

FERC-550 (OMB Control No. 1902-0089)

Supporting Statement for  
**FERC-550, Oil Pipeline Rates: Tariff Filings**

The Federal Energy Regulatory Commission (Commission or FERC) requests that the Office of Management and Budget (OMB) review and approve **FERC-550, Oil Pipeline Rates – Tariff Filings**, for a three year period. FERC-550 (OMB Control No. 1902-0089) is an existing Commission data collection (filing requirements), as stated by 18 Code of Federal Regulations, Part 40.

The Commission estimates the annual reporting burden for FERC-550 will be 5,632 total hours (an average of 11 hours per respondent).

**A. Justification**

**1. CIRCUMSTANCES THAT MAKE THE COLLECTION OF INFORMATION NECESSARY**

The Commission's regulatory jurisdiction over oil pipelines includes:

- the regulation of rates and practices of oil pipeline companies engaged in interstate transportation;
- the establishment of equal service conditions to provide shippers with equal access to pipeline transportation; and
- the establishment of reasonable rates for transporting petroleum and petroleum products by pipeline.

The filing requirements for oil pipeline tariffs and rates<sup>1</sup> put in place by the FERC-550 data collection provide the Commission with the information it needs to analyze the rates, practices, and service conditions of oil pipelines. As a result, the Commission can implement statutory directives for the Federal regulation of these carriers. Major statutory and rate-making milestones in the Commission's regulation of oil pipelines rates are in Appendix A of this Supporting Statement, "*Historical Background of Oil Pipeline Ratemaking.*"

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

The Commission uses information provided through the FERC-550 collection to analyze proposed tariffs, rates, fares, and charges of oil pipelines and other carriers in

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<sup>1</sup> 18 CFR Parts 341-348.

FERC-550 (OMB Control No. 1902-0089)

connection with the transportation of crude oil and petroleum products. The Commission uses this information to determine whether the proposed tariffs and rates are just and reasonable. If the FERC-550 information were not collected, the Commission could not determine whether the proposed rates of oil pipelines are just and reasonable.

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

In Order No. 714<sup>2</sup>, the Commission adopted regulations requiring that tariff and tariff-related filings be made electronically. The Commission provided that the conversion from paper to electronic tariff filings in the eTariff system would begin in April 2010 with pipelines and utilities filing baseline tariffs according to a six-month, staggered filing schedule. Since it completed the transition into eTariff, the Commission has been receiving, analyzing and acting on oil pipeline tariff filings by using more information technology than before. The greater use of information technology has eliminated the use of courier services and paper to submit tariff information the Commission requires. The Commission has also made available the eTariff viewer on the world wide web to help the public with its research of tariffs and rates filed with the Commission. The eTariff viewer allows people to view oil tariffs previously available only in paper. FERC-550 information in oil tariffs filings continues to also be available through the Commission's eLibrary. The eLibrary contains all documents submitted to and issued by the Commission since 1981.

**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 FERC-550 tariff filing requirements are reviewed every three years as the Commission's authorization from OMB to collect this data nears its expiration date. The information filed in each tariff under the FERC-550 authorization is specific to the filing pipeline and its operations. There are no similar sources of information that can be used or modified for the Commission's oil pipeline rate regulation.

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

This data collection does not affect small entities.

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<sup>2</sup> RM01-5-000 (Issued July 8, 2004, 69 FR 43929).

FERC-550 (OMB Control No. 1902-0089)

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

The Commission collects the FERC-550 information when oil pipelines propose to change or establish tariffs and rates. There is no set timeframe or filing cycle for submittal of the FERC-550. The information arrives when a pipeline seeks Commission review of proposed tariffs and rates. As described previously, the Commission needs the FERC-550 data for its oil ratemaking work. If the FERC-550 data were not collected as part of a rate change filing, the Commission would be unable to fulfill its statutory mandate. Appendix B of this Supporting Statement, FERC-550 Regulatory Text and Requirements sets out the requirements of the FERC-550 in Commission regulations.

**7. EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE INFORMATION COLLECTION**

The collection presents no special circumstances.

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

In accordance with OMB requirements in 5 C.F.R. 1320.8(d), the information collection under FERC-550 was noticed in the Federal Register on December 8, 2011<sup>3</sup> (Attachment C). No comments were received in response to this 60-day notice.

**9. EXPLAIN ANY PAYMENT OR GIFTS TO RESPONDENTS**

There are no payments or gifts to FERC-550 respondents.

**10. DESCRIBE ANY ASSURANCE OF CONFIDENTIALITY PROVIDED TO RESPONDENTS**

The Commission does not consider the information collected in FERC-550 filings to be confidential. However, the Commission will consider specific requests for confidential treatment to the extent permitted by law pursuant to 18 C.F.R. 388.112(a)(1). The Commission will review each request for confidential treatment on a case-by-case basis.

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

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<sup>3</sup> The notice appeared at 76 FR 76702.

FERC-550 (OMB Control No. 1902-0089)

There are no questions of a sensitive nature that are considered private in the FERC-550.

## 12. ESTIMATED BURDEN OF COLLECTION OF INFORMATION

The Commission estimates the Public Reporting Burden for this information collection as:

<b>FERC-550 (IC12-2-000): Oil Pipeline Rates – Tariff Filings</b>					
	<b>Number of Respondents (A)</b>	<b>Number of Responses Per Respondent (B)</b>	<b>Total Number of Responses (A)x(B)=(C)</b>	<b>Average Burden Hours per Response (D)</b>	<b>Estimated Total Annual Burden (C)x(D)</b>
Oil pipeline companies	128	4	512	11	5,632

Provided below is a table that outlines the differences between the total requested annual time burden and the previously approved annual time burden.

<b>FERC-550</b>	<b>Total Request</b>	<b>Previously Approved</b>	<b>Change due to Adjustment in Estimate</b>	<b>Change Due to Agency Discretion</b>
Annual Number of Responses	512	575	-63	0
Annual Time Burden (Hr)	5,632	12,125	-6,493	0
Annual Cost Burden (\$)	0	0	0	0

The format, labels, and definitions of the table above follow the ROCIS system’s “ICR Summary of Burden” for the meta-data.

## 13. ESTIMATE OF THE TOTAL ANNUAL COST BURDEN TO RESPONDENTS

<b>FERC-550</b>	<b>Annual Burden Hours (1)</b>	<b>Estimated Hourly Cost (\$) (2)</b>	<b>Estimated Total Annual Cost to Respondents (\$) (1) X (2)</b>
	5,632	68.4480769 <sup>4</sup>	\$385,500

<sup>4</sup> \$142,372 (2011 FTE average salary)/2080 hours/year = \$68.4480769 per hour

FERC-550 (OMB Control No. 1902-0089)

The total estimated annual cost to respondents is \$385,500. The cost per respondent is \$3,011.72. There are no start-up costs because FERC-550 is an existing information collection.

The respondent burden includes the total time, effort, and financial resources respondents spend to assemble and file the information. The cost estimate is based on salaries (plus benefits) for professional and support staff.

#### 14. ESTIMATED ANNUALIZED COST TO FEDERAL GOVERNMENT

	Number of Employees (FTEs)	Estimated Annual Federal Cost
Data Clearance Cost <sup>5</sup>	N/A <sup>6</sup>	\$1575
FTE	6	\$854,232
<b>FERC Total</b>		<b>\$855,807</b>

The Commission bases its estimate of the cost to the Federal Government on salaries for professional and clerical support.

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

The Commission based its FERC-550 burden estimates for this renewal on oil tariff filing activity between January 1, 2008 and December 31, 2010. The Commission estimates the overall burden of the FERC-550 to decrease by 660 hours from 6,292 estimated burden hours to 5,632 estimated burden hours. This estimated burden hour decrease is due to two main reasons:

1. A net decrease in the total number of respondents after the splits and mergers of various oil pipelines.

2. A decrease in the burden hours per response<sup>7</sup>

A decrease in burden hours per response is expected because respondents will be making tariff changes electronically through eTariff<sup>8</sup> to a baseline they established in 2010. These changes will make administrative aspects of oil rate filings easier to propose and implement.

#### 16. TIME SCHEDULE FOR PUBLICATION OF DATA

<sup>5</sup> This is based on 2011 calculation upon FTE of \$142,372 and an average of 24 hours per clearance.

<sup>6</sup> Not applicable

<sup>7</sup> The decrease in burden hours per response is due to the one-time implementation cost associated with the completion of eTariff. Once the baseline rate for filings is established, the effort (i.e. burden) associated with the implementation is no longer a factor. This one-time activity will not affect subsequent collections of this data.

<sup>8</sup> RM01-5-000 (Issued July 8, 2004, 69 FR 43929)

FERC-550 (OMB Control No. 1902-0089)

The Commission does not publish FERC-550 data. It can, however, be viewed through the eTariff viewer and in the Commission's eLibrary as soon as the information is filed and the Commission acts on it.

**17. DISPLAY OF EXPIRATION DATE**

The Commission cannot display the expiration date for OMB approval of the FERC-550 because the information is not collected on a standard form.

**18. EXCEPTIONS TO THE CERTIFICATION STATEMENT**

The data collected for this reporting requirement is not used for statistical purposes. Therefore, the Commission does not use as stated in item (i) of the certification to OMB "effective and efficient statistical survey methodology." The information collected is case specific to each information collection.