

Supporting Statement for
FERC-538, Gas Pipeline Certificate: Section 7(a) Mandatory Initial Service
(Three-Year Extension Requested)

The Federal Energy Regulatory Commission (Commission or FERC) requests the Office of Management and Budget (OMB) extend its approval of FERC-538, Gas Pipeline Certificate: Section 7(a) Mandatory Initial Service, for three years. FERC-538 (OMB Control No. 1902-0061) is an existing information collection (filing requirements) required under 18 CFR Part 156.

A. Justification

1. CIRCUMSTANCES THAT MAKE THE COLLECTION OF INFORMATION NECESSARY

Under the Natural Gas Act (NGA) (Public Law 75-688) (15 U.S.C. 717-717w), upon application by a local distribution company or municipality, a natural gas pipeline company may be ordered by the Commission to extend or improve transportation facilities, to establish physical connections to serve, and sell natural gas to the applicant.

As stated in section 156 (18 C.F.R. 156), filings pursuant to the provisions of Section 7(a) of the NGA are to contain all information necessary to advise the Commission fully concerning the service which the applicant has requested the Commission to direct the natural gas pipeline company to render. Included in the information to be provided as stated in 18CFR Section 156.5 (1-16) are included (but not limited to): a description of any improvement or extension of facilities which the natural gas pipeline company will be required to make in connection with the requested rendition of the service; the applicant's present and proposed operations, construction, service, and sales, together with a description of any extension or improvement of facilities by the applicant which will be required in order to enable applicant to engage in the local distribution of natural gas.

If the authorization is granted, the natural gas pipeline company must extend or improve transportation facilities and establish physical connection to serve the local distribution companies.

See Attachment A for the related statutory and regulatory language.

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

Data filed pursuant to the initial service filing requirements are used by the Commission in performing its regulatory functions. It must be determined whether the distributor applicant can economically construct and manage its facilities. A request is

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made by a person or municipality to have the Commission, by order, direct a natural gas company to extend or improve its transportation facilities, and sell natural gas to the municipality or person and, for such purpose, to extend its transportation facilities to communities immediately adjacent to such facilities or to territories served by the natural gas pipeline company.

In addition, as part of the Commission's review, the flow data and market data are used to evaluate existing and future customer requirements on the system in order to find if sufficient capacity will be available. Likewise, the cost of facilities and the rate data are used to evaluate the financial impact of the cost of the project to both the pipeline company and its customers.

The information collection cannot be discontinued nor collected less frequently because of statutory requirements. The Commission is required to review applications concerning improvement or extensions of facilities and services for local distributors of natural gas. The consequences of not collecting this information are that the Commission would be unable to fulfill its statutory mandate under the NGA and its Rules of Practice and Procedure, and the distribution companies would be unable to request the Commission that it directs pipelines to serve them.

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

There is an ongoing effort to determine the potential and value of improved information technology to reduce the burden. As the Commission increases its use of electronic media for filing, storage, retrieval, and tracking of information and documents, greater uniformity in filing procedures, where practical, will greatly expedite and simplify conversion to electronic media.

The FERC-538 application may be eFiled through FERC's eFiling system. At present, the majority of the application filings made in accordance with sections 7(a) and 7(c) are filed electronically. However, due to the complexity of the exhibits, maps, and projects, three additional paper copies of the eFiled applications are needed for staff review, processing, and collaboration. As noted above, as additional uses of information technology (including geospatial information systems) are implemented, FERC may be able to reduce or eliminate the need for the additional paper copies.

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 are periodically reviewed as OMB review dates arise or as the Commission may deem necessary in carrying out its regulatory responsibilities under the NGA in an effort to alleviate duplication. All Commission information collections are

subject to analysis by Commission staff and are examined for redundancy. There is no other source of this information. The information is case specific.

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

FERC-538 is a regulatory filing requirement implementing a statutory provision concerned with initial service as stated above in Question number two. Small businesses and other small entities seeking initial natural gas service while not the subject of these regulations may still be impacted by the filing requirements under FERC-538. There is minimum data required that is necessary to evaluate the filing irrespective of company size. The information is readily available to respondents.

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

Without the data filed under FERC-538, the Commission would be unable to evaluate the merits of respondents seeking initial gas service and provide a forum for discussion by all interested/affected parties. The timing and frequency of data filed under FERC-538 is determined by the respondent and the respondent's need for the natural gas service. Also, see response to Question number 2 above.

7. EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE INFORMATION COLLECTION

FERC-538 meets all of OMB's section 1320.5 requirements with the exception of 1320.5(d) (2) (iii). The application may be eFiled through FERC's eFiling system. For applications that are eFiled, as posted at <http://www.ferc.gov/docs-filing/efiling/filing.pdf>, an additional 3 paper copies are required for use by the Office of Energy Projects and Office of General Counsel.

If the application is filed on paper and/or CD, section 156.3 of the Commission's regulations (18 C.F.R. 156.3) requires original and 7 conformed copies for the Commission to conduct the regulatory review. The original is routed to the eLibrary System for public viewing over the Commission's web site (and then goes to the official files). One copy is distributed for public inspection in the Commission's Public Reference Room. The remaining copies are distributed within the Office of Energy Projects to ensure that each Division(s)/Office(s) involved in processing the case can review, analyze and respond in a timely fashion.

Fewer copies would result in delay and reproduction requirements. As noted above, the majority of filings under sections 7(a) and 7(c) of the Natural Gas Act are filed electronically.

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

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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. Additionally, as part of the renewal process of its information collections, a notice seeking public comment on the continued use of the information was published in the Federal Register.

FERC issued a 60-day request for public comment on 1/7/2010 (posted at <http://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=12237068>; 75FR 2124, 1/14/2010). No comments were received. FERC then issued a 30-day request for public comment on 3/21/2010 (posted at <http://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=12296731>), with the comment period ending 30 days after publication in the Federal Register.

9. EXPLAIN ANY PAYMENT OR GIFTS TO RESPONDENTS

There are no payments or gifts to respondents in this information collection.

10 and 11. DESCRIBE ANY ASSURANCE OF CONFIDENTIALITY PROVIDED TO RESPONDENTS and PROVIDE ADDITIONAL JUSTIFICATION FOR ANY QUESTIONS OF A SENSITIVE NATURE THAT ARE CONSIDERED PRIVATE.

The Commission generally does not consider the data filed under FERC-538 to require confidentiality. There are no items of confidentiality or questions of a sensitive nature associated with the data requirements under FERC-538. Specific requests for confidential treatment to the extent permitted by law will be entertained pursuant to 18 C.F.R Section 388.110. Each request for confidential treatment will be reviewed by FERC on a case-by-case basis.

12. ESTIMATED BURDEN OF COLLECTION OF INFORMATION

The estimated average annual public reporting burden and cost for FERC-538 follow.

FERC Data Collection FERC-538	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)
	1	1	240	240

Burden hours currently in OMB's inventory: 240
Program change¹ in industry burden hours: 0

¹ Program changes are caused by FERC taking action to increase, decrease, or modify factors, such as: the number of filers; the threshold or frequency of filing; the data that are collected, filed, posted, retained, or provided to third

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Adjustment change² in industry burden hours: 0

13. ESTIMATE OF TOTAL ANNUAL COST BURDEN TO RESPONDENTS

The estimated, annual cost to the respondents, averaged over the next three years follows.

Total Annual Burden Hours for Respondents (1)	Person Hours Per Year (2)	Estimated Annual Cost Per Person (3)	Total Annual Cost to Respondents [(1)/(2)]x(3)
240	2,080	\$137,874	\$15,909

14. ESTIMATED ANNUALIZED COST TO FEDERAL GOVERNMENT

The estimated annualized cost to the Federal government for FERC-538, Gas Pipeline Certificate: Initial Service, is as follows:

FERC-538	No. of Employees (FTE's) [using 2,080 hrs./year and \$137,874/FTE/year]	Estimated, Annual, Federal Resources in (\$)
Processing	1	\$137,874
Forms Clearance		\$1,528
FERC Total		\$139,402

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

There is no change in burden.

16. TIME SCHEDULE FOR PUBLICATION OF DATA

There are no tabulation, statistical analysis, or publication plans for the information collected. The data are used for regulatory purposes.

17. DISPLAY OF THE EXPIRATION DATE

It is not appropriate to display the expiration date for OMB approval of the information collected under FERC-538. The information is not collected on a standard, preprinted form which would avail itself to this display.

parties; and/or the record retention period.

² Adjustments are not caused by a Commission action. They include changes, such as: the number of entities subject to FERC jurisdiction (e.g., an entity that enters or leaves that business area), and improved estimates of the burden hours per filing.

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT

There are exceptions to the Paperwork Reduction Act Submission certification. Because the data collected for these reporting and recordkeeping requirements are not used for statistical purposes, the Commission does not use as stated in item 19(I) “effective and efficient statistical survey methodology.” In addition, as noted in no. 17, this information collection does not fully meet the standard set in 19 (g) (vi.).

B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

FERC-538, Gas Pipeline Certificate: Initial Service is not a collection of information employing statistical methods.