

Supporting Statement for  
**FERC-538, Gas Pipeline Certificate: Section 7(a) Mandatory Initial Service**  
(Three-Year Extension Requested)

The Federal Energy Regulatory Commission (Commission or FERC) requests the Office of Management and Budget (OMB) extend its approval of FERC-538, Gas Pipeline Certificate: Section 7(a) Mandatory Initial Service, for three years. FERC-538 (OMB Control No. 1902-0061) is an existing information collection (filing requirements) required by 18 CFR Part 156.

**A. Justification**

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

Under the Natural Gas Act (NGA) (Public Law 75-688) (15 USC. 717-717w), upon application by a local distribution company or municipality, a natural gas pipeline company may be ordered by the Commission to extend or improve transportation facilities, to establish physical connections to serve, and sell natural gas to the applicant.

As stated in Section 156 (18 CFR 156), filings pursuant to the provisions of Section 7(a) of the NGA are to contain all information necessary to advise the Commission fully concerning the service which the applicant has requested the Commission to direct the natural gas pipeline company to render. Included in the information to be provided as stated in 18 CFR 156.5 (1-16) are included (but not limited to):

- A description of any improvement or extension of facilities which the natural gas pipeline company will be required to make in connection with the requested rendition of the service;
- The applicant's present and proposed operations, construction, service, and sales, together with a description of any extension or improvement of facilities by the applicant which will be required in order to enable applicant to engage in the local distribution of natural gas.

If the authorization is granted, the natural gas pipeline company must extend or improve transportation facilities and establish physical connection to serve the local distribution companies.

**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 the FERC-538 data to perform its regulatory functions. The

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Commission must determine whether the distributor applicant can economically construct and manage its facilities. A request is made by a person or municipality to have the Commission, by order, direct a natural gas company to extend or improve its transportation facilities, and sell natural gas to the municipality or person and, for such purpose, to extend its transportation facilities to communities immediately adjacent to such facilities or to territories served by the natural gas pipeline company.

In addition, the Commission uses the flow data and market data are used to evaluate existing and future customer requirements on the system in order to find if sufficient capacity will be available. Likewise, the Commission uses the cost of facilities and the rate data to evaluate the financial impact of the cost of the project to both the pipeline company and its customers.

The information collection cannot be discontinued nor collected less frequently because of statutory requirements. The Commission is required to review applications concerning improvement or extensions of facilities and services for local distributors of natural gas. The consequences of not collecting this information are that the Commission would be unable to fulfill its statutory mandate under the NGA and its Rules of Practice and Procedure, and the distribution companies would be unable to request the Commission to direct pipelines to serve them.

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

There is an ongoing effort to determine the potential and value of improved information technology to reduce the burden. As the Commission increases its use of electronic media for filing, storage, retrieval, and tracking of information and documents, greater uniformity in filing procedures, where practical, will greatly expedite and simplify conversion to electronic media.

The FERC-538 application may be eFiled through FERC's eFiling system. At present, the majority of the application filings made in accordance with Sections 7(a) and 7(c) are filed electronically. However, due to the complexity of the exhibits, maps, and projects, three additional paper copies of the eFiled applications are needed for staff review, processing, and collaboration. As noted above, as additional uses of information technology (including geospatial information systems) are implemented, FERC may be able to reduce or eliminate the need for the additional paper copies.

**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**

Filing requirements are periodically reviewed as OMB review dates arise or as the Commission may deem necessary in carrying out its regulatory responsibilities under the NGA in an effort to alleviate duplication. All Commission information collections are subject to analysis by Commission staff and are examined for redundancy. There is no other source of this information. The information is case specific.

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

FERC-538 is a regulatory filing requirement implementing a statutory provision concerned with initial service as stated above in Question number two. Small businesses and other small entities seeking initial natural gas service while not the subject of these regulations may still be impacted by the filing requirements under FERC-538. There is minimum data required that is necessary to evaluate the filing irrespective of company size. The information is readily available to respondents.

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

Without the data filed under FERC-538, the Commission would be unable to evaluate the merits of respondents seeking initial gas service and provide a forum for discussion by all interested/affected parties. The timing and frequency of data filed under FERC-538 is determined by the respondent and the respondent's need for the natural gas service. Also, see response to Question # 2 above.

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

FERC-538 meets all of OMB's Section 1320.5 requirements with the exception of 1320.5(d) (2) (iii). The application may be eFiled through FERC's eFiling system. For applications that are eFiled, as posted at <http://www.ferc.gov/docs-filing/efiling/filing.pdf>, an additional three paper copies are required for use by the Office of Energy Projects and Office of General Counsel.

If the application is filed on paper and/or CD, Section 156.3 of the Commission's regulations (18 CFR. 156.3) requires original and seven conformed copies for the Commission to conduct the regulatory review. The original is routed to the eLibrary System for public viewing over the Commission's web site (and then goes to the official files). One copy is distributed for public inspection in the Commission's Public Reference Room. The remaining copies are distributed within the Office of Energy Projects to ensure that each Division(s)/Office(s) involved in processing the case can review, analyze and respond in a timely fashion.

Fewer copies would result in delay and reproduction requirements. As noted above, the majority of filings under Sections 7(a) and 7(c) of the Natural Gas Act are filed electronically.

**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 be published in the 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. Additionally, as part of the renewal process of its information collections, a notice seeking public comment on the continued use of the information was published in the Federal Register.

In accordance with OMB requirements, the Commission published a 60-day notice<sup>1</sup> and a 30-day notice<sup>2</sup> to the public regarding this information collection on 12/21/2012 and 3/6/2013 respectively. Within the public notice, the Commission noted that it would be requesting a three-year extension of the public reporting burden with no change to the existing requirements concerning the collection of data. The Commission received no comments.

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

There are no payments or gifts to respondents in this information collection.

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

The Commission generally does not consider the data filed under FERC-538 confidential. Specific requests for confidential treatment to the extent permitted by law will be entertained pursuant to 18 CFR Section 388.110. Each request for confidential treatment will be reviewed by FERC on a case-by-case basis.

**11. PROVIDE ADDITIONAL JUSTIFICATION FOR ANY QUESTIONS OF A  
SENSITIVE NATURE THAT ARE CONSIDERED PRIVATE.**

There are no items or questions of a sensitive nature associated with the data requirements under FERC-538.

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<sup>1</sup> 77 FR 75627

<sup>2</sup> 78 FR 14527

**12. ESTIMATED BURDEN OF COLLECTION OF INFORMATION**

The estimated average annual public reporting burden and cost for FERC-538 follow.

<b>Number of Respondents Annually (1)</b>	<b>Number of Responses Per Respondent (2)</b>	<b>Average Burden Hours Per Response (3)</b>	<b>Total Annual Burden Hours (1)x(2)x(3)</b>
1	1	240	240

The estimated, annual cost to the respondents, averaged over the next three years follows.

<b>Total Annual Burden Hours for Respondents (1)</b>	<b>Estimated Hourly Wage (included benefits) (2)</b>	<b>Total Annual Cost to Respondents (1)x(2)</b>
240	\$70.11	\$16,826

**13. ESTIMATE OF TOTAL ANNUAL COST BURDEN TO RESPONDENTS**

Total Capital and Start-up Cost	\$0
Total Operation, Maintenance, and Purchase of Services	\$0

**14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT**

	<b>Number of Employees (FTEs)</b>	<b>Estimated Annual Federal Cost<sup>3</sup></b>
PRA Administration Cost <sup>4</sup>	-	\$2,250
Analysis and Processing of filings <sup>5</sup>	1	\$145,818
<b>FERC Total</b>	-	\$148,068

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

<sup>3</sup> Based upon 2013 FTE average salary plus benefits (\$145,818).

<sup>4</sup> The PRA Administration Cost is based on the Commission's estimated staff time and resources to comply with the requirements of the PRA.

<sup>5</sup> Based upon 2013 FTE average salary plus benefits (\$143,540)

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There is no change in burden.

With the clearance package, the cost to industry is displayed using the unit of burden hours. In accordance with the “ROCIS HOW TO Guide for Agency Users of the Information Collection Request (ICR) Module”, users should not report as a dollar cost any burden reported in hours<sup>6</sup>. Therefore, Commission staff corrected the industry’s annual cost burden within the ROCIS metadata to show that the Commission associates no cost to capital investment or other non-labor costs. The Commission estimates the monetary cost, where applicable, related to the burden hours in Question #13 (above). This was done erroneously in previous FERC-538 supporting statements. Commission staff corrected the error within the current clearance package.

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

There is no tabulation, statistical analysis, or publication plans for the information collected. The data are used for regulatory purposes.

### **17. DISPLAY OF THE EXPIRATION DATE**

It is not appropriate to display the expiration date for OMB approval of the information collected under FERC-538. The information is not collected on a standard, preprinted form which would avail itself to this display.

### **18. EXCEPTIONS TO THE CERTIFICATION STATEMENT**

The information collected for this reporting requirement is not used for statistical purposes. Therefore, the Commission does not employ effective and efficient statistical survey methodology as is noted on the certification statement.

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<sup>6</sup> [https://www.rocis.gov/rocis/jsp/common/ROCIS\\_HOW\\_TO\\_Guide\\_for\\_AGENCY\\_Users\\_of\\_ICR\\_Module-03192012\\_v2.pdf](https://www.rocis.gov/rocis/jsp/common/ROCIS_HOW_TO_Guide_for_AGENCY_Users_of_ICR_Module-03192012_v2.pdf), p.37