

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

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, with no changes to the reporting requirements.

1. CIRCUMSTANCES THAT MAKE THE COLLECTION OF INFORMATION NECESSARY

The Commission's regulatory jurisdiction¹ 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.

Order No. 561 (issued 10/22/1993 in Docket No. RM93-11) revised the Commission's "regulations of oil pipelines in order to implement the requirements of Title XVIII of the Energy Policy Act of 1992. The revisions provide a simplified and generally applicable method for regulating oil pipeline rates by use of an index for setting rate ceilings for such rates. In certain circumstances, an oil pipeline would be permitted to establish rates using a traditional cost of service or other methods of ratemaking." As discussed further in Order No. 650 (issued 8/27/2004 in Docket RM93-11-002), "[a]mong other things, Order No. 561 established a price cap for oil pipeline rates, to be adjusted annually based upon changes in the Producer Price Index for Finished Goods (published each May by the U.S. Department of Labor, Bureau of Labor Statistics) minus one percent (PPI-1). Order No. 561 recognized that its responsibilities under the Interstate Commerce Act,² to both shippers and pipelines, required monitoring of the relationship between the change in the selected index and the actual cost changes experienced by the industry. Therefore, the Commission stated that it would review the choice of index every 5 years.³"

The filing requirements for oil pipeline tariffs and rates⁴ under 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

1 In 1977, Congress transferred regulatory authority over oil pipelines to FERC. Section 402 of the Department of Energy Organization Act transferred the ICC's (Interstate Commerce Commission) oil pipeline jurisdiction to FERC. Department of Energy Organization Act, Pub. L. No. 95-91, 91 Stat. 565, 584 (1977) (codified at 42 U.S.C. § 7172(b)), effectuated, Exec. Order No. 12,009, 42 Fed. Reg. 161,377 240 7-18-85 46,267 (Sept. 13, 1977), implemented, 42 Fed. Reg. 55,534 (Oct. 17, 1977) .

2 49 U.S.C. app. 1 (1988).

3 Order No. 561, ¶ 30,985 at 30,952.

4 18 C.F.R. Parts 341-348.

Commission's regulation of oil pipelines rates ("*Historical Background of Oil Pipeline Ratemaking*") are included in reginfo.gov and ROCIS under "Supplementary Documents" and posted at <http://www.ferc.gov/industries/oil.asp>.

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.

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. 714,⁵ 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 electronically.

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

None of the oil pipeline companies required to file the FERC-550 qualify for the Small Business Administration definition of "small entity." However, the Commission's regulations for filing the FERC-550 oil tariffs under 18 C.F.R § 341 allow a pipeline which owns 100 percent of its crude shipped to seek a waiver by the Commission of the notice and tariff requirements of section 6(3) of the Interstate Commerce Act. The criteria to qualify for a temporary waiver

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

of the filing and reporting requirements of the Commission's regulations implementing sections 6 and 20 of the ICA are as follows.⁶ First, the pipeline requesting a temporary waiver (or its affiliates) must own 100 percent of the throughput on the line. Second, there should be no demonstrated third-party interest in gaining access to or shipping upon the line. Third, there should be no likelihood such third-party interest will materialize. Fourth, there is no opposition to granting the waivers.

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 driven (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.

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

In accordance with OMB requirements, the Commission issued a 60-day notice on 5/20/2016 in Docket IC16-10 requesting public comment.⁷ The public notice stated that FERC would be requesting a three-year extension of the public reporting burden with no change to the existing requirements concerning the collection of data. The Commission received no comments.

⁶ See *Whiting Oil and Gas Corp.*, 131 FERC ¶ 61,263 (2010); *Cimarron Gathering, L.P.*, 126 FERC ¶ 61,017 (2009); *Enbridge Pipelines (NE Texas Liquids) L.P.*, 117 FERC ¶ 61,046 (2006); *Enbridge Pipelines (NE Texas Liquids) L.P.*, 110 FERC ¶ 61,159 (2005); *Ciniza Pipe Line, Inc.*, 73 FERC ¶ 61,377 (1995); *Hunt Refining Co.*, 70 FERC ¶ 61,035 (1995); and *Sinclair Oil Corp.*, 4 FERC ¶ 62,026 (1978).

⁷ The notice is available at 81 FR 33499 (5/26/2016) and posted in FERC's eLibrary at <http://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=14252841>.

The 30-day Notice will also be published in the Federal Register.

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

The Commission does not consider the information collected in these filings to be confidential. However, the filer may request privileged treatment of a filing pursuant to 18 C.F.R. § 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 associated with the reporting requirements.

12. ESTIMATED BURDEN OF COLLECTION OF INFORMATION

The Commission estimates the annual public reporting burden⁸ and cost⁹ for the FERC-550 information collection as follows:¹⁰

	Number of Respondents (1)	Annual Number of Responses per Respondent (2)	Total Number of Responses (1)*(2)=(3)	Average Burden & Cost Per Response (4)	Total Annual Burden Hours & Total Annual Cost (3)*(4)=(5) ()	Cost per Respondent (\$) (5)÷(1)

⁸ The one-time burden imposed by Order 780 (issued May 16, 2013, in Docket No. RM12-15-000; 78 FR 32090, 5/29/2013) has been completed and is not included.

⁹ The cost is based on FERC’s 2016 average cost (salary plus benefits) of \$74.50/hour. Commission staff finds that the work done for this information collection is typically done by wage categories similar to those at FERC.

¹⁰ For information, FERC staff recently verified the various estimates. As of 12/15/2016, the no. of

- average annual responses per respondent is 3.75
- total no. of responses is 780
- total annual burden hours is 6,096, and total annual cost is \$454,152
- cost per respondent is \$2,183.33.

Because these figures vary an insignificant amount (due to several months of additional data) from the estimates provided in the public Notices (issued 5/20/2016 and 8/25/2016) and in the tables in this supporting statement, we will continue to use the earlier estimates.

FERC-550	208	3.68	765	7.815 hrs.; \$582.22	5,978 hrs.; \$445,396	\$2,141.3 3
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13. ESTIMATE OF THE TOTAL ANNUAL COST BURDEN TO RESPONDENTS

All costs are related to burden hours and addressed in Questions 12 and 15.

14. ESTIMATED ANNUALIZED COST TO FEDERAL GOVERNMENT

	Number of Employees (FTEs)	Estimated Annual Federal Cost
Analysis and Processing of Filings ¹¹	8	\$1,237,176
PRA ¹² Administrative Cost ¹³		\$5,481
FERC Total		\$1,242,657

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

Program Decrease. The one-time burden imposed by Order 780 (issued May 16, 2013, in Docket No. RM12-15-000; 78 FR 32090, 5/29/2013) has been completed and is being correspondingly removed as a program decrease (‘change due to agency discretion’). Similarly, that annual cost burden is being removed. (That results in a reduction of 167 respondents representing 167 responses and 3,340 hrs. [figures approved by OMB on 9/30/2013], due to completion of that effort. That was represented in reginfo.gov and ROCIS in a separate stand-alone IC which is removed in this submittal.)

Adjustments in Estimate.¹⁰ The estimates for nos. of pipelines (respondents), filings (responses), and average annual no. of responses per respondent have changed since the previous OMB approval, due to various factors, described below.

- The Commission has seen an increase in the number of FERC-550 filings. There were 779 filings in all of 2015. [Between January 1, 2016 to August 23, 2016 there were 658 FERC-550 filings, compared to 607 filings during that period in 2015.]

11 The cost is based upon FERC’s 2016 annual average salary plus benefits of \$154,647 (or \$74.50/hour).

12 Paperwork Reduction Act of 1995 (PRA)

13 The PRA Administrative Cost is 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.

The increase of filings is due to the number of pipelines (respondents) which had to decrease their rates to remain under the ceiling established by the oil index. The oil index ceiling decreased because of downward fluctuations in the economy.

- In addition, the number of oil pipelines (respondents) that filed tariff filings in 2015 increased by 80 to 208. The increase of 80 new midstream oil pipelines since the last renewal occurred because fracking and horizontal drilling during recent years significantly increased the amount of crude oil and petroleum products that need to be transported from wells to markets. We expect the number of pipelines needing to file tariffs over the next 3 years to be at least 208. [The number we report for the next renewal cycle (in approximately 2019) will likely increase. New pipelines continued to be proposed in 2016, and construction on some of them began in 2016.]
- The average number of annual filings per respondent [for the remaining IC, Oil Pipeline Rates-Tariff Filings] decreased from 4.734 to 3.68.

FERC-550	Total Request	Previously Approved	Change due to Adjustment in Estimate	Change Due to Agency Discretion
Annual Number of Responses	765	773	+159	-167
Annual Time Burden (Hr.)	5,978	8,076	+1,242	-3,340
Annual Cost Burden (\$)	0	\$41,750	0	-\$41,750

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 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 are no exceptions.