

Supporting Statement for

FERC-537, Gas Pipeline Certificates: Construction, Acquisition, and Abandonment

The Federal Energy Regulatory Commission (FERC or Commission) requests the Office of Management and Budget (OMB) extend its approval of **FERC-537, Gas Pipeline Certificates: Construction, Acquisition, and Abandonment, for three years**. The data required to be submitted consists of identification of the company and responsible officials, proposed facilities, factors considered in the location of the facilities and the detailed impact on the project area for environmental considerations.

A. Justification

1. CIRCUMSTANCES THAT MAKE THE COLLECTION OF INFORMATION NECESSARY

Under the Natural Gas Act (NGA) (Public Law 75-688) (15 U.S.C. 717-717w) a natural gas company must obtain FERC authorization to engage in the transportation of natural gas in interstate commerce, to undertake the construction or extension of any facilities, or to acquire or operate any such facilities or extensions in accordance with Section 7(c) of the NGA. A natural gas company must also obtain FERC approval under Section 7(b) of the NGA prior to abandoning any jurisdictional facility or service. Under the Natural Gas Policy Act (NGPA) (Public Law 96-621) interstate pipelines must also obtain FERC authorization for certain transportation arrangements. If a certificate is granted, the natural gas company can engage in the interstate transportation of natural gas and construct, acquire, or operate facilities. Conversely, approval of an abandonment application permits the pipeline to cease service and discontinue the operation of such facilities. Authorization under NGPA Section 311(a) allows the interstate or intrastate pipeline applicants to render certain transportation services.

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

The natural gas companies file the necessary information with FERC so that the Commission can determine from the data if the requested certificate should be authorized. The data required to be submitted in a normal certificate filing consists of

identification of the company and responsible officials, factors considered in the location of the facilities and the impact on the area for environmental considerations. Also to be submitted are the following, as applicable to the specific request:

- Flow diagrams showing the design capacity for engineering design verification and safety determination;
- Cost of proposed facilities, plans for financing, and estimated revenues and expenses related to the proposed facility for accounting and financial evaluation.
- Existing and proposed storage capacity and pressures and reservoir engineering studies for requests to increase storage capacity;
- An affidavit showing the consent of existing customers for abandonment of service requests.

In addition, requests for an increase of pipeline capacity must include a statement that demonstrates compliance with the Commission's Certificate Policy Statement by making a showing that the cost of the expansion will not be subsidized by existing customers and that there will not be adverse economic impacts to existing customers, competing pipelines or their customers, or to landowners and surrounding communities.

Because of the greater demand for natural gas as seen in rapidly evolving market conditions, FERC established in FY '99 a performance plan to process cases as efficiently as possible. The Commission grouped certificate applications by the level of effort required to respond to the applications and established clear targets for the time it should take to process each type of application.

Environmental concerns play a significant role in the review of certificate construction applications. Pipelines are facing increased opposition from landowners as new projects are proposed in more heavily populated areas. When new pipelines propose to serve markets currently served by existing pipelines, FERC has to balance the benefits of alternative supplies of natural gas with the environmental impact of a new project.

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 burden. The FERC-537 (OMB Control No. 1902-0060) application may be eFiled through FERC's E filing system. [See <http://www.ferc.gov/docs-filing/efiling.asp> for more information.]

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

Commission filings and data requirements are periodically reviewed in conjunction with OMB clearance expiration dates. This includes a review of the Commission's regulations and data requirements to identify any duplication. To date, no duplication of the proposed data requirements has been found. There are no similar sources of information available that can be used or modified for use for the purpose described in Item A (1).

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

The information requirements under FERC-537 apply to jurisdictional pipelines and a few intrastate pipelines. The majority of these entities would not be considered small entities within the meaning of the Regulatory Flexibility Act.

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

FERC-537 data collection is required for statutory purposes and cannot be discontinued nor collected less frequently. The information that must be submitted to the Commission is event driven.

Without such information, the Commission would be unable to fulfill its statutory responsibilities under the NGA, NGPA, and Alaska Natural Gas Pipeline Act to authorize natural gas companies to transport natural gas or to build the facilities for these operations or for the abandonment of service of facilities.

7. EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE INFORMATION COLLECTION

The number of copies of a certificate application to be filed in compliance with various sections applicable under FERC-537 exceeds the number of copies prescribed by OMB in their guidelines at 5 CFR 1320. Depending on the type of eFiling (see <http://www.ferc.gov/docs-filing/efiling/filing.pdf> for specifics), courtesy paper copies are required by the Commission to conduct the regulatory review.¹

The Commission's Office of the General Counsel receives one copy and the remaining copies are distributed to Office of Energy Projects staff. These copies are essential to staff so that the required technical, engineering, and environmental reviews and analyses proceed simultaneously and efficiently. A project manager must have a copy of the application for review and coordination purposes; additional copies must be available for staff members in various parts of the Commission for assessing the adequacy of diverse exhibits. It would not be feasible to conduct these review functions in a timely manner, and within the current processing schedule, if fewer copies of the application were provided for staff use.

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

For this renewal, the Commission issued a 60-day public notice on September 30, 2014². A 30 day notice was published in the Federal Register (80 FR 6067, 2/4/2015).

9. EXPLAIN ANY PAYMENT OR GIFTS TO RESPONDENTS

There are no payments or gifts to respondents.

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

The Commission does not consider the data posted concerning open season information to be confidential. By public posting the information prior to the open season, this will significantly reduce any advantages that one shipper may have over another and create greater transparency for all parties.

¹ For more information, see <http://www.ferc.gov/docs-filing/efiling/address-list.pdf>.

² Federal Register Volume 79, No. 196, page 61068, 10/9/2014.

If any of the data are considered non-public or Critical Energy Infrastructure Information, the respondent may request treatment as such according to 18 CFR 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

There are no questions of a sensitive nature or other matters that are commonly considered private that is associated with the collection of information under FERC-537.

12. ESTIMATED BURDEN OF COLLECTION OF INFORMATION

The Commission estimates the annual public reporting burden for the information collection as:

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Number of Respondents (1)	Annual Number of Responses per Respondent (2)	Total Number of Responses (1)*(2)=(3)	Average Burden Hours & Cost Per Response³ (4)	Total Annual Burden Hours & Total Annual Cost (3)*(4)=(5)	Cost per Respondent (\$) (5)÷(1)
204	2.24	458	146	66,868	\$23,109
			\$10,293	\$4,714,194	

³ The estimates for cost per response are derived using the following formula: Average Burden Hours per Response * \$70.50 per Hour = Average Cost per Response. The cost per hour figure is the FERC average salary plus benefits. Subject matter experts found that industry employment costs closely resemble FERC's regarding the FERC-537 information collection.

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Updated 7/1/2015

A more granular breakdown of the average burden hour figure (i.e., 146 average hours per response)

follows:

18 CFR Section	Regulation Topic	Number of Respondents	Number of Responses	Avg. Hours Per Response
157.5-.11; & 157.13-.20	Interstate certificate and abandonment applications	159	82	500
157.53	Exemptions	39	3	50
157.201-.209; 157.211; 157.214-.218	Blanket Certificates prior notice filings	62	46	200
157.201-.209; 157.211; 157.214-.218	Blanket Certificates – annual reports	159	159	50
284.11	NGPA Sec. 311 Construction - annual reports	93	93	50
284.8	Capacity Release – record keeping	0	N/A	75
284.126 (a)	Intrastate bypass, semi-annual transportation	37	48	30
284.221	Blanket Certificates – one time filing, inc. new tariff and rate design proposal	14	14	100
284.224	Hinshaw Blanket Certificates	8	8	75
157.5-.11; & 157.13-.20	Non-facility certificate or abandonment applications	5	5	75
TOTALS		204 distinct entities	458	146 average, weighted

13. ESTIMATE OF THE TOTAL ANNUAL COST BURDEN TO RESPONDENTS

There is no capital or start-up cost associated with this information collection. All of costs are associated with the burden hours and accounted for in Questions #12 and #15.

14. ESTIMATED ANNUALIZED COST TO FEDERAL GOVERNMENT

The estimated annualized cost to the Federal government for FERC-537 follows:

FERC-537	No. of Employees (FTE's)⁴	Estimated, Annual, Federal Resources in (\$)
Analysis and Processing of filings	42	\$6,156,822
PRA ⁵ Administrative Cost ⁶		\$5,092
FERC Total		\$6,161,914

The Commission bases its estimate of the 'Analysis and Processing of filings' cost to the Federal Government on salaries and benefits for professional and clerical support. This estimated cost represents staff analysis, decision making, and review of any actual filings made in response to the information collection.

- Due to the technical nature of the required data, federal effort towards the FERC-537, for some examples, can involve analyzing a variety of technical exhibits requiring many types of technical/professional expertise and experience⁷. Those exhibits can include: Articles of incorporation (Exhibit A);
- Flow diagrams showing daily design capacity and reflecting operation with and without proposed facilities, reflecting maximum capabilities, and data (Exhibit G, G-I, and G-II);
- Total gas supply data (Exhibit H);
- Market data (Exhibit I);
- Federal authorizations (Exhibit J);
- Cost of facilities (Exhibit K);

⁴ The current FTE cost estimate for FERC is \$146,591, which includes salary and benefits.

⁵ Paperwork Reduction Act of 1995 (PRA)

⁶ The PRA Administrative Cost is a Federal Cost associated with preparing, issuing, and submitting materials necessary to comply with the PRA for rulemakings, orders, or any other vehicle used to create, modify, extend, or discontinue an information collection. This average annual cost includes requests for extensions, all associated rulemakings and other changes to the collection.

⁷ 18 CFR 157.14

- Financing (Exhibit L);
- Construction (Exhibit M);
- Revenues, Expenses, and Income (Exhibit N);
- Depreciation and depletion (Exhibit O); and
- Tariffs (Exhibit P).

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

FERC-537	Total Request	Previously Approved	Change due to Adjustment in Estimate	Change Due to Agency Discretion
Annual Number of Responses	458	674	0	-216
Annual Time Burden (Hr)	66,868	100,242	0	-33,374
Annual Cost Burden (\$)	0	0	0	0

Over the past three years the great expansion of the natural gas market and infrastructure has caused more companies to come under our data collection regime, both interstate and intrastate. However, FERC has reworked the way in which the number of respondents is derived. This new method has reduced the amount of duplicate counting of respondents and ultimately led to fewer respondents (225 to 204) and fewer responses per respondent (3.44 to 1.2) estimated for this collection. The revised estimates are based on the number of actual filings received. FERC staff received fewer filings due to some reporting eliminations and reclassifications:

- 284.126(c) eliminated: Order No. 757 Issued January 19, 2012. A resulting less burden analysis was shown in that order.
- 284.4 eliminated: this is not a facilities burden. This is only company record keeping for ongoing transportation contacts. Thus, 168 responses and filings were removed from 2011 to 2014.
- Blanket Certificates – Annual Reports & NGPA Sec. 311 Construction - annual reports: we found better data sorting in ATMS to find that Blanket Certificates – Annual Reports and NGPA Sec. 311 Construction - annual reports should both experience reductions from the previous clearance period. This is due to the elimination of duplicate counting.

In short, eliminated information collection requirements and the elimination of duplicate counting resulted in fewer filings for the collection.

16. TIME SCHEDULE FOR THE PUBLICATION OF DATA

There is no data published as a result of this collection.

17. DISPLAY OF THE 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

There is no exceptions to the Paperwork Reduction Act in this collection.