

FERC-545 (OMB No. 1902-0154)
Proposed Rule in Docket No. RM14-21-000, Issued 7/17/14
RIN: 1902-AE89

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

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

The Federal Energy Regulatory Commission (Commission or FERC) is proposing to amend the filing requirements for natural gas pipeline system maps. Under current regulations, natural gas pipelines must include a system map as part of their tariff on file with the Commission, and file an updated map by the following April for any year that there is a major change in the pipeline's system. Additionally, this map must be posted on the pipeline's own website. In order to reduce regulatory burden on these pipelines, the Commission proposes to eliminate the requirement to file a map as part of the tariff, leaving only the requirement to maintain a map on the pipeline's own website.

Furthermore, in order to promote transparency, the Commission proposes to change the deadline for updating system maps. Currently, if a pipeline experiences a major change that renders its existing map obsolete, it must make a tariff filing no later than April 30 of the subsequent calendar year. The Commission proposes a quarterly deadline for updating pipeline maps.

A. JUSTIFICATION

1. CIRCUMSTANCES THAT MAKE THE COLLECTION OF INFORMATION NECESSARY

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).

The changes to the FERC-545 in the proposed rule are under the first item, "tariff filings and any related compliance filings". Currently, pursuant to sections 154.103 and 154.106 of our

regulations,¹ natural gas pipelines must have a system map in their tariffs on file with the Commission and, pursuant to section 284.12(a)(1)(v),² on the tariff section of their websites. In order to reduce regulatory burden on these pipelines, the Commission proposes to eliminate the requirement that natural gas pipelines have a system map on file with the Commission but retain the requirement to post the system map on their websites. In order to promote transparency, the Commission proposes going from an annual to a quarterly deadline for updating pipeline maps.

The following paragraphs provide further background on the FERC-545 collection.

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

¹ 18 CFR 154.103 and 154.106 (2013).

² 18 CFR 284.12(a)(1)(v) (2013).

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.

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

The Commission has required natural gas pipelines to include system maps in their tariffs since 1948.³ The Commission made clarifying modifications to the original regulation in 1995,⁴ and edits to accommodate electronic tariff filing (eTariff) in 2008.⁵ The current-day map publication regulation, 18 CFR 154.106, states:

- a. The map must show the general geographic location of the company's principal pipeline facilities and of the points at which service is rendered under the tariff. The boundaries of any rate zones or rate areas must be shown and the areas or zones identified. The entire system should be displayed on a single map. In addition, a separate map should be provided for each zone.
- b. [Reserved]
- c. The map must be revised to reflect any major changes. The revised map must be filed no later than April 30 of the calendar year after the major change.⁶

As with other parts of tariffs, pipeline system maps must be filed with the Commission solely in electronic format. Order No. 714 required that all natural gas pipeline tariffs and tariff revisions,

³ *Amendment of Regulations and Approved Forms Under the Natural Gas Act, to Prescribe Revised Rules Governing the Form, Composition, Filing, and Posting of Rate Schedules and Tariffs for the Transportation or Sale of Natural Gas Subject to the Jurisdiction of the Commission*, [Order No. 144](#), 13 FR 6371, 6374 (issued Oct. 28, 1948, published Oct. 30, 1948, corrected Nov. 12, 1948).

⁴ *Filing and Reporting Requirements for Interstate Natural Gas Company Rate Schedules and Tariffs*, Order No. 582, 60 FR 52,960, FERC Stats. & Regs. ¶ 31,025 (1995).

⁵ *Electronic Tariff Filings*, Order No. 714, 73 FR 57,515, FERC Stats. & Regs. ¶ 31,276 (2008) (Order No. 714) *clarified*, Order No. 714-A, 147 FERC ¶ 61,115 (2014).

⁶ 18 CFR 154.106.

including those concerning system maps, be filed electronically according to a set of standards developed in conjunction with the North American Energy Standards Board (NAESB).⁷ Moreover, under NAESB Wholesale Gas Quadrant Standard 4.3.23, and as incorporated by reference in section 284.12(a)(1)(v) of the Commission's regulations,⁸ each pipeline must display its entire tariff (including the map) on its website. Pipeline system maps, however, are often created using specialized software, and can be densely populated with data. These factors have created constraints in the ability of pipelines to file maps as part of their electronically filed tariffs. For example, eTariff limits the size of all individual tariff records to 10 megabytes.⁹ Further, system maps may only be filed in one of two electronic formats, RTF or PDF.¹⁰ In practice, it is technically difficult to create and file a map in RTF. Further, pipelines have informed Commission Staff that converting their maps to a small-size PDF often compels them to reduce the quality of the maps.

As noted, the current regulation requires the filing of an updated map only if there is a major change, and thus not all pipelines have major changes requiring such a filing every year. Over the past three years, the Commission received an average of 21 filings per year that were exclusively pursuant to section 154.106. Additionally, pipelines sometimes file system maps intermittently throughout the year as part of more general tariff filings.

The following paragraphs provide additional background on the FERC-545 requirements.

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

⁷ Order No. 714 at P 1.

⁸ 18 CFR 284.12(a)(1)(v).

⁹ See *Implementation Guide for Electronic Filing of Parts 35, 154, 284, 300, and 341 Tariff Filings* (April 29, 2014) Data Dictionary, Record Binary Data, available at <<http://www.ferc.gov/docs-filing/etariff/implementation-guide.pdf>>.

¹⁰ *Id.* at Data Dictionary, Record Content Type Code. RTF refers to Rich Text Format which is a standardized textual format that can be produced by a number of word processors. PDF refers to Portable Document Format, which is a format used for representing documents that closely resembles the original formatting of the document.

companies for the transportation of gas and natural gas storage; (3) provide general industry oversight; and (4) supplement documentation during its audits process.

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 changes in the proposed rule, if adopted, will discontinue the requirement for pipelines to file pipeline maps as part of their tariffs. Inherent in this change is the recognition that the eTariff format is not well suited to pipeline maps. Posting its map on its website allows a company to use the format best suited to a clear presentation.

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

As noted, current regulations require pipelines to submit maps to the Commission and to publish them on their website. The proposed rule, if adopted, eliminates the requirement to submit maps as part of tariff filings which would eliminate duplication of the pipeline's effort.

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

The proposed rule, if adopted, eliminates a filing requirement and reduces burden over the long run for all pipelines, including small ones.

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

The proposed rule, if adopted, would require pipelines to post a new version of their map by the end of the calendar quarter, if they have made major changes during that quarter. If a pipeline does not make major changes to its map it is not required to do anything with its map. Requiring pipelines to update their maps in the calendar quarter that they implement a major system change will enhance transparency by ensuring that shippers have an accurate depiction

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of the pipeline in a timelier manner. If the pipelines updated their maps less frequently it could lead to out of date maps on pipeline websites.

The proposed rule would also require respondents to make a one-time tariff filing in order to provide the URL for the posted map.

7. EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE INFORMATION COLLECTION

The FERC-545 contains no special circumstances.

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

Each FERC rulemaking (both proposed and final rules) is published in the Federal Register, thereby providing public utilities and licensees, state commissions, Federal agencies, and other interested parties an opportunity to submit data, views, comments or suggestions concerning the proposed collection of data. The proposed rule was published in the Federal Register on July 17, 2014 (79 FR 43994) soliciting comments on the proposed changes to the information collection.

9. EXPLAIN ANY PAYMENT OR GIFTS TO RESPONDENTS

There are no payments or gifts to respondents as part of the changes in the proposed 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 to 18 C.F.R. Section 388.112.

11. PROVIDE ADDITIONAL JUSTIFICATION FOR ANY QUESTIONS OF A SENSITIVE NATURE, SUCH AS SEXUAL BEHAVIOR AND ATTITUDES, RELIGIOUS BELIEFS, AND OTHER MATTERS THAT ARE COMMONLY CONSIDERED PRIVATE

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

12. ESTIMATED BURDEN OF COLLECTION OF INFORMATION

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The existing burden for the FERC-545 includes 161 respondents, approximately 2,151 responses annually, and 280,445 hours of total burden. These hours are used for (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).

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

The current federal cost for this collection is \$2,876,510.

The proposed rule, if adopted, eliminates pipeline maps being filed with the Commission. The Commission assumes that there will not be a material change in the federal cost as a result of the proposed rule.

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

The following burden estimates reflect the time necessary for respondents to update their tariffs according to the proposed rule, as well as the burden reduction as respondents will no longer have to file system map adjustments. Also, there is a small burden increase to account for the proposed requirement that pipelines update their system maps on a more frequent basis than annually. The Commission bases the estimated number of respondents on the number of Natural Gas Act jurisdictional companies with tariffs on file, accounting for companies that have waivers. The Commission assumes that in the first year the only difference in burden for respondents is to make the one time tariff changes estimated at eight hours per respondent. In each year, starting in the second, the Commission estimates that approximately 21 respondents per year will experience a four hour reduction in burden from no longer filing system map adjustments with the Commission. Also starting in the second year, the Commission estimates that approximately four respondents will see an increase of four hours per year in order to update their maps more frequently. The following table shows the proposed rule burden hour impact.

	Total Number of Responses (A)	Burden Hours per Response (B)	Total Annual Burden Hours (C)= (A)*(B)	Total Annual Cost¹¹=(C)*(\$/hour)
One-time tariff filing (year 1)	165	8	1,320	\$168,960 (\$128/hr)
Burden Reduction (year 2 and beyond)	-21	4	-84	-\$5,124 (\$61/hr)
Additional burden for more frequent map updates (year 2 and beyond)	4	4	16	\$976 (\$61/hr)
Total – Year 1	165	8	1,320	\$168,960
Total – Year 2 and beyond	-17	4	-68	-\$4,148

To submit the proposed burden to OMB we are submitting the year one one-time burden as a stand alone information collection and averaging the burden addition and reduction in years two and three over the first three years. The net result is shown in the table below. At the appropriate time the Commission will remove the year one one-time burden and adjust the existing hours as needed.

FERC-545	Total Request	Previously Approved	Change due to Adjustment in Estimate	Change Due to Agency Discretion
Annual Number of Responses	2,305	2,151	-	154
Annual Time Burden	281,720	280,445	-	1,275

¹¹ The estimates for Total Annual Cost are derived using the following formula: Total Annual Burden Hours * \$ per Hour = Total Annual Cost. For the one-time tariff filing the hourly loaded (wage plus benefits) wage is \$128 and is based on the loaded wage of an attorney. For the burden reduction and additional updates the hourly loaded wage is \$61 and is based on the loaded wage of a civil engineer and a computer/math specialist. The hourly wage figures come from the Bureau of Labor Statistics (BLS) at http://www.bls.gov/oes/current/naics2_22.htm and the benefits are calculated using BLS information at <http://www.bls.gov/news.release/ecec.nr0.htm>. Each response to the proposed regulation in Column A is expected to correspond to a unique respondent. As a result, total number of responses equals the expected total number of respondents.

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Annual Cost Burden (\$)	0	0	-	-

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 other publications of the information.

17. DISPLAY OF EXPIRATION DATE

The expiration date is displayed in a table posted on ferc.gov at <http://www.ferc.gov/docs-filing/info-collections.asp>.

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT

This information collection does not employ statistical methods.