

**Supporting Statement for  
FERC Form No. 6, Annual Report of Oil Pipeline Companies  
(OMB Control No. 1902-0022),  
Final Rule (Order 783) in Docket No. RM12-18-000**

The Federal Energy Regulatory Commission (Commission or FERC) requests that the Office of Management and Budget (OMB) review the modifications to the FERC Form No. 6 (Annual Report of Oil Pipeline Companies). The FERC Form No. 6 is an existing Commission data collection, contained in Title 18 Code of Federal Regulations (CFR), Part 357.2.

On July 18, 2013, the Commission issued a Final Rule (Order 783) in Docket No. RM12-18-000, Revisions to Page 700 of FERC Form No. 6. In the Final Rule the Commission augments the reporting requirements on page 700, Annual Cost of Service Based Analysis Schedule, of FERC Form No. 6, Annual Report of Oil Pipeline Companies (Form 6), to include additional information on rate base, rate of return, and income taxes.

**A. JUSTIFICATION**

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

Under the Interstate Commerce Act (ICA), (Section 20, 54 Stat. 916), the Interstate Commerce Commission (ICC) was authorized and empowered to make investigations and to collect and record data to the extent considered necessary or useful for the purpose of carrying out the provisions of the ICA.

In 1977, the Department of Energy Organization Act transferred to the Commission from the ICC the responsibility to regulate oil pipeline companies. In accordance with the transfer of authority, the Commission was delegated the responsibility to require oil pipelines to file annual reports of information necessary for the Commission to exercise its statutory responsibilities.<sup>1</sup> The transfer included the Form P, the forerunner to the Form 6, Annual Report of Oil Pipeline Companies (Form 6).<sup>2</sup>

In 1994, the Commission addressed additional revisions to the Form 6 in Order Nos. 571 and 571-A, including a new Page 700 (Annual Cost of Service).<sup>3</sup>

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<sup>1</sup> Section 402(b) of the Department of Energy Organization Act (DOE Act), 42 U.S.C. 7172 provides that; "[t]here are hereby transferred to, and vested in, the Commission all functions and authority of the Interstate Commerce Commission or any officer or component of such Commission where the regulatory function establishes rates or charges for the transportation of oil by pipeline or established the valuation of any such pipeline."

<sup>2</sup> The ICC developed the Form P to collect information on an annual basis to enable it to carry out its regulation of oil pipeline companies under the Interstate Commerce Act. A comprehensive review of the reporting requirements for oil pipeline companies was performed on September 21, 1982, when the Commission issued Order 260 revising the former ICC Form P, "Annual Report of Carriers by Pipeline" and redesignating it as FERC Form No. 6, "Annual Report of Oil Pipeline Companies".

<sup>3</sup> *Cost of Service Requirements and Filing Requirements for Oil Pipelines*, Order No. 571, FERC Stats. & Regs., Regulation Preambles Jan. 1991- June 1996 ¶ 31,006, at p. 31,169 (1995).

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

Each oil pipeline carrier whose annual jurisdictional operating revenues has been \$500,000 or more for each of the three previous calendar years must file FERC Form 6 (18 C.F.R. § 357.2 (a)). Oil pipeline carriers submitting a complete FERC Form 6 must submit FERC Form 6-Q (18 C.F.R. § 357.4(a)). Newly established entities must use projected data to determine whether FERC Form No. 6 must be filed.

Oil pipeline carriers exempt from filing FERC Form 6 whose annual jurisdictional operating revenues have been more than \$350,000 but less than \$500,000 for each of the three previous calendar years must prepare and file page 301, "Operating Revenue Accounts (Account 600), and page 700, "Annual cost of Service Based Analysis Schedule," of FERC Form 6. When submitting pages 301 and 700, each exempt oil pipeline carrier must include page 1 of the FERC Form 6, the Identification and Attestation schedules (18 C.F.R. § 357.2 (a)(2)).

Oil pipeline carriers exempt from filing FERC Form 6 and pages 301 and whose annual jurisdictional operating revenues were \$350,000 or less for each of the three previous calendar years must prepare and file page 700, "Annual Cost of Service Based Analysis Schedule," of FERC Form 6.

When submitting page 700, each exempt oil pipeline carrier must include page 1 of FERC Form 6, the Identification and Attestation schedule (18 C.F.R. § 357.2 (a)(3)).

Here is how FERC and others use the FERC Form 6 information:

- The Commission's Office of Enforcement (OE) uses the Form 6 data collected to assist in the implementation of its financial audits and programs, in the continuous review of the financial condition of regulated companies and in the assessment of energy markets. The Office of Energy Markets Regulation (OEMR) uses the data collected for various rate proceedings and economic analyses. The Office of Administrative Litigation (OAL) uses the data collected for background research for use in litigation. The Office of the General Counsel (OGC) uses the data in its programs relating to the administration of the ICA.
- The Office of the Executive Director (OED) uses data on Page 301 of the Form 6 to compute annual charges which are then assessed against oil pipeline companies to recover the Commission's annual costs as mandated by Commission Order No. 472. The annual charges are required by Section 3401 of the Omnibus Budget Reconciliation Act of 1986.
- The majority of state regulatory commissions use the Form 6 and the FERC Uniform System of Accounts to satisfy their reporting requirements for those companies under their jurisdiction.
- The public uses the data to assist in monitoring rates, the financial condition of the industry, and in the assessment of energy markets.

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The Commission added Page 700 to Form 6 in 1994 to show “basic information needed for a review of rate filings made within the index cap.”<sup>4</sup> Page 700 of Form 6 provides a simplified presentation of an oil pipeline’s jurisdictional cost of service. Page 700 serves as a preliminary screening tool to evaluate pipeline rates.<sup>5</sup> However, “Page 700 information alone is not intended to show what a just and reasonable rate should be.”<sup>6</sup> Currently, pipelines are required to provide the following on Page 700: Operating and Maintenance Expenses (line 1), Depreciation Expense (line 2), AFUDC Depreciation (line 3), Amortization of Deferred Earnings (line 4), Rate Base (line 5), Rate of Return (line 6), Return on Rate Base (line 7), Income Tax Allowance (line 8), Total Cost of Service (line 9), Total Interstate Operating Revenues (line 10), Total Interstate Throughput in Barrels (line 11), and Total Interstate Throughput in Barrel-Miles (line 12).

Final Rule in RM12-18

The Commission modifies Page 700 in RM12-18 to enable the calculation of a pipeline’s actual rate of return on equity consistent with the ratemaking principles embodied in Opinion 154-B, et al.<sup>7</sup> The actual rate of return on equity reflects the relationship between a pipeline’s revenues and its cost of service. As a result, the actual rate of return on equity is particularly useful information when using Page 700 to evaluate whether a pipeline’s rates are just and reasonable consistent with the Commission’s mandate under the ICA.

To provide the data necessary to calculate the actual return on equity, Page 700 must be modified to include additional information related to rate base, rate of return, return on rate base, and income tax rates.

The Commission seeks to enhance the information provided on Page 700 related to rate base, rate of return, and return on rate base. The components of an oil pipeline’s rate base are governed by the Trended Original Cost Methodology adopted by the Commission in Opinion No. 154-B.<sup>8</sup> Under this methodology, a pipeline’s Rate Base consists of (1) the Original Cost Rate Base, (2) any unamortized amounts from the oil pipeline’s Starting Rate Base Write-Up (SRB),<sup>9</sup> and (3) Accumulated Net Deferred Earnings.<sup>10</sup>

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4 Order No. 571 at p. 31,168.

5 All jurisdictional pipelines are required to file page 700, including pipelines exempt from filing the full Form 6. 18 CFR 357.2(a)(2) and (a)(3) (2012).

6 Order No. 571-A, 69 FERC ¶ 61,411, at p. 31,254 (1994).

7 See Opinion No. 154-B, 31 FERC ¶ 61,377 (1985)

8 See *Williams Pipeline Co.*, Opinion No. 154-B, 31 FERC ¶ 61,377 (1985), *order on reh’g*, Opinion No. 154-C, 33 FERC ¶ 61,327 (1985). Instruction No. 2 of Page 700 of the FERC Form No. 6 requiring the values “be computed consistent with the Commission’s Opinion No. 154-B et al. methodology....”

9 The Starting Rate Base Write-Up is a transitional rate base element employed to bridge the transition from a valuation ratemaking methodology to the Trended Original Cost methodology as adopted in Opinion 154-B. The SRB was to be amortized over the estimated life of the pipeline at the time the SRB was established.

10 The trended original cost methodology divides the nominal return on equity component of the cost of service into real return and an inflationary return. The real return is collected in the current year. The Net Deferred Earnings consists of the inflation component, which is deferred to be recovered in annual installments over the remaining life of the pipeline. See Opinion No. 154-B, 31 FERC ¶ 61,377 (1985), *order on reh’g*, Opinion No. 154-C, 33 FERC ¶ 61,327 (1985). See, e.g., *BP West Coast Prods., LLC v. FERC*, 374 F.3d 1263, 1282-83 (D.C. Cir. 2004).

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Consistent with Opinion No. 154-B, the Commission enhances the Rate Base information provided on line 5 of Page 700 by adding (1) Rate Base – Original Cost (proposed line 5a), (2) Rate Base – Unamortized Starting Rate Base Write-Up (new line 5b), (3) Rate Base – Accumulated Net Deferred Earnings (new line 5c). The sum of proposed lines 5a, 5b and 5c comprise the pipeline’s Trended Original Cost Rate Base, which is currently reported on line 5 of Page 700 and which the Commission moves to line 5d entitled Total Rate Base – Trended Original Cost – (5a + 5b + 5c).

The Commission will now require oil pipelines to report the cost of equity and cost of debt components that constitute the overall Weighted Cost of Capital currently reported as “Rate of Return” on line 6, Page 700. Specifically, the Commission Final Rule includes additional information related to debt and equity capital structure ratios, i.e. (1) Rate of Return – Adjusted Capital Structure Ratio for Long Term Debt (new line 6a), (2) Rate of Return – Adjusted Capital Structure Ratio for Proprietary Capital (new line 6b).<sup>11</sup> The Commission further adds information related to the cost of debt and the cost of equity, specifically: (1) Rate of Return – Cost of Long Term Debt Capital (new line 6c), (2) Rate of Return – Real Cost of Proprietary Capital<sup>12</sup> (new line 6d). This additional information forms the basis for the Rate of Return – Weighted Average Cost of Capital (the total of 6a \* 6c + 6b \* 6d), which is now reported as “Rate of Return” on line 6 on Page 700 and which the Commission will move to line 6e.

The Commission will now require oil pipelines to report additional information related to the Return on Rate Base in line 7. The Return on Rate Base currently reported on line 7 combines the pipeline’s return on equity and the portion of the pipeline’s return allocated to paying its cost of debt. The Commission will require the pipeline to include on Page 700 the Return on Rate Base – Debt Component (new line 7a)<sup>13</sup> and the Return on Rate Base – Equity Component.<sup>14</sup> The Commission will now require entities to report on new line 7c the Total Return on Rate Base – (7a+7b), which is the same information currently reported on line 7.

The Commission also modifies Page 700 to include the Composite Tax Rate used to determine the “Income Tax Allowance.”<sup>15</sup> Line 8 of the Page 700 currently requires each pipeline to report the total

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11 The Adjusted Capital Structure Ratio adjusts upward the level of equity in capital structure to account for the treatment of Accumulated Deferred Earnings under the Opinion 154-B Methodology. Under the 154-B Methodology, a pipeline’s return on the Original Cost and the SRB Write-Up is based on a weighted average of the cost of debt and the return on equity. However, a pipeline’s rate of return on Accumulated Net Deferred Earnings is the equivalent to the rate of return on equity (proposed line 6d) and does not include a cost of debt component. The upward adjustment to equity ratio allows the pipeline to apply its weighted average cost of capital consisting of debt and equity to one rate base. *ARCO Pipe Line Co.*, 53 FERC ¶ 61,398 at 62,388-89.

12 The real cost of capital excludes the inflationary component of the nominal return that is placed in Net Deferred Earnings pursuant to the trended original cost methodology.

13 Return on Rate Base – Debt Component will be the equivalent of the weighted average cost of debt (product of proposed lines 6a and 6c) multiplied by the Trended Original Cost Rate Base (proposed line 5d).

14 Return on Rate Base – Equity Component will be the equivalent of the weighted average cost of equity (product of proposed lines 6b and 6d) multiplied by the Trended Original Cost Rate Base (proposed line 5d).

15 The Commission’s income tax policy permits “an income tax allowance for all entities or individuals owning public utility assets, provided that entity or individual has an actual or potential income tax liability to be paid on that income from those assets.” *Inquiry Regarding Income Tax Allowances*, 111 FERC ¶ 61,139 (2005).

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dollar amount attributable to the “Income Tax Allowance” in its cost-of-service. The Commission adds a new line 8a which will require a pipeline to report its “Composite Tax Rate Percentage.”<sup>16</sup>

The Composite Tax Rate Percentage will create a better understanding of the differential between a pipeline’s Total Interstate Operating Revenues (line 10) and the pipeline’s Total Cost of Service (line 9). Specifically, the Composite Tax Rate Percentage may be used to determine the portion of this differential that is attributable to income taxes under Commission policy, and the portion that may be treated as part of a pipeline’s actual return on equity.

The modifications to Page 700 will provide information that may be used to calculate a pipeline’s actual rate of return on equity. The actual rate of return on equity is determined by dividing (a) the actual return on equity by (b) the equity portion of Trended Original Cost Rate Base reported on line 5d. The actual return on equity is the sum of three components that can be derived using the proposed modifications to Page 700: (a) the return on equity embedded in a pipeline’s Page 700 Total Cost of Service (proposed line 7b); (b) the difference, adjusted for taxes, between a pipeline’s Total Interstate Operating Revenues (new Line 10) and a pipeline’s Total Cost of Service (proposed Line 9);<sup>17</sup> and (c) the current year’s contribution to Net Deferred Earnings, which is calculated by multiplying the equity portion of the Trended Original Cost Rate Base (new line 5d) by the current year’s Department of Labor’s consumer price index for all urban areas (CPI-U).<sup>18</sup>

Once the actual return on equity has been derived, it may be divided by the equity portion of Trended Original Cost Rate Base. The equity portion of the Trended Original Cost Rate base consists of the Trended Original Cost Rate Base (new line 5d) multiplied by the equity component of capital structure (new line 6b).

These proposed modifications to Page 700 will increase the usefulness of Page 700. Prior to this proposal, any attempt to estimate an oil pipeline’s actual return on equity required assumptions regarding several cost of service components, including capital structure (new lines 6a and 6b), the composite income tax rate (new line 8a), and the return on equity embedded in a pipeline’s Page 700 cost of service (new line 7b). The Commission believes this additional information will make Page 700 a more useful tool for evaluating a pipeline’s rates.

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<sup>16</sup> The Commission defines the Composite Tax Rate Percentage as the sum, adjusted consistent with Commission policy, of (a) the applicable state income tax rate and (b) a federal income tax rate. As filed on Page 700, the Composite Tax Rate Percentage should reflect the income tax rate used pursuant to Commission’s policies to determine the Income Tax Allowance reported on line 8. For instance, the business structure for a large number of oil pipelines is a Master Limited Partnership (MLP). The income tax allowance for an MLP pipeline is based upon the tax liability of the owners.

<sup>17</sup> The difference between the pipeline’s Total Interstate Operating Revenues (Line 10) and Total Cost of Service (proposed Line 9) provides the pipeline’s earnings above its Total Cost of Service. As described above, the Composite Tax Rate Percentage may be used to determine the portion of this differential that is attributable to income taxes under Commission policy and the portion that may be treated as part of a pipeline’s actual return on equity.

<sup>18</sup> As noted in footnote 12, the trended original cost methodology divides the nominal return on equity component of the cost of service into real return and an inflationary return.

The modifications will facilitate the calculation of the actual rate of return on equity based upon Page 700 data. The actual rate of return on equity is particularly useful information when using Page 700 to evaluate a pipeline's rates. The additional information proposed to be reported will impose almost no additional burden on oil pipelines because pipelines already must develop cost of service supporting calculations to determine the Income Tax Allowance, Rate Base, Rate of Return, and Return on Rate Base reported on Page 700. Given these existing requirements, the Commission does not anticipate that these additions to Page 700 of Form 6 will impose a significant burden on oil pipelines.

The Commission continues to review and modernize its oil regulations with a view toward reducing the burden it places on industry. The ICA mandates the collection of information needed by the Commission to perform its regulatory responsibilities in the setting of just and reasonable rates. The Commission could be held in violation of the ICA if the information was not collected.

**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. Every pipeline carrier subject to the provisions of Section 20 of the ICA must electronically file with the Commission through Commission-provided software. The Commission has made available to all Form 6 respondents web-based submission software necessary to file electronically through a portal found on the FERC web site at <http://www.ferc.gov/docs-filing/forms/form-6/elec-subm-soft.asp>. The Commission requires all Form 6 respondents to use this software and portal access for filings.

The Commission believes that electronic submission of Form 6 filings yields significant benefits, including more timely analysis and publication of data, increased data analysis capability, reduced cost of data entry and retrieval, simplifying the form design, and overall reduction of the reporting burden.

**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 Act in an effort to alleviate duplication. All Commission information collections are subject to analysis by Commission staff and are examined for redundancy. To date, the Commission has not found duplication of the proposed data requirements.

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

The filing threshold for the Form 6 is divided into three categories, based on the size of the respondent company (see response to #2 above). Smaller companies are not required to file the full Form 6, only certain pieces of form. The Commission concluded that exempting a certain percentage of oil

companies from filing the full FERC Form No. 6 in its entirety will not compromise its ability to gather meaningful data upon which to base its regulation of the oil pipeline industry.

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

The Commission is authorized by statute to collect this information on an annual (Form 6) and quarterly (Form 6-Q) basis.<sup>19</sup> If the collection were conducted less frequently, the Commission would be unable to perform its mandated review responsibilities with respect to the assessment of the financial conditions of oil pipeline companies. The continued use of the FERC Form No. 6 (and FERC Form No. 6-Q) ensures that the Commission has the financial, operational, and ratemaking information needed to carry out its regulatory responsibilities to monitor the oil pipeline industry.

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

The requirements of the Form 6 meet all of OMB's 5 CFR 1320.5 requirements.<sup>20</sup>

**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.

On September 27, 2012, FERC published a NOPR in the Federal Register (77 FR 59348). The Association of Oil Pipelines (AOPL),<sup>21</sup> the Kansas Corporation Commission (KCC), R. Gordon Gooch, Airlines for America (A4A)<sup>22</sup> and the National Propane Gas Association (NPGA),<sup>23</sup> the Canadian Association of Petroleum Producers (CAPP), Suncor Energy Marketing Inc. (Suncor), ConocoPhillips Co. (ConocoPhillips), and Valero Marketing and Supply Company (Valero) filed comments in response to the Commission's NOPR. Suncor and AOPL filed reply comments.

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<sup>19</sup> FERC is not asking for OMB to review the Form 6-Q as part of this proceeding or supporting statement. Page 700 (the impetus for the rulemaking and submittal to OMB) is contained only on the Form 6. 20 5 C.F.R. § 1320.5 (1995).

<sup>21</sup> AOPL is a trade association that represents the interests of common carrier oil pipelines. AOPL's members transport almost 85 percent of the crude oil and refined petroleum products shipped through pipelines in the U.S.

<sup>22</sup> A4A is an airline trade association whose members account for more than 90 percent of the passenger and cargo traffic carried by U.S. airlines.

<sup>23</sup> NPGA is a trade association of the U.S. propane industry with a membership of about 3,000 companies, including 38 affiliated state and regional associations representing members in all 50 states.

The majority of commenters support the NOPR. For example, CAPP comments that “the Commission is on sound ground in seeking to enhance the usefulness of Page 700 and strengthen the role of the data reporting obligations of its pipelines.”<sup>24</sup>

In contrast, the Association of Oil Pipelines (AOPL), while supporting the transparency of pipeline financial reporting generally, believes the proposed modifications are unnecessary and will not make Page 700 a more useful tool for evaluating pipeline rates.<sup>25</sup> AOPL points out, “the Commission has consistently emphasized the original, limited purpose of Page 700” and that Page 700 is only a “preliminary screening tool and is not to be used to demonstrate the justness and reasonableness of pipeline rates.”<sup>26</sup> AOPL also observes the Commission has stated Form 6 “provide[s] sufficient information to allow shippers to file a complaint requesting a determination of the justness and reasonableness of a pipeline’s rates.”<sup>27</sup> Therefore, AOPL contends that shippers already have enough information with what is already available on Page 700.

The Commission adopts, with minor modifications to the labeling of the additional lines on Page 700, the NOPR proposal to enhance the information provided on Page 700 related to rate base, rate of return, return on rate base, and income tax allowance.

FERC addressed specific comments related to the Rate Base, Rate of Return, Return on Rate Base, Composite Income Tax Rate, and calculation of actual Rate of Return on Equity in the Final Rule paragraphs 7 through 51.

FERC did not receive any specific comments related to the burden estimates.

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

The Commission will not make any payments or gifts to respondents.

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

The Commission designed Form 6 in a manner such that all information reported is subject to public access and review and, therefore, generally not confidential. The Commission will entertain specific requests for confidential treatment to the extent permitted by law pursuant to 18 C.F.R. 388.112.

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

There are no items of confidentiality or questions of a sensitive nature associated with the data requirements on the Form 6.

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<sup>24</sup> Comments of the Canadian Association of Petroleum Producers at 3 (Nov. 26 2012) (CAPP Comments).

<sup>25</sup> Comments of the Association of Oil Pipe Lines at 9-11 (Nov. 26, 2012) (AOPL Comments).

<sup>26</sup> AOPL comments at 4.

<sup>27</sup> AOPL comments at 7, citing *Review of FERC Form Nos. 6 and 6-Q*, Notice Terminating Proceeding, FERC Stats. & Regs. ¶ 35,561 at P 9 (2008).



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

The current burden to fill out and file the current FERC Form 6 is 160.58 hours per response (for the IC FERC Form 6, Annual Report of Oil Pipeline Companies”), including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.<sup>28</sup> The Final Rule in RM12-18 adds an additional 0.5 hours per response to the total response rate), giving a new total of 161.08 (160.58 + 0.5) for those companies who have to file Page 700.

The burden impact of this Final Rule in RM12-18 on the currently approved Form 6 burden inventory (for both IC’s) is discussed in item 15 below.

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

There are no capital or start-up costs related to this information collection request. All costs are related to burden hours.

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

The estimated annualized cost to the Federal government related only to modifications to the Form 6 in the data collections/requirements are shown below:

| <b>Cost Category</b>  | <b>Number of Employees (FTEs)</b> | <b>Estimated Annual Federal Cost</b> |
|---|-----------------------------------|--------------------------------------|
| Estimated Average Annual Figure for analysis and processing <sup>29</sup>                           | .5                                | \$72,909                             |
| One-time cost to make software change to modify the Form (as proposed in the Final Rule in RM12-18) |                                   | \$2,000                              |
| PRA Administration Cost <sup>30</sup>   |                                   | \$2,250                              |
| <b>FERC Total</b>   |                                   | <b>\$77,159</b>                      |

<sup>28</sup> There is an additional Information Collection (IC) in the Form 6 OMB Control No. called “Form 6, Page 700 Refiling (one-time for 2009-2011 data)” included in reginfo.gov and ROCIS. That burden is not affected by the final rule discussed here in Docket RM12-18, however the no. of respondents is being revised to 161 and is discussed in Question #15. That IC relates to the re-filing of Form 6 data for 2009-2011, as required by the final rule in Docket RM11-21. The related requirements in ICR 201209-1902-004 were approved by OMB on 2/28/2013. The additional burden related to those requirements was averaged over a 3-year period (332 hrs. for each of the 3 years). The number of respondents is being adjusted here to 161 from 166.

<sup>29</sup> Average cost for 1 FTE (including salary + benefits) is \$145,818 per year for this rulemaking.

<sup>30</sup> This is based on an estimate of work done by the Information Clearance team as well as other FERC staff as well as a small non-labor cost related to publishing material in the Federal Register.

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

**Adjustment in the No. of Respondents:** Unrelated to the Final Rule in Docket No. RM12-18, FERC is correcting the no. of filers to 161 (a reduction of 5 from 166) based on the most recent year filings.

- For the IC labeled “Form 6, Page 700 Refiling (one-time for 2009-2011 data),” the burden total annual hours are reduced by 10 (5 filings \* 2 hours), to 322.
- For the IC titled “FERC Form 6, Annual Report of Oil Pipeline Companies,” this leads to a reduction in the burden of 803 hours (5 filings \* 160.58 hrs/filing = 803 hrs).

The net annual reduction in burden due to the adjustment in no. of respondents is 813 hours.

**Changes Related to Final Rule in RM12-18:** The Commission’s estimate of the additional Public Reporting Burden and cost related to the Final Rule in Docket RM12-18-000 follow.

The additional information to be reported will impose almost no additional burden on oil pipelines because pipelines already must develop cost of service supporting calculations to determine the Income Tax Allowance, Rate Base, Rate of Return, and Return on Rate Base, already reported on Page 700. The additional disclosures are interim calculations used to arrive at disclosures which are currently reported. Given these existing requirements, the Commission does not anticipate that these proposed additions to Page 700 of Form 6 will impose a significant burden on oil pipelines.

For the recurring effort involved in filing the data on proposed lines 5a-5c, 6a-6e, and 8a of Page 700 for 2013 and future years, we estimate that the change in burden is +0.5 hours per year per respondent (for the filers of Page 700).

| <b>Final Rule in RM12-18-000, FERC Form 6</b> | <b>Annual No. of Filers</b> | <b>Estimated Additional Burden per Filer (Hr.)</b> | <b>Total Estimated Additional Burden (Hr.)</b> | <b>Estimated Additional Cost per Filer (\$) <sup>31</sup></b> | <b>Total Estimated Additional Cost (\$)</b> |
|---|-----------------------------|--|--|---|---|
| Filing new lines on page 700                  | 153 <sup>32</sup>           | 0.5  | +77  | +\$34.51  | +\$2,657.27                                 |

There are eight Form 6 filers that are not required to file Page 700 and are not affected by the Final Rule.<sup>32</sup> This is why the rule only affects 153 of the 161 Form 6 filers.

The following table shows the impact of the Final Rule to the current burden inventory for the Form 6.

| <b>FERC Form 6</b> | <b>Total Request</b> | <b>Change Due to</b> | <b>Change due to</b> | <b>Previously</b> |
|--------------------|----------------------|----------------------|----------------------|-------------------|
|--------------------|----------------------|----------------------|----------------------|-------------------|

<sup>31</sup> Based on an estimated average cost per employee for 2012 (including salary plus benefits) of \$143,540, the estimated average hourly cost per employee is \$69.01. The average work year is 2,080 hours.

<sup>32</sup> There are eight Alaskan companies who by Commission Order are not required to file page 700.

|                            |        | <b>Agency Discretion</b> | <b>Adjustment in Estimate</b> | <b>Approved</b> |
|----------------------------|--------|--------------------------|-------------------------------|-----------------|
| Annual Number of Responses | 322    | 0                        | -10                           | 332             |
| Annual Time Burden (Hr)    | 26,253 | +77                      | -813                          | 26,989          |
| Annual Cost Burden (\$)    | 0      | 0                        | 0                             | 0               |

The program change is due to the additional time necessary to report the additional data on page 700. The increase is minimal because the respondents should already have the required data on hand.

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

The information furnished in the Form 6 is available for public inspection at the FERC website (<http://www.ferc.gov/docs-filing/forms.asp#6>). Each pipeline company, subject to the provisions of Section 20 of the ICA, must file the Form 6 on or before April 18 of the year following the year covered by this report. The data are collected for regulatory purposes and not for the purposes of a publication.

**17. DISPLAY OF THE EXPIRATION DATE**

The Form 6 displays both the OMB control number and the expiration date. This information is displayed in the upper right-hand corner of the cover page in the appropriate electronic version of this form.

**18. EXCEPTIONS TO THE CERTIFICATION STATEMENT**

There is an exception to the Paperwork Reduction Act Submission Certification because the data collected for this reporting requirement is not used for statistical purposes, as is stated in the certification accompanying this submission. The information collected is case specific to each respondent.