

Supporting Statement  
**FERC-547, Gas Pipeline Rates: Refund Report Requirements**

The Federal Energy Regulatory Commission (Commission) requests a three-year extension of Office of Management and Budget (OMB) approval for FERC-547.

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

FERC-547 is required to implement the statutory refund provisions governed by sections 4, 5, and 16 of the Natural Gas Act (NGA) (15 USC 717-717w). Sections 4 and 5 authorize the Commission to order a refund, with interest, for any portion of a natural gas company's increased rate or charge found to be unjust or unreasonable. Refunds may also be instituted by a natural gas company as a stipulation to a Commission-approved settlement agreement or a provision under the company's tariff. Section 16 authorizes the Commission to prescribe the rules and regulations necessary to administer its refund mandates. The Commission's refund reporting requirements are set forth in 18 CFR 154.501 and 154.502.

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

The impetus for establishing refund reporting requirements came as a result of a judicial decision.<sup>1</sup> The Commission, in response, established refund procedures for overcharges resulting from adjustments to the calculation of the energy content of natural gas sold in accordance with the Natural Gas Policy Act of 1978 (NGPA). The NGPA was repealed by P. L. 101-60, however, provisions under the NGA remained. These procedures and refund requirements were announced in Commission Order Nos. 399, 399-A and 399-B (1984).

A refund report generally includes the following:

- Workpapers and a narrative that is sufficient in:
  - Showing how the refunds for jurisdictional services were calculated,
  - Details for determining the origin of the refund, and,
  - Explaining how the refund was allocated to each jurisdictional customer.
- References to any publicly available sources which confirm the rates, quantities, or costs, which are used to calculate the refund balance or which confirm the refund amount itself.
- Workpapers showing the calculation of interest on a monthly basis.
- A letter of transmittal.
- A certification of service to all affected customers and interested state commissions

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<sup>1</sup> See *Interstate Natural Gas Association v. Federal Energy Regulatory Commission*, 716 F.2d 1 (D.C. Cir. 1983).

For a more detailed list of the requirements, please see 18 CFR 154.501(e).

The Commission uses the data to monitor refunds owed by natural gas companies, to ensure the flow-through of refunds that are owed by pipelines are made as expeditiously as possible, and to assure that refunds are made in compliance with the directive. Failure to report this information may result in enforcement action.

The Commission's Office of Energy Market Regulation is responsible for evaluating and processing information related to refund report obligations.

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

The refund reports can be eFiled in any format accepted by the Commission through the Commission's website: <http://www.ferc.gov/docs-filing/efiling.asp>.

**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 deems necessary in carrying out its responsibilities under the NGA in order to eliminate duplication and ensure that filing burden is minimized. No other forms collect data similar to the FERC-547 data.

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

This filing collects data from both large and small respondent companies. Specific efforts have been made to minimize the burden imposed on those small companies who file the report, i.e., there is no required format, allowing respondents to file the required information in a format readily available from their own computer systems.

The data required imposes the least possible burden for companies while collecting the information that is required to process refund reports.

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

It is not possible to collect the data less frequently. The information is only required upon the distribution of a refund by a pipeline company and does not have a set reporting frequency. If the collection were discontinued, the Commission would not have the necessary information for monitoring refund obligations.

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

There are no special circumstances relating to this information collection.

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

In accordance with OMB requirements, the Commission published a 60-day notice<sup>2</sup> in the Federal Register regarding this information collection on 7/19/2013. Within the public notice, the Commission noted that it would be requesting a three-year extension of the public reporting burden with the changes described in those notices. The Commission received no responses from the public regarding this information collection. The 30-day notice was published in the Federal Register on 10/25/2013.<sup>3</sup>

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

There are no payments or gifts to respondents as part of this collection.

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

The Commission generally does not consider the data filed to be confidential. However, a company may request confidential treatment of some or all parts of the FERC-547 requirements under the Commission regulations at 18 C.F.R. 388.112. Each request for confidential treatment will be reviewed by the Commission on a case-by-case basis.

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

There are no questions of a sensitive nature related to the information collection.

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

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<sup>2</sup> 78 FR 36176  
<sup>3</sup> 78 FR 63974

The Commission reduces its estimate of the number of respondents for this information collection from the estimate made three years ago based on the number of filings received over the previous three years (from an average of 30 respondents to an average of 11 respondents currently).

<b>FERC-547: Gas Pipeline Rates: Refund Report Requirements</b>					
	<b>Number of Respondents (A)</b>	<b>Number of Responses Per Respondent (B)</b>	<b>Total Number of Responses (A)x(B)=(C)</b>	<b>Average Burden Hours per Response (D)</b>	<b>Estimated Total Annual Burden (C)x(D)</b>
Natural Gas Companies	11	1	11	75	825

The total estimated annual cost burden to respondents is \$57,750. [825 hours \* \$70/hour<sup>4</sup> = \$57,750]. The estimated annual impact per respondent is \$5,250 (\$75 \* \$70/hour = \$5,250).

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

There are no costs for this collection not already accounted for in #12 above.

### 14. ESTIMATED ANNUALIZED COST TO FEDERAL GOVERNMENT

	<b>Number of Employees (FTE)</b>	<b>Estimated Annual Federal Cost</b>
Analysis and Processing of filings	.5	\$72,909 <sup>5</sup>
PRA <sup>6</sup> Administrative Cost <sup>7</sup>		\$2,250
<b>FERC Total</b>		<b>\$75,159</b>

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

The FERC-547 reporting requirements and the estimated burden hours per response are unchanged. There is a total decrease in the burden hours due to a decrease in the number of filers per year. The decrease in the number of refund reports filed seems most likely to be the

<sup>4</sup> FY2013 Estimated Average Hourly Cost per FTE, including salary + benefits

<sup>5</sup> Based on FY2013 estimated annual salary plus benefits per FTE of \$145,818.

<sup>6</sup> Paperwork Reduction Act of 1995 (PRA)

<sup>7</sup> The Commission bases the cost of Paperwork Reduction Act administration on staff time, and other costs related to compliance with the Paperwork Reduction Act of 1995.

result of more accurate pricing dynamics in national gas markets and a resulting decrease in the need to calculate and issue refunds to customers.

The following table illustrates the burden change and the proposed burden inventory.

<b>FERC-547</b>	<b>Total Request</b>	<b>Previously Approved</b>	<b>Change due to Adjustment in Estimate</b>	<b>Change Due to Agency Discretion</b>
Annual Number of Responses	11	30	-19	0
Annual Time Burden (Hr)	825	2,250	-1,425	0
Annual Cost Burden (\$)	0	149,143	-149,143	0

The Commission is removing the annual cost burden figure that appears in ROCIS<sup>8</sup> because it is associated with labor hours. The Commission only reports in ROCIS costs not associated with labor hours.

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

There are no data publications associated with this collection.

**17. DISPLAY OF EXPIRATION DATE**

It is not appropriate to display the expiration date for OMB approval of the information collected. The information is not collected on a standard, preprinted form which would allow display of this information. Rather, natural gas pipeline companies prepare and submit filings that reflect unique or specific circumstances related to the transaction in the filing. In addition, the information contains a mixture of narrative descriptions and empirical support that varies depending on the nature of the transaction.

**18. EXCEPTIONS TO THE CERTIFICATION STATEMENT**

The Commission will not be using statistical survey methodology for this information collection.

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<sup>8</sup> ROCIS is the online tool for Federal agencies to submit information collections to OMB for review. Information is available for the public at [reginfo.gov](http://reginfo.gov).