

RM96-1-029 Final Rule, FERC-545 and 549C

Supporting Statement for

**FERC-545, Gas Pipeline Rates: Rate Change (Non-formal)
FERC-549C, Standards for Business Practices of Interstate Natural Gas
Pipelines**

As Proposed in Docket No. RM96-1-029

(Final Rule Issued February 24, 2009)

The Federal Energy Regulatory Commission (Commission) requests Office of Management and Budget (OMB) review and approval of **FERC-545, Gas Pipeline Rates: Rate Change (Non-formal) and FERC-549C, Standards for Business Practices of Interstate Natural Gas Pipelines**. Both FERC-545 and FERC-549C are existing data requirements and in this Final Rule, the Commission is amending Part 284 of its regulations governing standards for conducting business practices with interstate pipelines. The Final Rule was issued on February 24, 2009 in Docket No. RM96-1-029. The NOPR was submitted to OMB for review (see ICR 200809-1902-003). FERC-545 (OMB Control No. 1902-0154) is currently approved through March 31, 2012 and FERC-549C (OMB Control No. 1902-0174) is currently approved through November 30, 2010.

The subject data collections will be affected because the final rule as implemented, upgrades the Commission's current business practice and communications standards to the version 1.8, the latest standards as approved by the North American Energy Standards Board (NAESB) Wholesale Gas Quadrant (WGQ) group. The implementation of these standards is necessary to increase the efficiency of the natural gas pipeline grid, make pipelines' electronic communications more secure, and is consistent with the mandate agencies have to provide for electronic disclosure of information.

Requiring such information ensures both a common means of communication and common business practices in order to provide participants engaged in transactions with interstate pipelines the ability to have timely information and also ensure uniform business procedures across multiple pipelines. The new set of standards are for Internet Electronic Transport as applicable to the retail gas and electric markets as well as the wholesale gas market; changes to the Electronic Delivery Mechanism Related Standards, an additional standard related to reporting on gas quality, and maintenance changes to the Nomination Related Standards and Flowing Gas Related Standards. The standards update and refine the standards adopted by the Commission in its Order No. 587-S.¹ Compliance with these standards will require certain changes in interstate pipeline day-to-day business operations.

We estimate that the total one-time annual reporting burden related to the subject Final Rule will be 150,486 hours (under FERC-545 1,680 hours and under FERC-549C 148,806 hours) unchanged from what the Commission proposed in the NOPR. This is equal to an

¹ "Standards for Business Practices of Interstate Natural Gas Pipelines", 70 FR 28204, May 17, 2005; 70 FR 37031, June 28, 2005. The Commission incorporated by reference Version 1.7 of the consensus standards. These standards implemented gas quality reporting requirements and modifications to the requirements for Standards of Conduct for Transmission Providers (Order No. 2004-B).

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average of 1,181 hours per company under FERC-549C and 10 hours per company under FERC-545 as adopted by the Commission in the subject Final Rule. After the final rule's issuance and the affected companies have conformed their operations to reflect compliance to these standards, the total burden under FERC-549C will be reduced by 148,806 hours and for FERC-545 by 1,680 hours. It should be noted that there are also adjustments to both data collections to reflect changes in the natural gas industry. These adjustments are reflected in item no. 12 of this submission.

In a supplemental statement to this submission, we proposed to reduce the burden hours associated with both of these information collection requirements because of the successful implementation of version 1.7 of the standards (see footnote 1 above) (RM96-1-026) and implementation of the electric and gas coordination standards (RM96-1-027).

All of the proposed changes in the subject Final Rule are provided for under sections 4, 5, 8, 10 and 16 of the Natural Gas Act (NGA) and Title III, section 311 of the Natural Gas Policy Act (NGPA).

Background

Before the industry restructuring was initiated by the Commission in Order No. 636, natural gas pipelines primarily provided a merchant service. A typical pipeline company purchased gas from producers or other suppliers, transported the gas from the supply area to storage fields or sales delivery points, and sold the gas on a "bundled" basis. Now, pipelines are primarily transporters of natural gas.

The physical operation of a pipeline for open-access transportation is much the same as for bundled service. However, in the Commission's view, the change in the primary role of the pipeline from merchant to transporter requires there be standards/business practices to establish a more efficient and integrated pipeline grid. The subject Final Rule contains amendments to regulations that reflect the current restructured industry and will require certain standardized business practices to facilitate the efficient development of a national pipeline grid system.

The process of standardizing business practices in the natural gas industry began with a Commission initiative to standardize electronic communication of capacity release transactions.² The outgrowth of the initial Commission standardization efforts produced working groups composed of all segments of the gas industry and ultimately, the Gas Industry Standards Board (GISB), a consensus organization open to all members of the gas industry was created. (GISB was succeeded by the North American Energy Standards Board (NAESB)).

NAESB is a voluntary non-profit organization comprised of members from all aspects of the greater gas industry. NAESB's mission is to take the lead in developing and implementing standards across the industry to simplify and expand electronic communication, and to

² Standards for Electronic Bulletin Boards Required under Part 284 of the Commission's Regulations, Order No. 563, 59 FR 516 (January 5, 1994).

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streamline business practices. The objective is to lead to a seamless North American marketplace for natural gas, as recognized by its customers, the business community, industry participants and regulatory bodies. NAESB Wholesale Gas Quadrant (WGQ) standards are a product of NAESB.

As noted above, the Commission is adopting the standards developed by NAESB, specifically the NAESB WGQ business practice standards providing for coordination and communication between natural gas pipelines.

In section 12(d) of the National Technology Transfer and Advancement Act of 1995 (NTT&AA)³, Congress affirmatively requires federal agencies to use technical standards developed by voluntary consensus standards organizations, like NAESB, as means to carry out policy objectives or activities unless the use of such standards would be inconsistent with applicable law or otherwise impractical. NAESB approved the standards under its consensus procedures. (This process first requires a super-majority vote of 17 out of 25 members of the WGQ's Executive Committee with support from at least two members from each of the five industry segments-Distributors, End Users, Pipelines, producers and Services (including marketers and computer service providers). For final approval, 67% of the WGQ's general membership voting must ratify the standards.

The Office of Management and Budget Circular A-119 (§11)(February 10, 1998) provides that federal agencies should publish a request for comment in a NOPR when the agency is seeking to reissue or revise a regulation proposing to adopt a voluntary consensus standard or a government-unique standard. In the NOPR, the Commission proposed to incorporate by reference voluntary consensus standards developed by the WGQ. The Commission adopts the standards in this Final Rule, with the two exceptions as noted in the NOPR,⁴ Version 1.8 of the NAESB WGQ's consensus standards.

All of the standards have been adopted by the Commission in the realization that as the industry evolves and uses the standards, additional and amended NAESB WGQ standards will be necessary. Any industry participant seeking additional or amended standards (including principles, definitions, standards, data elements, process descriptions, technical implementation instructions) submits a request to the NAESB office, detailing the change, so that the appropriate process may take place to amend the standards.

On March 16, 1996, GISB filed 140 standards covering 5 major business areas. The GISB Executive Committee, through its consensus voting procedures, approved these standards. In addition, on April 12, 1996, GISB filed data elements describing the specific information that would be used by industry to conduct the top 10 high priority business transactions.

³ Pub. L. No. 104-113, section 12(d), 110 Stat. 775 (1996), 15 U.S.C. 272 note (1997).

⁴ As proposed in the NOPR, the Commission is continuing its past practice and is not incorporating by reference Standards 4.3.4 and 10.3.2, because they are inconsistent with the Commission's record retention requirement in 18 CFR 284.12(b)(3)(v).

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Since 1996, in the Order No. 587 series,⁵ the Commission has adopted regulations to standardize the business practices and communication methodologies of interstate pipelines in order to create a more integrated and efficient pipeline. In this series of orders, the Commission incorporated by reference consensus standards developed by the Wholesale Gas Quadrant (formerly GISB), a private consensus standards developer. The WGQ is an accredited standards organization under the auspices of the American Standards Institute (ANSI).

NOPR (Docket No. RM96-1-029)

On September 18, 2008, the Commission issued a Notice of Proposed Rulemaking (NOPR)⁶ proposing to incorporate by reference certain standards promulgated by the WGQ. These standards continue the process of updating and improving NAESB's business practice standards for the wholesale gas market. 008, that incorporates by reference the WGQ's Version 1.8 Standards and to make minor corrections to § 284.12(b) of the Commission's regulations. The new Internet Electronic Transport Related Standards help create a more seamless electronic marketplace by providing consistent electronic protocols across the wholesale gas, as well as retail gas and retail electric markets; establish communication protocols between interstate pipelines and power plant operators and transmission owners and operators. The new standard for gas-quality reporting will provide the industry with important information about how pipelines determine gas quality.

Subject Final Rule (Docket No. RM96-1-029)

On February 24, 2009, the Commission issued a Final Rule amending its regulations that establish standards for interstate natural gas pipeline business practices and electronic communications to incorporate by reference into its regulations the most recent version of the standards, Version 1.8, adopted by the Wholesale Gas Quadrant (WGQ) of the North American Energy Standards Board (NAESB) and to make other minor corrections. This Final Rule upgrades the Commission's current business practice and communication standards to reflect the latest version approved by the NAESB WGQ (i.e., the Version 1.8 Standards), and is necessary to increase the efficiency of the pipeline grid, make pipelines' electronic communications more secure, and is consistent with the mandate that agencies provide for electronic disclosure of information.

A. Justification

⁵ Standards for Business Practice of Interstate Natural Gas Pipelines, Order No. 587, 61 FR 39,053 (July 26, 1996), FERC States and Regulations, Regulation Preambles July 1996-December 2000 ¶ 31,038 (July 17, 1996).

⁶ Standards for Business Practices for Interstate Natural Gas Pipelines, Notice of Proposed Rulemaking, 73 FR 55460 (Sep. 18, 2008), FERC Stats. & Regs. ¶ 32,636 (2008).

1. CIRCUMSTANCES THAT MAKE THE COLLECTION OF INFORMATION NECESSARY

FERC-549C

In accordance with sections 4, 5, and 16 of the Natural Gas Act (NGA), (15 U.S.C. 717c-717o, P.L. 75-688, 52 Stat. 822 and 830), and Title III of the Natural Gas Policy Act (NGPA) (15 U.S.C. 3301-3432, P.L. 95-621), a natural gas company must obtain Commission authorization for all rates and charges made, demanded, or received in connection with the transportation or sale of natural gas in interstate commerce. The Commission is authorized to investigate the rates charged by natural gas pipeline companies subject to its jurisdiction. If, after the investigation, the Commission is of the opinion that the rates are “unjust or unreasonably or unjustly discriminatory or unduly preferential,” it is authorized to determine and prescribe just and reasonable rates. The NGA also provides the Commission with a means for considering the reasonableness of rates through settlement conferences or hearings.

FERC-549C was created in Order No. 587 (July 26, 1996, 61 FR 39053) because interstate pipelines were required to adopt certain standards for business practices that required changes in day-to-day operations. In addition, these standards required these pipelines to adopt certain mechanisms for electronic communication between the pipelines and those doing business with the pipelines.

FERC-545

The data filed under FERC-545 applies to the general rate change applications filed by natural gas companies under section 4(e) of the NGA to reflect changes in rates based generally upon the pipeline company’s overall costs for all rates, and charges made, demanded, or received in connection with the transportation of natural gas. Setting just and reasonable rates requires a balancing of equities between the interests of the pipeline and its ratepayers. The Commission sets rates for interstate pipeline services in a number of proceedings. For example, when a pipeline files to increase its rates, it makes a filing with the Commission under section 4 of the NGA. These types of filings are referred to as general section 4 rate cases. In the proceedings, the Commission reviews all of a pipeline’s rates and services. A pipeline can file a general section 4 rate case anytime it wishes, provided the pipeline did not agree otherwise in a settlement. A pipeline must demonstrate that the new rates it proposes to charge are just and reasonable. When a rate increase filing is made pursuant to section 4, the application is typically suspended and set for hearing by a Commission Order. Once the application is set for hearing, it is process by Commission staff. The issues in the application can be settled if parties can reach a consensus. However, if the issues cannot be resolved, they will proceed to hearing before an Administrative Law Judge. (ALJ) Whether the case is settled or proceeds to hearing, the Commission will eventually need to act upon settlement, or upon the record in the hearing.

The information is used to establish a basis for determining just and reasonable rates that should be charged, and the rate of return which can be earned. Based on staff analysis, the Commission determines whether the filing should be accepted or suspended and set for hearing and investigation.

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

Adoption of Version 1.8 continues the process of updating and improving NAESB's business practice standards for the wholesale gas market. As noted above, the new Internet Electronic Transport Related Standards will help create a more seamless electronic marketplace by providing consistent electronic protocols across the wholesale gas, as well as the retail gas and retail electric markets. The standards also include a new standard for gas quality reporting (Standard 4.3.93) that will provide the industry with important information about how pipelines determine gas quality. Standard 4.3.93 requires that the pipelines post on their web sites specific information on how the pipelines determine gas quality, including the industry standard (or other methodology, as applicable) that the pipeline uses for the following: procedures used for obtaining natural gas samples, analytical test method(s), and calculation method(s), in conjunction with any physical constant(s) and underlying assumption(s). The revisions to the Nomination Related Standards and Flowing Gas Related Standards are designed to ensure that these standards reflect current market practices.⁷

The data filed under FERC-549C is to ensure that pipelines have the appropriate information and can communicate this information. FERC-549C as noted above was created to implement standards that would have mechanisms in place for electronic communication as well as standards governing business practices in day-to-day operations. The information required under FERC549C is not filed with the Commission but instead posted on the pipelines' Web sites.

The data filed under FERC-545 is filed with the Commission and is used to document that pipelines have in fact adopted the standards and implemented changes to their business practices.

The Commission's ongoing work with the WGQ is aimed at simplifying the process of transacting business across the interstate natural gas pipeline and transmission grids. If transactions are easier and less costly, customers should have greater flexibility. The proposed revisions to the standards and the data sets reflects an attempt to improve and restructure services and operations and further streamline the way pipelines receive and send important information.

⁷ In addition, the Commission amended § 284.12(b) to make two minor corrections. First, the Commission corrects the reference to the "Gas Industry Standards Board" to refer to the "North American Energy Standards Board Wholesale Gas Quadrant." Second, the Commission corrects the reference to the paragraph incorporating the NAESB standards by reference from paragraph (b)(1) to paragraph (a)(1).

The Commission's Office of Energy Market Regulation and the Office of General Counsel will use the data in rate proceedings to review rate and tariff changes by natural gas pipelines for the transportation of gas, for general industry oversight, and to supplement the documentation used during the Commission's audit process.

Failure by the Commission to collect this information would mean that it is unable to monitor and evaluate transactions and operations of interstate pipelines and perform its regulatory function of the transmission and sale of natural gas for resale in interstate commerce and also reducing barriers to trade between markets and among regions.

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

There is an ongoing effort to determine the potential and value of improving the information technology to reduce burden. As noted above, the Commission does not receive any of the information under FERC-549C data requirements as information required to be obtained due to revised standards and data sets are posted on the pipelines' Internet sites. GISB and its successor NAESB developed standards for accomplishing electronic commerce over the Internet for Electronic Delivery Mechanisms including ANSI ASC X12 (EDI), flat files and Customer Activities Web site presentations (EBB). Technologies have been established to reliably and safely move data across the Internet.

In a Final Rule issued simultaneously with the NOPR, the Commission in Order No. 714 (Docket No. RM01-5-000) revised its regulations to require that all tariffs, tariff revisions and rate change applications for the public utility, natural gas pipeline and oil pipeline industries be filed according to a set of standards developed in conjunction with NAESB. These tariff standards will assist the Commission in its goal of establishing a robust electronic filing environment for tariffs and tariff related material and will make it possible for Commission staff and the public to retrieve this material from a data base. Adoption of the tariff standards and protocols provides each company with enhanced flexibility to develop software to better integrate tariff filings with their individual tariff maintenance and business needs. These tariff standards and protocols will also provide an open platform permitting third-party software developers with the ability to create more efficient tariff filing and maintenance applications, which will spread the development costs over larger numbers of companies.

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.

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Commission filings and data requirements are periodically reviewed in conjunction with OMB clearance expiration dates. This includes a review of the Commission's regulations and data requirements to identify the duplication. To date, no duplication of the proposed data requirements has been found. The Commission's staff is continuously reviewing its various filings in an effort to alleviate duplication. There are no similar sources of information available that can be used or modified for use for the purpose described in Item A (1).

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

There are no small businesses that are impacted under the FERC-545 & FERC-549C reporting/data requirements. The proposed business standards, practices and procedures will impact the day-to-day operations of major and a few non-major natural gas companies whose operational thresholds are above the small business standards. In this regard, the Commission noted that under the industry standards used for the Regulatory Flexibility Act (RFA), a natural gas pipeline company qualifies as a small "entity" if it had annual receipts of \$6.5 million or less. Most companies regulated by the Commission do not fall within the RFA's definition of a small entity. Approximately 168 entities would be potential respondents subject to data collection FERC-545 (tariff filing) reporting requirements; of those, about 126 natural gas companies (including storage) would also be subject to data collection FERC-549C (Standards) reporting requirements. Nearly all of these entities are large entities. For the year 2007 (the most recent year for which information is available), only four companies not affiliated with larger companies had annual revenues of less than \$6.5 million, which is about three percent of the total universe of potential respondents. Moreover, these requirements are designed to benefit all customers, including small businesses. As noted above, adoption of consensus standards helps ensure the standards are reasonable by requiring that the standards development draws support from a broad spectrum of industry participants representing all segments of the industry.

6. CONSEQUENCES TO FEDERAL PROGRAM IF THE COLLECTION OF INFORMATION WERE CONDUCTED LESS FREQUENTLY

The proposed changes in business practices under section 284.12 of the Commission's regulations would require interstate pipelines to adopt certain standards promulgated by the Wholesale Gas Quadrant of NAESB. The Commission is seeking to standardize the business practices and communication protocols. However, it is not specifying the frequency with which the information should be communicated. The information is generated on an event basis only.

7. EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE INFORMATION COLLECTION

The proposed program does not meet all of OMB's section 1320.5 requirements. As noted above, the Commission is proposing in the Final Rule that natural gas pipelines make their tariff

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filings to include these standards in their tariffs and this requires additional copies. (Currently, An electronic filing (diskette) and five paper (hard) copies of any rate schedule or any change in rate schedule or tariff related filing (see Section 154.4 of the Commission's regulations) are required by the Commission to conduct its regulatory review. The distribution of multiple hard copies of a filing is still essential so that the required technical reviews and analyses can proceed simultaneously and efficiently.) However, as described in item no. 3 above, the implementation of the final rule to establish electronic filing of tariffs (implementation to take place by April 1, 2010) will eliminate the requirement to accept tariff filings submitted in paper format.

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

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

The Commission's NOPR proposal to amend part 284 of its regulations to incorporate by reference Version 1.8 of the NAESB WGQ's consensus standards was not opposed by any commenter.

The sole comment was filed by American Gas Association (AGA), which supported the adoption of Version 1.8 of the standards, but requested modifications to the Commission's relationship with NAESB.

AGA requested that the Commission take a more active role in shepherding the development of wholesale gas standards. In brief, AGA is concerned that the standards process takes too long to complete.

Commission Determination

The Commission is appreciative of AGA's comment to see that standard development proceeds quickly. The Commission indicated in the final rule that NAESB has taken a continuing interest in improving its standards-setting process. Recently NAESB adopted policies to allow standards setting decisions to be made more quickly for important efforts.⁸

9. EXPLAIN ANY PAYMENT OR GIFTS TO RESPONDENTS

There are no payments or gifts to respondents in the Final Rule.

10. DESCRIBE ANY ASSURANCE OF CONFIDENTIALITY PROVIDED TO RESPONDENTS

⁸ NAESB Policy on Efficient Standards Development, adopted by NAESB Board of Directors, Sep. 25, 2008, www.naesb.org/pdf3/bd092508a2.doc.

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The Commission generally does not consider the data posted concerning standardized business procedures to be confidential. Specific request 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 THAT ARE CONSIDERED PRIVATE

There are no questions of a sensitive nature associated with the standardized business procedures proposed in the subject Final Rule.

12. ESTIMATED BURDEN OF COLLECTION OF INFORMATION

The annual (one-time) burden estimate of 148,806 hours (an average of 1,181 hours per company) for information requirements/collections under FERC-549C, as proposed in the subject Final Rule, is based on the Commission’s recent experience with establishing the standards in previous GISB/NAESB rulemaking dockets. Following one—time implementation of the proposed standards and practices, the burden under FERC-549C would be reduced by 148,806 hours.

The annual (one-time) burden estimate of 1,680 hours (an average of 10 hours per company) for information requirements/collections under FERC-545, as proposed in the subject Final Rule, is based on the Commission’s recent experience with establishing the standards in previous NAESB rulemaking dockets. Following the one-time implementation of the proposed standards and practices, the burden under FERC-545 would be reduced by 1,680 hours.

It should be noted that both FERC-545 and FERC-549C reflect adjustments to their reporting burdens to reflect the latest number of natural gas pipelines (including storage operators) who now subject to the Commission’s jurisdiction and therefore the standards. A detailed summary of FERC-545 and FERC-549C burden estimates is shown below:

In the NOPR-

Data Collection	No. of Respondents	No. of Responses per Respondent	Hours Per Response	Total Number of Hours
FERC-545	168	1	10	1,680
FERC-549C	126	1	1,181	148,806

Total Annual Hours for Collection (Reporting and recordkeeping (if appropriate)) = 150,486.

DATA REQUIREMENT FERC-549C	Current OMB Inventory*	Proposed in NOPR 029	New OMB Inventory
Estimated number of	93	126	126

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respondents			
Estimated number of responses per respondent	4.85	1	4.85
Estimated number of responses per year	451	126	611
Estimated number of hours per response	1,900.4	1,181	1,748.95
Total estimated burden (hours per year)	857,087	148,806	1,068,606
Program Change in burden hours		+148,806	
Adjustment change in burden hours			+62,713.2
DATA REQUIREMENT	Current OMB Inventory*	Proposed in NOPR 029	New OMB Inventory
FERC-545			
Estimated number of respondents	96	168	168
Estimated number of responses per respondent	11.9	1	11.9
Estimated number of responses per year	1,142	168	1,999.2
Estimated number of hours per response	81.36	10	82.20
Total estimated burden (hours per year)	92,947	1,680	164,337
Program Change in burden hours		+1,680	
Adjustment change in burden hours			+69,710

***OMB Inventory as of 9/16/08**

In the Final Rule-

Data Collection	No. of Respondents	No. of Responses per Respondent	Hours Per Response	Total Number of Hours
FERC-545	168	1	10	1,680
FERC-549C	126	1	1,181	148,806

Total Annual Hours for Collection (Reporting and recordkeeping (if appropriate)) = 150,486.

DATA REQUIREMENT	Current	Proposed in	New OMB
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FERC-549C	OMB Inventory#	Final Rule 029	Inventory
Estimated number of respondents	93	126	126
Estimated number of responses per respondent	4.85	1	4.85
Estimated number of responses per year	451	126	611
Estimated number of hours per response	1,900.4	1,181	1,748.95
Total estimated burden (hours per year)	857,087	148,806	1,068,606
Program Change in burden hours		+148,806	
Adjustment change in burden hours			+62,713.2
DATA REQUIREMENT	Current OMB Inventory#	Proposed in File Rule 029	New OMB Inventory
FERC-545			
Estimated number of respondents	96	168	168
Estimated number of responses per respondent	11.9	1	11.9
Estimated number of responses per year	1,142	168	1,999.2
Estimated number of hours per response	81.36	10	82.20
Total estimated burden (hours per year)	92,947	1,680	169,955
Program Change in burden hours		+1,680	
Adjustment change in burden hours			+75,328

#OMB Inventory as of 2/16/09

As Proposed By Final Rule

Data Collection	Respondents	Responses	Hours Per Response	Total Hours
FERC-549C	126	611	1,748.9460	1,068,606
FERC-545	168	1999.2	85.0115	169,955

13. ESTIMATE OF THE TOTAL ANNUAL COST BURDEN TO RESPONDENTS

The estimated annualized one-time filing/startup cost to respondents related only to the data collection/requirements as proposed in the subject Final Rule is as follows:

	FERC-545	FERC-549C
Annualized Capital/Startup Costs	\$211,680	\$12,743,010
Annualized Costs (Operations & Maintenance)	\$ 0	\$ 0
Total Annualized Costs	\$211,680	\$12,743,010

Total Cost for all Respondents = \$12,954,690

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

The estimated annualized cost to the Federal Government related only to the data collections/requirements as proposed in the subject NOPR are shown below:

Data Requirement Number	Analysis of Data (FTEs) ⁹	Estimated Salary Per Year ¹⁰	FERC Forms Clearance	Total Cost One year's Operation
FERC-545	.25	\$126,384	\$ -0-	\$31,596
FERC-549C	.75	\$126,384	\$-0-	\$94,788

Total Costs =\$126,384.

Data Collection	Previous Federal	Final Rule Cost	Total/New
FERC-549C		\$94,788	\$ 221,172
FERC-545	\$1,294,905	\$31,596	\$1,326,501

⁹ An "FTE" is a "Full Time Equivalent" employee that works the equivalent of 2,080 hours per year.

¹⁰ Salary" represents the allocated cost per gas program employee at the Commission based on its appropriated budget for fiscal year 2008. The \$126,384 "salary" consists of \$102,028 in salaries and \$24,355 in benefits

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

This Final Rule will upgrade the Commission's current business practice and communication standards to the latest edition approved by the NAESB WGQ (i.e., the Version 1.8 Standards). The implementation of these standards is necessary to increase the efficiency of the pipeline grid, make pipelines' electronic communications more secure. Requiring such information ensures both a common means of communication and common business practices that provide participants engaged in transactions with interstate pipelines with timely information and uniform business procedures across multiple pipelines.

16. TIME SCHEDULE FOR PUBLICATION OF THE DATA

The time schedule for FERC-549C "Standards for Business Practices of Interstate Natural Gas Pipelines" is shown below.

Schedule for Data Collection and Analysis

<u>Activity</u>	<u>Estimated Completion Time</u>
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The Commission proposes that natural gas pipelines be required to implement the Version 1.8 Standards on the first day of the month three months after the final rule is issued. Based on past practice, the Commission is proposing this implementation schedule in order to give the natural gas pipelines subject to these standards adequate time to prepare for these changes. In addition, the Commission proposes that pipelines be required to file tariff sheets to reflect the changed standards two months before the implementation date.

The Commission does not publish this information. However tariff filings under FERC-545 can be accessed from the Commission's central repository eLibrary <http://www.ferc.gov/docs-filing/elibrary.asp>. As noted above, the information contained under FERC-549C but instead information to implement the standards is posted on the natural gas pipelines Internet sites.

17. DISPLAY OF EXPIRATION DATE

Not applicable. The data requirements under FERC-545 and FERC-549C are based on regulations and not filed on formatted/printed forms. Therefore, the subject data requirements do not have an appropriate format to display an OMB expiration date.

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT

There are exceptions to the Paperwork Reduction Act Submission Certification. The Commission does not use statistical methodology for either FERC-545 or FERC-549C. In addition and as in noted in item no. 17 above, neither FERC-545 nor FERC-549C have an appropriate format to display an OMB control no.

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B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

Not applicable to either FERC-545 or FERC-549C.

Supplemental Statement

Final Rule (Docket No. RM96-1-027)

On June 25, 2007 the Commission amended its open access regulations governing standards for business practices and electronic communications with interstate natural gas pipelines and public utilities. The Commission incorporated by reference certain standards promulgated by the Wholesale Gas Quadrant (WGQ) and the Wholesale Electric Quadrant (WEQ) of the North American Energy Standards Board (NAESB). Through the Final Rule, the Commission sought to improve coordination between the gas and electric industries in order to improve communications about scheduling of gas-fired generators.

The coordination and communication required by these standards is to improve the reliability of both the gas and electric industries by ensuring that all parties have information necessary for the scheduling and dispatch of natural gas-fired generation, and for the scheduling of the natural gas transportation necessary to supply fuel to these generators. The standards, for example, require gas-fired power plant operators and pipelines to establish procedures to communicate material changes in circumstances that may affect hourly flow rates. These standards ensure that pipelines have relevant planning information that will assist in maintaining the operational integrity and reliability of pipeline service, as well as providing gas-fired power plant operators with information as to whether hourly flow deviations can be honored.

The standards further improve communication by requiring electric transmission operators and power plant operators to sign up to receive from connecting pipelines operational flow orders and other critical notices. These standards ensure that operators of the electric grid can stay abreast of developments on gas pipelines that can affect the reliability of electric service. The standards require that, upon request, a gas-fired power plant operator must provide to the appropriate independent electric balancing authority or electric reliability coordinator pertinent information regarding its service levels for gas transportation (firm or interruptible) and for gas supply (firm, fixed or variable quantity, or interruptible). This information will assist reliability coordinators in assessing the relative reliability of various gas-fired generators.

In RM96-1-027 the Commission estimated that the total one-time annual reporting-burden related to FERC-549C in the Final Rule would be 1,860 hours. This is equal to an average of 20 hours per company under FERC-549C. After the final rule's issuance and the affected pipelines are conformed their operations to reflect compliance to the standards, the Commission proposed that the total burden under FERC-549C would be reduced by 1,860 hours.

Pipelines and public utilities were required to implement these standards as incorporated by reference in the Final Rule by November 1, 2007. In addition, to reducing the burden on filers, the Commission did not require pipelines and public utilities to make filings to include these standards in their tariffs with the issuance of the Final Rule. As over a year and a half has

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passed since these standards were implemented, the Commission proposes to reduce the inventory by 1,860 hours for FERC-549C. As proposed in the final rule:

DATA REQUIREMENT (FERC-549C)	IN FINAL RULE .
Estimated number of respondents :	93
Estimated number of responses per respondent:	1
Estimated number of responses per year:	93
Estimated number of hours per response:	20
Total estimated burden (hours per year:	1,860

Program change in industry burden hours : +1,860

Adjustment change in industry burden hours ; -0-

As Result of Implementation of Final Rule

Data Collection		Respondents	Estimated no. of responses per respondent	Responses	Hours Per Response	Total Hours
Current INV.	FERC-549C	93	4.85	451	1,900.4	857,087
RM96-1-027	FERC-549C	126	1	611	1,748.9460	1,068,606
RM96-1-027	FERC-549C	-93	-1	-93	-20	-1,860
Change	FERC-549C	126		611	1,745.9018	1,066,746

Final Rule (Docket No. RM96-1-026)

On May 6, 2005, the Commission issued a final rule, RM96-1-026 amending its regulations for conducting business practices with interstate natural gas pipelines. The Commission incorporated by reference, Version 1.7 of the consensus standards promulgated by the Wholesale Gas Quadrant (WGQ) of the North American Standards Board (NAESB) along with NAESB's standards implementing the Commission's Order No. 2004 and Order No. 2004-A. Order 2004 and Order 2004-A, order on rehearing, and the standards to implement gas quality reporting requirements ratified by NAESB on October 20, 2004, in Recommendation R)3035A. The final rule was intended to benefit the public by adopting the most recent and up-to-date standards governing business practices and electronic communication. Pipelines were required to implement the standards by September 1, 2005, which was the first day of the month following 90 days after issuance of the final rule.

The adoption of Version 1.7 of the NAESB WGQ standards continued the process of updating and improving the current standards. The Commission also adopted NAESB standards

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related to gas quality in WGQ recommendation R03035A. These standards require a pipeline to provide a link on its Informational Posting Web Site to its gas quality tariff provisions, or a simple reference guide to such information. In addition, a pipeline is required to provide on its Informational Postings Web site, in downloadable format, daily average gas quality information for prior day(s) to the extent available for location(s) that are representative of mainline gas flow for the most recent three-month period.

Pipelines were required to implement these standards and make necessary changes in systems and procedures on the first of the month following 90 days after issuance of the final rule (May 9, 2005) or on August 8, 2005. Over three years has passed since the implementation of these standards, therefore the Commission proposes to reduce the inventory for FERC-549C by 243,102 hours.

As adopted in the Final Rule:

DATA REQUIREMENT (FERC-545)	CURRENT OMB	PROPOSED	FINAL	NEW OMB
INVENTORY				
Estimated number of respondents	: 93	93	93	93
Estimated number of responses per respondent:	14.91	1	1	14.91

Estimated number of responses per year : 1,387 93 93 1,480
 Estimated number of hours per response : 63.70 38 38 62.09
 Total estimated burden (hours per year) : 88,363 3,534 3,534 91,897

Program change in industry burden hours : + 3,534
 Adjustment change in industry burden hours : -0-

**CURRENT OMB PROPOSED FINAL NEW OMB
 DATA REQUIREMENT (FERC-549C) INVENTORY* IN NOPR
 RULE INVENTORY**

Estimated number of respondents: 93 93 93 93
 Estimated number of responses per respondent: 4.85 1 1 4.85
 Estimated number of responses per year : 451 93 93 544
 Estimated number of hours per response :1,357 2,614 2,614 3,971
 Total estimated burden (hrs per year): 612,125 243,102 243,102 855,227

Program change in industry burden hours : +243,102
 Adjustment change in industry burden hours ; -0-

As a Result of Implementation of Final Rule

Data Collection		Respondents	Responses	Hours Per Response	Total Hours
Proposed Inv.	FERC-549C	126	611	1,745.9018	1,066,746
RM96-1-026	FERC-549C	-93	-93	-2,614	-243,102
Change	FERC-549C	126	611	1,348	823,646

Data Collection		Respondents	Responses	Hours Per Response	Total Hours
Proposed Inv.	FERC-545	168	1999.2	85.0115	169,955
RM96-1-026	FERC-545	-93	-93	-38	-3,534
Change	FERC-545	168	1999.2	83.2438	166,421