

Supporting Statement for
FERC-537, Gas Pipeline Certificates: Construction, Acquisition, and Abandonment
(Three-year extension requested)

The Federal Energy Regulatory Commission (FERC or Commission) requests the Office of Management and Budget (OMB) extend its approval of FERC-537, Gas Pipeline Certificates: Construction, Acquisition, and Abandonment, for three years. FERC-537 is an existing data requirement that applies under the Natural Gas Act (NGA), wherein natural gas pipeline companies must obtain Commission authorization to undertake the construction or extension of any facilities, or to acquire or operate any such facilities or extensions in accordance with Section 7(c) of the NGA. A natural gas company must also obtain Commission approval under Section 7(b) of the NGA prior to abandoning any jurisdictional facility or service. Under the NGA and the Natural Gas Policy Act of 1978 (NGPA), interstate and intrastate pipelines must also obtain authorization for certain transportation and storage services and arrangements, particularly a Part 284, Subpart G – Blanket Certificate (18 CFR 284.8). FERC-537 is currently approved by OMB through March 31, 2011.

Background

The information collected is necessary to certificate interstate pipelines engaged in the transportation and sale of natural gas, and the construction, acquisition, and operation of facilities to be used in those activities, to authorize the abandonment of facilities and services, and to authorize certain NGPA transactions. If a certificate is granted, the natural gas company can construct, acquire, or operate facilities, plus engage in interstate transportation or sale of natural gas. Conversely, approval of an abandonment application permits the pipeline to cease service and/or discontinue the operation of such facilities. Authorization under NGPA Section 311(a) allows the interstate or intrastate pipeline applicants to render certain transportation services.

The data required to be submitted consists of identification of the company and responsible officials, factors considered in the location of the facilities and the detailed impact on the project area for environmental considerations.

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) a natural gas company must obtain FERC authorization to engage in the transportation of natural gas in interstate commerce, to undertake the construction or extension of any facilities, or to acquired or operate any such facilities or extensions in accordance with Section 7(c) of

the NGA. A natural gas company must also obtain FERC approval under Section 7(b) of the NGA prior to abandoning any jurisdictional facility or service. Under the Natural Gas Policy Act (NGPA) (Public Law 96-621) interstate pipelines must also obtain FERC authorization for certain transportation arrangements. If a certificate is granted, the natural gas company can engage in the interstate transportation of natural gas and construct, acquire, or operate facilities. Conversely, approval of an abandonment application permits the pipeline to cease service and discontinue the operation of such facilities. Authorization under NGPA Section 311(a) allows the interstate or intrastate pipeline applicants to render certain transportation services.

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

The natural gas companies file the necessary information with FERC so that the Commission can determine from the data if the requested certificate should be authorized. The data required to be submitted in a normal certificate filing consists of identification of the company and responsible officials, factors considered in the location of the facilities and the impact on the area for environmental considerations. Also to be submitted at the following:

- Flow diagrams showing the design capacity for engineering design verification and safety determination;
- Gas reserve data for appraisal of the feasibility of the project;
- Market data presenting the economic basis for the proposed action; and
- Cost of proposed facilities, plans for financing, and estimated revenues and expenses related to the proposed facility for accounting and financial evaluation.

Because of the greater demand for natural gas as seen in rapidly evolving market conditions, FERC established in FY '99 a performance plan to process cases as efficiently as possible. The Commission grouped certificate applications by the level of effort required to respond to the applications and established clear targets for the time it should take to process each type of application. Among the four types of certificate cases, three met or beat targets, and the fourth approximated the target time.

Environmental concerns play a significant role in the review of certificate construction applications. Pipelines are facing increased opposition from landowners as new projects are proposed in more heavily populated areas. When new pipelines propose to serve markets currently served by existing pipelines, FERC has to balance the benefits of alternative supplies of natural gas with the environmental impact of a new project. Critical to the Commission's efforts to balance benefits and environmental impacts and the environmental conditions the Commission builds into the certificates. (See FERC-577, as Pipeline Certificates: Environmental Impact Statements).

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

There is an ongoing effort to determine the potential and value of improved information technology to reduce burden. The FERC-537 application may be eFiled through FERC's EFiled system. [See <http://www.ferc.gov/docs-filing/efiling.asp> for more information]

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

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 any duplication. To date, no duplication of the proposed data requirements has been found. The Commission staff is 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 COLLECTION OF INFORMATION INVOLVING SMALL ENTITIES

The information requirements under FERC-537 apply to jurisdictional pipelines and a few intrastate pipelines. The majority of these entities would not be considered small entities within the meaning of the Regulatory Flexibility Act.

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

FERC-537 data collection is required for statutory purposes and cannot be discontinued nor collected less frequently. The information that must be submitted to the Commission is event driven.

Without such information, the Commission would be unable to fulfill its statutory responsibilities under the NGA, NGPA, and Alaska Natural Gas Pipeline Act to authorize natural gas companies to transport natural gas or to build the facilities for these operations or for the abandonment of service of facilities.

7. EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE INFORMATION

The number of copies of a certificate application to be filed in compliance with varies sections applicable under FERC-537 exceeds the number of copies prescribed by OMB in their guidelines at 5 CFR 1320. Depending on the type of filing (see <http://www.ferc.gov/docs-filing/efiling/filing.pdf> for specifics), courtesy copies are required by the Commission to conduct the regulatory review.¹

The Commission's Offices of the General Counsel receives one copy and the remaining copies are distributed to Office of Energy Projects staff. These copies are essential to staff so that the required technical, engineering, and environmental reviews and analyses proceed simultaneously and efficiently. A project manager must have a copy of the application for review and coordination purposes; additional copies must be available for staff members in various parts of the Commission for assessing the adequacy of diverse exhibits. It would not be feasible to conduct these review functions in a timely manner, and within the current processing schedule, if fewer copies of the application were provided for staff use.

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 to be published in 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 issued a public notice on October 8, 2010 (found at <http://elibrary.ferc.gov/idmws/common/OpenNat.asp?fileID=12458513>) and received no comments from the public. Another public notice was issued on January 20, 2011 (found at <http://elibrary.ferc.gov/idmws/common/OpenNat.asp?fileID=12539227>) in conjunction with this submission and the public will have 30 days from the day the notice is published in the Federal Register in which to make comments.

9. EXPLAIN ANY PAYMENT OR GIFTS TO RESPONDENTS

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

10. DESCRIBE ANY ASSURANCE OF CONFIDENTIALITY PROVIDED TO RESPONDENTS

The Commission does not consider the data posted concerning open season information to be confidential. By public posting the information prior to the open season, this will

¹ For more information, see <http://www.ferc.gov/docs-filing/efiling/address-list.pdf>.

significantly reduce any advantages that one shipper may have over another and create greater transparency for all parties.

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

There are no questions of a sensitive nature or other matters that are commonly considered private that is associated with the collection of information under FERC-537.

12. ESTIMATED BURDEN OF COLLECTION OF INFORMATION

The estimated average annual public reporting burden for FERC-537 are in Table 1

Table 1

FERC Data Collection	No. of Respondents (1)	Average No. of Responses per Respondent (2)	Average Burden Hours per Response (3)	Total Annual Burden Hours (1)x(2)x(3)
FERC-537	225	3.44	133	102,942

Table 2 provides a detailed analysis of the burden for each requirement under this collection base on Fiscal Year 2010 information and records.

Table 2

Regulation Section 18 CFR ...	Regulation Topic	Number of Respondents	Number of Filings or Responses	Avg. Hours to Prepare a Filing or Application
157.5-.11; & 157.13-.20	Interstate certificate and abandonment applications	75 companies (25 different)	82	500
157.53;	Exemptions		10	100
157.201-.209; 157.211; 157.214-.218;	Blanket Certificates prior notice filings		45	200
157.201-.209; 157.211; 157.214-.218;	Blanket Certificates – annual reports	145 companies (145 different)	336	50
284.11;	NGPA Sec. 311 Construction - annual reports			
284.8;	Capacity Release – record keeping	168	168	75
284.126	Intrastate bypass,	50 companies		

(a)&(c);	semi annual transportation & storage - reports	(50 different)	100	30
284.221;	Blanket Certificates – one time filing, inc. new tariff and rate design proposal	20	20	100
284.224;	Hinshaw Blanket Certificates –	2 (2 different)	2	75
157.5-.11; & 157.13-.20;	Non-facility certificate or abandonment applications	9 (3 different)	12	75
TOTALS		225 different	775	133 average, weighted

Table 3 provides a comparison of the estimated annual burden and cost in the existing OMB approval with this request for a 3-year extension.

Table 3

FERC-537	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)
Current clearance, approved by OMB through 03/31/2011	76	10.79	253.94	208,231 (rounded)
This request for OMB approval for three year extension	225	3.44	133	102,942
Difference (this extension request minus figures for existing OMB approval)	149	-7.35	-120.94	-105,289

13. ESTIMATE OF TOTAL ANNUAL COST OF BURDEN TO RESPONDENTS

The estimated, annual costs to the respondents, averaged over the next three years:

	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)
FERC-537	102,942	2,080	\$137,874	\$6,823,570 (Rounded)

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

The estimated annualized cost to the Federal government for FERC-537 follows:

FERC-537	No. of Employees (FTE's)²	Estimated, Annual, Federal Resources in (\$)
Total Processing Costs	46	\$6,549,112
Forms Clearance		\$1,575
FERC Total		\$6,550,687

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

The total estimated annual public reporting burden decrease from 208,231 to 102,942 was a result of more comprehensive accounting of the types of filings required under FERC-537. Previously the Commission had estimated the burden for all of the requirements in one aggregate figure (similar to Table 1 in question 12). While more respondents are involved in all of the programs covered under this collection, many only file short annual or semi-annual reports as opposed to the more burdensome full requirement applications. This is a result of the agency's increased reliance on monitoring natural gas industry activities and permitting lesser activities to proceed under blanket authorizations, rather than prior approval requirements for each specific activity.

16. TIME SCHEDULE FOR PUBLICATION OF DATA

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

17. DISPLAY OF EXPIRATION DATE

² The current FTE cost estimate for FERC is \$142,372, which includes salary and benefits.

Not applicable. The data requirements under FERC-537 (certificate applications) are based on regulations and not filed on formatted/printed forms. Thus, the subject data requirements do not have an appropriate format to display an OMB expiration date.

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT

There is an exception to the Paperwork Reduction Act statement. Because the data collected (certificate application) is not submitted on a standardized form, the Commission does not display expiration date.

B. Collection of Information Employing Statistical Methods

Not applicable. Statistical methods are not employed for this data collection.