

Supporting Statement for
FERC-545, Gas Pipeline Rates: Rate Change Non-Formal
OMB Control No. 1902-0154

With a program change made by the Final Rule in Docket No. RM96-1-037

The Federal Energy Regulatory Commission (Commission or FERC) requests Office of Management and Budget (OMB) review and approval of **FERC-545, Gas Pipeline Rates: Rate Change Non-Formal**. In this submission, FERC requests approval of three changes:

- First, a program decrease to reflect the completion of several components of this collection.
- Second, adjustments to the burden estimation of existing requirements to more accurately reflect the specifics of the collection.
- And lastly, a program increase due to the Final Rule in Docket No. RM96-1-037 (Final Rule).

FERC-545 is an existing data requirement supporting obligations set out in 18 CFR Parts 154, 284.12, and 284.221.

In the Final Rule FERC amends its regulations at 18 CFR 284.12 to incorporate by reference the latest version (Version 2.0) of certain business practice standards adopted by the Wholesale Gas Quadrant (WGQ) of the North American Energy Standards Board (NAESB) applicable to natural gas pipelines. To implement these standards, natural gas pipelines will be required to file tariff sheets to reflect the changed standards. The FERC-545 accounts for the preparation and filing of tariff sheets. Information collection requirements contained within the standards are under FERC-549C (OMB Control No. 1902-0174, ICR [201207-1902-012](#)), which FERC is submitting concurrently with this package in a separate ICR.

A. JUSTIFICATION

1. CIRCUMSTANCES THAT MAKE THE COLLECTION OF INFORMATION NECESSARY

FERC-545, Gas Pipeline Rates: Rate Change Non-Formal is required to implement sections 4, 5, and 16 of the Natural Gas Act (NGA), (15 USC 717c - 717o, PL 75-688, 52 Stat. 822 and 830). NGA Sections 4, 5, and 6 authorize the Commission to inquire into rate structures and methodologies and to set rates at a just and reasonable level. Specifically, a natural gas company must obtain Commission authorization for all rates and charges made, demanded, or received in connection with the transportation or sale of natural gas in interstate commerce. Under the NGA, a natural gas company's rates must be just and reasonable and not unduly discriminatory or preferential. The Commission may act under different sections of the NGA to effect a change in a natural gas company's rates. When the Commission reviews rate increases

that a natural gas company has proposed, it is subject to the requirement of section 4(e) of the NGA. Under section 4(e), the natural gas company bears the burden of proving that its proposed rates are just and reasonable. On the other hand, when the Commission seeks to impose its own rate determination, it must do so in compliance with section 5(a) of the NGA. Under section 5, the Commission must first establish that its alternative rate proposal is both just and reasonable.

Section 16 of the NGA states that the Commission “shall have the power to perform any and all acts, and to prescribe, issue, make, amend, and rescind such orders, rules, and regulations as it may find necessary or appropriate to carry out provisions of [the NGA].” In other words, section 16 of the NGA grants the Commission the power to define accounting, technical and trade terms, prescribe forms, statements, declarations or reports and to prescribe rules and regulations.

When a natural gas company decides to construct and operate a jurisdictional pipeline, it files an application with the Commission and receives a certificate of public convenience and necessity from FERC. In the certificate proceeding, the Commission authorizes initial rates for the transportation service to be provided by the pipeline. Initial rates are established for new services authorized in certificate proceedings and must meet a public convenience and necessity standard. Initial rates established in the certificate proceeding remain in effect until the rates are changed by a Commission order. After the pipeline has been in operation for a set period, it files a cost and revenue study justifying the continuation of its initial rates or for a rate change under NGA section 4.

Pipelines adjust their tariffs to meet market and customer needs. Commission review of these proposed changes is required to ensure rates remain just and reasonable and that services are not provided in an unduly or preferential manner. The Commission’s regulation in 18 C.F.R. Part 154, Subparts C, E and G specify what changes are allowed and the procedures for requesting Commission approval.

The Commission uses the FERC-545 information to examine service and tariff provisions related to natural gas transportation and storage services. The following information is the subject of the FERC-545: (1) tariff filings and any related compliance filings; (2) rate case filings and any related compliance filings; (3) informational reports; (4) negotiated rates (5) non-conforming agreement filings and (6) NAESB Activity (tariff portion only)

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

The Commission reviews the FERC-545 materials to determine whether proposed rates are just and reasonable. The Commission uses the FERC-545 information to monitor rates related to

jurisdictional transportation, natural gas storage, and unbundled sales activities of jurisdictional companies. In addition to fulfilling the Commission's obligations under the NGA, the FERC-545 enables the Commission to monitor the activities and evaluate transactions of the natural gas industry to ensure competitiveness and improved efficiency of the industry's operations. In summary, the Commission uses the FERC-545 information to (1) ensure adequate customer protections under section 4(f) of the NGA; (2) review rate and tariff changes by natural gas companies for the transportation of gas and natural gas storage; (3) provide general industry oversight; and (4) supplement documentation during its audits process.

To comply with the Final Rule, pipeline companies must submit revised tariff sheets that reflect the incorporation of the latest version of the business practice standards. The FERC-545 does not include burden related to the information collection requirements contained in the business practice standards.

Failure to collect this information would prevent the Commission from monitoring and evaluating the rates and operations of interstate natural gas pipelines and would hinder the implementation of statutory requirements that natural gas rates be just and reasonable. It would also prevent pipelines and their customers from modifying rates and tariffs to respond to market and economic dynamics.

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

The Commission has an ongoing effort to reduce the burden related to this information collection by applying improved information technology. To this end, the Commission has developed the capability of entities to electronically file documents with the Commission via the Internet.

In 2008, the Commission issued Order No. 714,¹ which revised its regulations to require that all tariffs, tariff revisions and rate change applications for public utilities, natural gas pipelines, oil pipelines and power administrations be filed electronically starting in April 2010. The eTariff filing process and system reflect standards FERC developed in conjunction with NAESB. Therefore, entities that file tariff-related FERC-545 data can do so by embedding the information within the XML schema of the new eTariff system. Providing FERC-545 filers with the eTariff system for submitting tariff-related information has reduced the Commission's physical storage needs and has reduced document processing time. The eTariff system has also

¹ Electronic Tariff Filings, Order No. 714, 73 FR 57,515–57,538, (October 3, 2008).

made tracking documents easier and reduced the costs regulated entities who file FERC-545 data incur in mailing and courier fees. Furthermore, the eTariff system allows FERC-545 tariffs to be accessed, downloaded, and printed by multiple parties at the same time. Moreover, eTariff automatically sends filers an email indicating their filing has arrived at FERC and whether or not it has been accepted by the Commission. All FERC-545 filings are also available electronically in FERC's eLibrary.

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 filing and data requirements are reviewed as OMB authority to collect the related information nears expiration. This review of Commission's regulations and data requirements aims to identify duplication. Two types of FERC-545 filings are related to other FERC data collections, but there is no duplication between them and the FERC-545 data requirements.

First, the cost and revenue studies, negotiated rates and non-conforming agreements may have related proceedings under a FERC-546, "Certificate Rate Filings: Gas Rates, data collection" that relate to an application for a certificate under NGA Section 7(c). Second, proposals for rate trackers to recover fuel costs, lost and unaccounted gas, and hurricane surcharges are submitted as FERC-545 filings, while the filings to collect those charges are made under the FERC-542, "Gas Pipeline Rates: Trackers". There are no similar sources of information available that can be used or modified for use for the purpose described in Item A(1). Each FERC-545 filing is uniquely responsive to Commission direction and/or the operations and needs of a pipeline company and its customers as reflected in the related tariff and/or FERC certificate.

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

The FERC-545 is a filing requirement related to pipeline rate filing obligations for the transportation and storage of natural gas. The filing collects data from both large and small respondent companies. Specific efforts have been made to minimize the burden imposed on small companies that file under this obligation. The data required impose the least possible burden for companies, while collecting the information required for processing the filings. Use of the Internet to file documents electronically is the primary method the Commission uses to minimize the FERC-545 burden.

The tariff sheets filed in response to the Final Rule must be filed electronically.

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

There is no filing cycle, so further assessment of collection frequency is not relevant to the FERC-545 or this supporting statement.

The Final Rule requires respondents to make one filing with the Commission.

7. EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE INFORMATION COLLECTION

The FERC-545 presents no special circumstances.

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

The existing information collection requirements were noticed in the Federal Register on May 14, 2012 and no comments were received.

The Commission issued a Notice of Proposed Rulemaking (NOPR) in Docket No. RM96-1-037 on February 16, 2012 and sought comments on the Version 2.0 NAESB WGQ standards. In response to the Version 2.0 NOPR, comments were filed by six commenters.² The comments expressed a variety of views, including requests for clarification and modification of the Commission's policy on extensions of time to comply with NAESB WGQ Standards. Among the comments filed with the Commission were comments from NAESB explaining that its WGQ Executive Committee was in the process of voting on two standards to rectify the inconsistency with respect to Standards 0.3.19 and 0.3.21 noted by the Commission in the Version 2.0 NOPR. On May 4, 2012, NAESB filed a status report informing the Commission that it had finalized the two corrections to Standards 0.3.19 and 0.3.21.

On May 8, 2012, the Commission issued a notice providing interested parties an opportunity to file comments with respect to the two corrected standards adopted by NAESB and whether the Commission should incorporate these revised standards into its regulations.³ In response to this

² In the Appendix to this Final Rule, we identify all the commenters that filed comments in response to the Version 2.0 NOPR, along with the abbreviations we are using in this Final Rule to identify these commenters.

³ *Standards for Business Practices of Interstate Natural Gas Pipelines*, 77 FR 28331 (May 14, 2012).

notice, three comments were filed, all of which supported the Commission's incorporation of the revised standards.

Commenters to the initial NOPR were generally supportive of the Version 2.0 standards and no commenters disapproved of the Commission's actions. No comments were received related directly to the Commission's burden estimates or the need for the collection.

9. EXPLAIN ANY PAYMENT OR GIFTS TO RESPONDENTS

There are no payments or gifts to respondents as part of the existing collection or the changes adopted in the Final Rule.

10. DESCRIBE ANY ASSURANCE OF CONFIDENTIALITY PROVIDED TO RESPONDENTS

The Commission generally does not consider the data provided in FERC-545 filings to be confidential. The Commission considers specific requests for confidential treatment to the extent permitted by law under 18 C.F.R. Section 388.112.

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

This collection does not include any questions of a sensitive nature.

12. ESTIMATED BURDEN OF COLLECTION OF INFORMATION

The following sections in this item reflect the three changes as summarized in the introduction to this supporting statement:

- First, a program decrease to reflect the completion of several components of this collection.
- Second, adjustments to the burden estimation of existing requirements to more accurately reflect the specifics of the collection.
- And lastly, a program increase due to the Final Rule in Docket No. RM96-1-037 (Final Rule).

Program Decrease: Burden to be Removed to Reflect Completed One-Time Filings. The Commission seeks to remove burden hours associated with one-time tariff filings for previous versions of NAESB business practice standards. These tariff filings have already been completed and the burden should no longer be counted in this collection. The following table shows more detail regarding the completed tariff filings and the associated burden to be

removed.

OMB ICR Number	FERC Docket Number	Completed Burden Hours	Due Date of One-Time Filing
199605-1902-007	RM96-1-000	6,400	June 1997
199611-1902-003	RM96-1-003	4,988	November 1997
199805-1902-002	RM96-1-008	4,371	November 1998
199901-1902-002	RM96-1-011	3,534	August 1999
200012-1902-006	RM96-1-015	3,534	May 2001
200203-1902-001	RM96-1-019	5,308	July 2002
200505-1902-002	RM96-1-026	3,534	September 2005
200904-1902-003	RM96-1-029	1,680	July 2009
Total Hours		33,349	

The current FERC-545 burden hour inventory is 169,955 hours. Subtracting the one-time completed hours gives a total of 136,606 hours (169,955 hours – 33,349 hours = 136,606 hours).

Adjustment: FERC-545, current burden based on recent experience. The FERC-545 data collection includes tariff filings made to implement FERC rulemakings related to the work of the North American Energy Standards Board (NAESB). These rulemakings related to NAESB work have triggered the request for and OMB approval and renewal of FERC authority to collect all types of FERC-545 filings many times over the last 15 years, as set out by OMB policy for authorization to implement data collections. As a result, the FERC-545 burden estimate in this supporting statement is set out separately for the first time in over a decade.

The following table shows the burden for each existing category of the FERC-545. The estimates are based on the Commission’s recent experience with tariff/rate filings and differ from the current estimates in OMB’s ROCIS. This supporting statement updates the existing figures.

FERC-545 (based on current experience)	Average Number of Respondents Annually (1)	Average Annual Number of Responses per Respondent (2)	Average Burden Hours per Response (3)	Total Annual Burden Hours (1)x(2)x(3)

General (e.g. tariff modifications resulting from Commission orders)	164	7	40	45,920
Standard Rate Case Issues (e.g., Compliance, Cost of Service, Settlement)	15	2	7,500	225,000
Reports (e.g., Annual, Reconciliation)	47	2	12	1,128
Negotiated Rates	57	7	12	4,788
Non-Conforming Agreements	50	3	12	1,800
NAESB (Tariff Only for New Entrants) ⁴	3	1	10	30
Total				278,666

As noted in the “program decrease” section above, the current total burden hour inventory after accounting for the removal of the one-time burden hours is 136,606 hours. The Commission is adjusting the current inventory by 142,060 hours (136,606 hours + 142,060 hours = 278,666 hours).

Program Increase: Burden changes related to Final Rule in RM96-1-037. The following table shows the burden being added to the FERC-545 by the Final Rule in RM96-1-037. The average of 10 burden hours per response is based on years of Commission experience with tariff filings and the filers’ use of the electronic eTariff system. No commenters provided comments on the estimate for the tariff filing burden. The Commission intends to remove this burden from the inventory in approximately one year, after the filings are complete.

FERC-545, changes per Final Rule in	Average Number of Respondents (1)	Average Annual Number of Responses per	Average Burden Hours per Response (3)	Total Burden Hours (1)x(2)x(3)
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⁴ This category is to account for the burden of new entrants into the industry that join *after* a particular rulemaking requires similar tariff filings. The figures are based on a historical data for increases in respondents and on staff estimates of the burden hours. These figures are subject to change with each renewal of this collection.

RM96-1-037		Respondent (2)		
NAESB Business Practice Standards Version 2 Tariff Filing	161	1	10	1,610

Summary table of changes to burden hours:

	Burden Hours	Number of Responses
Current Inventory	169,955	168
Program Decrease (one-time filings completed)	-33,349	-
Adjustment (More detailed estimate of current requirements)	+142,060	+1,653
Program Increase (from Final Rule in RM96-1-037)	+1,610	+161
New Inventory	280,276	1,982

As explained in Item 15 of this supporting statement the significant adjustment in the number of responses is because prior to this supporting statement the Commission generalized the response rate as one response per respondent per year.

Total Burden Hour Costs. The total estimated annual cost associated with the burden hours is \$19,341,847 (280,276 hours * \$69.01 per hour⁵).

13. ESTIMATE OF TOTAL ANNUAL COST OF BURDEN TO RESPONDENTS

There are no capital or start-up costs not associated with the burden hours.

14. ESTIMATED ANNUALIZED COST TO FEDERAL GOVERNMENT

	Number of Employees (FTEs)	Estimated Annual Federal Cost (\$)⁶
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⁵ (\$143,540/year)/(2080 hours/year) = \$69.01 per hour, rounded. This figure is based on a FERC staff average salary plus benefits. It is assumed that respondents to this collection are compensated similarly to FERC staff.

⁶ Based on 2012 cost per FTE of \$143,540

Data Clearance Cost ⁷	-	1,588
FTE	20	2,870,800
FERC Total		2,872,388

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

As stated in item 12, above, the FERC-545 data collection includes filings made to implement FERC rulemakings related to NAESB’s work. In many instances these rulemakings have automatically triggered the renewal of FERC authority to collect all types of FERC-545 filings, as set out by OMB policy for authorization to implement data collections. Prior to this submittal, the total burden in OMB’s ROCIS system for the FERC-545 was 169,955 hours. There are 3 parts to the burden changes made in this supporting statement. (One of these parts deals with the program increase triggered by the Final Rule in RM96-1-037. One of the remaining two parts is an adjustment, with the other a program decrease reflecting the completion of earlier, completed collections.)

A program decrease of 33,349 hours to account for the completion of several completed one-time tariff filing requirements. These items were filed between 1997 and 2009. The burden should have been removed after the filings were made, however it has been inadvertently carried annually since the completion of those filings. (Details including the ICRs and FERC Docket numbers are included above in #12.)

The FERC-545 burden estimate in this supporting statement is provided by component for the first time in over a decade. FERC found through looking at each component separately that the overall burden estimate was too low by 142,060 hours, and is adjusting the total burden accordingly.

FERC also proposes a program increase of 1,610 hours due to the RM96-1-037 Final Rule discussed previously in this document. (The program increase of 1,610 hours from this final rule, when combined with the program decrease of 33,349 hours mentioned above, gives a net program decrease of 31,739 hours for this submittal to OMB.)

The following table shows an aggregated view of how the changes described in this supporting statement will change the FERC-545 collection (169,955 hours - 33,349 hours + 142,060 hours + 1,610 hours = **280,276 hours**).

FERC-545	Total Request	Previously	Change due to	Change Due to
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⁷ For the data clearance cost, the Commission bases this cost upon an average of 24 hours per clearance.

		Approved	Adjustment in Estimate	Agency Discretion
Annual Number of Responses	1,982	168	+1,653	+161
Annual Time Burden (Hr)	280,276	169,955	+142,060	-31,739
Annual Cost Burden (\$)	0	0	-	-

The significant increase in the number of responses in the adjustment column is mainly due to FERC breaking out the individual elements of the collection instead of generalizing to one response per respondent per year for the whole collection (including the one-time filings that have already been completed).

The program increase is due to the Final Rule and is necessary in order for the Commission to evaluate the rates and operations of interstate pipelines.

16. TIME SCHEDULE FOR PUBLICATION OF DATA

The FERC-545 filings are available to the public through the Commission's eLibrary and eTariff systems as soon as they are submitted. There are no publications of the information.

17. DISPLAY OF EXPIRATION DATE

It is not possible to display the OMB expiration date for FERC authority to collect the FERC-545. The data requirements are not filed on formatted/pre-printed forms. They arrive in XML format.

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT

This information collection does not employ statistical methods and does not explicitly state any record retention periods.