

Supporting Statement  
**FERC-537 (Gas Pipeline Certificates: Construction, Acquisition and  
Abandonment),<sup>1</sup>**  
**as modified by the Final Rule in Docket Number RM12-11-003**

The Federal Energy Regulatory Commission (Commission or FERC) requests that the Office of Management and Budget (OMB) review and approve FERC-537 for three years, as modified by the Final Rule (Order 790-B) in Docket Number RM12-11-003.

**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. (This order in RM12-11-003 is simplifying and clarifying the abandonment requirements.) 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**

**Order 790-B in Docket RM12-11-003.** Order 790-B is revising the requirements to: (1) provide pre-granted authority under new subsection 2.55(a)(3) to abandon or replace auxiliary facilities, subject to certain conditions; (2) permit auxiliary facilities that cannot meet the conditions for the pre-granted abandonment authority in new subsection 2.55(a)(3) to be abandoned under section 157.216 of the blanket certificate regulations, subject to those regulations' requirements; and (3) permit replacement facilities constructed under section 2.55(b) of the regulations to be abandoned under section 157.216 of the

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<sup>1</sup> Only FERC-537 is modified by Order 790-B; FERC-577 is not affected.

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Part 157, Subpart F, blanket certificate regulations, subject to those regulations' requirements.

**FERC-537, in general.** 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 may include (depending on the circumstances and application):

- identification of the company and responsible officials
- factors considered in the location of the facilities and the impact on the area for environmental considerations
- 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;
- Engineering drawings;
- 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.

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

There is an ongoing FERC effort to increase the use of improved information technology in order to reduce the compliance burden. The FERC-537 materials may be eFiled through FERC's eFiling system. [See <http://www.ferc.gov/docs-filing/efiling/filing.pdf> for more information.]

The majority of the application filings made in accordance with sections 7(b) and 7(c) are filed electronically. However, due to the complexity of the exhibits, maps, and projects and distances covered by the project, for some of the filings, up to three additional paper copies may be required for staff review, processing, and collaboration. As additional uses of information technology (including geospatial information systems) are implemented, FERC may be able to reduce or eliminate the need for the additional paper copies.

Order 790-B is simplifying the reporting requirements and corresponding 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 information collection expiration dates arise or as the Commission may deem necessary in carrying out its regulatory responsibilities under the NGA in an effort to alleviate duplication. All Commission information collections are subject to analysis by Commission staff and are examined for redundancy. There is no other source of this information.

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

There are no special provisions or methods for reducing burden on any small entities. For natural gas companies of all sizes, Order 790-B is simplifying the requirements associated with certain applications for abandonment activities.

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

This order is reducing the requirements and instituting pre-granted abandonments in some situations.

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

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For the existing requirements related to the collection (requirements **not** changed by the final rule in RM12-11-003) up to three paper copies may be required, depending on the item filed, for staff review, processing, and collaboration.<sup>2</sup>

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

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 NOPR in Docket RM12-11<sup>3</sup> was published in the Federal Register on January 4, 2013 (78 FR 679), and requested public comments. FERC addressed the comments in Order 790, issued 11/22/2013.<sup>4</sup>

Order 790-A<sup>5</sup> (Revisions to Auxiliary Installations, Replacement Facilities, and Siting and Maintenance Regulations, in Docket RM12-11-002) was issued on 11/20/2014 to clarify and modify certain aspects of Order 790.

FERC received a request for clarification. Order 790-B<sup>6</sup> (discussed in this supporting statement) addresses the request for clarification and makes further clarifications and simplifications to the requirements. (See the Order for FERC's response to the request for clarification.) These additional changes are reducing burden as indicated in #12 and 15.

## **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 information to be confidential. However, the Commission has encouraged applicants to indicate information which may be Critical Energy Infrastructure Information (CEII), or privileged. CEII as defined in Section 18 CFR 388.113 includes information about proposed or existing natural gas facilities that could be used by a person planning an attack on critical energy infrastructure. More

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<sup>2</sup>Details are available at <http://www.ferc.gov/docs-filing/forms/fileguide.pdf>.

<sup>3</sup>The NOPR is posted at <http://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=13137981>.

<sup>4</sup>Order 790 is posted at <http://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=13399208>.

<sup>5</sup>Order 790-A is posted at <http://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=13690297>.

<sup>6</sup>Order 790-B is posted at <http://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=13933334>.

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information about CEII and privileged security levels of information are posted at <http://www.ferc.gov/legal/ceii-foia/ceii.asp> and <http://www.ferc.gov/legal/ceii-foia/ceii/classes.asp>. The Commission's procedures in Part 388 are designed to ensure that CEII and privileged material are not placed in the Commission's public records.

**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 sensitive nature in the information collection.

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

The estimated average annual burden as modified by Final Rule (Order 790-B) in Docket RM12-11-003 will be decreased by 330 hours to 66,538 hours (from 66,868 hours). Order 790-B affects the burden and cost as follows:

<b>FERC-537, Annual Burden and Cost Estimates Due to Implementation of Final Rule in RM12-11-003</b>					
	<b>Number of Respondents (1)</b>	<b>Number of Responses per Respondent (2)</b>	<b>Average Burden Hours Per Response (3)</b>	<b>Total Annual Burden Hours (1)x(2)x(3)</b>	<b>Total Annual Cost (\$)<sup>7</sup></b>
Pre-Granted Auxiliary Approval (18 CFR 2.55)	3	1	5	15	\$1,080
Additional Blanket Certificate Abandonment Applications	2	1	25	50	\$3,600

<sup>7</sup> The estimates for cost per response are derived using the following formula: Average Burden Hours per Response x \$72 per Hour = Average Cost per Response. The cost per hour figure is the FERC average salary plus benefits for Fiscal Year 2015. Subject matter experts found that industry employment costs closely resemble FERC's regarding the FERC-537 information collection.

Eliminated Blanket Certificate Abandonment Applications	-3	1	25	-75	-\$5,400
Eliminated Case-Specific Abandonment Applications	-2	1	160	-320	-\$23,040
<b>Net Change due to RM12-11- 003</b>				<b>-330</b>	<b>-\$23,760</b>

Additional details on the burden and cost are included in #15.

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

There are no non-labor costs; all costs related to burden hours are described in #12 and 15.

### 14. ESTIMATED ANNUALIZED COST TO FEDERAL GOVERNMENT

Type of Cost	Number of Employees (FTEs)	Estimated Annual Federal Cost <sup>8</sup>
PRA Administration Cost <sup>9</sup>		\$5,193
Analysis and Processing of Filings	41.91	\$6,265,083.99
<b>FERC Total</b>		<b>\$6,270,276.99</b>

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.

<sup>8</sup> Based on FERC’s Fiscal Year 2015 average cost per FTE (salary plus benefits) of \$149,489 per year (or 2,080 work hours), rounded to \$72.00 per hour.

<sup>9</sup> The Paperwork Reduction Act of 1995 (PRA) Administration Cost is \$ 5,193, and includes preparing supporting statements, notices, and other activities associated with Paperwork Reduction Act compliance and is not only related to this clearance for RM12-11-003.

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**RM12-11-003.** Order 790-B will affect only an estimated 5 industry filings per year with an expected total annual savings for industry of 330 hours per year.

Due to the limited effect of the Order, we estimate a similar limited effect on the number of federal FTE's reviewing and processing the FERC-537 materials. For each of the 5 filings being reduced or avoided due to RM12-11-003, we expect the federal government to save one week of effort on average annually. Therefore the total federal effect related to this rule would be a savings of 5 weeks (or 0.09 FTE). [Those federal resources will be used to process other regulatory casework.]

**FERC-537 in general.** The FERC-537 applications and data include a variety of highly technical exhibits. The federal staff analyzing and processing the data includes many types of highly specialized and experienced technical and professional staff members in a variety of fields. FERC-537 applications and related exhibits may include:

- o for certificates
  - o Articles of incorporation
  - o Flow diagrams (showing daily design capacity and reflecting operation with and without proposed facilities, reflecting maximum capabilities, and data)
  - o Total gas supply data
  - o Market data
  - o Federal authorizations
  - o Cost of facilities
  - o Financing
  - o Construction, operation, and management
  - o Revenues, Expenses, and Income
  - o Depreciation and depletion
  - o Tariffs
- o for abandonments
  - o Related applications
  - o Contracts and other agreements
  - o Flow diagram showing daily design capacity and reflecting operation of applicant's system after abandonment
  - o Impact on customers whose service will be terminated
  - o Effect of the abandonment on existing tariffs
  - o Accounting treatment of abandonment
  - o Location of facilities

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

In RM12-11-003, FERC is amending its regulations to

- o provide pre-granted authority under new subsection 2.55(a)(3) to abandon or replace auxiliary facilities, subject to certain conditions;
- o permit auxiliary facilities that cannot meet the conditions for the pre-granted abandonment authority in new subsection 2.55(a)(3) to be abandoned under section 157.216 of the blanket certificate regulations, subject to those regulations' requirements; and
- o permit replacement facilities constructed under section 2.55(b) of the regulations to be abandoned under section 157.216 of the Part 157, Subpart F, blanket certificate regulations, subject to those regulations' requirements.

These changes will reduce burden and cost for applicants to abandon natural gas facilities or service.

The estimated average annual program changes (increases and decreases, resulting in a net program decrease) as implemented in Order 790-B (in Docket RM12-11-003) are as follows:

<b>FERC-537, Annual Burden and Cost Estimate Changes Due to Implementation of Final Rule in RM12-11-003</b>					
	<b>Number of Respondents (1)</b>	<b>Number of Responses per Respondent (2)</b>	<b>Average Burden Hours Per Response (3)</b>	<b>Total Annual Burden Hours (1)x(2)x(3)</b>	<b>Total Annual Cost (\$)<sup>10</sup></b>
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Additional Blanket Certificate Abandonment Applications	2	1	25	50	\$3,600

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<b>Net Change due to RM12-11- 003</b>				<b>-330</b>	<b>-\$23,760</b>

The following table summarizes the existing OMB-approved burden inventory and the estimated changes due to implementation of the final rule in RM12-11-003.

<b>FERC-537</b>	<b>Total Reques t</b>	<b>Previously Approved</b>	<b>Change due to Adjustment in Estimate</b>	<b>Change Due to Agency Discretion</b>
Annual Number of Responses	458	458	-	0
Annual Time Burden (Hr)	66,538	66,868	-	-330
Annual Cost Burden (\$)	-	-	-	-

## 16. TIME SCHEDULE FOR PUBLICATION OF DATA

FERC does not publish any data as part of this collection.

## 17. DISPLAY OF EXPIRATION DATE

The OMB expiration dates are posted on <http://www.ferc.gov/docs-filing/info-collections.asp>.

## 18. EXCEPTIONS TO THE CERTIFICATION STATEMENT

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This collection has no exceptions.