwork required in its proceedings. In Order No. 619, FERC established an electronic filing initiative to meet the goals of the Government Paperwork Elimination Act, which directed agencies to provide for optimal use and acceptance of electronic documents and signatures and electronic recordkeeping, where practical, by October 2003.

In Order No. 617, July 27, 2000, FERC amended its records' retention regulations to reduce the burden of maintaining records for regulated companies. The Commission did not establish specific media type in order to give the regulated entities the flexibility in the selection of media in order to adapt quickly to changes in technology without the necessity of obtaining FERC approval on the use of media not provided for in the regulations.

The Commission has developed submission software to provide for electronic filing of revised Form No. 60 similar to the software used for electronic filing of the Commission's other annual reporting forms, *i.e.*, Form No. 1 and Form No. 2.

In RM06-25-000, the Commission amended its regulations to provide for electronic filing of the FERC Form No. 60, Annual Report for Centralized Service Companies, for the 2006 and 2007 reporting years, to be filed on May 1, 2007 and May 1, 2008, respectively. No changes are being made to the information reported in FERC Form No. 60 itself in this Final Rule. The FERC Form No. 60 submission software is available for respondents on the Commission's website under eForms <http://www.ferc.gov/docs-filing/eforms.asp#60>.

Filers of the FERC Form No. 60 need an identification number to access the form submission software. The identification number is critical for the electronic filing of the FERC Form No. 60. For security reasons, identification numbers will not be given out over the phone. The FERC Form No. 60 filing for the calendar year 2009 must be filed electronically no later than May 1, 2010. Submittals made using any other format or media will not be compliant with Order No. 685.

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.

Commission 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. In anticipation of the transfer of reporting and recordkeeping requirements from the SEC, Commission staff reviewed its recordkeeping requirements in 18 CFR Part 125 and found no duplication of the proposed requirements.

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There are no similar sources of information available that can be used or modified for use for the purpose described in Item A (1.).

As the Commission noted in Order No. 667, Section 1272(1) of EPACT 2005 directs the Commission to issue “such regulations as may be necessary or appropriate to implement PUHCA 2005, including section 1264”. In addition, section 1270 of EPACT 2005 states the Commission shall have the same powers as “set forth in Section 306 through 317 of the Federal Power Act to enforce the provisions of PUHCA 2005”. In this regard, the Commission noted that section 309 of the FPA grants the Commission the power to perform any and all acts and to prescribe by order, rule or regulation, as it may find necessary or appropriate to carry out the provisions of the FPA, “the form of all statements, declarations, applications, and reports to be filed with the Commission.”¹³ PUHCA 2005 did not specify the manner in which books and records are to be made available to the Commission, and, in the face of statutory silence on this specific issue and the clear statements in sections 1272 and 1270 of EPAct 2005, the Commission finds that Congress has granted the Commission the discretion to prescribe the manner in which these entities are to “make available” their books and records to the Commission and “the form or forms of all statements, declarations, applications, and reports to be filed with the Commission.”

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

The information requirements under FERC Form 60 apply to jurisdictional entities. Most holding companies to which the rules proposed in the Final Rule would not fall within the RFA’s definition of small entity.¹⁴

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

FERC Form 60 is required for statutory purposes and cannot be discontinued nor collected less frequently. Instead of adopting the Securities and Exchange Commission form

¹³ 16 U.S.C. § 825h (2000); accord 15 U.S.C. § 717o (2000).

¹⁴ 5 U.S.C. 601(3)(2000), citing to section 3 of the Small Business Act, 15 U.S.C. 632 (2000). Section 3 of the Small Business Act defines a “small business concern” as a business that is independently owned and operated and that is not dominant in its field of operation. 15 U.S.C. 632 (2000). The Small Business Size Standards component of the North American Industry Classification System (NAICS) defines, for example, a small electric utility as one that, including its affiliates, is primarily engaged in the generation, transmission, and/or distribution of electric energy for sale and whose total electric output for the preceding fiscal year did not exceed four million MWh. NAICS defines a natural gas pipeline company as one that transports natural gas and whose annual receipts (total income plus cost of goods sold) did not exceed \$7.0 million dollars for the preceding year. 13 CFR 121.201.

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SEC Form U-13-60, FERC proposed streamlined reporting requirements in FERC Form 60 when it was issued thereby streamlining the requirements on respondents.

7. EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE INFORMATION COLLECTION

The Commission's information collection requirements in the FERC Form 60 are in conformance with OMB's regulations at 5 CFR 1320.5. The Commission in this Final Rule is not proposing any changes to the current requirements other than to ensure that it is clearly understood that every centralized service company that provides non-power services to a public utility, a natural gas company, or both, must file FERC Form No. 60.

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

The Commission's procedures require that the rulemaking notice be published in the Federal Register, thereby allowing all public utilities, state commissions, federal agencies, and other interested parties an opportunity to submit comments, or suggestions concerning the proposal. The rulemaking procedures also allow for public conferences to be held as required. Comments were due 30 days from publication in the Federal Register.

In response to the Form 60 NOPR, comments were filed by the American Public Gas Association (APGA). APGA supports the Commission's proposals in the Form 60 Notice. APGA argued both that the proposed regulations are consistent with the Commission's expressed intention as to the scope of the filing requirement and that "centralized service companies that provide services to natural gas companies or both natural gas companies and public utilities warrant the same treatment as centralized service companies that provide services to just public utilities. In APGA's view, this is because the same concerns regarding transparency (and effective rate regulation) persist among both natural gas companies and public utilities."¹⁵ Thus, APGA supports revisions to the Commission's regulations to make the requirement to file Form No. 60 clearer and adds that the "Commission's proposal is consistent with its obligation to ensure just and reasonable rates for public utilities under the FPA and for natural gas companies under the NGA."¹⁶ Finally, APGA stated that the Commission possesses the authority to require centralized service companies to file FERC Form No. 60, pursuant to the FPA and NGA, respectively, in addition to its authority under PUHCA 2005.¹⁷

¹⁵ APGA Comments at 2-3.

¹⁶ Id. at 3.

¹⁷ Id.

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Commission's Response

After consideration of the comments filed in response to the Form 60 NOPR and the Commission's own analysis, it is revising its regulations to clarify that the FERC Form No. 60 annual filing requirement, as well as the requirement to abide by the Uniform System of Accounts, extends to any centralized service company that provides non-power services to any public utility or any natural gas company, or both, in the same holding company system, so that the filing requirements will now expressly apply to all the entities that the Commission envisioned covering in its earlier orders, (*i.e.*, the centralized service companies that serve public utilities and natural gas companies subject to the Commission's jurisdiction under the FPA and NGA).

9. EXPLAIN ANY PAYMENT OR GIFTS TO RESPONDENTS

There are no payments or gifts to respondents in the requirements contained in the proposed rule.

10. DESCRIBE ANY ASSURANCE OF CONFIDENTIALITY PROVIDED TO RESPONDENTS

Section 1264(d) of EPACT 2005 forbids any member, officer, or employee of the Commission from divulging any fact or information that has come to his or her knowledge during the course of the examination of books and records, except as directed by FERC or a court of competent jurisdiction. In addition, there are comparable confidentiality provisions in section 301(b) of the FPA (16 U.S.C. §825) and in the NGA at section 8(b) (15 U.S.C. § 717g).

The Commission's procedures in section 388.112 provide that any person submitting a document to FERC may request privilege treatment of some or all of the information contained in a particular document and is exempt from the public disclosure requirements of the Freedom of Information Act, 5 U.S.C. 552 and should be withheld from public disclosure.

11. PROVIDE ADDITIONAL JUSTIFICATION FOR ANY QUESTIONS OF A SENSITIVE NATURE

There are no questions of a sensitive nature associated with the reporting and recordkeeping requirements proposed in the subject Final Rule.

12. ESTIMATED BURDEN COLLECTION OF INFORMATION

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The purpose of this Final Rule as noted above is to ensure that every centralized service company that provides non-power services to a public utility, a natural gas company, or both, file FERC Form No. 60. In response to the Form 60 NOPR, the sole comment filed did not raise any concerns as to the reporting burden.

However, while the Commission is not changing the information collection requirements to be reported on the FERC Form No. 60, it has in its analysis as noted above, found a significant decrease in the number of companies who have report on the FERC Form No. 60 and will use this Final Rule to make the adjustment to the estimates that are currently in OMB’s inventory.

DATA REQUIREMENT (FORM Form 60)	CURRENT OMB	PROPOSED	PROPOSED	NEW OMB
INVENTORY#	INVENTORY*	IN NOPR	N FINAL	INVENTORY
Estimated number of respondents :	103	103	38	38
Estimated number of responses per respondent:	1	1	1	1
Estimated number of responses per year :	103	103	38	38
Estimated number of hours per response :	32.72	32.72	75	75
Total estimated burden (hours per year) :	3,370	3,370	2,850	2,850
Program change in industry burden hours :		-0-		
Adjustment change in industry burden hours :		-520-		

*OMB Inventory as of 11/29/09

13. ESTIMATE OF TOTAL ANNUAL COST OF BURDEN TO RESPONDENTS

When FERC Form 60 was implemented in Order No. 667, the Commission estimated that the costs would be \$1,497,600 (3 staff @ \$120 per hour) based on 103 companies. To that the Commission proposed to impose additional requirements in Order No.684 for an additional cost of \$1,026,000 for a total of \$2,523,600. (The initial costs included costs for legal, technical and support staff). Subsequent analysis has found that there were only 38 companies who have filed the Form 60. The analysis found that while the number of companies decreased, the Commission’s initial estimates of the number of hours per respondent were miscalculated in that they were halved instead of reporting the whole number. The Commission is correcting the error in this submission. However, despite this miscalculation, there is still a reduction, which is a result of consolidation within the industry. The net result is a reduction in costs. 2,850 hours @\$120 + \$342,000 for the FERC Form 60.

14. ESTIMATED ANNUALIZED COST TO FEDERAL GOVERNMENT:

The estimated annualized cost to the Federal government related only to the data

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collection requirements as proposed in the subject Final Rule are shown below:

<u>Data Requirement Number</u>	<u>Analysis of Data (FTEs)</u> x	<u>Estimated Salary per Year</u>	=	<u>Total Cost Year's Operation</u>
FERC Form 60	1.0	\$128,295		\$128,295
<u>Forms review And clearance</u>		\$1,480		
<u>Total</u>		\$129,202		

*The Commission estimates that one analyst will devoted full time to processing these filings. In addition, cost is also allocated to a supervisory analyst who is responsible for oversight of the analyst and also preparation of documents that could result in Commission orders to correct deficiencies in the filings. As these filings are now received electronically providing for a uniform format and searchable database, then the amount devoted by the supervisory analyst is being reduced.

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

In this Final Rule, the Commission is requiring that FERC Form No. 60 as it currently exists also be filed by centralized service companies in the following circumstances:

- (1) holding company systems that include natural gas companies (where there is not also a public utility), and
- (2) the Uniform System of Accounts as it currently exists now also applies to centralized service companies in holding company systems (where there is not also a public utility). In holding company systems where there already is a public utility, these requirements already apply.

The number of companies that are now subject to these requirements as a result of this Final Rule, (that were not subject to these requirements before) is relatively small, since most holding companies include only public utilities or include both public utilities and natural gas companies and so would already be subject to these requirements. Additionally, further analysis has revealed a decrease in the number of companies that must filed the FERC Form 60 in contrast to the Commission’s estimates in Order No. 667. While, there is no change to the Commission’s reporting requirements, the Commission is revising it estimates to adjust for the change in the status of holding company systems, and the Commission is modifying its estimates

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accordingly.

16. TIME SCHEDULE FOR PUBLICATION OF DATA

FERC Form No. 60. Unless otherwise exempted or granted a waiver by Commission rule or order pursuant to §§ 366.3 and 366.4, every centralized service company (See § 367.2 of the regulations) in a holding company system must file an annual report, FERC Form No. 60, as provided in § 369.1 of the regulations. Every report must be submitted on the FERC Form No. 60 then in effect and must be prepared in accordance with the instructions incorporated in that form. As this Final Rule merely clarifies existing filing obligations that are already in place, we will require centralized service companies that are subject to this Final Rule to file Form No. 60 by May 1, 2010.

17. DISPLAY OF EXPIRATION DATE

FERC Form 60 displays both the OMB control and expiration date on the form. The Commission has also printed the disclaimer that respondents will not be subject to a penalty if a valid OMB control number is not displayed on the FERC Form 60. (See <http://www.ferc.gov/docs-filing/eforms.asp#60>)

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT

There is an exception to the Paperwork Reduction Act statement. The Commission will not be using statistical survey methodology for these information collections.

B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

Not Applicable. Statistical methods are not employed for these data collections.