

FERC Form Nos. 1 (1902-0021), 1-F (1902-0029), and 3-Q (1902-0205); and FERC-917 (1902-0233); FERC-717 (1902-0173); and FERC-919 (1902-0234)
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**SUPPORTING STATEMENT FOR
FERC Form Nos. 1 (1902-0021), 1-F (1902-0029), and 3-Q (1902-0205); and
FERC-917 (1902-0233); FERC-717 (1902-0173); and FERC-919 (1902-0234),
as revised in the NOPR in Docket Nos. RM11-24-000 and AD10-13-000,
issued 6/22/2012**

The Federal Energy Regulatory Commission (FERC or Commission) is requesting Office of Management and Budget review and approval of revisions to existing information collection requirements:

- FERC Form No. 1, Annual Report of Major Electric Utilities, Licensees, and Others (OMB Control No. 1902-0021)
- FERC Form No. 1-F, Annual Report Of Nonmajor Public Utilities And Licensees (1902-0029)
- FERC Form No. 3-Q, Quarterly Financial Report of Electric Utilities, Licensees, and Natural Gas Companies (1902-0205)
- FERC-917 [which includes FERC-917 (Non-discriminatory Open Access Transmission Tariff) & FERC-918 (Information to be Posted on OASIS & Auditing Transmission Service Information)] (1902-0233)
- FERC-717, Standards for Business Practices and Communication Protocols for Public Utilities (1902-0173) and
- FERC-919, Market Based Rates for Wholesale Sales of Electric Energy, Capacity and Ancillary Services by Public Utilities (1902-0234).

These collections are affected by the Notice of Proposed Rulemaking (NOPR) in Docket Nos. RM11-24-000 and AD10-13-000. This NOPR was issued 6/22/2012, and is available in FERC's eLibrary at

<http://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=13013216>

This consolidated supporting statement is being submitted for the six collections, as affected by the NOPR in RM11-24.

Overview

In this NOPR, FERC “proposes to revise certain aspects of its current market-based rate regulations, ancillary services requirements under the *pro forma* open-access transmission tariff (OATT), and accounting and reporting requirements. Specifically, the Commission proposes to revise its *Avista Corp.*¹ policy governing the sale of ancillary services at market-based rates to public utility transmission providers and reflect such reforms in Parts 35 and 37 of the Commission’s regulations. The Commission also proposes to require each public utility

¹ See *Avista Corp.*, 87 FERC ¶ 61,223 (*Avista*), order on reh’g, 89 FERC ¶ 61,136 (1999).

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transmission provider to include provisions in its OATT explaining how it will determine Regulation and Frequency Response reserve requirements in a manner that takes into account the speed and accuracy of resources used. Finally, the Commission proposes to revise the accounting and reporting requirements under its Uniform System of Accounts for public utilities and licensees and its forms, statements, and reports, contained in FERC Form No. 1, Annual Report of Major Electric Utilities, Licensees and Others, FERC Form No. 1-F, Annual Report for Nonmajor Public Utilities and Licensees, and FERC Form No. 3-Q, Quarterly Financial Report of Electric Utilities, Licensees, and Natural Gas Companies, to better account for and report transactions associated with the use of energy storage devices in public utility operations.”

JUSTIFICATION

CIRCUMSTANCES THAT MAKE THE COLLECTION OF INFORMATION NECESSARY

Forms 1, 1-F, and 3-Q

In accordance with sections 304 and 309 of the Federal Power 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 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 Annual Report Forms 1 and 1-F. The Form No. 1 is a comprehensive financial and operating report submitted for Electric Rate regulation and financial audits. Major is defined as having (1) one million Megawatt hours or more; (2) 100 megawatt hours of annual sales for resale; (3) 500 megawatt hours of annual power exchange delivered; or (4) 500 megawatt hours of annual wheeling for others (deliveries plus losses). Form 1-F is designed to collect financial and operational information from nonmajor public utilities and licensees. Public utilities and licensees that are not classified as major and had total sales of 10,000 megawatt-hours or more are classified as nonmajor. In addition, the filers of Forms 1 and 1-F submit the 3-Q quarterly form.

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

FERC-917

The Commission has a statutory obligation under the Federal Power Act (FPA) to prevent unduly discriminatory practices in transmission access. Specifically, section 206 of the FPA obligates the Commission to remedy unjust and unreasonable, or unduly discriminatory or preferential, rates, terms and conditions of transmission service.² Toward this goal, in its 1996 landmark Order No. 888,³ the Commission implemented open access to transmission facilities owned, operated, or controlled by a public utility. Concurrently, through Order No. 889,⁴ the Commission adopted standards and information requirements for Open Access Same-Time Information Systems (OASIS). In 2007, the Commission addressed newly identified opportunities for undue discrimination in electric power transmission through its issuance of Order No. 890.⁵ The Commission, in Order No. 1000, reformed these rules to further ensure that Commission-jurisdictional services are provided at rates, terms and conditions that are just and reasonable and not unduly discriminatory or preferential.

In Order No. 888, the Commission required public utility transmission providers to offer transmission service on an open and non-discriminatory basis pursuant to a pro forma Open Access Transmission Tariff (pro forma OATT) that sets forth the non-rate terms and conditions of transmission service that the Commission deemed necessary. The Commission also required public utility transmission providers to provide transmission customers with equal and timely access to transmission and ancillary service tariff information through OASIS website postings. The Commission found that transmission customers must have simultaneous access to the same information available to transmission providers if truly nondiscriminatory transmission services are to exist. In Order No. 889, the

² 16 U.S.C. 824e.

³ *Promoting Wholesale Competition Through Open Access Non-discriminatory Transmission Services by Public Utilities; Recovery of Stranded Costs by Public Utilities and Transmitting Utilities*, Order No. 888, 61 FR 21540 (May 10, 1996), FERC Stats. & Regs. ¶ 31,036 (1996), *order on reh'g*, Order No. 888-A, 62 FR 12274 (Mar. 14, 1997), FERC Stats. & Regs. ¶ 31,048 (1997), *order on reh'g*, Order No. 888-B, 81 FERC ¶ 61,248 (1997), *order on reh'g*, Order No. 888-C, 82 FERC ¶ 61,046 (1998), *aff'd in relevant part sub nom. Transmission Access Policy Study Group v. FERC*, 225 F.3d 667 (D.C. Cir. 2000) (*TAPS v. FERC*), *aff'd sub nom. New York v. FERC*, 535 U.S. 1 (2002).

⁴ *Open Access Same-Time Information System (Formerly Real-Time Information Networks) and Standards of Conduct*, Order No. 889, 61 FR 21737 (May 10, 1996), FERC Stats. & Regs. ¶ 31,035 (1996), *order on reh'g*, Order No. 889-A, FERC Stats. & Regs. ¶ 31,049 (1997), *order on reh'g*, Order No. 889-B, 81 FERC ¶ 61,253 (1997).

⁵ *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, FERC Stats. & Regs. ¶ 31,241, *order on reh'g*, Order No. 890-A FERC Stats. & Regs. ¶ 31,261 (2007), *order on reh'g*, Order No. 890-B, 123 FERC ¶ 61,299 (2008), *order on reh'g*, Order No. 890-C, 126 FERC ¶ 61,228 (2009).

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Commission adopted business practice standards and information requirements for OASIS. During their development, the Commission relied heavily on the assistance provided by all segments of the wholesale electric power industry and its customers in ad hoc working groups that offered consensus proposals for the Commission's consideration.

The Commission determined that more work was needed to remedy undue discrimination related to transmission service, leading to the issuance of Order No. 890. The Commission found that the requirements in Order No. 890 were necessary to: (1) strengthen the pro forma OATT to ensure that it achieves its original purpose of remedying undue discrimination; (2) provide greater specificity to reduce opportunities for undue discrimination and facilitate the Commission's enforcement; and (3) increase transparency in the rules applicable to planning and use of the transmission system.

In Order Nos. 1000 and 1000-A, the Commission addressed inadequacies in the Order No. 890 requirements to ensure that Commission-jurisdictional services are provided at just and reasonable rates and on a basis that is just and reasonable and not unduly discriminatory or preferential. Order 1000-A affirmed the Order No. 1000 transmission planning reforms that:

- (1) require that each public utility transmission provider participate in a regional transmission planning process that produces a regional transmission plan and that has
 - (a) a regional cost allocation method for the cost of new transmission facilities selected in a regional transmission plan for purposes of cost allocation and
 - (b) an interregional cost allocation method for the cost of new transmission facilities that are located in two neighboring transmission planning regions and are jointly evaluated by the two regions in the interregional transmission coordination process required by this Final Rule.
- (2) provide that local and regional transmission planning processes must provide an opportunity to identify and evaluate transmission needs driven by public policy requirements established by state or federal laws or regulations
- (3) improve coordination between neighboring transmission planning regions for new interregional transmission facilities; and
- (4) remove from Commission-approved tariffs and agreements a federal right of first refusal.

Additionally, Order 1000-A affirms the Order No. 1000 requirement that each cost allocation method must satisfy six cost allocation principles.

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FERC's Strategic Plan for FY 2009-2014⁶ describes the agency's mission as:
"Reliable, Efficient and Sustainable Energy For Consumers
Assist consumers in obtaining reliable, efficient and sustainable energy services at a reasonable cost through appropriate regulatory and market means...[with primary goals being to] [e]nsure that rates, terms and conditions are just, reasonable and not unduly discriminatory or preferential" and to "[p]romote the development of safe, reliable and efficient energy infrastructure that serves the public interest."

The Commission also has a statutory obligation under sections 205 and 206 of the FPA to prevent unduly discriminatory practices in transmission access. 18CFR 35.28 requires that all public utilities owning or controlling facilities for the transmission of electric energy in interstate commerce file tariffs of general applicability that offer transmission services, including ancillary services, on a network and point-to-point basis. The regulations require the public utility to take transmission service for itself under the rates, terms and conditions of these tariffs.

FERC-717

In Order No. 888, FERC required that all public utilities that own, control or operate facilities used for transmitting electric energy in interstate commerce to have on file open access, nondiscriminatory transmission tariffs that contain minimum terms and conditions of nondiscriminatory service.

In addition, FERC required public utilities to establish OASIS sites to provide transmission customers with equal and timely access to information about transmission and ancillary services provided in the tariffs. FERC does not believe that open-access nondiscriminatory transmission services can be completely realized until it removes real-world obstacles that prevent transmission customers from competing effectively with the Transmission Provider. One of the obstacles is unequal access to transmission information. FERC believes that transmission customers must have simultaneous access to the same information available to the Transmission Provider if truly nondiscriminatory transmission services are to be a reality.

As mentioned above, in Order 889, Commission established (in 18CFR Part 37) certain standards/information requirements for OASIS to be maintained by Public Utilities. The Standards of Conduct were designed to prevent employees of a public utility (or any of its affiliates) engaged in marketing functions from preferential access to OASIS-related information or from engaging in unduly discriminatory business practices. Companies were required to separate their

⁶ Available at <http://www.ferc.gov/about/strat-docs/FY-09-14-strat-plan-print.pdf>

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transmission operations/reliability functions from their marketing/merchant functions and prevent system operators from providing merchant employees and employees of affiliates with transmission-related information not available to all customers at the same time through public posting on the OASIS.

When the Commission developed its OASIS program (regulations, Standards and Communication Protocols, Data Dictionary, and Business Practice Standards), it relied heavily on the assistance provided by all segments of the wholesale electric power industry and its customers in the ad hoc working groups that came together and offered consensus proposals for FERC's consideration. This process was very successful, however, it became apparent to FERC that issues remained that would be better addressed by an ongoing industry group (rather than by continued reliance on an ad hoc approach). The industry group would be dedicated to drafting consensus industry standards to implement the FERC's OASIS-related policies, and policies for other industry business practices, that would benefit from the implementation of generic industry standards.

On December 19, 2001, the Commission issued an order⁷ asking the wholesale electric power industry to develop business practice standards and communication protocols by establishing a single consensus, industry-wide standards organization for the wholesale electric industry, to complement the market design principles the Commission was developing.

In response to FERC's request, NAESB and the North American Electric Reliability Council (NERC) filed a joint letter (on 12/16/2002) explaining that both organizations had signed a memorandum of understanding (MOU) "designed to ensure that the development of wholesale electric business practices and reliability standards are harmonized and that every practicable effort is made to eliminate overlap and duplication of efforts between the two organizations." The MOU describes, among other things, coordination procedures, the establishment of a Joint Interface Committee that will review all standards development proposals received by either organization and determine which organization should be assigned to draft the relevant standards.

On 1/18/2005, NAESB filed a report with FERC on the WEQ's activities over the past two years since the group's inception. This filing represented NAESB's first filing with FERC to report on wholesale electric business practices. NAESB reported that the WEQ adopted business practices standards and communication protocols for the wholesale electric industry (including OASIS Business Practice

⁷ See Electricity Market Design and Structure, 97 FERC ¶ 61,289 (2001) (December 2001 Order), 99 FERC ¶ 61,171 (May 2002 Order), reh'g denied, 101 FERC ¶ 61,297 (2002) (December 2002 Order).

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Standards; OASIS Standards and Communication Protocols; and an OASIS Data Dictionary).

These standards established a set of business practice standards and communication protocols for the electric industry to enable industry members to achieve efficiencies by streamlining utility business and transactional processes and communication procedures. The standards replaced, with modifications, the Commission's existing Business Practice Standards for Open Access Same-Time Information Systems (OASIS) Transactions and OASIS Standards and Communication Protocols and Data Dictionary requirements. Adopting these standards established a formal ongoing process for reviewing and upgrading the Commission's OASIS standards as well as adopting other electric industry business practice standards.

The FERC-717 data and communications standards on OASIS are required to carry out the Commission's policies in accordance with the general authority in Sections 309 and 311, of the Federal Power Act of 1935 (FPA) (16 U.S.C. 825h) and 16 U.S.C. 825j).

FERC-919

Compliance with Federal Power Act (FPA) sections 205 and 206 make the collection of this information necessary. Specifically, Section 205 of the FPA requires just and reasonable rates and charges. Section 206 allows the FERC to revoke a seller's market-based rate authorization if it determines that the seller may have gained market power since its original authorization to charge market based rates.

FERC-919 includes: initial market power analyses to qualify for authority to charge market-based rates, and triennial market power analysis in category 2⁸ seller updates as required in 18 CFR 35.37(a).

⁸ *Category 2* means any sellers not in Category 1. *Category 1 Sellers* means wholesale power marketers and wholesale power producers that own or control 500 MW or less of generation in aggregate per region; that do not own, operate or control transmission facilities other than limited equipment necessary to connect individual generating facilities to the transmission grid (or have been granted waiver of the requirements of Order No. 888, FERC Stats. & Regs. ¶ 31,036); that are not affiliated with anyone that owns, operates or controls transmission facilities in the same region as the seller's generation assets; that are not affiliated with a franchised public utility in the same region as the seller's generation assets; and that do not raise other vertical market power issues.

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

Details on the proposed changes to the forms are contained in the NOPR, Appendix B, starting on page 96 (posted at <http://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=13013216>). A summary of the changes to the forms is included here at Question 15.

Forms 1, 1-F, and 3-Q

These forms provide information concerning a company's past performance and future prospects, compiled using the Commission's Uniform System of Accounts (USofA).⁹ 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. Supporting schedules contain supplementary information and include 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.

Information in the forms is used by FERC, state regulatory agencies and others in the review of the financial condition of regulated companies. The information is also used in various rate proceedings, industry analyses and FERC's audit programs and as appropriate, in conjunction with FERC-582 for the computation of annual charges based on certain schedules contained on the forms.

In summary, without this information the Commission will not be able to respond and make decisions in a timely manner to rapidly changing financial conditions of entities subject to its jurisdiction.

FERC-917

The Commission proposes to amend its regulations at part 35.28 to require that public utility transmission providers amend their OATTs at Schedule 3 (Regulation and Frequency Response Service) to explain how they will take into account the speed and accuracy of regulation resources in determining Regulation and Frequency Response reserve requirements. Each public utility's open access transmission tariff, at Schedule 3 – Regulation and Frequency Response Service, must include provisions explaining how it will determine its Regulation and Frequency Response reserve requirements. These provisions must take into

⁹ See 18 CFR Part 201.

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account speed and accuracy of regulation resources and include a description of how the public utility transmission provider would make adjustments to the capacity requirement when a customer opts to purchase from third-parties or self-supply its requirements using resources with speed and accuracy characteristics that differ from the set of resources otherwise being used for Regulation and Frequency Response Service.

Without this information, the Commission would not be able to meet its statutory obligation under the Federal Power Act to ensure that Commission-jurisdictional services are provided at rates, terms and conditions that are just and reasonable and not unduly discriminatory or preferential and to prevent undue discrimination.

FERC-717

FERC uses the information in rate and tariff proceedings to review rate and tariff changes by public utilities, for general industry oversight, and to supplement the documentation used during the Commission's audit process. This information assists FERC in being able to carry out its responsibilities under the Federal Power Act of promoting the efficiency of the electric industry's operations and preventing unduly discriminatory practices.

The proposed rule requires the posting of data related to historical ancillary service requirements. The Transmission Provider must post on OASIS information as to the aggregate amount (MW or MVAR, as applicable) of Operating Reserve-Spinning, Operating Reserve-Supplemental, Reactive Supply and Voltage Control, and Regulation and Frequency Response services that it has historically required in order to serve its long-term firm obligations, including any geographic limitations it may face in meeting such ancillary service requirements.

FERC-919

FERC uses information collected under FERC-919 to ensure that market-based rates charged by public utilities are just and reasonable, as Congress mandated. The standards for issuing and reviewing market-based rates have provided FERC with detailed and summary economic information the Commission needs to determine whether a wholesale seller of electric energy, capacity or ancillary services qualifies for market-based rate authority. (18CFR Subpart H contains the regulations necessary to require sellers to submit market power analyses and related reports.)

Because public utilities are natural monopolies, the market power analyses FERC requires must address both horizontal and vertical market power. When

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submitting horizontal market power analyses, a seller must use the form provided in 18 CFR 35 Subpart H, Appendix A and include all materials referenced there.

To demonstrate a lack of vertical market power, a seller that owns, operates or controls transmission facilities must have on file with the Commission an Open Access Transmission Tariff¹⁰.

Market power analyses help inform the Commission as to whether an entity seeking market-based rate authority lacks market power, and whether sales by that entity will be just and reasonable. The market power analyses allow the Commission to monitor market-based rate authority to detect changes in market power or potential abuses of market power and to permit the Commission to determine that continued market-based rate authority will still yield rates that are just and reasonable. The criteria and process clarifies Commission expectations for market-based rate tariffs and Commission review criteria. This improves regulatory efficiency of Commission analysis and determination of market-based rate authority. It also helps reduce document preparation time overall and provides utilities with clearly defined requirements.

The proposed rule would add an additional screen under part 35.37 (c)(5). There will be a rebuttable presumption that a Seller of Operating Reserve-Spinning, Operating Reserve-Supplemental, Reactive Supply and Voltage Control, or Regulation and Frequency Response services lacks horizontal market power with respect to sales of the ancillary service in question if the amount of capacity in MWs (or, as applicable, MVARs) that it can dedicate to providing the ancillary service in the relevant geographic market, taking into account any reported historical locational requirements, is no more than 20 percent of the relevant reported aggregate requirement for that ancillary service as reported pursuant to § 37.6(k) of the Commission's Regulations.

Without this information, the Commission would be unable to meet its statutory responsibility to ensure electric utility rate and tariff filings are just and reasonable. Failing to meet this responsibility would result in public utilities charging rates that are not just and reasonable.

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

¹⁰ This burden is covered separately under FERC-516 (OMB Control No. 1902-0096).

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There is an ongoing effort to determine the potential and value of improved information technology to reduce the burden. As one example, this ongoing effort led to FERC adopting user-friendly electronic formats and software in order to facilitate the required electronic formats for rate filings.¹¹

The FERC Form Nos. 1 and 3-Q are submitted electronically (as described at <http://www.ferc.gov/docs-filing/forms/form-1/elec-subm-soft.asp>). Companies filing the FERC Form No. 1-F may file electronically or in hard copy.

FERC 717 and 917 OASIS information is posted to regional Internet websites. Neither respondents nor the Commission has identified any methodology more advanced than that which is currently in use.

Those who file FERC-919 information related to market based tariffs do so by embedding electronic tariff and filing information within the XML schema of FERC's new eTariff system. Providing FERC-919 filers this IT system to submit information has eliminated the need for copying and courier services as they relate to applications for market based rates. The other FERC-919 filings, however, arrive and will continue to arrive either in hard copy or via email in software applications accepted by FERC's eFiling system. This will be the case until IT resources become more available and plans are formulated and considered for possibly automating other aspects of FERC-919 as part of FERC's Capital Planning and Investment Control cycles.

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.

¹¹ Electronic Tariff Filings, Order No. 714, 73 FR 57515 (Oct. 3, 2008), FERC Stats. & Regs ¶ 31,276 (2008). Electronically filed tariffs and rate change applications improved the efficiency, convenience, and overall management of the tariff and tariff change filing process, facilitated public access to tariff information, and reduced the burden and expense associated with paper tariffs and tariff changes. The one-time compliance filing will be filed electronically through the eTariff system (available at <http://www.ferc.gov/docs-filing/etariff.asp>).

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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 file 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.

FERC-717 has data and communication standards and includes OASIS and the posting of data.

FERC-917 - The Commission is the only federal agency to regulate interstate electric power transmission; therefore other agencies would not be expected to collect this tariff-specific information. There is no other known source for the information.

The information in the **FERC-919** market power analyses, triennial reports, change in status filings and land acquisition filings focuses on transactions and operations, as well as existing and changed corporate relationships related to a particular company's market based rate authority. These data elements are specifically linked to the organization making the FERC-919 filing and its affected market based rates authority. The information is gathered by the FERC-919 filers and/or agents who are deeply knowledgeable about the company and its operation and who are working on their behalf; FERC cannot independently obtain and accurately compile the data and analyses from any other source except the filer. There are no other organizations, Federal agencies, or state agencies from which FERC can receive information in the FERC-919.

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

As noted previously, the Form 1 is filed by major utilities or licensees and as such does not apply to small entities. The Form 1-F is filed by public utilities with total

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sales of 10,000 megawatt-hours or more that are not major utilities. 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.

FERC-717 are data and communication standards and includes OASIS and the posting of data.

Without FERC-917 information, the Commission would not be able to meet its statutory obligation under the Federal Power Act to ensure that Commission-jurisdictional services are provided at rates, terms and conditions that are just and reasonable and not unduly discriminatory or preferential and to prevent undue discrimination. Similar to Form 1-F, we impose the least possible burden on entities.

The Commission has reviewed those public utilities that constitute “small business concerns” under the Regulatory Flexibility Act for compliance with FERC-919 requirements. FERC has not identified any impact of the FERC-919 on small entities. The FERC-919 requirements are applicable to all public utilities seeking and currently possessing market-based rate authority. The Commission finds that the data collection activities proposed here should not have a significant impact on small businesses.

The submission of a market power analysis is currently required of all entities seeking authority to sell at market-based rates, and the requested renewal of the FERC-919 does not alter which entities will be required to file these analyses. Because the Commission allows an applicant to make simplifying assumptions, where appropriate, and therefore to submit a streamlined analysis, the Commission believes that any burden affecting small entities will be minimal.

The FERC market based rate regulations require that each corporate family have on file one MBR tariff of general applicability, with all affiliates with market-based rate authority separately identified in the tariff. Although this initially increased the burden of document preparation and organization for parent utilities, long-term benefits have been realized that have reduced burdens on utilities and the Commission. For example, a tariff of general applicability decreases document preparation by providing a clearly defined statement of the information sought by the Commission. Moreover, a single tariff for each corporate family has reduced the filing burden on utilities. Small entities affiliated with a parent utility

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have not had to prepare a separate tariff; rather, they merely add their company name to their parent utility's tariff. Thus, the burden is decreased.

The triennial review submissions that provide updated market power analyses are required for the retention of market-based rate authority. Category 2 utilities must submit this analysis, which poses no change to the burden already in place. The qualified smaller utilities' (Category 1) have been able to retain market-based rate authority without having to make triennial review filings. Those who do have to file have been able to use simplifying assumptions.

CONSEQUENCE TO FEDERAL PROGRAM IF COLLECTION WERE CONDUCTED LESS FREQUENTLY

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' (including Office of Management and Budget) requirements. Further, Section 304(a) of the Federal Power Act (16 U.S.C. 825(c)) states the following:

“Every licensee and every public utility shall file with the Commission such annual and other periodic or special reports as the Commission may by rules and regulations or order prescribe as necessary or appropriate to assist the Commission in the proper administration of this Act. The Commission may prescribe the manner and form in which such reports shall be made, and require from such persons specific answers to all questions upon which the Commission may need information. The Commission may require that such reports shall include, among other things, full information as to assets and liabilities, capitalization, net investment, and reduction thereof, gross receipts, interest due and paid, depreciation, and other reserves, cost of project and other facilities, cost of maintenance and operation of the project and other facilities, cost of renewals and replacement of the project works and other facilities, depreciation, generation, transmission, distribution delivery, use, and sale of electric energy. The Commission may require any such person to make adequate provision for currently determining such costs and other facts. Such reports shall be made under oath unless the Commission otherwise specifies.”

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Therefore, the Commission is meeting its statutory obligations as well as implementing a reporting frequency that coincides with industry business practices and OMB guidelines as noted above.

FERC-717 has data and communication standards and includes OASIS and the posting of data.

The standards are only revised, as needed.

FERC-917 pro forma tariff information is provided only once per utility. The information posted to OASIS websites is posted on occasion, as circumstances change, that would require the new postings.

Section 205 of the FPA mandates just and reasonable rates, and FERC needs information it captures via FERC-919 under the specific circumstances discussed previously to meet this continuous statutory requirements. It is not possible to collect this data less frequently. If the collection were conducted less frequently, the Commission would be unable to perform its mandated oversight and review responsibilities with respect to electric market based rates being just and reasonable.

EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE INFORMATION COLLECTION

These collections meet OMB's section 1320.5 requirements.

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

Each FERC rulemaking (both proposed and final rules) is published in the Federal Register, thereby providing public utilities and licensees, state commissions, Federal agencies, and other interested parties an opportunity to submit data, views, comments or suggestions concerning the proposed collection of data. This proposed rule is being published in the Federal Register and is soliciting public comments.

9. EXPLAIN ANY PAYMENT OR GIFTS TO RESPONDENTS

The Commission does not provide compensation or remuneration to entities subject to its jurisdiction.

10. DESCRIBE ANY ASSURANCE OF CONFIDENTIALITY PROVIDED TO RESPONDENTS

The data are considered public. Individual requests for confidentiality may be made pursuant to 18 CFR 388.112.

11. PROVIDE ADDITIONAL JUSTIFICATION FOR ANY QUESTIONS OF A SENSITIVE NATURE THAT ARE CONSIDERED PRIVATE.

There are no questions of a sensitive nature that are considered private.

**12. ESTIMATED BURDEN ON COLLECTION OF INFORMATION and
 13. ESTIMATE OF THE TOTAL COST BURDEN TO RESPONDENTS**

The additional estimated annual public reporting burdens and costs for the requirements in this proposed rule are as follows.

Data Collection	Number of Respondents (a)	Change in the Number of Hours Per Filing (b)	Filings Per Respondent Per Year (c)	Change in the Total Annual Hours for this Collection (aXbXc=d)	Estimated Annual Cost (at \$120/hr.) (dX\$120/hr.) (\$)
Form No. 1	210	6	1	1,260	151,200
Form No. 1-F	5	6	1	30	3,600
Form No. 3-Q	213 ¹²	1 ¹³	3	639	76,680
FERC-917 [includes 18CFR 35.28 Pro forma open-access transmission tariff (OATT)]	132	10	1	440 averaged over Years 1-3 [1320 in Year 1]	52,800 ¹⁴
FERC-717 [includes OASIS & posting data on self-supply ancillary services]	176	2	1	352	42,240
FERC-919	155	7	1	1,085	130,200

¹² Two companies are required to file Form No. 1, but are not required to file Form No. 3-Q.

¹³ The Form No. 3-Q estimate is one hour since the information is already collected and will only require a minor separation of costs.

¹⁴ The burden in Year 1 is 1,320 hrs. The average annualized burden over Years 1-3 is 440 hr. (1,320/3).

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[includes '20 percent screen']					
TOTAL				3,806 (averaged over Years1-3)	\$456,720

In the past, FERC included cost related to burden hours in the ROCIS metadata field for industry cost. That approach has changed, and the metadata field now includes only industry cost not related to burden hours. As a result, for FERC-717, the \$27,432,374 that is related to burden hour cost is being removed from the ROCIS metadata field for FERC-717.

The last FERC-917 ICR 201205-1902-005 for Docket RM10-23-001 estimates the off-site storage costs of the recordkeeping requirements to be \$7,400,000. The \$7,400,000 given in the ROCIS metadata field is not related to burden hours.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

For the reporting requirements in the NOPR in RM11-24, the estimated average annual costs to the Commission (averaged over Years 1-3) follow.

	No. of FTE's	Estimated Annual Cost (averaged over Years 1-3)
Estimated Average Annual Figure for analysis of all submitted data [average cost for 1 FTE (including salary + benefits) is \$143,540 per year for 2012]	0.5	\$71,770
Estimated Average Annual Forms Clearance Review for 2012 ¹⁵		\$1,588
Estimated Hardware and Software Costs (including development, testing, implementation, operation, and maintenance, and related human resources) ¹⁶		\$22,267

¹⁵ The estimate is based on the assumption that it takes 24 hours of work time to perform the work required to request and obtain OMB clearance for the collections.

¹⁶ The hardware, software and related human resource costs are estimated to be:

- for Year 1, implementation and operations and maintenance-- \$30,800
- for each of Years 2 and 3, operations and maintenance -- \$18,000.

Therefore the estimated annual average for Years 1-3 is \$22,267 [(\$66,800)/3].

Total Estimated Annualized Federal Cost (averaged over Years 1-3)		\$95,625
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There is one interconnected IT system for the Forms 1, 1F, and 3Q, so the federal hardware and software costs cannot be separated at this time. In addition, the staff time spent processing and analyzing the filings and postings (as well as performing the annual forms clearance work) is difficult to separate between the 6 information collections. *Therefore, for the proposed rule in RM11-24, the estimated annual federal cost of \$95,625 will all be included in the Form 1 ICR in ROCIS.*

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

The only changes in the burden are: (a) program increases in the estimated burden per response due to the new data requirements, (b) new one-time OATT filings under FERC-917 that accounts for for one response from each of the existing 132 respondents, and (c) agency adjustments resulting from slight changes in the number of entities filing the forms including one additional filer of Form 1. The number of filers of Form 1-F and 3Q is unchanged.

FERC is requesting comment on proposals developed as a result of comments received in response to a Notice of Inquiry (NOI)¹⁷ issued on June 16, 2011. The NOPR explains “there is growing interest in rate flexibility by both purchasers and sellers of ancillary services. A variety of resources are poised to provide ancillary services but may be frustrated from doing so by certain aspects of the Commission’s market-based rate policies. At the same time, transmission customers and sellers alike are seeking greater transparency with regard to reserve requirements for ancillary services, with a particular focus on Regulation and Frequency Response. As the Commission has considered ways to foster transparency and competition in ancillary services markets, issues also have arisen related to accounting for and reporting of sales from energy storage devices that, if left unresolved, could impair the ability of these resources to participate in markets for ancillary services and other services subject to the Commission’s jurisdiction....

Based on the comments received in response to the NOI, the Commission proposes to revise certain aspects of its market-based rate regulations, ancillary services requirements under the *pro forma* open-access transmission tariff (OATT), and accounting and reporting requirements. Specifically, the

¹⁷ *Third-Party Provision of Ancillary Services; Accounting and Financial Reporting for New Electric Storage Technologies*, 135 FERC ¶ 61,240 (2011) (NOI).

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Commission proposes to revise its *Avista Corp.* policy governing the sale of ancillary services at market-based rates to public utility transmission providers and reflect such reforms in Parts 35 and 37 of the Commission’s regulations.¹⁸ The Commission also proposes to require each public utility transmission provider to include provisions in its OATT explaining how it will determine Regulation and Frequency Response service reserve requirements in a manner that takes into account the speed and accuracy of resources used. The new one-time filing under FERC-917 affects 132 respondents requiring one response each, which added an additional 132 new responses to this collection. Finally, the Commission proposes to revise certain accounting and reporting requirements under its Uniform System of Accounts for public utilities and licensees (USofA)¹⁹ and its forms, statements, and reports, contained in FERC Form No. 1 (Form No. 1), Annual Report of Major Electric Utilities, Licensees and Others,²⁰ FERC Form No. 1-F (Form No. 1-F), Annual Report for Nonmajor Public Utilities and Licensees,²¹ and FERC Form No. 3-Q (Form No. 3-Q), Quarterly Financial Report of Electric Utilities, Licensees, and Natural Gas Companies,²² to better account for and report transactions associated with energy storage devices used in public utility operations.”

In addition, in the previous ICR 201110-1902-001 on Form 1 (approved 12/27/2011), the estimated number of respondents was 209, with a burden per respondent of 1,162 hours per year. In this supporting statement, FERC updated the number of respondents to 210 (from 209). Correspondingly, the burden is being adjusted by +1,162 hours.

Summary of Proposed Changes to the Forms

(NOPR Pages 113-115) A new schedule is added to Form Nos. 1 and 1-F, ENERGY STORAGE OPERATIONS (Large Plants), Pages 414-416. The schedule applies to Large Plants which are plants of 10,000 KW or more. For plants of this size, the following data elements apply: Name of the Energy Storage Project, Functional Classification (Production, Transmission or Distribution), Location of the Project, Megawatt hours (MWH) purchased, generated, or received in exchange transactions for

¹⁸ See *Avista Corp.*, 87 FERC ¶ 61,223 (*Avista*), order on reh’g, 89 FERC ¶ 61,136 (1999) (*Avista Rehearing Order*).

¹⁹ *Uniform System of Accounts Prescribed for Public Utilities and Licensees Subject to the Provisions of the Federal Power Act*, 18 CFR Part 101 (2011).

²⁰ 18 CFR § 141.1 (2011).

²¹ 18 CFR § 141.2 (2011).

²² 18 CFR § 141.400 (2011).

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storage. MWHs delivered to the grid to support Production, Transmission or Distribution, MWHs Lost During Conversion, Storage and Discharge of Energy for Production, Transmission or Distribution, MWHs Sold, Revenues from the Sale of Stored Energy, Power Purchased for Storage Operations (555.1), Fuel Costs from associated fuel accounts for Storage Operations Associated with Self-Generated Power, Other Costs Associated with Self-Generated Power, Function breakout of Project Costs included in Accounts 101, 103, 106, and 107, Storage Operation and Maintenance Costs by Function.

(NOPR Pages 116-117) A new schedule is added to Form Nos. 1 and 1-F, ENERGY STORAGE OPERATIONS (Small Plants), Pages 419-420. The schedule applies to Small Plants which are plants less than 10,000 KW. For Plants of this size, the following data elements apply: Name of the Energy Storage Project, Functional Classification (Production, Transmission or Distribution), Location of the Project, Project Cost, Operation Expenses (Excluding Fuel used in Storage Operations), Maintenance Expenses, Cost of fuel used in storage operations, Account No. 555.1, Power Purchased for Storage Operations, Other Expenses.

(NOPR Pages 96-98) LIST OF SCHEDULES (Electric Utility) is revised to add two new schedules to the list. They include ENERGY STORAGE OPERATIONS (Large Plants), Pages 414-416, and ENERGY STORAGE OPERATIONS (Small Plants), Pages 419-420

(NOPR Pages 99-102) ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106), Pages 204-207, is revised to add Accounts (348) Energy Storage Equipment – Production, (351) Energy Storage Equipment – Transmission, and (363) Energy Storage Equipment – Distribution.

(NOPR Pages 103-106) ELECTRIC OPERATION AND MAINTENANCE EXPENSES, Pages 320-323, is revised to add Accounts (548.1) Operation of Energy Storage Equipment, (553.1) Maintenance of Energy Storage Equipment, (555.1) Power Purchased for Storage Operations, (562.1) Operation of Energy Storage Equipment, (570.1) Maintenance of Energy Storage Equipment, (582.1) Operation of Energy Storage Equipment, and (592.2) Maintenance of Energy Storage Equipment.

(NOPR Pages 107-108) Quarterly Form No. 3-Q, ELECTRIC PRODUCTION, OTHER POWER SUPPLY, TRANSMISSION, REGIONAL MARKET AND DISTRIBUTION EXPENSES, Pages 324a

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and 324b, is revised to add Accounts (555.1) Power Purchased for Storage Operations, (562.1) Operation of Energy Storage Equipment, and (570.1) Maintenance of Energy Storage Equipment.

(NOPR Pages 109-110)PURCHASED POWER (Accounts 555 and 555.1) (Including Power Exchanges), Pages 326 and 327 is revised to incorporate Account 555.1, Power Purchased for Storage Operations. Column (g) MegaWatt Hours Purchased is revised to read MegaWatt Hours Purchased (Excluding for Energy Storage) and Column (h) is added to read MegaWatt Hours Purchased for Energy Storage.

(NOPR Page 111) AMOUNTS INCLUDED IN ISO/RTO SETTLEMENT STATEMENTS, Page 397, is revised to add a line for Net Purchases (Account 555.1).

(NOPR Page 112) ELECTRIC ENERGY ACCOUNT, Page 401a, is revised to change line 10 to read Purchases (other than for Energy Storage) and line 11 is added to read Purchases for Energy Storage.

16. TIME SCHEDULE FOR THE PUBLICATION OF DATA

The data are being collected for regulatory purposes and not for the purpose of publication.

17. DISPLAY OF EXPIRATION DATE

The expiration dates are displayed on the Forms 1, 1-F, and 3-Q, available at <http://www.ferc.gov/docs-filing/forms.asp>.

For the FERC-917, FERC-717, and FERC-919, the information collected is not on a standardized filing format or a preprinted form that would avail itself of displaying the OMB control number.

18. EXCEPTION TO THE CERTIFICATION STATEMENT

The data collected for these reporting and recordkeeping requirements are not used for statistical purposes.