

Supporting Statement
FERC-550, Oil Pipeline Rate - Tariff Filings

Approved modifications as contained in the Final Rule in Docket No. RM12-15-000

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 is an existing collection and the Commission is approving modifications to it in a Final Rule.¹

The following paragraphs, excerpted from the Final Rule, explain the approved changes to oil pipeline tariff filings.

Eliminating Paper Posting

Consistent with the Commission’s goal to streamline its procedures to eliminate unnecessary regulatory obligations, the Commission eliminates the paper posting requirements of Sections 341.0(a)(7), 341.7, and 341.3(c) of its regulations. Section 341.0(a)(7) currently provides that oil pipelines must post their tariffs by making them “available during regular business hours for public inspection in a convenient form and place at the carrier’s principal office and other offices of the carrier where business is conducted with affected shippers, or placing a copy on the Internet in a form accessible by the public.” Similarly, Section 341.7 requires that “[c]oncurrences must be maintained at carriers’ offices and produced upon request.”² Lastly, section 341.3(c) lays out the requirements for “loose-leaf tariffs,” (i.e. paper tariffs).

The Commission revises Part 341.0(a)(7) to eliminate the requirement that oil pipelines make their tariffs “available for public inspection in a convenient form and place at the carriers’ principal office and other offices where business is conducted.” Instead, consistent with the requirements for public utilities and interstate natural gas pipelines, the Commission mandates that oil pipelines electronically post their currently effective, pending and suspended tariffs on their public websites.³ The Commission also revises Section 341.7 of its regulations to eliminate the requirement that “concurrences be maintained at carriers’ offices” in paper form. In conjunction with these changes, the Commission updates Section 341.3 of its regulations by removing subsection 341.3(c), which references outdated “loose-leaf tariffs.” This change (i.e.

1 This Final Rule was not submitted to OMB in a timely matter because of an Information Collection Request (ICR# 201308-1902-005) pending at OMB until 8/2/2013.

2 18 CFR 341.7 (2012). *See also* 18 CFR 341.0(a)(2) (defining a concurrence as the agreement of a carrier to participate in the joint rates or regulations published by another carrier).

3 The terms of “effective,” “pending” and “suspended” are those used by Order No. 714 and eTariff, and for this document. The equivalent terms in 18 CFR 341.0(b)(4) (2012) are “current,” “proposed” and “suspended,” respectively. *See also* 18 CFR 35.7 (2012) (establishing the Public Utility Electronic Filing Requirements) and 18 CFR 284.12 (2012) (establishing the Natural Gas Electronic Filing Requirements).

Final Rule) should reduce the burden on interstate oil pipelines while increasing the ease of accessing oil pipeline tariffs for shippers and possibly the oil pipelines themselves.

Service of Filings

The Commission revises Section 341.1(a) of its regulations to make them consistent with Section 385.2010 of its regulations by eliminating an oil pipeline's obligation to "serve tariff publications and justifications to each shipper and subscriber" by paper. Section 385.2010(f)(2) provides that, subject to certain limitations and exceptions, "service of any document in proceedings commenced on or after March 21, 2005, must be made by electronic means unless the sender and recipient agree otherwise or the recipient's e-mail address is unavailable from the official service list."⁴ This change will create a uniform service requirement for all Commission-regulated entities and eliminate any ambiguity regarding the Commission's preferred mode of service. Moreover, this change should reduce the burden on interstate oil pipelines while increasing ease of tracking document filing activity and potentially reducing mailing and courier fees.

Index of Effective Tariffs

As part of its efforts to eliminate unnecessary filing requirements, the Commission changes Section 341.9 of its regulations, which specifies the information that an oil pipeline's tariff index must contain and how it must be organized. Section 341.9(a) of the Commission's regulations provides that each Commission-regulated "carrier must publish as a separate tariff publication under its FERC Tariff numbering system, a complete index of all effective tariffs to which it is a party...." Section 341.9(e) further provides that the "index must be kept current by supplements numbered consecutively. The supplements may be issued quarterly. At a minimum, the index must be reissued every four years."

The Commission now requires that oil pipelines make a tariff filing setting forth an index of all effective tariffs to which it is a party and replace such requirement with an obligation that oil pipelines post the index of tariffs on their public websites. The Commission also simplifies the information oil pipelines must include by requiring that the index of tariffs identify for each tariff: (1) the product being shipped and (2) the origin and destination points for that product. The Commission also requires that oil pipelines update the index of tariffs within ninety days of any change.

This change eliminates the need of an oil pipeline to make a tariff filing. The posting of index tariffs on an oil pipeline's public website also provides shippers with more current information.

⁴ 18 CFR 385.2010 (2012).

Importantly, this change simplifies what is required to be contained in the index of tariffs without negatively impacting the information provided to shippers.

Similarly, many oil pipelines only have one or two tariffs on file with the Commission. For oil pipelines with a limited number of tariffs, the Commission questions the value of an index of tariffs and believes that such index provides little benefit to shippers. Therefore, the Commission will now require that only oil pipelines with more than two tariffs to maintain an index of tariffs on their public websites. The Commission estimates that the proposed changes to the index of tariff requirements will eliminate approximately twenty-two unnecessary filings each year. These changes will still provide shippers and the public at large with current and useful information, without any negative impact.

Electronic Updates and Filing Requirements

Many of the tariff filing and tariff maintenance requirements currently stated in Part 341 of the Commission's regulations are premised on the maintenance of paper records. Since the implementation of Order No. 714, however, some oil pipeline tariff filings are now obsolete. In light of these changes, as explained below, the Commission approves the removal of the filing requirements for amendments to tariff provided for under Section 341.4 of the Commission's regulations including the amendment and suspension requirements.

Tariff Supplements

Section 341.4(a)(1) of the Commission's regulations allows an oil pipeline's tariff to be supplemented only once.⁵ The Commission believes that this provision is now outdated because it is practical for oil pipelines to modify electronic tariffs at any time. Accordingly, the Commission deletes the provisions in Section 341.4(a)(1).

Amended, Canceled or Reissued Tariff Supplement Data

Section 341.4(a)(2) of the Commission's regulations sets forth the requirements for maintenance of oil pipeline tariffs that are amended, canceled, or reissued.⁶ In Order No. 714, the Commission required oil pipelines to maintain Record Version Numbers for each tariff record.⁷

⁵ 18 CFR 341.4(a)(1) (2012) (limiting supplements to one effective supplement per tariff, except for cancellation, postponement, adoption, corrections, and suspension supplements).

⁶ 18 CFR 341.4(a)(2) (2012).

⁷ Record Version Number is the representation of the version of the Tariff Record. See [Implementation Guide for Electronic Filing of Parts 35, 154, 284, 300 and 341 Tariff Filings](#) (Implementation Guide) located on the Commission web site.

Consequently, supersession data is now maintained electronically⁸ and the provisions set forth in section 341.4(a)(2) are obsolete. Consequently, the Commission deletes these provisions.

Cancelling Tariffs

The Commission is consolidating the instructions for cancellation of tariffs into Section 341.5 of the Commission's regulations.⁹ Section 341.4(b) of the Commission's regulations requires oil pipelines to file supplements to an amendment to a tariff "when tariffs are canceled without reissue."¹⁰ Section 341.5 of the Commission's regulations also details requirements in the event that an oil pipeline's tariff is canceled. Rather than addressing cancellation in two separate regulations, the Commission consolidates and simplifies the requirements relating to oil pipeline tariff cancellations into Section 341.5 of the Commission's regulations by detailing that an oil pipeline tariff is no longer offered. Then, the oil pipeline must cancel such tariff within thirty days of the termination of the tariff.

Suspension Supplements

The Commission eliminates the filing requirements for oil pipeline suspension supplements required by Section 341.4(f) of the Commission's regulations. Section 341.4(f) provides for oil pipelines a "suspension supplement must be filed for each suspended tariff or suspended part of a tariff within 30 days of the issuance of a suspension order."¹¹ Section 341.1(f) further provides that the suspension supplement, which must be served on all subscribers, "must include the date it is issued, a reproduction of the ordering paragraphs of the suspension order, a statement that the tariff or portion of the tariff was suspended until the date stated in the suspension order, a reference to the docket number under which the suspension order was issued, and a statement that the previous tariff publication remains in effect."

This suspension supplement tariff record filing was originally premised on the maintenance of a paper records and the service of such paper tariff records, which is now obsolete because of the electronic filing requirements of Order No. 714. Accordingly, the Commission eliminates the current filing requirements of Section 341.4(f) and replaces them with an obligation for oil pipelines to serve Commission suspension orders on individual pipeline subscriber lists. This will eliminate the tariff filing for the suspension supplement, as well as subsequent filings an oil pipeline must make to remove a suspension supplement. The Commission estimates that this will eliminate approximately 12 filings each year.

8 Tariff record supersession data includes the following: Record Current Status, Current Effective Date, and FERC Order Date. See [eTariff Viewer](http://www.ferc.gov/) located on the Commission's web site at <http://www.ferc.gov/>.

9 18 CFR 341.5 (2012).

10 18 CFR 341.4(b) (2012). See also 18 CFR 341.3(b)(10)(ii) (2012) (detailing tariff reissuance requirements).

11 18 CFR 341.4(f) (2012).

Amendments to Tariffs

The Commission further revises Section 341.4 of its regulations to treat all amendments to pending tariffs (whether ministerial or substantive) in the same manner as they are treated for public utilities and natural gas companies. Section 341.4(e) of the Commission's regulations limits an oil pipeline from filing more than three "correction supplements" to correct "typographical or clerical errors" per tariff. In contrast, the Commission's regulations do not allow an oil pipeline to make non-ministerial tariff changes without filing to withdraw any pending proposal and making a new tariff filing.

In the electronic filing environment established by Order No. 714, the Commission does not believe that it should limit the number of times an oil pipeline may make corrections to a tariff record. Therefore, the Commission revises Section 341.4 of its tariff to treat all amendments to pending tariff records (whether ministerial or substantive) the same to allow an oil pipeline to file to amend or to modify a tariff record at any time during the pendency of the Commission acting on such tariff record. In addition, the Commission creates a tariff record amendment process that parallels the existing business process for amending pending statutory tariff filings under its public utility and natural gas programs.¹² Under this new process, an oil pipeline will be able to keep its requested effective date from its original tariff record filing, while giving interested parties a full comment period to address any issues relating to a proposed amendment. An amendment will toll the notice period as provided in Section 341.2(b) of the Commission's regulations for the original filing and establish a new date for final Commission action.

Adoption

Section 341.6(a) provides an oil pipeline must file a tariff and "notify the Commission when there is: (1) a change in the legal name of the carrier; (2) a transfer of all of the carrier's properties; or (3) a change in ownership of only a portion of the carrier's property." This filing must be made by the oil pipeline "as soon as possible but no later than [thirty] days following such occurrence." This filing is commonly known as an "Adoption Notice." Section 341.6(c) further provides that "when a carrier changes its legal name, or when ownership of all a carrier's properties is transferred, or when the ownership of a portion of a carrier's properties is transferred to another carrier, the adopting carrier must file and post an adoption notice." In these instances, the adopting oil pipeline must make a tariff filing within thirty days transferring into its Commission tariff records, the rates that the adopting oil pipeline is adopting (filing to bring tariffs forward).

¹² 18 CFR 35.17(b) and 18 CFR 154.205(b) (2012) (respectively).

To eliminate unnecessary filings, the Commission consolidates the Adoption Notice filing and the filing to integrate the tariff records of the adopting carrier. To implement this change, the Commission models Sections 341.6(a) on Section 154.603 of the Commission's natural gas regulations. Section 154.603 provides that "[w]henver the tariff . . . of a natural gas company on file with the Commission is to be adopted by another company or person as a result of an acquisition, or merger . . . the succeeding company must file with the Commission, and post within 30 days after such succession, a tariff filing . . . bearing the name of the successor company." The Commission estimates that this change will eliminate approximately 15 Adoption Notice filings each year.

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 rates¹³ 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 ("*Historical Background of Oil Pipeline Ratemaking*") are attached under "Supplementary Documents."

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 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.

13 18 CFR Parts 341-348.

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. 714¹⁴, 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.

This final rule would further reduce the burden on pipelines as we are revising our regulations to reflect today's electronic environment. We are eliminating some filings and streamlining others due to the technology currently available.

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 at least every three years as the Commission's authorization from OMB to collect this data nears its expiration date or when the Commission proposes changes. 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

¹⁴ RM01-5-000 (Issued July 8, 2004, 69 FR 43929).

The Commission estimates that the final rule impacts 29 small oil pipeline companies. However, the Commission expects that these companies will see a reduction in burden over time due to the modified requirements.

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.

7. EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE INFORMATION COLLECTION

Under some circumstances filers may be required to submit information regarding their tariffs on a more than quarterly basis. These are not reoccurring filings but are event drive (i.e. based on a pipeline business decision or something about a particular tariff changes). 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 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. Updated tariffs allow the Commission to fulfill its statutory obligations related to regulating oil pipelines.

The Commission believes that all other provisions described in 5 CFR 1320.5(d)(2)(iv) are satisfied.

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

The Commission solicited public comment on the changes to the information collection requirements as part of the proposed rule. The proposed rule was published in the Federal Register on October 29, 2012 (77 FR 65513).

Resulting from extensive outreach performed, the Commission fielded comments from both the pipelines and shipper community. **All of the comments were in favor of this Final Rule.** Comments were filed by the Association of Oil Pipelines, Airlines 4 America, Valero Marketing

and Supply Company and the National Propane Gas Association. As such, we had a representative viewpoint of both the pipeline and shipper community. All of the comments included suggestions for clarifications or further revisions to Part 341. The Commission analyzed all comments and addressed many ideas directly in the Final Rule. Summaries and responses to individual comments can be found in the Final Rule.

9. EXPLAIN ANY PAYMENT OR GIFTS TO RESPONDENTS

The Commission makes no payments or gifts to respondents as part of this collection.

10. DESCRIBE ANY ASSURANCE OF CONFIDENTIALITY PROVIDED TO RESPONDENTS

An entity seeking confidential treatment of the information must ask the Commission to treat this information as confidential and non-public, consistent with the Commission’s regulations at 18 CFR 388.112. Generally, the Commission does not consider this information to be confidential.

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

There are no questions of a sensitive nature that are considered private.

12. ESTIMATED BURDEN OF COLLECTION OF INFORMATION

Estimated burden for FERC-550 is as follows:

	Number of Respondents (A)	Number of Responses Per Respondent (B)	Total Number of Responses (A)x(B)=(C)	Average Burden Hours per Response (D)	Estimated Total Annual Burden (C)x(D)
FERC-550					
Oil pipeline companies	128	6.039	773	10.448	8,076

13. ESTIMATE OF THE TOTAL ANNUAL COST BURDEN TO RESPONDENTS

The Commission recognizes that there will be a one-time increased burden involved in the initial implementation associated with purchasing software and updating websites to post their tariff electronically. The Commission estimates a one-time non-labor cost burden per respondent of

\$250 associated with software and possible website development. The total non-labor cost is \$41,750 (167 Respondents X \$250/Respondent = \$41,750).

The Commission does not estimate any other non-labor costs for this collection.

14. ESTIMATED ANNUALIZED COST TO FEDERAL GOVERNMENT

	Number of Employees (FTEs)	Estimated Annual Federal Cost
Analysis and Processing of Filings	6	\$874,908
PRA ¹⁵ Administrative Cost ¹⁶	N/A ¹⁷	\$2,250
FERC Total	N/A ¹⁷	\$877,158

The Commission estimates a net reduction in the number of FERC filings. However, the Commission estimates that any change in Federal cost to analyze and process filings due to the final rule will be minimal.

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

The Commission's estimate of the change in Public Reporting Burden and cost related to the Final Rule in Docket RM12-15-000 follow.

Reduction. The approved regulations will eliminate or reduce several filing requirements as obsolete and no longer necessary. The eliminated or reduced filings include the filing of Index of Tariffs, reduced number of adoption filings, eliminated suspension supplements, and reduced number of filings necessary to amend incorrect filings. Based upon a review of the filings made by interstate oil pipelines since eTariff was implemented in April 2010, the Commission estimates a reduction of 99 tariff filings and 1,089 burden hours per year, as shown in the table below.

RM12-15, FERC-550	Reduction in No. of Filings	Est. Hours per Filing	Total Hour Reduction	Total Cost Reduction ¹⁸
-------------------	-----------------------------	-----------------------	----------------------	------------------------------------

¹⁵ Paperwork Reduction Act of 1995 (PRA)

¹⁶ Based on Commission staff time/effort and related costs associated with PRA compliance.

¹⁷ Not applicable

¹⁸ The cost figure is based on management analyst work at \$38.50 per hour. We adjusted the \$38.50 figure to account for benefits resulting in a loaded figure of \$55 per hour (\$38.5/0.704). We obtained wage and benefit information from Bureau of Labor Statistics information at http://bls.gov/oes/current/naics2_22.htm and

Revised 341.4, Amendments to tariff filings	50	11	550	\$30,250
Revised 341.6, Adoption of the tariff by a successor.	15	11	165	\$9,075
Elimination of 341.4(f) (Suspension Supplements)	12	11	132	\$7,260
Revised 341.9, Index of Tariffs	22	11	242	\$13,310
Total	99		1,089	\$59,895

The Commission revises Part 341’s tariff posting requirements for interstate oil pipelines from paper to electronic format. There is no change in burden for the pipelines to maintain the status of their tariffs for public inspection, as that requirement is unchanged.

One-Time Increase. The Commission recognizes that there will be a one-time increased burden involved in the initial implementation associated with purchasing software and updating websites to post their tariff electronically. We estimate a one-time additional cost of \$250 per respondent for non-labor costs (167 respondents X \$250/respondent = \$41,750 total cost). Additionally, we estimate a one-time hourly burden of 20 hours per respondent for updating the web sites for posting of the tariffs.

This table shows the one-time time increase.

RM12-15, FERC-550	No. of Pipelines with Tariffs	Estimated Additional One-Time Burden per Filer (Hr.)	Total Estimated Additional One-Time Burden (Hr.)	Total Estimated Additional One-Time Non-Labor Cost (\$)
Revisions to 18 CFR Part 341— one time burden increase	167	20	3,340	\$41,750

Total additional one-time hourly burden cost = \$183,199 (\$1,097/respondent * 167 respondents = \$183,199).¹⁹

Net Change to Burden Hour Inventory

<http://www.bls.gov/news.release/ecec.nr0.htm>.

19 The cost figure is based on **5 hours** of computer analyst work (\$39.02/hour) and **15 hours** of management analyst work (\$38.50/hour) resulting in a total of \$772.60. We adjusted the \$772.60 figure to account for benefits resulting in a loaded figure of \$1,097 (\$772.60/0.704). We obtained wage and benefit information from the Bureau of Labor Statistics (at http://bls.gov/oes/current/naics2_22.htm and at <http://www.bls.gov/news.release/ecec.nr0.htm>).

As indicated above, 99 filings and 1,089 total burden hours are being removed from this collection. Further, there is a one-time increase per company of one response, 20 hours, and \$250 (a total of 3,340 hours and \$41,750 respectively). In the first year the net change in responses is 68 (167 added and 99 removed = 68) and in hours 2,251 (3,340 added and 1,089 removed = 2,251). The Commission intends to remove the one-time burden hours, costs, and responses from the inventory after the first year.

The net change in burden averaged is shown in the following table:

FERC-550	Total Request	Previously Approved	Change due to Adjustment in Estimate	Change Due to Agency Discretion
Annual Number of Responses	773	705	0	68
Annual Time Burden (Hr)	8,076	5,825	0	2,251
Annual Cost Burden (\$)	41,750	0	0	41,750

In summary, the burden to each respondent is estimated to experience a short-term increase of 20 hours and \$250 as they reprogram their websites to handle this information. After the first year we estimate a burden decrease per company. This burden hour decrease is due to two reasons: the wholesale elimination of some filings; and the streamlining of others, to include allowing pipelines to post some information on their public websites instead of having to make a filing with the FERC.

16. TIME SCHEDULE FOR PUBLICATION OF DATA

The Commission does not publish data associated with this collection. Tariff filings are available publicly through the Commission’s eTariff system.

17. DISPLAY OF EXPIRATION DATE

The types of filings associated with this collection do not avail themselves to a display of the expiration date.

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT

The Commission does not use statistical methods for this collection.