

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Notice of Information Collections and)	
And Request for Comments)	Docket No. IC16-11-000
)	

COMMENTS OF THE EDISON ELECTRIC INSTITUTE

The Edison Electric Institute (EEI) is submitting these comments in response to the above-referenced Notice of Information Collection (NOIC), which the Federal Energy Regulatory Commission (FERC or the Commission) issued on June 7, 2016, and published at 81 Fed. Reg. 113 on June 13, 2016. In the NOIC, the Commission is soliciting public comment on the requirements and information collection burden associated with Forms No. 1, 1-F, 3-Q, 6 and 580. In summary, EEI recommends that the filing requirements of the Form No. 3-Q be eliminated. As a less preferable alternative, the filing requirements of the Form No. 3-Q should be reduced to a single mid-year report for the six months ending June 30 of each respective calendar year. We have no objection to the renewal of Forms No. 1, 1F, 6, and 580.

EEI and its Members Have a Direct Interest in this Proceeding

EEI is the association that represents all U.S. investor-owned electric power companies. Our members provide electricity for 220 million Americans, operate in all 50 states and the District of Columbia, and directly and indirectly provide jobs for more than 1 million Americans. EEI members constitute the primary class of companies subject to the Commission's Federal Power Act jurisdiction and the Form No. 1 and 3-Q filing requirements. As primary filers of

these forms, EEI members will be directly affected by any changes to the forms, and thus our members have a direct interest in this proceeding.

EEI Encourages the Commission to Reconsider its Preliminary Recommendation of “No Change to the Current Reporting Requirements”

EEI members currently file large quantities of financial, operational, facility, and other information with the Commission and other federal and state agencies, including the Energy Information Administration (EIA), Environmental Protection Agency (EPA), Internal Revenue Service (IRS), Securities and Exchange Commission (SEC), and state utility commissions and regulatory agencies. These filings give a detailed picture of company finances and operations. There are few, if any, segments of the U.S. or world economy whose finances and activities are reported in as much detail or are subject to as much public scrutiny as investor-owned electric utilities.

The compilation, verification, and reporting of the information that EEI members file on the Forms No. 1 and 3-Q, other FERC forms and filings, and filings with other agencies involve substantial work and costs. Companies must invest substantial staff labor, computer software and hardware, and other resources to provide this information, resulting in costs that are borne by utility jurisdictional customers, including FERC regulated customers. Often these filings are due in short and overlapping time frames, and when the companies are busy closing their accounting books and preparing other financial reports, thus compounding the burden on company staff and accounting and reporting systems.

Recognizing that reporting does involve substantial costs, the Paperwork Reduction Act (PRA) requires federal agencies to strive to minimize the reporting burden and avoid duplicative reporting requirements. 44 U.S.C. §§ 3501 et seq. The PRA requires each agency to undertake a

triennial review, in consultation with the Office of Management and Budget (OMB), to demonstrate that information collections are as reasonable and streamlined as possible, and to provide justification for the collection of the information. As a result, EEI is requesting that the Commission strongly consider our conclusion that the Form No. 3-Q has limited value in accomplishing FERC's oversight mission and should either be eliminated, or its frequency reduced, as explained below.

Commission Request for Comment and EEI Responses

In the NOIC, the Commission is proposing a "three-year extension of the information collection requirements" pertaining to the Forms No. 1, 1-F, 3-Q, 6 and 580, with no changes to the current reporting requirements. Further, the Commission has solicited responses to four questions, to which we will now respond.

Question 1

Whether the collections of information are necessary for the proper performance of the functions of the Commission, including whether the information will have practical utility.

Response

On February 11, 2004, the Commission issued Order No. 646 establishing the Form No. 3-Q quarterly reporting requirement for jurisdictional entities. The objective of the new filing requirement was to:

- A. Improve the usefulness and transparency of financial information submitted to the Commission;
- B. Help the Commission identify and evaluate emerging trends, business conditions and financial issues affecting reporting entities;

- C. Identify the economic effects of significant transactions and events intended to allow the Commission to more timely evaluate the adequacy of cost-based rates and the need for changes in regulatory initiatives; and
- D. Help the Commission achieve its goal of vigilant oversight over reporting entities

EEI is fully supportive of the Commission's overall objective to achieve vigilant oversight of reporting entities. We believe that the Commission meets this objective through the extensive data presently collected in the annual Form No. 1. The Form No. 1 has proven to be an important reference tool for a vast amount of information about company operations. The Form No. 3-Q, on the other hand, is seldom, if at all, referenced. We believe the Form No. 3-Q has had little to no effect on improving usefulness and transparency of the respondents' financial information. In fact, it is our contention that there is little actual benefit from obtaining such information, and we believe the burden on respondents to prepare the Form No. 3-Q filings clearly outweighs any perceived benefit. Additionally, we are unclear exactly how and to what extent FERC actually uses the quarterly data in its oversight capacity.

To substantiate our position, EEI has surveyed our members, and over the last three years has found no instances of them receiving inquiries regarding the data collected in Form No. 3-Q from either FERC Staff or jurisdictional customers. A total of 50 electric utility companies responded to the survey. The survey responses covered 134 Form No. 3-Q reports filed each quarter, or a total of 1,206 reports over the last three years, for which there was not a single inquiry by either FERC staff or a jurisdictional customer.

Further, we believe that the second and third purposes from Order No. 646 (B & C above) cannot be accomplished by Form No. 3-Q. Because each Form No. 3-Q covers only

three months of data and may contain large seasonal variations, each Form No. 3-Q by itself provides an incomplete glimpse into a company's expected annual results. The information collected does not lend itself to identifying emerging trends as the quarterly reports do not cover a sufficient timeframe or enough intervals to establish emerging trends or overall business conditions. Additionally, new accounting requirements are generally adopted at the beginning of each year, instead of during a year, so those are reflected in each annual Form No. 1 without the need for interim reports.

With respect to evaluating cost-based rates, the Form No. 1 is the principal document used, almost universally, to establish formula rates, not the Form No. 3-Q which does not provide the data used to determine the adequacy of rates. For example, the FERC Staff's Guidance on Formula Rate Updates specifically references that formula rates require adjustments from the Form No. 1 account balances consistent with both Commission policies for certain costs and the individual requirements of the respective formula rates. Thus, obtaining quarterly data using Form No. 3-Q has no bearing on formula rate determination which is done annually. And as highlighted by the responses to the survey of EEI members, FERC jurisdictional customers appear to have little, if any, interest in the data presented in the Form No. 3-Q.

In summary, while the filing of Form No. 3-Q pursuant to Order No. 646 was intended to fulfill laudable purposes, upon closer examination, we believe that the Form No. 3-Q is neither necessary nor useful for achieving such purposes. We therefore believe that the Form No. 3-Q collection of information is not necessary for the proper performance of the functions of the Commission and that the information does not have practical utility.

Question 2

The accuracy of the agency's estimates of the burden and cost of the collections of information, including the validity of the methodology and assumptions used.

Response

Based on the EEI survey of our members regarding the hours and cost to prepare and file the Form No. 3-Q, we believe FERC's estimate of \$40,000 as the annual cost per respondent per report to prepare the Form No. 3-Q is reasonable. However, these filings result in significant total annual costs of approximately \$8 million for the industry to prepare the Form 3-Q, a cost that is ultimately borne by each utility's jurisdictional customers.

Note that some utility companies have multiple affiliates with varying complexities, which necessitates the filing of multiple Forms No. 3-Q, such that the respondent burden is significantly amplified. For example, AEP Company Inc. filed 21 quarterly reports, representing over 10% of the 193 Forms No. 3-Q filed by electric utility companies for the first quarter of 2016.

Our overriding concern is whether the information collected is useful to stakeholders, including FERC. We encourage the Commission to reconsider its plan to continue to require the filing of the Form No. 3-Q, as we do not believe the burden and cost of completing the Form No. 3-Q is warranted, and the form does not appear to produce information that is meaningful to the Commission, its Staff, or jurisdictional customers.

Question 3

Ways to enhance the quality, utility and clarity of the information collections.

Response

The main focus of our comments is the need for and usefulness of the Form No. 3-Q. We respectively defer commenting on this question until the XML filing standards currently being developed by the North American Energy Standards Board (NAESB) WEQ/WEQ FERC Forms Subcommittee are completed.

Question 4

Ways to minimize the burden of the collections of information on those who are to respond, including the use of automated collection techniques or other forms of information technology

Response

As discussed above, minimizing the burden of the collections of information, particularly given the modest perceived benefit, is highly important to our members. Currently, the first quarter Form No. 3-Q is due approximately 40 days after the Form No. 1 and therefore does not add much value, help in trend analysis, or provide jurisdictional customers guidance for the upcoming year. In fact, it is our members' perception, that during the four-month period between the issuance of the Form No. 1 and the issuance of the 2nd quarter Form No. 3-Q, jurisdictional customers are almost exclusively focused on reviewing the Form No. 1 and its effect on newly established rates. This perception is reinforced by the absence of requests for information from jurisdictional customers related to the Form No. 3-Q. This lack of reliance on and apparent indifference to the quarterly filings brings into question the necessity and usefulness of the Form No. 3-Q reports.

Alternative Interim Report

Although EEI believes that the incremental costs to prepare the Form No. 3-Q outweigh its benefit to the Commission as well as to jurisdictional customers, if the Commission believes that some form of interim reporting should be retained, we propose an alternative approach of having utilities file one interim mid-year report annually following the end of the second quarter of each utility's fiscal year. Such a mid-year report would provide FERC interim insight into financial matters of utility companies, consistent with the expressed purposes of Order No. 646, if the Commission believes that such interim insight is needed. But requiring a single mid-year report in place of the current three quarterly reports would provide significant and immediate relief to respondents from the tangible and measurable burden of preparation of the quarterly filings.

Conclusion

EEI appreciates the opportunity to provide these comments. We believe that the Form No. 1 already collects substantial information for the FERC Staff to use in discharging their responsibilities and for jurisdictional customers to use in evaluating rates. By contrast, the Form No. 3-Q appears to provide little or no incremental information that the Commission or jurisdictional customers find useful. Accordingly, we strongly encourage the Commission to eliminate the requirement for filing the Form No. 3-Q, given that it is very costly to prepare and appears to be of very limited value. However, if the Commission decides to continue the collection of interim information via the Form No. 3-Q, we recommend that the Commission adopt a mid-year only report frequency, thus minimizing redundancy and the reporting burden of the respondents.

If the Commission needs additional information or has any questions, please contact Henri Bartholomot at 202-508-5622 or HBartholomot@eei.org or David Dougher at 202-508-5570 or ddougher@eei.org.

Respectfully Submitted,

/s/Richard McMahon

Richard F. McMahon Jr.
Vice President
Henri D. Bartholomot
Associate General Counsel, Regulatory and
Litigation
Edison Electric Institute
701 Pennsylvania Avenue, NW
Washington, DC 20004-2696
hbartholomot@eei.org
202-508-5622

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