

**SUPPORTING STATEMENT FOR
FERC Form 73, Oil Pipeline Service Life Data**
(Three year Extension requested through May 31, 2011)

The Federal Energy Regulatory Commission (Commission) requests that the Office of Management and Budget (OMB) review and extend its approval of FERC Form 73, “Oil Pipeline Service Life Data” through May 31, 2011. Current authorization expires on May 31, 2008.

The estimated reporting burden for FERC Form 73 (OMB Control No. 1902-0019) has not changed; however, the cost per staff employee has increased resulting in a higher total annualized cost than previously reported.

A. Justification

1. CIRCUMSTANCES THAT MAKE THE COLLECTION OF INFORMATION NECESSARY

Congress gave the Commission jurisdiction over oil pipeline rates, charges and valuations in Pub. L. 103-272, Sec. 60502 (1994).¹ The Commission’s regulations governing FERC Form 73 “Oil Pipeline Service Life Data” are contained in 18 C.F.R. § 357.3 (Attachment A).

In [Order No. 561](#),² the Commission determined that pipeline depreciation studies

¹ To Revise, Codify and Enact Without Substantive Change Certain General and Permanent Laws, Related to Transportation, as Subtitles II, III, and V-X of Title 49, U.S.C., “Transportation”, and to Make Other Technical Improvements in the Code, 49 U.S.C. Sec. 60502 (July 5, 1994). This Act repealed Department of Energy Act Sections 306 and 402 under which the Interstate Commerce Commission transferred to, and vested, in the Commission all functions and authority over rates or charges for the transportation of oil by pipeline including the establishment of valuations of any such pipeline, Pub. L. 95-91 (Aug. 4, 1977).

² Revisions to Oil Pipeline Regulations Pursuant to the Energy Policy Act of 1992, (Oct. 22, 1993), FERC Stats & Regs ¶ 30,985 (1991-1996), order on

would be performed by oil pipeline companies. Prior to the order, the Commission had been performing depreciation studies to establish revised depreciation rates for oil pipelines. The Commission determined that this task unnecessarily burdened Commission's resources. The Commission's regulations, pertaining to depreciation studies, are contained in 18 C.F.R. Part 352, General Instruction 1-8 (b)(2).

In Order No. 571,³ the Commission modified the process by which oil pipeline companies are assigned depreciation rates. In that order, the Commission made it the responsibility of the oil pipeline companies to request new or modified depreciation rates when needed. The order also promulgated the regulations under which the submittals would be made and detailed the information needed to process such requests made by the companies.⁴

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

The information collected is used by the Commission to establish oil pipeline depreciation rates based on the physical properties of a pipeline's equipment. Depreciation rates are a factor in a pipelines' transportation cost of service. As such, companies are required to submit FERC Form 73 when requesting Commission approval of: (1) the establishment of depreciation rates for new pipeline equipment or (2) revision of previously approved depreciation rates, when the depreciation is based on the physical properties of the pipeline company's equipment. The Commission may also request an oil pipeline company to submit a FERC Form 73 filing during a depreciation rate investigation.

If the collection of data contained on FERC Form 73 were not conducted, the Commission would not be able to fulfill its statutory mandate under the law.

reh'g; Order No. 561-A, (July 28, 1994), FERC Stats & Regs ¶31,000 (1991-1996).

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³ Cost-of-Service Reporting and Filing Requirements for Oil Pipelines, FERC Stats. & Regs. ¶31,006 (1994); order on reh'g, RM94-2-00; Order No. 571-A, RM94-2-001, Order on reh'g and clarification, (Dec. 28, 1994), FERC Stats. & Regs. ¶31,012 (1994).

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[?] See 18 C.F.R. Part 347 (Attachment B).

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

On May 27, 2005, in Order 656, the Commission amended FERC Form 73 instructions to allow for filing on a diskette in a spreadsheet file format. Order 656 also eliminated the filing requirement for utility codes which were no longer used by the Commission, and updated the filing instructions to delete references to outdated filing formats.⁵

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.**

Filing requirements for the FERC Form 73 are reviewed every three years as the Commission's authorization from OMB to collect the data nears expiration. There are no similar sources of information available that can be used or modified for the purpose of oil pipeline depreciation studies.

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

This data collection imposes the least possible burden on small entities while collecting the information necessary for the Commission to carry out its responsibilities under Section 357.3 of the Commission's regulations.

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

Service life data on an oil pipeline is reported to the Commission by the companies, as necessary, concurrently with a filing made pursuant to part 347 and as directed, during a depreciation rate investigation. Companies are required to submit FERC Form 73 when requesting Commission approval of depreciation

⁵ Revision of FERC Form No. 73 Oil Pipeline Data Filing Instructions. Order No. 656, 70 FR 34343, (June 14, 2005), FERC Stats and Regs. Preambles ¶ 31,183(2005).

rates for new pipeline equipment or revisions to previously approved depreciation rates. Without the data, the Commission would not be able to carry out its statutory mandate under the law.

7. **EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE INFORMATION COLLECTION**

The collection presents no special circumstances requiring it be conducted in a manner inconsistent with OMB guidelines in 5 CFR 1320.5.

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

In accordance with OMB requirements in 5 C.F.R. 1320.8(d), the information collection under FERC Form 73 was noticed in the Federal Register on November 15, 2007⁶ (Attachment C). The Commission received one comment from the Bureau of Economic Analysis (BEA) in support of the FERC Form 73 data collection.

Issue - Whether the proposed collection of information is necessary for the proper performance of the functions of the Commission, including whether the information will have practical utility.

BEA - commented that it strongly *supports the continued collection of data by the Commission on its FERC Form 73 "Oil Pipeline Service Life Data."* According to BEA, the Form 73 is their main data source for key components of their economic statistics. BEA stated that it uses the oil pipeline service life information to validate BEA's depreciation rate data. BEA maintains that the depreciation rates in turn are used to derive economic depreciation as part of the National Income and Product Accounts. Also, BEA desires to be informed of any modifications to the form that would substantially affect its use of the data.

Commission Response - Staff acknowledges BEA's strong support of the FERC Form 73 data collection. Staff adds that the FERC Form 73 data collection is necessary for the proper performance of the functions of the Commission. Staff notes that the Commission has not made any changes to the Form for this OMB approval and will continue to keep all parties informed by providing notices of its

⁶ The Notice appeared at 73 FR 2232.

actions through publication in the Federal Register and through its web site, (www.ferc.gov).

9. EXPLAIN ANY PAYMENT OR GIFTS TO RESPONDENTS

No payments or gifts have been made to respondents.

10. DESCRIBE ANY ASSURANCE OF CONFIDENTIALITY PROVIDED TO RESPONDENTS

The information submitted to the Commission is public information and therefore is not considered confidential. Specific requests for confidential treatment to the extent permitted by law will be entertained pursuant to 18 C.F.R. Section 388.112.

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

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

12. ESTIMATED BURDEN OF THE COLLECTION OF INFORMATION

The estimated burden of this information collection is based on the Commission’s previous experience with oil pipeline depreciation studies and is as follows:

Number of Respondents Annually (1)	Number of Responses per Respondent (2)	Average Burden Hours Per Response (3)	Total Annual Burden Hours (1)x(2)x(3)
2	1	40	80

13. ESTIMATE OF TOTAL ANNUAL COST OF BURDEN TO RESPONDENTS

FERC Form 73 is an existing data collection and the annualized on-going operation and maintenance costs to respondents for the reporting requirements are as follows:

Total Burden Hours	÷	Number of Hours per Staff/Year	x	Cost per Staff Employee ⁷	=	Total Annualized Cost
80	÷	2080	x	\$126,384	=	\$4,861

The total estimated annual cost to respondents is \$4,861. The total cost per respondent is \$2430.50. There are no start-up costs because FERC Form 73 is an existing information collection.

The respondent burden includes the total time, effort, or financial resources expended by the respondent to assemble and disseminate the information. The cost estimate is based on salaries for professional and support staff, as well as direct and indirect overhead costs. Direct costs include all costs directly attributable to providing this information, such as administrative costs and the cost of information technology.

14. ESTIMATED ANNUALIZED COST TO FEDERAL GOVERNMENT

The estimated annualized cost to the Federal Government for FERC Form 73 is shown below:

⁷ The Cost per Staff Employee estimate is based on the estimated annual allocated cost per Commission employee for Fiscal Year 2008. The estimated \$126,384 “cost” consists of approximately \$102,029 in salaries and benefits and \$24,355 in overhead.

	Operation	Total Cost
a)	Data clearance (FERC FY 2008)	\$ 1,220
b)	Analysis of data (1.0 FTE x \$126,384)	\$ 126,384
	Total cost in one year of operation	\$ 127,604

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

The estimate for the burden is based on recent Commission experience and the actual number of filings made under FERC Form 73 over the past 12 months. The burden of this collection has not increased; however, the cost per staff employee has increased resulting in a higher total annualized cost than previously reported.

16. **TIME SCHEDULE FOR INFORMATION COLLECTION AND PUBLICATION**

This is not a collection of information for which results are planned to be published.

17. **DISPLAY OF EXPIRATION DATE**

The OMB control number and expiration date are displayed on the cover page of the form.

18. **EXCEPTIONS TO THE CERTIFICATION STATEMENT**

The data collected for this reporting requirement is not used for statistical purposes. Therefore, the Commission does not use Item No. 19 (i) “effective and efficient statistical survey methodology” as stated in OMB Form 83-1. The information collected is case specific to each respondent.

B. **COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS**

This is not a collection of information employing statistical methods.

Attachment A

**PART 357—ANNUAL SPECIAL OR PERIODIC REPORTS: CARRIERS SUBJECT
TO PART I OF THE INTERSTATE COMMERCE ACT**

§ 357.3 FERC Form No. 73, Oil Pipeline Data for Depreciation Analysis.

(a) Who must file. Any oil pipeline company requesting new or changed depreciation rates pursuant to part 347 of this title if the proposed depreciation rates are based on the remaining physical life of the properties or if directed by the Commission to file service life data during

an investigation of its book depreciation rates.

(b) When to submit. Service life data is reported to the Commission by an oil pipeline company, as necessary, concurrently with a filing made pursuant to part 347 of this title or as directed during a depreciation rate investigation.

(c) What to submit. The format and data which must be submitted are prescribed in FERC Form No. 73, Oil Pipeline Data for Depreciation Analysis, available for review at the Commission's Public Reference Section, Room 2A, 888 First Street, NE., Washington, DC 20426.

[Order 606, 64 FR 44405, (Aug. 16, 1999)]

ATTACHMENT B

PART 347—OIL PIPELINE DEPRECIATION STUDIES

Section Contents

[§ 347.1 Material to support request for newly established or changed property account depreciation studies.](#)

Authority: 42 U.S.C. 7101–7352; 49 U.S.C. 60502; 49 App. U.S.C. 1–85.

§ 347.1 Material to support request for newly established or changed property account depreciation studies.

- (a) Means of filing. Filing of a request for new or changed property account depreciation rates must be made with the Secretary of the Commission. Filings made by mail must be addressed to the Federal Energy Regulatory Commission with the envelope clearly marked as containing “Oil Pipeline Depreciation Rates.”
- (b) Number of copies. Carriers must file three paper copies of each request with attendant information identified in paragraphs (c) through (e) of this section.
- (c) Transmittal letter. Letters of transmittal must give a general description of the change in depreciation rates being proposed in the filing. Letters of transmittal must also certify that the letter of transmittal (not including the information to be provided, as identified in paragraphs (d) and (e) of this section) has been sent to each shipper and to each subscriber. If there are no subscribers, letters of transmittal must so state. Carriers requesting acknowledgement of the receipt of a filing by mail must submit a duplicate copy of the letter of transmittal marked “Receipt requested.” The request must include a postage paid, self-addressed return envelope.
- (d) Effectiveness of property account depreciation rates. (1) The proposed depreciation rates being established in the first instance must be used until they are either accepted or modified by the Commission. Rates in effect at the time of the proposed revision must continue to be used until the proposed revised rates are approved or modified by the Commission.
- (2) When filing for approval of either new or changed property account depreciation rates, a carrier must provide information in sufficient detail to fully explain and justify its proposed rates.
- (e) Information to be provided. The information in paragraphs (e)(1) through (5) of this section must be provided as justification for depreciation changes. Modifications, additions, and deletions to these data elements should be made to reflect the individual circumstances of the carrier's properties and operations. Any information in paragraphs (e)(1) through (5)

of this section, the release of which would violate section 15(13) of the Interstate Commerce Act, must be provided in a format that will protect individual shippers.

- (1) A brief summary relating to the general principles on which the proposed depreciation rates are based (e.g., why the economic life of the pipeline section is less than the physical life).
- (2) An explanation of the organization, ownership, and operation of the pipeline.
- (3) A table of the proposed depreciation rates by account.
- (4) An explanation of the average remaining life on a physical basis and on an economic basis.
- (5) The following specific background data must be submitted at the time of and concurrently with any request for the establishment of, or modification to, depreciation rates for carriers. If the information listed is not applicable, it may be omitted from the filing:
 - (i) Up-to-date engineering maps of the pipeline including the location of all gathering facilities, trunkline facilities, terminals, interconnections with other pipeline systems, and interconnections with refineries/plants. Maps must indicate the direction of flow.
 - (ii) A brief description of the carrier's operations and an estimate of any major near-term additions or retirements including the estimated costs, location, reason, and probable year of transaction.
 - (iii) The present depreciation rates being used by account.
 - (iv) For the most current year available and for the two prior years, a breakdown of the throughput (by type of product, if applicable) received with source (e.g. name of well, pipeline company) at each receipt point and throughput delivered at each delivery point.
 - (v) The daily average capacity (in barrels per day) and the actual average capacity (in barrels per day) for the most current year, by line section.
 - (vi) A list of shipments and their associated receipt points, delivery points, and volumes (in barrels) by type of product (where applicable) for the most current year.
 - (vii) For each primary carrier account, the latest month's book balances for gross plant and for accumulated reserve for depreciation.
 - (viii) An estimate of the remaining life of the system (both gathering and trunk lines) including the basis for the estimate.
 - (ix) For crude oil, a list of the fields or areas from which crude oil is obtained.

(x) If the proposed depreciation rate adjustment is based on the remaining physical life of the properties, a complete, or updated, if applicable, Service Life Data Form (FERC Form No. 73) through the most current year.

(xi) Estimated salvage value of properties by account.

[59 FR 59147, Nov. 16, 1994, as amended at 60 FR 358, Jan. 4, 1995]

Attachment C

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

[Docket No. IC08-73-000; FERC Form 73]

**COMMISSION INFORMATION COLLECTION ACTIVITIES, PROPOSED
COLLECTION; COMMENT REQUEST; EXTENSION**

(January 4, 2008)

AGENCY: Federal Energy Regulatory Commission.

ACTION: Notice.

SUMMARY: In compliance with the requirements of Section 3506(c) (2) (a) of the Paperwork Reduction Act of 1995 (Pub. L. No. 104-13), the Federal Energy Regulatory Commission (Commission) is soliciting public comment on the specific aspects of the information collection described below.

DATES: Comments on the collection of information are due by March 10, 2008.

ADDRESSES: Copies of sample filings can be obtained from the Commission's website: (<http://elibrary.ferc.gov/idmws/search/fercgensearch.asp>) by entering, in the Docket Number block, the prefix "DO" together with the fiscal year of the filing, followed by an asterisk (for example: DO07*), or from the Federal Energy Regulatory Commission, Attn: Michael Miller, Office of the Executive Director, ED-34, 888 First Street NE, Washington, D.C. 20426. Comments may be filed either in paper format or electronically. Those parties filing electronically do not need to make a paper filing. For paper filings, the original and 14 copies of such comments should be submitted to the Office of the Secretary, Federal Energy Regulatory Commission, 888 First Street, NE. Washington, D.C. 20426 and refer to Docket No. IC08-73-000.

Documents filed electronically via the Internet must be prepared in WordPerfect, MS Word, Portable Document Format or ASCII format. To file the document, access the Commission's website at <http://www.ferc.gov> and choose the Documents and Filings tab, click on E-filing, then follow the instructions given. First time users will need to establish a user name and password. The Commission will send an automatic acknowledgement to the sender's E-mail address upon receipt of comments.

All comments may be viewed, printed or downloaded remotely via the Internet through FERC's homepage using the *eLibrary* link. For user assistance, contact ferconlinesupport@ferc.gov or 202-502-6652 (toll free at 1-866-208-3676). E-mail the Public Reference Room at public.referenceroom@ferc.gov.

FOR FURTHER INFORMATION CONTACT: Michael Miller may be reached by telephone at (202)502-8415, by fax at (202)273-0873, and by e-mail at michael.miller@ferc.gov.

SUPPLEMENTARY INFORMATION: The information collected under the requirements of FERC Form 73 "Oil Pipelines Service Life Data" (OMB No. 1902-0019) is used by the Commission to establish oil pipeline property depreciation rates based on the physical properties of a pipeline's equipment. Congress gave the Commission jurisdiction

over oil pipeline rates, charges and valuations in Pub. L. 103-272, sec. 60502 (1994).⁸ The 8 To Revise, Codify and Enact Without Substantive Change Certain General and Permanent Laws, Related to Transportation, as Subtitles II, III, and V-X of Title 49, U.S.C., "Transportation", and to Make Other Technical Improvements in the Code, 49 U.S.C. sec. 60502 (July 5, 1994). This Act repealed the Department of Energy Act sections 306 and 402 under which the Interstate Commerce Commission transferred to, and vested, in the Commission all functions and authority over rates or charges for the transportation of oil by pipeline including the establishment of valuations of any such pipeline, Pub. L. 95-91

Commission's regulations governing FERC Form No. 73 can be found in 18 CFR § 357.3. The filing instructions are available online at <http://www.ferc.gov/docs-filing/hard-fil.asp>, under the Oil tab.

Depreciation rates are a factor in a pipeline's transportation cost of service. As such, companies are required to submit Form No. 73 when requesting Commission approval of: (1) the establishment of depreciation rates for new pipeline equipment or (2) revision of previously approved depreciation rates, when the depreciation is based on the physical properties of the pipeline company's equipment. The Commission may also request an oil pipeline to submit a Form No. 73 during a rate investigation.

On May 27, 2005, in Order No. 656, the Commission amended the Form No. 73 instructions to allow for filing on a diskette in a spreadsheet file format, eliminated the filing requirement for utility codes, which were no longer used by the Commission, and updated the filing instructions to delete references to outdated filing formats.⁹

Action: The Commission is requesting approval and three-year extension of the current expiration date. There are no changes to the information that is collected on Form 73. This is a mandatory information collection requirement.

Burden Statement: Public reporting burden for this collection is estimated as follows:

Number of Respondents Annually	Number of Responses Per Respondent	Average Burden Hours Per Response	Total Annual Burden Hours
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(August 4, 1977).
 9 Revision of FERC Form No. 73, Oil Pipeline Data Filing Instructions, Order No. 656, 70 FR 34343 (June 14, 2005), FERC Statutes and Regulations, Regulations Preambles 2001-2005 ¶ 31,183(2005).

(1)	(2)	(3)	(1)x(2)x(3)
2	1	40 hours	80 hours

The estimated total cost to respondents is \$4,861 (80 hours divided by 2,080 hours per employee¹⁰ per year times \$126,384⁻¹¹ per year average salary per employee equals \$4,861 (rounded)). The estimated cost of filing Form 73 per respondent is \$2,431.

The reporting burden includes the total time, effort, or financial resources expended to generate, maintain, retain, disclose, or provide the information including: (1) reviewing instructions; (2) developing, acquiring, installing, and utilizing technology and systems for the purposes of collecting, validating, verifying, processing, maintaining, disclosing and providing information; (3) adjusting the existing ways to comply with any previously applicable instructions and requirements; (4) training personnel to respond to a collection of information; (5) searching data sources; (6) completing and reviewing the collection of information; and (7) transmitting, or otherwise disclosing the information.

¹⁰ Number of hours an employee works per year.

¹¹ Average annual salary per employee.

The estimate of cost for respondents is based upon salaries for professional and clerical support, as well as direct and indirect overhead costs. Direct costs include all costs directly attributable to providing this information, such as administrative costs and the cost for information technology. Indirect or overhead costs are costs incurred by an organization in support of its mission. These costs apply to activities which benefit the whole organization rather than any one particular function or activity.

Comments are invited on: (1) whether the proposed collection of information is necessary for the proper performance of the functions of the Commission, including whether the information will have practical utility; (2) the accuracy of the agency's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used; (3) ways to enhance the quality, utility and clarity of the information to be collected; and (4) ways to minimize the burden of the collection of information on those who are to respond, including the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology e.g. permitting electronic submission of responses.

Kimberly D. Bose,
Secretary.

