

DOCUMENT RESUME

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Monitoring the Development of the Federal Power Commission's Regulatory Information System. GGD-77-95; B-180228. September 30, 1977. 6 pp.

Report to Frank Horton, Chairman, Commission on Federal Paperwork; by Robert F. Keller, Acting Comptroller General.

Issue Area: Statistical and Paperwork Implications of Non-Federal Data (3100).

Contact: General Government Div.

Budget Function: Natural Resources, Environment, and Energy: Energy (305).

Organization Concerned: Federal Power Commission.

Congressional Relevance: House Committee on Interstate and Foreign Commerce; Senate Committee on Energy and Natural Resources.

Authority: Federal Reports Act of 1942, as amended (P.L. 93-153). Department of Energy Organization Act (P.L. 95-91).

The Regulatory Information System which will automate information processing functions of the Federal Power Commission will ultimately collect, process, and provide output on information reported by over 5,000 companies (respondents). In phase I of the two-phase development, 29 existing public use forms containing over 500 supporting schedules will be consolidated into 14 new forms with about 330 supporting schedules. The respondent reporting system is included in phase I. Findings/Conclusions: In response to recommendations by the Commission on Federal Paperwork, the FPC conducted technical conferences, deleted new data requirements, visited State regulatory commissions, and pilot tested the system. Respondents believed that conferences gave an informative general overview of the system but that they were not given sufficient detailed explanations of how to complete forms. There was some confusion by respondents in identifying data elements deleted by FPC. Working visits by FPC to State regulatory commissions were useful because they provided a better understanding of data needed. The pilot test was useful in identifying problems and led to format changes which improved the appearance and usability of the forms. However some problems were not resolved, such as data requirement definitions. A major cause of these problems was lack of respondent involvement in FPC's public use data analysis. FPC did not obtain estimates of respondents' burden from pilot test participants, an essential feature in evaluating reasonableness of requested data. (HTW)



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

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B-180228

SEP 30 1977

03746
The Honorable Frank Horton
Chairman, Commission on Federal
Paperwork

Dear Mr. Horton:

In response to the December 3, 1976, resolution of the Commission on Federal Paperwork, we have been monitoring the development of forms and schedules of the Federal Power Commission for phase I of its Regulatory Information System. This letter discusses our observations on the Power Commission's efforts to resolve problems identified by the Paperwork Commission. We are reporting at this time because the Department of Energy Organization Act, Public Law 95-91, will transfer clearance responsibility for Power Commission forms from our Office to the Office of Management and Budget on October 1, 1977.

The Regulatory Information System will automate the major information processing functions of the Power Commission. The system, being developed in two phases, will ultimately collect, process, and provide output on information reported to the Power Commission by over 5,000 companies (respondents), principally natural gas producers, natural gas pipelines, and electric utilities.

The observations discussed in this letter are limited to the respondent reporting system, a segment of phase I nearing completion. In phase I, 29 existing public use forms containing over 500 supporting schedules will be consolidated into 14 new forms with about 330 supporting schedules. The approximately 3,500 data elements on these new forms and schedules represent an estimated 20 percent reduction from the existing manual system.

Phase II, currently being developed, involves data collected on applications, petitions, and other documents filed by individual utility firms and the resulting adjudications and responses of the Power Commission.

After its fall 1976 review, the Paperwork Commission reported that implementing the system without further development could result in the collection of unreliable data,

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while imposing a significant, additional paperwork burden. The Paperwork Commission believed that problems could result because of ineffective coordination among the Power Commission and respondents, their associations, and State regulatory commissions during the system's early development. The Paperwork Commission recognized that although the Power Commission had held several meetings with public utilities and State regulatory commission representatives, neither group had an opportunity to discuss specific system data requirements.

To avoid unnecessary duplication and unreasonable burden on respondents, the Paperwork Commission recommended on December 3, 1976, that the Power Commission not submit the system's forms to us for clearance until it had

- developed an effective forum in which interested parties could discuss and resolve problems with the system;
- demonstrated a favorable cost-benefit relationship for new data requirements in the system;
- coordinated with State regulatory commissions; and
- conducted a pilot test of the system, involving industry, Government, and public interest groups.

In response to these recommendations, the Power Commission

- conducted technical conferences,
- deleted new data requirements,
- visited State regulatory commissions, and
- pilot tested the system.

RESPONDENTS BELIEVE TECHNICAL
CONFERENCES DID NOT
ADEQUATELY EXPLAIN FORMS

The Power Commission conducted 12 1-day technical conferences in selected cities to explain to interested parties the system's concept, general data flow, potential data uses and availability, new forms design, proposed instructions, and the pilot test effects on final forms design. Participants could ask questions and make suggestions regarding the system.

We attended several conferences and talked with numerous respondents. They believed the conferences gave an informative general overview of the system. Respondents, however, had expected a detailed explanation of how to complete the forms since previous Power Commission meetings had also provided the overview. The Power Commission's representatives were unable to discuss details about the forms because they were being revised and would not be completed until after the pilot test. The Power Commission plans additional technical conferences after the system is implemented to explain the final forms and to get respondents' comments on specific problems.

We also believe the technical conferences were useful and provided a good system overview. Because the forms are still being revised, additional conferences will be needed to provide detailed guidance for completing the forms.

NEW DATA REQUIREMENTS
WERE DELETED

The Paperwork Commission identified several new data requirements in the system and recommended that the Power Commission delete or provide cost-benefit justification for these new requirements. On February 9, 1977, the Power Commission deleted these requirements and promised to delete others as they are identified. In the future the Power Commission plans to perform cost-benefit analyses for any new data requests.

We found that the respondents had mistakenly identified several data elements as new. This occurred because the Power Commission had not detected the respondents' failure to comply with certain existing data requirements. The system will provide the capability to identify such discrepancies.

VISITS TO STATE REGULATORY
COMMISSIONS WERE WORTHWHILE

The Paperwork Commission was concerned that States using existing Power Commission forms would not be able to use data from the new system and would continue requesting data from respondents, resulting in duplicative reporting and unnecessary burden. Again, the Paperwork Commission believed inadequate coordination with individual State commissions was the primary cause. To remedy this, the Power Commission advised each State regulatory commission that it would provide a working visit of up to 1 week to explain

the system and show how the State could use it. Forty-eight State commissions and the District of Columbia were visited.

State commission officials generally believe the system can provide data previously furnished to them on old Power Commission forms. Some States may continue to collect data independently, however, until the system is operational and they are totally satisfied it can meet their needs. This could cause duplicative reporting by some respondents for a period of time.

We feel the working visits were useful because they provided the Power Commission and the State commissions with a better understanding of the types of data needed and how such data could be used to perform their regulatory functions.

PILOT TEST IDENTIFIED PROBLEMS

The Paperwork Commission recommended that the Power Commission pilot test its new forms. It felt that an extensive pilot test would minimize the difficulty of converting to a new system for both industry and the Power Commission.

The Power Commission designed a pilot test to assess its forms usability, appearance, clarity, accuracy, consistency of instructions, and difficulty of completion. It established a steering committee to develop and administer the pilot test and review its results. The committee, organized into three working groups--natural gas, electric power, and accounting--consisted of representatives from Power Commission bureaus and offices, association groups, and respondents. The steering committee required at least six responses from each operating revenue class to insure a representative cross section of respondents. Participation in the pilot test, however, was open to all respondents.

The pilot test was useful to the Power Commission in identifying and resolving problems. For example, many format changes have been made, improving the appearance and usability of the forms. Unresolved problems, such as data requirement definitions, however, remain. During the pilot test, respondents gave varying interpretations to some requirements, raising the question of whether the data being provided fully meets the needs of the Power Commission. In many instances the Power Commission representatives could not answer the respondents' questions or clarify their interpretations.

These problems are critical to the validity of the data the system collects and should have been identified and resolved in the first stages of development rather than during a pilot test. Respondents and the Power Commission are working to resolve these questions. This effort, however, may delay the system's implementation.

User need study lacked
respondent involvement

The lack of respondent involvement in the Power Commission's public use data analysis (a user need study) was a major cause of the definition problems identified in the pilot test.

A user need study is a systematic approach that determines the data needed for an agency to perform its functions efficiently and effectively. At a minimum, a user need study should answer:

--What data is needed?

--What is the data used for?

--Who needs the data?

--To what extent does the data have to be detailed, accurate, timely, complete, concise, or relevant?

To properly address these questions, all who may provide relevant information should participate in the study. In this case, respondents, with their technical and subject matter expertise, could have pointed out the definition problems identified in the pilot test, making early resolution possible.

Lack of valid
burden estimates

Current and valid estimates of respondents' burden are essential to evaluate the reasonableness of requested data. The Power Commission did not obtain burden estimates from pilot test participants, but it plans to develop such estimates internally. We believe better estimates can be prepared by having respondents' input.

The Power Commission requested respondents' burden estimates in its June-August 1976 proposed rulemakings, but

these estimates were invalidated by subsequent Power Commission actions to reduce the burden. The Power Commission's burden estimates should be discussed with pilot test participants before the system becomes operational to insure that these estimates are valid.

TRANSFER OF CLEARANCE
RESPONSIBILITY TO THE OFFICE
OF MANAGEMENT AND BUDGET


Public Law 93-153, enacted on November 16, 1973, amended the Federal Reports Act of 1942 and assigned our Office responsibility for review and clearance of the information gathering activities of independent Federal regulatory agencies. The Department of Energy Organization Act, Public Law 95-91, transfers clearance responsibility for Federal Power Commission and Federal Energy Administration forms to the Office of Management and Budget. We are working closely with the Office of Management and Budget to effect a smooth transition of the clearance responsibility.

As part of that effort, we discussed with Power Commission officials our observations on the forms and schedules of the Regulatory Information System. We have also arranged for joint meetings among representatives of the Office of Management and Budget, the Power Commission, and our Office to insure that adequate information is available to resolve the remaining problems before approving the system's forms.

We believe the Power Commission's actions in response to the recommendations of the Commission on Federal Paperwork have improved the system and reduced the burden on respondents.

We plan to provide copies of this letter to each member of the Commission on Federal Paperwork; to the Chairman, Federal Power Commission; and to the Director, Office of Management and Budget.

Sincerely yours,


ACTING Comptroller General
of the United States