

133 FERC ¶ 61,236
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

18 CFR Part 284

[Docket No. RM11-4-000]

Storage Reporting Requirements of Interstate and Intrastate Natural Gas Companies

(December 16, 2010)

AGENCY: Federal Energy Regulatory Commission.

ACTION: Notice of Inquiry.

SUMMARY: The Federal Energy Regulatory Commission is considering whether to revise regulations requiring interstate and intrastate natural gas pipelines to report semi-annually on their storage activities. This Notice of Inquiry will assist the Commission in determining what changes, if any, should be made to its regulations.

COMMENT DATE: Comments are due [Insert_Datethat is 60 days after publication in the **FEDERAL REGISTER**]

ADDRESSES: You may submit comments on the Notice of Inquiry, identified by Docket No. RM11-4-000, by one of the following methods:

- **Agency Web Site**: Documents created electronically using word processing software should be filed in native applications or print-to-PDF format, and not in a scanned format, at <http://www.ferc.gov/docs-filing/efiling.asp>.
- **Mail/Hand Delivery**: Commenters unable to file comments electronically must mail or hand deliver an original copy of their comments to: Federal Energy Regulatory Commission, Secretary of the Commission, 888 First Street, NE,

Washington, DC 20426. These requirements can be found on the Commission's website; see, e.g., the "Quick Reference Guide for Paper Submissions," available at <http://www.ferc.gov/docs-filing/efiling.asp> or via phone from FERC Online Support at 202-502-6652 or toll-free at 1-866-208-3676.

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SUPPLEMENTARY INFORMATION:

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Storage Reporting Requirements of Interstate and
Intrastate Natural Gas Companies

Docket No. RM11-4-000

NOTICE OF INQUIRY

(December 16, 2010)

1. In this Notice of Inquiry, the Federal Energy Regulatory Commission (Commission) seeks comments on whether the Commission should modify the semi-annual storage reports required of interstate and intrastate natural gas companies pursuant to 18 CFR 284.13(e) and 284.126(c) of the Commission's regulations.¹ In particular, the Commission is interested in exploring whether it should modify the information currently collected in the semi-annual storage reports, whether there should be a standardized electronic format for the reports, and whether the storage reports must be public.

I. Background

2. Section 284.13(e) of the Commission's regulations requires interstate pipelines to file semi-annual storage reports at the end of each complete storage injection and withdrawal season. Section 284.126(c) requires similar reports by (1) intrastate natural gas pipelines providing interstate transportation service pursuant to section 311 of the

¹ The FERC Form No. 549B reporting requirements in 18 CFR 284.13(e) are approved by the Office of Management and Budget (OMB) under OMB Control No. 1902-0169. The Form No. 549 reporting requirements in 18 CFR 284.126(c) are approved under OMB Control No. 1902-0089.

Natural Gas Policy Act of 1978 (NGPA)² and (2) Hinshaw pipelines providing interstate service subject to the Commission's Natural Gas Act (NGA) section 1(c) jurisdiction pursuant to blanket certificates issued under 18 CFR 284.224.³ The reports by both sets of pipelines must include:

- (1) the identity of each customer injecting gas into storage and/or withdrawing gas from storage (including, for interstate pipelines, any affiliate relationship),
- (2) the rate schedule (for interstate pipelines) or docket number (for intrastate pipelines) authorizing the storage injection or withdrawal service,
- (3) the maximum storage quantity and maximum daily withdrawal quantity applicable to each storage customer,
- (4) for each storage customer, the volume of gas (in dekatherms) injected into and/or withdrawn from storage during the period,
- (5) the unit charge and total revenues received during the injection/withdrawal period from each storage customer (including, for interstate pipelines, any discounts), and
- (6) for intrastate pipelines, any related docket numbers under which the intrastate pipeline reported storage related injection/withdrawal transportation services.

The pipelines must file these reports within 30 days of the end of each complete storage injection and withdrawal season, and the reports must be signed under oath by a senior

² 15 U.S.C. 3372.

³ Section 1(c) of the NGA exempts from the Commission's NGA jurisdiction those pipelines which transport gas in interstate commerce if (1) they receive natural gas at or within the boundary of a state, (2) all the gas is consumed within that state, and (3) the pipeline is regulated by a state Commission. This exemption is referred to as the Hinshaw exemption after the Congressman who introduced the bill amending the NGA to include section 1(c). See *ANR Pipeline Co. v. Federal Energy Regulatory Comm'n*, 71 F.3d 897, 898 (1995) (briefly summarizing the history of the Hinshaw exemption).

official. The Commission has not adopted any standardized electronic form for pipelines to submit the semi-annual storage reports. Nor has the Commission expressly required that the reports be public.

3. The Commission adopted the existing semi-annual storage reporting requirements for both interstate and intrastate pipelines in their current form in 1992 as part of Order No. 636,⁴ and there have been only minor modifications in the semi-annual storage reporting requirements since that date.⁵ In Order No. 637,⁶ the Commission revised the reporting requirements for interstate pipelines in order to require them to post on their internet websites basic information on the terms of each transportation and storage

⁴ *Pipeline Service Obligations and Revisions to Regulations Governing Self-Implementing Transportation; and Regulation of Natural Gas Pipelines After Partial Wellhead Decontrol*, Order No. 636, FERC Stats. & Regs. ¶ 30,939, *order on reh'g*, Order No. 636-A, FERC Stats. & Regs. ¶ 30,950, *order on reh'g*, Order No. 636-B, 61 FERC ¶ 61,272 (1992), *order on reh'g*, 62 FERC ¶ 61,007 (1993), *aff'd in part and remanded in part sub nom. United Distribution Cos. v. FERC*, 88 F.3d 1105 (D.C. Cir. 1996), *order on remand*, Order No. 636-C, 78 FERC ¶ 61,186 (1997).

⁵ In 1995 in Order No. 581, the Commission held that it would “retain the semi-annual storage reports,” and “not exempt intrastate storage companies charging market-based rates from the requirement to file semi-annual storage reports,” and made minor changes to the regulatory text. *Revisions to Uniform System of Accounts, Forms, Statements, and Reporting Requirements for Natural Gas Companies*, Order No. 581, 60 FR 53019, 53049-51, FERC Stats. & Regs. ¶ 31,026 (1995), *order on reh'g*, Order No. 581-A, FERC Stats. & Regs. ¶ 31,032 (1996).

⁶ *Regulation of Short-Term Natural Gas Transportation Services and Regulation of Interstate Natural Gas Transportation Services*, Order No. 637, FERC Stats. & Regs. ¶ 31,091, *clarified*, Order No. 637-A, FERC Stats. & Regs. ¶ 31,099, *reh'g denied*, Order No. 637-B, 92 FERC ¶ 61,062 (2000), *aff'd in part and remanded in part sub nom. Interstate Natural Gas Ass'n of America v. FERC*, 285 F.3d 18 (D.C. Cir. 2002), *order on remand*, 101 FERC ¶ 61,127 (2002), *order on reh'g*, 106 FERC ¶ 61,088 (2004), *aff'd sub nom. American Gas Ass'n v. FERC*, 428 F.3d 255 (D.C. Cir. 2005).

contract with individual shippers, no later than the first nomination under a transaction.⁷

These posting requirements are set forth in section 284.13(b) of the Commission's regulations.⁸ However, Order No. 637 did not modify the semi-annual storage reporting requirement for either interstate pipelines or section 311 and Hinshaw pipelines.

4. In recent years, the Commission has updated almost all of its other reporting requirements to clarify their public status, standardize the filing format, and streamline the process of publishing the reported data to the general public. For example, in Order No. 2001,⁹ the Commission amended its filing requirements for public utilities under the Federal Power Act (FPA) to require them to file Electric Quarterly Reports (EQR) summarizing the contractual terms and conditions in their contracts for all jurisdictional services during the most recent calendar quarter. The EQRs include information similar to that required by the semi-annual storage reports, including the quantities of service provided and the rates charged for all sales under the reported contracts. Order No. 2001

⁷ The information to be posted includes the name of the shipper, the contract number (for firm service), the rate charged, the maximum rate, the duration (for firm service), the receipt and delivery points and zones covered, the quantity of natural gas covered, any special terms or details (such as any deviations from the tariff), and whether any affiliate relationship exists.

⁸ 18 CFR 284.13(b).

⁹ *Revised Public Utility Filing Requirements*, Order No. 2001, FERC Stats. & Regs. ¶ 31,127, *reh'g denied*, Order No. 2001-A, 100 FERC ¶ 61,074, *reh'g denied*, Order No. 2001-B, 100 FERC ¶ 61,342, *order directing filing*, Order No. 2001-C, 101 FERC ¶ 61,314 (2002), *order directing filing*, Order No. 2001-D, 102 FERC ¶ 61,334, *order refining filing requirements*, Order No. 2001-E, 105 FERC ¶ 61,352 (2003), *order on clarification*, Order No. 2001-F, 106 FERC ¶ 61,060 (2004), *order revising filing requirements*, Order No. 2001-G, 120 FERC ¶ 61,270, *order on reh'g and clarification*, Order No. 2001-H, 121 FERC ¶ 61,289 (2007), *order revising filing requirements*, Order No. 2001-I, 125 FERC ¶ 61,103 (2008).

required that the EQRs be filed in a standardized electronic format and that they be public.¹⁰ In Order No. 710,¹¹ the Commission revised the Commission's financial reporting requirements for natural gas pipelines, FERC Form Nos. 2, 2-A, and 3-Q, also adopting standardized electronic forms for the filing of these reports and requiring them to be public. Similarly, new forms, such as Form No. 552 issued pursuant to the transparency provisions of section 23 of the Natural Gas Act, have likewise emphasized standardization and transparency.¹²

5. Most relevant to this proceeding, on May 20, 2010, the Commission issued Order No. 735 to bring the less stringent transactional reporting requirements for NGPA section 311 intrastate pipelines and Hinshaw pipelines closer in line with the 18 CFR 284.13(b) posting requirements for interstate pipelines.¹³ As part of that proceeding, the Commission revised the former annual transportation report at 18 CFR 284.126(b) to cover storage as well. Order No. 735 requires that section 311 and Hinshaw pipelines file quarterly reports in a standardized electronic format, and requires that those reports be

¹⁰ Order No. 2001, FERC Stats. & Regs. ¶ 31,127 at P 44-46, 74-85, 104-117, *reh'g denied*, Order No. 2001-A, 100 FERC ¶ 61,074 at P 13-17, 30-35.

¹¹ *Revisions to Forms, Statements, and Reporting Requirements for Natural Gas Pipelines*, Order No. 710, 73 FR 19389, FERC Stats. & Regs. ¶ 31,267 (2008), *reh'g and clarification*, Order No. 710-A, 123 FERC ¶ 61,278 (2008).

¹² *See Transparency Provisions of Section 23 of the Natural Gas Act*, Order No. 704, 73 FR 1014, FERC Stats. & Regs. ¶ 31,260 (2007), *order on reh'g*, Order No. 704-A, 73 FR 55726, FERC Stats. & Regs. ¶ 31,275 (2008), *order on reh'g*, Order No. 704-B, 125 FERC ¶ 61,302 (2008), *order on reh'g*, Order No. 704-C, 75 FR 35632, 131 FERC ¶ 61,246 (2010).

¹³ *Contract Reporting Requirements of Intrastate Natural Gas Companies*, Order No. 735, 75 FR 29404, FERC Stats. & Regs. ¶ 31,310, 131 FERC ¶ 61,150 (2010), *order on reh'g*, Order No. 735-A, Docket No. RM09-2-001 (Dec. 16, 2010).

public. As revised in a contemporaneous order on rehearing, the new quarterly reports must contain the following information on each transportation and storage transaction, aggregated by contract:

- i. The full legal name, and identification number, of the shipper receiving the service, including whether there is an affiliate relationship between the pipeline and the shipper;
- ii. The type of service performed (i.e., firm or interruptible transportation, storage, or other service);
- iii. The rate charged under each contract, specifying the rate schedule/name of service and docket where the rates were approved. The report should separately state each rate component set forth in the contract (i.e., reservation, usage, and any other charges);
- iv. The primary receipt and delivery points covered by the contract, identified by the list of points that the pipeline has published with the Commission, which shall include the industry common code for each point where one has already been established;
- v. The quantity of natural gas the shipper is entitled to transport, store, or deliver under each contract;
- vi. The duration of the contract, specifying the beginning and (for firm contracts only) ending month and year of the current agreement;
- vii. Total volumes transported, stored, injected, or withdrawn for the shipper; and
- viii. Annual revenues received for each shipper, excluding revenues from storage services. The report should separately state revenues received under each component, and need only be reported every fourth quarter.

6. Order No. 735 did not modify the existing semi-annual storage reporting requirement for section 311 and Hinshaw pipelines in section 284.126(c) of the Commission's regulations in any way. That semi-annual storage report collects certain information that the new quarterly reports do not. This includes (1) the volumes actually injected and withdrawn from storage during the injection and withdrawal seasons and (2) revenues collected from each customer. Moreover, because the semi-annual reporting periods are tied to the injection and withdrawal season, the time periods covered by each

report do not correspond precisely. Similarly, the 18 CFR 284.13(b) posting requirements for interstate pipelines do not collect this information.

II. Discussion

7. The Commission is issuing this Notice of Inquiry to consider whether and how the semi-annual storage reports required of both interstate and intrastate pipelines should be modified in light of (1) changes in the natural gas market since the Commission originally adopted the semi-annual storage reporting requirements and (2) recent improvements in the Commission's other reporting requirements.

8. Both the evolution of natural gas markets, and the Commission's experience in improving the usefulness and accessibility of other informational reports filed by natural gas pipelines and public utilities, warrant a review of the continued usefulness of the semi-annual storage reports in their current format. The semi-annual storage reports are now the only significant report required of regulated entities for which the Commission has not established a standardized electronic format and required to be public. As a result, many respondents file these reports subject to requests for confidential treatment, and/or file the data in a format that is not conducive to automated data review and posting on the Commission's website for public review. The Commission has often had to rely on exhaustive data requests in individual rate filings in order to fulfill its oversight duty, a method that is administratively burdensome to the pipelines and the Commission. Perhaps more importantly, significant information in the reports is either not available to the public at all or, if available, is difficult to analyze because of the different reporting formats.

9. Further, improved storage technology and the increased use of natural gas in industry and electric generation have helped transform the storage market since 1992. There has been a sharp increase in demand for natural gas outside of the traditional winter months. Withdrawals and injections, instead of occurring on a uniform annual schedule based on heating needs, now occur dynamically year-round in response to market forces.

10. Also, on rehearing of Order No. 735, several parties argued that, because the new quarterly transportation reports for section 311 and Hinshaw pipelines will include storage transactions, Order No. 735 has made the existing 18 CFR 284.126(c) semi-annual storage reporting requirement for those pipelines duplicative and therefore the semi-annual storage report should be eliminated. However, while there is significant overlap between the two reports, as described above the semi-annual storage reports for section 311 and Hinshaw pipelines still require the reporting of certain information not included in the new quarterly transportation report, including volumes injected and withdrawn from storage during each injection and withdrawal season and per-customer storage revenues. The 18 CFR 284.13(e) semi-annual storage reports by interstate pipelines are also the only place where interstate pipelines report this information.

11. Accordingly, the Commission requests comment on the following questions concerning the semi-annual storage reports by both interstate pipelines and by section 311 and Hinshaw pipelines.

- 1) Should the Commission require that the semi-annual storage reports be public? In recent years, the Commission has clarified that Form Nos. 2, 2a,

3Q, 552, and other similar reports must be filed publicly with no provision for redacting data. The EQR, which Order No. 2001 requires to be public, contain reporting requirements quite similar to the semi-annual storage reports. In the contemporaneous order on rehearing of Order No. 735, the Commission affirmed that the new quarterly transportation reports by section 311 and Hinshaw pipelines will be public as well. Is there any reason why the natural gas storage reports by interstate and intrastate pipelines should not be made public?

2) Should the natural gas storage reporting requirements be standardized into an electronic form with standard fields and definitions?

3) Storage injections and withdrawals are no longer done exclusively on a seasonal basis, but occur dynamically year-round. Should any reporting on storage be filed on a quarterly schedule, instead of semi-annually by injection and withdrawal season?

4) If a standardized electronic form is developed for storage reports by interstate pipelines, what data elements from the Data Dictionary for the new quarterly transportation reports for section 311 and Hinshaw pipelines should be used in the revised interstate pipeline storage reports? What additional data elements should be included?

5) Should the Commission require that interstate and section 311 and Hinshaw pipelines must report the different rate components in each storage customer's contracts separately? What data elements should be included?

- 6) In Order No. 735-A, the Commission removed from the new quarterly transportation report the requirement that section 311 and Hinshaw pipelines report revenues received from each storage customer, partly on the grounds that the semi-annual storage reports require reporting such information. Should this reporting requirement be retained for interstate and intrastate storage companies? Is the revenue information primarily of use in the rate cases of cost-based rate storage providers, so that revenues need not be reported by market-based storage providers?
- 7) Given the extensive overlap between the new quarterly Form No. 549D reports¹⁴ and the current requirements of the intrastate semi-annual storage reports, should the *intrastate* storage reporting requirements be folded into Form No. 549D, or kept as a separate form?

III. Comment Procedures

12. The Commission invites interested persons to submit comments and other information on the matters, issues, and specific questions identified in this notice. Comments are due [insert date that is 60 days from the date of publication in the **FEDERAL REGISTER**]. Comments must refer to Docket No. RM11-4-000, and must include the commenter's name, the organization it represents, if applicable, and its address.

¹⁴ The information collection requirements included in Commission Order No. 735 for Form No. 549D were approved under OMB Control No. 1902-0253. The proposed revisions in the order on rehearing in Docket No. RM09-2-001 are being submitted to OMB for review and approval under the Paperwork Reduction Act.

13. To facilitate the Commission's review of the comments, commenters are requested to provide an executive summary of their position. Commenters are requested to identify each specific question posed by the Notice of Inquiry that their discussion addresses and to use appropriate headings. Additional issues the commenters wish to raise should be identified separately. The commenters should double-space their comments.

14. Comments may be filed electronically via the eFiling link on the Commission's web site at <http://www.ferc.gov> or on paper. The Commission accepts most standard word processing formats and commenters may attach additional files with supporting information in certain other file formats (as detailed at <http://www.ferc.gov/help/submission-guide.asp>). Commenters filing electronically do not need to make a paper filing.

15. Commenters unable to file comments electronically must mail or hand deliver an original copy of their comments to: Federal Energy Regulatory Commission, Secretary of the Commission, 888 First Street NE, Washington, DC 20426.

16. All comments will be placed in the Commission's public files and may be viewed, printed, or downloaded remotely as described in the Document Availability section below. Commenters are not required to serve copies of their comments on other commenters.

IV. Document Availability

17. In addition to publishing the full text of this document in the *Federal Register*, the Commission provides all interested persons an opportunity to view and/or print the contents of this document via the Internet through the Commission's Home Page

(<http://www.ferc.gov>) and in the Commission's Public Reference Room during normal business hours (8:30 a.m. to 5:00 p.m. Eastern time) at 888 First Street, NE, Room 2A, Washington, DC 20426.

18. From the Commission's Home Page on the Internet, this information is available in the Commission's document management system, eLibrary. The full text of this document is available on eLibrary in PDF and Microsoft Word format for viewing, printing, and/or downloading. To access this document in eLibrary, type the docket number (excluding the last three digits) in the docket number field.

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By direction of the Commission.

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