

Supporting Statement for

**FERC Form No. 2 "Annual Report of Major Natural Gas Companies";
FERC Form No. 2-A "Annual Report of Nonmajor Natural Gas Companies" and
FERC Form No. 3-Q "Quarterly Financial Report of Electric Utilities Licensees,
and Natural Gas Companies";**

As Proposed in Docket No. RM07-9-003, RIN: 1902-AE11
OMB Control Nos. 1902-0028, -0030, and -0205
(Final Rule issued January 17, 2011)

The Federal Energy Regulatory Commission (Commission) requests Office of Management and Budget (OMB) review and approval of **FERC Form No. 2 "Annual Report of Major Natural Gas Companies"; FERC Form No. 2-A "Annual Report of Nonmajor Natural Gas Companies"; and FERC Form No. 3-Q "Quarterly Financial Report of Electric Utilities, Licensees and Natural Gas Companies"** for an additional three years. These information collections are current data requirements with modifications as proposed in Docket No. RM07-9-003, "Revisions to Forms, Statements and Reporting Requirements for Natural Gas Pipelines".¹

The Federal Energy Regulatory Commission (Commission) is revising its financial forms, statements, and reports for natural gas companies, contained in FERC Form Nos. 2, 2-A and 3-Q, to include functionalized fuel data on pages 521a through 521c of those forms, and to include on those forms the amount of fuel waived, discounted or reduced as part of a negotiated rate agreement. In addition, the Commission also is revising page 520 for consistency.

Background

In Order No. 710, the Commission revised its financial forms, statements, and reports for natural gas companies, contained in FERC Form Nos. 2, 2-A, and 3-Q, to make the information reported in these forms more useful by updating them to reflect current market and cost information relevant to interstate natural gas pipelines and their customers.² The information provided in these forms included data on fuel use, but did not require these data to be functionally disaggregated.

¹ Form 2 has OMB approval number 1902-0028, expires 6/30/11; Form 2-A has OMB approval number 1902-0030, expires 6/30/11; and Form 3-Q has OMB approval number 1902-0205, expires 1/31/2012.

² *Revisions to Forms, Statements, and Reporting Requirements for Natural Gas Pipelines*, Order No. 710, 73 FR 19389 (Apr. 10, 2008), FERC Stats. & Regs. ¶ 31,267 (2008), *order on reh' g and clarification*, Order No. 710-A, 123 FERC ¶ 61,278 (2008), *remanded sub nom, American Gas Ass'n v. FERC*, 593 F. 3d 14 (D.C. Cir 2010) (D.C. Circuit Remand Order).

On rehearing, the American Gas Association (AGA) argued that the fuel data would be more useful if such data were broken out by different pipeline functions, including transportation, storage, gathering, and exploration/production, and should include, by function, the amount of fuel waived, discounted or reduced as part of a negotiated rate agreement. This argument originally was rejected in Order No. 710-A, and Chairman (then Commissioner) Wellinghoff issued a partial dissent arguing that AGA's proposals should have been adopted.³

Subsequently, AGA filed a petition for review in the United States Court of Appeals for the District of Columbia Circuit arguing that the Commission erred by not addressing the concerns raised by Chairman Wellinghoff in his partial dissent to Order No. 710-A. The court agreed and remanded the matter back to the Commission for further proceedings.⁴

On June 17, 2010, the Commission issued a notice of proposed rulemaking proposing to revise pages 521a, 521b, and page 520, and proposing to add pages 521c and 521d to FERC Form Nos. 2, 2-A, and 3-Q to include functionalized fuel data, including the amount of fuel waived, discounted or reduced as part of a negotiated rate agreement.⁵

In response to the June 2010 NOPR, comments were filed by eight commenters.⁶ Certain of the comments presented proposals that differed from the Commission's proposals in the June 2010 NOPR. To give all interested persons an opportunity to comment on these proposals prior to making a final decision, the Commission issued a notice allowing reply comments. Reply comments were filed by two commenters.⁷

Final Rule (Docket No. 07-9-003)

In this Final Rule the Commission is revising the financial reporting forms required to be filed by natural gas companies (FERC Form Nos. 2, 2-A, and 3-Q) to include functionalized fuel data on pages 521a, 521b, and 521c of those forms, and to include on such forms the amount of fuel waived, discounted or reduced as part of a negotiated rate agreement. Specifically, the Commission is revising pages 521a and 521b in the following manner:

³ Order No. 710-A, 123 FERC at 62,708-9.

⁴ 593 F.3d at 21.

⁵ *Revisions to Forms, Statements, and Reporting Requirements for Natural Gas Pipelines*, Notice of Proposed Rulemaking, 75 FR 35700 (June 23, 2010), FERC Stats. & Regs. ¶ 32,659 (June 17, 2010) (June 2010 NOPR).

⁶ These commenters and the abbreviations used to identify them are provided in the attached in the Appendix.

⁷ INGAA and AGA.

- (1) expanding line 1 to separately reflect shipper supplied fuel by function (now shown on lines 1-7 on page 521a), i.e., production/extraction/processing, gathering, transmission, distribution, and storage;
- (2) expanding lines 2, 3, and 4 to separately list the volumes for each of these functions (now shown on lines 8-30 on page 521a);⁸
- (3) expanding the listing of volumes in columns (b), (c), and (d) to include discounted, negotiated and recourse rates;
- (4) expanding line 6, net excess or deficiency, to separately list the volumes for each of these functions (now shown on lines 31-37 on page 521b);
- (5) expanding the reporting of dollar amounts in columns (f) through (i) to include amounts collected under discounted, negotiated and recourse rates;
- (6) requiring the reporting of volumes of gas (in dekatherms) in columns (j) through (m) not collected where the request for that gas has been waived or reduced under discounted or negotiated rates; and
- (7) directing filers (if the pipeline does not use a particular function) to enter a zero for that field.

Form Nos. 2, 2-A and 3-Q involve estimates and allocations and the methods for making these allocations are to be documented in Form Nos. 2, 2-A, and 3-Q. Thus, we will add an instruction to page 521a to require that companies disclose their fuel use allocation method(s) in a note to these financial forms.

A. Justification

1. CIRCUMSTANCES THAT MAKE THE COLLECTION OF INFORMATION NECESSARY

Form No. 2 & Form No. 2-A. Pursuant to sections 8, 10 and 14 of the National Gas Act (NGA), (15 U.S.C. 717g-717m, PL. 75-688), the Commission is authorized to make investigations and collect and record data, to prescribe rules and regulations concerning accounts, records and memoranda as necessary or appropriate for purposes of administering the NGA. The Commission may prescribe a system of accounts for jurisdictional companies, and

⁸ Lines 2-4 previously consisted of: (2) Less gas used in compressors; (3) Less gas used for other operational purposes (footnote); and (4) Less gas lost and unaccounted for.

after notice and opportunity for hearing, may determine the accounts in which particular outlays and receipts will be entered, charged or credited. Form 2 is filed by "major" natural gas pipeline companies that have combined gas sold for resale and gas transported or stored for a fee that exceeds 50 million Dekatherms (Dth) in each of the three previous calendar years. Form 2-A is filed by "Nonmajor" natural gas pipeline companies that have combined sales for resale and gas transported or stored that is less than 50 million Dth but exceeds 200,000 Dth in each of three previous calendar years. The Commission collects Form Nos. 2 and 2-A information as prescribed in 18 CFR 260.1 and 260.2.

Form No. 3-Q "Quarterly Financial Report of Electric Utilities, Licensees, and Natural Gas Companies," requires companies to file with the Commission a complete set of quarterly financial statements. Most of the information contained in these forms is the same information currently submitted on an annual basis.

Quarterly reporting of financial information permits the Commission to better understand trends and other factors that may affect an entity's liquidity position, its commitments of capital expenditures, its sources of financing, along with changes in the amount of assets, liabilities, debt and equity used in its business. Transparent accounting and more frequent financial reporting play an important role in achieving vigilant oversight of market participants. More frequent financial reporting provides needed insight into the opportunities and risks facing the energy industry as the Commission considers and assesses the affects of its regulatory initiatives. The Commission shares the view that quarterly reporting enhances its overall decision making process by providing more timely, useful and relevant data to the decision making process. The Commission collects Form Nos. 3-Q information as prescribed in 18 CFR 260.300.

The revisions to Forms 2, 2-A and 3-Q require a pipeline to provide additional, detailed information regarding the pipeline's costs and revenues, regarding shipper supplied gas. The Commission believes that the proposed changes will better facilitate the forms users' ability to make a meaningful assessment of the pipeline's cost of service and current rates. FERC has endeavored, however, to achieve a balance between the benefits these changes will facilitate and the imposition of any additional burden on the pipelines. Most of the information requested is data that is maintained by the pipeline and can be transferred to existing and new schedules.

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

These forms provide information concerning a company's past performance and its future prospects. The information is compiled using a standard chart of accounts contained in the

Commission's Uniform System of Accounts (USofA).⁹ The forms contain schedules which include a basic set of financial statements: Comparative Balance Sheet, Statement of Income and Retained Earnings, Statement of Cash Flows, and the Statement of Comprehensive Income and Hedging Activities. Supporting schedules containing supplementary information are filed, including revenues and the related quantities of products sold or transported; account balances for various operating and maintenance expenses; selected plant cost data; and other information.

The information collected in the forms is used by Commission staff, state regulatory agencies and others in the review of the financial condition of regulated companies. The information is also used in various rate proceedings, industry analyses and in the Commission's audit programs and as appropriate, for the computation of annual charges based on certain schedules contained on the forms. The Commission provides the information to the public, intervenors and all interested parties to assist in the proceedings before the Commission.

In addition, the FERC Annual and Quarterly Report Forms provide the Commission, as well as others, with an informative picture of the jurisdictional entities' financial condition along with other relevant data that is used by the Commission in making economic judgments about the entity or its industry. For financial information to be useful to the Commission, it must be understandable, relevant, reliable and timely. As financial reporting has evolved over the years, users of financial information have been willing to forgo some precision in reliability for the ability to obtain the information on more timely intervals, such as quarterly reporting.

The use of a uniform system of accounts permits natural gas companies to account for similar transactions and events in a consistent manner, and communicate those results to the Commission on a periodic basis.

Additionally, the uniformity helps to present accurately the entity's financial condition and produces comprehensive data related to the entity's financial history helping to act as a guide for future action. The uniformity provided by the Commission's uniform system of accounts and related accounting instructions permits comparability and financial statement analysis of data provided by jurisdictional entities. Comparability of data and financial statement analysis for a particular entity from one period to the next, or between entities, within the same industry, would be difficult to achieve if each company maintained its own accounting records using dissimilar accounting methods and classifications to record similar transactions and events.

The requested data is designed to provide the Commission and pipeline customers with information that will aid their ability to make a reasonable assessment of a pipelines' cost of service. Along the same lines, the requested data is not the functional equivalent of a cost and revenue study. Therefore, the revised Form 2/2-A/3-Q will not be used to limit an entity's rights

⁹ See 18 CFR Part 201.

under the NGA and the Commission's regulations. Nor will the revised Form 2/2-A/3-Q change FERC's obligation to rule on complaints, petitions, or other requests for relief based on a full record and substantial evidence.

In summary, without this information the Commission will not be able to respond and make decisions in a timely manner particularly to rapidly changing financial conditions of entities subject to its jurisdiction.

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

The Commission has made available to all Form 2, 2-A and 3-Q respondents, a web-based, Windows submission software necessary to file electronically through a doorway found on the FERC web site at <http://www.ferc.gov/docs-filing/forms/form-2/elec-subm-soft.asp>. Presently, all respondents use this software and doorway access. Order No. 581 changed Form 2-A into a subset of Form No. 2. As the schedule pages in Form No. 2-A are identical to those in Form 2, the electronic filing instructions for the two forms have been consolidated into a single document. The Commission has adopted user friendly electronic filing formats and software to facilitate these required formats and software in order to generate the required electronic filings. (See Section 385.2011 of the Commission's regulations.) (The Form 2/2A Software has been tested and will function correctly with Windows Vista, Windows XP, Windows 2000, Windows 95 & Windows 98. The application has been updated to be compatible with text cut from Office 2003 documents and pasted into Footnotes and Notes to the Financial Statements.) The Form 2/2A Submission System (F2SS) uses HTTP (to get the list of respondents for initial creation of a user's database), FTP Receive (to check for and deliver F2SS software updates) and FTP Send for a user to submit a filing. These are common Internet Communication Protocols.

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

The Commission's 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 any duplication. The Commission's staff is continuously reviewing its various filings in an effort to alleviate duplication.

While some jurisdictional entities may file similar information with the Securities and Exchange Commission (SEC), the level of detail concerning assets, liabilities, and stockholders'

equity along with the revenues, expenses, gains and losses is different for the Commission and the SEC. The financial statements filed with the SEC are on a consolidated, or parent company basis. The Commission notes that a majority of the jurisdictional entities that it regulates file financial information with the SEC that consolidates their assets, liabilities and profits with their parent company, or combine the regulated and unregulated operations in the reports to the SEC. While consolidation is appropriate for SEC reporting, the Commission requires more detailed information concerning the results of operations, and the financial position of each jurisdictional entity in order to meet its regulatory needs. Therefore, the Commission has required jurisdictional entities to file financial information on a jurisdictional entity level basis using a uniform system of accounts.

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

The Commission believes that the reporting requirements contained in the final rule will not create significant burdens on industry. The Commission believes that the benefits of greater transparency and understandability of financial statements to both the Commission and the public far outweigh the costs to an individual company. As the Commission noted above, most of the additional information requested is data that is already maintained by the pipeline and can be transferred to existing and new schedules. The Commission finds that the burden should be minimal. It is standard practice for companies to compile and summarize accounting transactions on a monthly basis, or even more frequently depending on the operational need for selected data. Therefore, the information needed to compile quarterly financial statements is readily available. However, if the reporting requirements represent an undue burden on small businesses, the affected entity may seek a waiver of the disclosure requirements from the Commission. The Commission believes that the information specified in the Final Rule is the minimum necessary to provide a meaningful review of financial conditions and would impose the least possible burden on entities.

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

The proposed data requirements, as adopted in the Final Rule will require changes to existing Form Nos. 2, 2-A and 3-Q which are required by FERC to be submitted annually (Forms 2/2-A) and quarterly (Form 3Q). Annual reporting is consistent with the reporting to the companies' own management, the Internal Revenue Service, state and other Federal agencies' (including Office of Management and Budget) (OMB) requirements. Likewise, the reporting requirements for quarterly reports are consistent with and compatible to the reporting of companies to their own management. If the Forms were filed less frequently the Commission would not be able to respond and make decisions in a timely manner particularly to rapidly changing financial conditions of entities subject to its jurisdiction.

7. EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE INFORMATION COLLECTION

The proposed program meets all of OMB's section 1320.5 requirements.

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 a rulemaking notice be published in the Federal Register, thereby allowing all jurisdictional entities, 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 published the proposed rule in the Federal Register on June 23, 2010 (75 FR 35700). In response to the NOPR, comments were filed by eight commenters.¹⁰ Certain of the comments presented proposals that differed from the Commission's proposals in the June 2010 NOPR. To give all interested persons an opportunity to comment on these proposals prior to making a final decision, the Commission issued a notice allowing reply comments. Reply comments were filed by two commenters.¹¹

The following paragraphs include a summary of the comments pertaining to burden and implementation, and the Commission's response to these comments. Other areas commenters addressed include:

- o Support for the NOPR proposal
- o Separate reporting of forwardhaul and backhaul throughput volumes
- o Clarification on reporting discounted or negotiated fuel rates
- o Monthly versus quarterly reporting

A summary of the comments related to these four areas and the Commission's response can be found in Paragraphs 9 – 68 of the final rule, attached as a supplementary document to this package.

¹⁰ These commenters and the abbreviations used to identify them are provided in the attached Appendix.

¹¹ INGAA and AGA.

Burden

Comments

AGA, APGA, and Kansas Commission comment that the burden of producing and reporting the additional details on fuel use proposed in the NOPR is both small and justified.¹² By contrast, INGAA finds the NOPR proposal unduly burdensome.¹³

Specifically, APGA comments that pipelines should have this information readily available because they maintain it for their own purposes.¹⁴ Given the potential benefit of the information and the relatively low compliance burden on pipelines, APGA supports the Commission's proposal to require pipelines to report the amount of fuel waived, discounted or reduced as part of negotiated rate agreements.¹⁵

Kansas Commission states that the benefits of the additional reporting outweigh any burden that might be placed on the reporting pipelines.¹⁶ Given that pipelines already functionalize this data for ratemaking purposes, Kansas Commission concludes that the burden on pipelines will be minimal.¹⁷

Kansas Commission further argues that, in the absence of a mandatory requirement for pipelines to periodically restate their base tariff rates, the Commission must rely on section 5 of the NGA to police pipeline rates. Under these circumstances, the need for functionalized data is heightened.¹⁸ Without functionalized data, shippers and other interested parties cannot determine whether a pipeline is cross-subsidizing service, and the efficacy of the NGA section 5 complaint process is undermined.¹⁹ Accordingly, the Kansas Commission supports the Commission's proposal to require functionalized fuel data to be included on pages 521a and

¹² See, e.g., AGA Comments at 5.

¹³ INGAA Comments at 3.

¹⁴ APGA Comments at 3.

¹⁵ *Id.* at 4.

¹⁶ Kansas Commission Comments at 1.

¹⁷ *Id.*

¹⁸ *Id.* at 2.

¹⁹ *Id.*

521b of FERC Form No. 2.²⁰ Kansas Commission also supports the Commission's proposal to require pipelines to report the amount of fuel waived, discounted or reduced as part of a negotiated rate agreement.²¹

INGAA maintains that the Commission's proposal is unnecessarily burdensome.²² First, INGAA maintains that it is difficult for pipelines to track fuel use by individual contract or contract type because pipelines operate on an integrated basis.²³ Second, INGAA asserts that it would require substantially more information than would be provided under this proposal to enable Form No. 2 users to monitor potential cross-subsidy concerns.²⁴ Third, INGAA comments that pipelines will have to establish a mechanism for allocating fuel use between or among services and contracts.²⁵

Commission Determination

The Commission finds that fuel use data on a functionalized basis is needed to obtain the transparency necessary to ensure just and reasonable rates. Additionally, we find that this reporting requirement is not unnecessarily burdensome. Currently, pipelines that file annual fuel use trackers assign fuel to their individual shippers. In this Final Rule, the Commission is not imposing any additional reporting requirements that change how those pipelines track fuel. Pipeline billings are provided on an integrated basis, accounting for sales based on whether the volumes are negotiated, recourse, or discounted. Moreover, contrary to INGAA's assertions, the Commission is not requiring pipelines to track fuel by individual contracts, but merely continuing the current practice of requiring the assignment of fuel based on an allocation of throughput or stated fuel rate. The revisions to page 521a through 521c require the same accounting mechanism for fuel, enabling parties to better understand how fuel use costs are assigned.

The Commission in the June 2010 NOPR estimated the annual burden to comply with the requirements established in Docket No. RM07-9-003 while inviting comments on the cost to comply with the proposed requirements. We estimated that the additional collection costs

²⁰ *Id.*

²¹ *Id.*

²² INGAA Comments at 2.

²³ *Id.* at 2.

²⁴ *Id.*

²⁵ *Id.*

would not be overly burdensome.²⁶ The Commission provided its best estimate of the time required to complete page 521a through 521d. No party presented data contradicting the Commission's estimate. While INGAA contends that the proposal is burdensome, INGAA did not identify any inaccuracies in the Commission's estimate, did not quantify its own estimate of the impact of reporting fuel on a functionalized basis, and did not provide any support for its contention that functionalizing fuel would be burdensome to the pipelines. In this Final Rule, as discussed above, we are adding a requirement to report information on forwardhauls and backhauls and we are revising our burden estimate to account for this requirement. The Commission finds that, even with this minor additional reporting requirement, the benefits of enhanced transparency provided by the additional reporting proposed in the June 2010 NOPR outweigh the burden placed on the pipelines. Further, we find that our estimated burden hours (as adjusted) are small and reasonable, and we will continue to require fuel to be reported on a functionalized basis.

Implementation Date

Comments

AGA contends that the new rules should apply to the financial forms that are required to be filed beginning in calendar year 2011.²⁷ AGA states that the annual financial reports (Form Nos. 2 and 2-A) showing data for calendar year 2010 would be required to be filed on April 18, 2011. Quarterly financial reports (Form 3-Q) would be required to be filed 60 days (for major pipelines) or 70 days (for non-major pipelines) after the end of the reporting quarter. Thus, the first quarterly financial reports in 2011 would be due March 1, 2011 (for majors) and March 10, 2011 (for non-majors), based on fourth quarter 2010 data.²⁸

INGAA comments that changes to Form No. 2 should be prospective.²⁹ It states that this approach will provide pipelines adequate time to put data collection software in place.³⁰ In addition, it states that implementing the changes prospectively will allow time for pipelines to complete any engineering or other operational studies that might be needed for pipelines that do not already have accounting systems in place to make reasonably accurate estimates.³¹ INGAA urges that pipelines be permitted to collect any additional data the Commission may require in

26 June 2010 NOPR at P 19.

27 AGA Comments at 5-6.

28 *Id.* at 6.

29 INGAA Comments at 3.

30 *Id.* at 12.

2011, with reporting to begin in 2012.³²

Commission Determination

We conclude that the information to be reported under this Final Rule may require some companies to revise accounting systems to accurately allocate fuel use. While this is already reflected in the burden estimate, we nonetheless will revise the implementation schedule that we proposed in the June 2010 NOPR to address this concern. Additionally, we are not requiring companies subject to this Final Rule to refile the FERC Form Nos. 2, 2-A and 3-Q that they have already filed.

Companies subject to these new requirements must begin collecting the more detailed data starting on July 1, 2011, and must use that data in completing their FERC Form Nos. 2, 2-A and 3-Q thereafter. The revised data requirements would first be reflected in the FERC Form No. 3-Q filings for the period July 1 through September 30, 2011, which must be filed within 60 days of the end of the reporting quarter for majors and within 70 days of the end of the reporting quarter for non-majors (*i.e.*, by November 29, 2011 for majors and December 9, 2011 for non-majors) and in the FERC Form Nos. 2 and 2-A filings for 2011, which must be filed by April 18, 2012.³³

As noted above,³⁴ page 521 only reports 4th quarter data and not yearly data. By contrast, page 520 gives yearly totals. However, while page 520 currently breaks down LAUF into several subcategories, the revised page 520 adopted in this Final Rule combines these subcategories into a single total that is reported on line 32 of the revised page 520. Thus, the FERC Form Nos. 2 and 2-A filings for 2011, which must be filed by April 18, 2012, should report LAUF as a single line item on line 32, and should not report the breakdowns of these data for the first six months of the reporting year.

9. EXPLAIN ANY PAYMENTS OR GIFTS TO RESPONDENTS

There are no payments or gifts to respondents in the proposed rule.

31 *Id.*

32 INGAA Reply Comments at 2.

33 *See* 18 CFR 260.300(b)(2)(vii), 18 CFR 260.1(b)(2), and 18 CFR 260.2(b)(2).

34 *See* n. 8, *supra*.

10. DESCRIBE ANY ASSURANCE OF CONFIDENTIALITY PROVIDED TO RESPONDENTS

The Commission considers both its annual and quarterly reporting systems to be public information and, therefore, generally not confidential. The benefits of a standardized and uniform accounting system would not be realized if the financial information once compiled were withheld from public view. To ensure that these benefits are realized, and to provide transparency of economic consequences to all affected interests, the Commission has prescribed a program of periodic financial reporting that makes financial and non-financial information publicly available to all interested parties.

However, the Commission will entertain specific requests for confidential treatment to the extent permitted by law pursuant to 18 C.F.R. §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 data requirements proposed in the subject rule.

12. ESTIMATED BURDEN COLLECTION OF INFORMATION

There are an estimated 44 Nonmajor and 84 Major natural gas companies that will be affected by the Final Rule, for a total of 128 affected respondents.³⁵ The change in annual public reporting burden per respondent for Form 2, Form 2-A, and Form 3-Q for Major and Form 3-Q for Nonmajor natural gas companies is estimated to be 6 (Form 2), 6 (Form 2-A), and 6, (Form 3-Q) additional hours respectively. These estimates translate into 24 additional hours for Major natural gas companies annually and 24 additional hours for Nonmajor natural gas companies annually.

Data Collection Form	Number of Respondents	Change in the Number of Hours per Respondent	Filing Periods	Change in the Total Annual Hours due to Final Rule
(a)	(b)	(c)	(d)	(e)=(b)x(c)x(d)
FERC Form 2	84	6	1	504
FERC Form 2-A	44	6	1	264
FERC Form 3-Q	128 (84 _m , 44 _{nm})	6	3	2,304 (1,512 _m , 792 _{nm})

³⁵ These numbers are based on recent filings.

Relevant Totals				3,072 (2,016 _m ,1,056 _{nm})
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m=major and n=non-major

Total Annual Hours for Collections in the Final Rule:

(Reporting + record keeping, (if appropriate)) = **3,072 hours.**

FORM 2 DATA REQUIREMENT	Current OMB Inventory*	Proposed in Final Rule	New OMB Inventory
Estimated number of respondents	74	84	84
Estimated number of responses per respondent	1	1	1
Estimated number of responses per year	74	84	84
Estimated number of hours per response	1,623	6	1,629
Total estimated burden (hours per year)	120,102	504	136,836
Program change in industry burden hours (+6 hours per response)		+504	
Adjustment change in industry burden hours (adjustment of 10 additional filers)		+16,230	

FORM 2-A DATA REQUIREMENT	Current OMB Inventory*	Proposed in Final Rule	New OMB Inventory
Estimated number of respondents	44	44	44
Estimated number of responses per respondent	1	1	1
Estimated number of responses per year	44	44	44
Estimated number of hours per response	247.39#	6	253.39#
Total estimated burden (hours per year)	10,885	264	11,149

Program change in industry burden hours		+264	
Adjustment change in industry burden hours		+0	

FORM 3-Q DATA REQUIREMENT	Current OMB Inventory*	Proposed in Final Rule	New OMB Inventory
Estimated number of respondents	358 (119 gas; 239 electric)	128 (net increase of 9 gas filers; no change to electric)	367 (net increase of 9 gas filers; no change to electric)
Estimated number of responses per respondent	3	3	3
Estimated number of responses per year	1,074	384 (3 responses for the 128 gas filers)	1,101 (net increase of 27 responses [3 each for the 9 new gas filers])
Estimated number of hours per response (averaged over all gas & electric filers)	164.97#	6	167.06#
Total estimated burden (hours per year) (averaged over all gas & electric filers)	177,177	2,304	183,936
Program change in industry burden hours (6 hrs. per gas filer)		+2,304	
Adjustment change in industry burden hours (increase of 9 gas filers)		+4,455	

* Based on OMB's Active Information Collections as of January 13, 2011.

#rounded off

13. ESTIMATE OF THE TOTAL ANNUAL COST BURDEN TO RESPONDENTS

The estimated annualized filing cost to respondents related only to the reporting requirements as proposed in the NOPR are as follows:

FERC Data Collection	Total Annual Burden Hours (1)	Estimated Hourly Cost³⁶ (2)	Estimated Total Annual Cost to Respondents (2) X (1)
FERC Form No. 2 (Complete form)	120,102	\$120	\$14,412,240
	With Final Rule + ADJ 136,836		\$16,420,320
FERC Form No. 2-A (Complete Form)	10,885	\$120	\$1,306,200
	With Final rule 11,264		\$1,351,680
FERC Form No.3-Q (Complete Form)	177,177	\$120	\$21,261,240
	With ADJ 181,631		\$21,795,720
	With Final rule + ADJ 183,936		\$22,072,320

14. ESTIMATED ANNUALIZED COST TO FEDERAL GOVERNMENT

Data Requirement Number	Analysis of Data (FTEs)³⁷	Estimated Salary per Year	FERC Forms Clearance per Year	Total Cost of One Year's Operation
Form 2	.84	\$137,874	\$1,528	\$117,342
Form 2-A	.58	\$137,874	\$1,528	\$81,495
Form 3-Q	.58	\$137,874	\$1,528	\$81,495
Total	2			\$280,332 (Rounded)

³⁶ The supporting statement for the NOPR used a lower figure (\$66.29/hour). In this submission, the Commission believes \$120/hour to be a more accurate figure that represents the combined cost of legal, technical, and support staff.

³⁷ An "FTE" is a "Full time Equivalent" employee that works the equivalent of 2,080 hours per year. For the Form 2 the Commission estimates that the program office spends .34 FTE and enforcement spends .5 FTE. The estimate for Form 2-A and Form 3-Q is that the program office spends .33 FTE and enforcement spends .25 FTE.

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

In this proceeding, the Commission is seeking approval of newly revised Forms 2, 2-A, and 3-Q. The additional information that will now be provided does impose a small increase in burden on respondents. The data previously reported in the forms does not provide sufficient information to the Commission and the public to permit a complete evaluation of the filers' jurisdictional rates. The more detailed information that will be filed fills that gap. Since the triennial restatement of rates requirement was abolished and pipelines are no longer required to submit this information, the need for current and relevant data is greater than in the past. The information collection approved in the Final Rule will increase the forms' usefulness to both the public and the Commission. Without this information, it is difficult for the Commission and the public to perform a complete assessment of pipeline costs, and thereby help to ensure that rates are just and reasonable.

In addition to the more detailed information to be filed on the forms, there is also a burden increase due to an increase in the number of filers since the last review. The number of Form 2 respondents has increased by 10 and the number of Form 3-Q respondents has increased by a net of 9. This increase is due to additional companies entering the industry.

16. TIME SCHEDULE FOR PUBLICATION OF DATA

The Commission has not published the information contained on FERC Forms 2, 2-A & 3-Q. The publication of energy data became the responsibility of the Energy Information Administration when the Commission succeeded the Federal Power Commission per the Department of Energy Organization Act in October 1977. The primary purpose of the information collected on these forms is to support the Commission's regulatory activities. However, copies of the forms submitted to the Commission are available on its internet web site or through its Public Reference Room.

17. DISPLAY OF EXPIRATION DATE

All forms display both the OMB control number and the expiration date. In addition, this information is also displayed in the upper right-hand corner of the cover page in the appropriate electronic versions for these forms.

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT

There is an exception to the Paperwork Reduction Act submission certification. Because the data collected on these forms is not used for statistical purposes, the Commission does not as

use effective and efficient statistical survey methodology. The information collected is case specific to each respondent.

B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

These are not, as noted above, collections of information employing statistical methods.

Appendix

List of Commenters on June 2010 NOPR
(and abbreviations used to identify them)

Comments

American Gas Association (AGA)
American Public Gas Association (APGA)
Independent Oil & Gas Association of West Virginia (IOGA)
Interstate Natural Gas Association of America (INGAA)
Kansas Corporation Commission (Kansas Commission)
Natural Gas Supply Association, Independent Petroleum Association of America, Electric
Power Supply Association and Process Gas Consumers Group (collectively,
Associations)
Northern Natural Gas Company and Kern Gas Transmission Company
(collectively, MidAmerican)
Tennessee Valley Authority (TVA)

Reply Comments

AGA
INGAA