

Supporting Statement for
**FERC-551, Reporting of Flow Volume and Capacity by Interstate Natural Gas
Pipelines**

Three-year approval requested

The Federal Energy Regulatory Commission (FERC or Commission) requests that the Office of Management and Budget (OMB) review and approve FERC-551 (Reporting of Flow Volume and Capacity by Interstate Natural Gas Pipelines) for a three-year period under OMB Control Number 1902-0243. There are no changes to the information/posting requirements.

1. CIRCUMSTANCES THAT MAKE THE COLLECTION OF INFORMATION NECESSARY

With the passage of the Energy Policy Act of 2005 (EPAAct 2005)¹, Congress affirmed a commitment to competition in wholesale natural gas and electricity markets as national policy. As part of this commitment to competition, in the transparency provisions, Congress charged the Commission with assuring the integrity of the wholesale markets and assuring fair competition by facilitating price transparency in those markets. It also significantly strengthened the Commission's regulatory tools in the transparency provisions, specifically, in Section 220 of the Federal Power Act and Section 23 of the Natural Gas Act (NGA).

FERC implemented Order Nos. 720 and 720-A to comply with EPAAct 2005 which amended the NGA to direct FERC to "facilitate price transparency in markets for the sale or transportation of physical natural gas in interstate commerce." On October 24, 2011, the United States Court of Appeals for the Fifth Circuit issued a decision granting the Texas Pipeline Association and the Railroad Commission's petition for review and vacating FERC's Order Nos. 720 and 720-A. In its order, the 5th Circuit held that Order Nos. 720 and 720-A exceeded the scope of FERC's authority under the NGA of 1938 and FERC could not require intrastate natural gas pipelines to post the information. However, the court's decision did not disrupt the reporting and posting obligations of interstate natural gas pipelines. The requirements for intrastate natural gas pipelines remain in the FERC's regulations at 18 CFR 284.14, but the Commission may take action to remove these requirements in the future.

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

¹ Energy Policy Act of 2005, Pub. L. No. 109-58, 119 Stat. 594 (2005).

General Background. On September 19, 2008, Order No. 714, the Federal Energy Regulatory Commission revised its regulations to require that, effective October 1, 2010, all tariffs and tariff revisions and rate change applications for the public utilities, natural gas pipelines, oil pipelines and power administrations be filed electronically according to a set standards developed in conjunction with the North American Energy Standards Board. That effort was part of the Commission's efforts to comply with the Paperwork Reduction Act, the Government Paperwork Elimination Act (GPEA), and the E-Government Act of 2002 by developing the capability to file electronically with the Commission via the Internet.²

All the pipelines' tariffs were revised to unbundle gas supplies from transportation on the pipeline. FERC designed a competitive market for transportation service by requiring every pipeline and every shipper that is not scheduled to use all of its capacity on the next day or longer, to post that capacity as available for a different shipper to bid on. FERC-551 is a part of the posting requirements.

FERC-551. The FERC-551 requires natural gas pipelines to post information on their websites on contracts related to firm and interruptible services. The postings must be done at a minimum, on a daily basis. The daily posting instruction for each entity is located in Title 18, Code of Federal Regulations, §284.13(b), Reporting requirements for interstate pipelines.³

The daily posting of information by interstate pipelines is necessary to provide information regarding the price and availability of natural gas to market participants, state commissions, FERC, and the public.

The posting capacity for transportation service contribute to market transparency by aiding the understanding of the volumetric/availability drivers behind price movements; it provides a better picture of disruptions in interstate natural gas flows in the case of disturbances to the pipeline system and allows for the some monitoring of potentially manipulative or unduly discriminatory activity in the interstate market. Failure by the Commission to collect this information means that it is unable to monitor and evaluate

² eTariff (used for natural gas, electric, and oil tariffs, under separate information collections and OMB Control Nos.) includes FERC-545, Gas Pipeline Rates: Rate Change (OMB Control No. 1902-0154), and FERC-549, NGPA Title III Transactions and NGA Blanket Certificate Transactions (OMB Control No. 1902-0086). More information on eTariff is available at <https://www.ferc.gov/docs-filing/etariff.asp> .

³ The reporting requirements of 18CFR284.13(b) are included in Supplementary Documents in reginfo.gov and ROCIS.

transactions and operations of interstate pipelines and perform its regulatory functions and statutory responsibilities as enumerated by the Energy Policy Act of 2005.

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

FERC-551 details some posting requirements on the companies' websites. The postings must be done at a minimum, on a daily basis.

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 Commission published a 60-day notice in the Federal Register (81 FR 70671, 10/13/2016) and a 30-day notice (81 FR 95127, 12/27/2016) to help identify any duplication of the information in the FERC-551. The Commission received no public comments from the notices. (Additional information on the public notices is available below at #8.)

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

Small entities subject to this collection may request a waiver from the posting requirements if necessary. Waivers in the past were granted to "Industrial pipelines" whose only line is used for their personal capacity. Two entities have been given waivers in the past as long as they owned the pipeline, owned the end-user facility and pipeline only transported its gas. The criteria used to determine if a waiver is granted is that the user and pipeline must be one in the same.

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

As noted above, the daily posting of flow information by interstate pipelines provides several benefits to the functioning of natural gas markets in ways to protect the integrity of physical, interstate natural gas markets, protect fair competition in those markets and consequently serve the public interest by better protecting consumers.

To have effective monitoring, the Commission needs timely information. Any reporting period longer than daily postings hinders the Commission in meeting this objective and

the Commission would be responding to information that is either stale or no longer relevant nor would the Commission be able under the Natural Gas Act to ensure both competitiveness and improved efficiency of the industry's operations. The daily posting of flow information by interstate pipelines is necessary to provide information regarding the price and availability of natural gas to market participants, State commissions, FERC, and the public.

7. EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE INFORMATION COLLECTION

As previously stated in Question #2, the daily posting of additional information by interstate pipelines (while more frequent than most data collections) is necessary to provide information regarding the price and availability of natural gas to market participants, state commissions, FERC, and the public. The postings contribute to market transparency by aiding the

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 notice⁴ and a 30-day notice⁵ in the Federal Register, 10/13/2016 and 12/27/2016 respectively. The notice allowed all pipeline companies, state commissions, federal agencies and other interested parties an opportunity to submit comments, or suggestions concerning the collection. Within the public notices, the Commission also 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 comments from the public regarding this information collection.

9. EXPLAIN ANY PAYMENT OR GIFTS TO RESPONDENTS

There are no payments or gifts to respondents in the FERC-551 requirements.

10. DESCRIBE ANY ASSURANCE OF CONFIDENTIALITY PROVIDED TO RESPONDENTS

The data submitted to pipelines' internet websites is public information and, therefore, is not considered confidential.

⁴ 81 FR 70671

⁵ 81 FR 95127

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 that are considered private that are associated with the FERC-551 reporting requirements.

12. ESTIMATED BURDEN OF COLLECTION OF INFORMATION

For FERC-551, FERC estimates the burden and cost as follows and shown in the chart.

- a) FERC estimates the annual number of respondents and the annual number of responses per respondent
- b) To obtain the total number of responses, we multiply the number of respondents by the number of annual responses per respondent.
- c) The estimated average burden hours and cost per response are listed.
- d) Total annual burden hours is calculated by multiplying the total number of responses by the average burden per response. Similarly the total annual cost is calculated by multiplying the total number of responses by the average cost per response.
- e) The final column identifies the burden hours and cost per respondent, which is calculated by dividing the total annual burden hours and total annual cost by the number of respondents.

FERC-551: Reporting of Flow Volume and Capacity by Interstate Natural Gas Pipelines						
	Number of Respondents (1)	Annual Number of Responses per Respondent (2)	Total Number of Responses (1)*(2)=(3)	Average Burden & Cost Per Responses^e (4)	Total Annual Burden Hours & Total Annual Cost (3)*(4)=(5)	Burden Hours & Cost per Respondent (\$) (5)÷(1)

⁶ The estimates for cost per response are derived using the following formula: Average Burden Hours per Response X \$60.44 per hour = Average Cost per Response. This figure of \$60.44/hour includes wages plus benefits and comes from the Bureau of Labor Statistics (http://www.bls.gov/oes/current/naics2_22.htm), from May 2015, using Management Analyst category code (13-1111).

FERC-551	169	365	61,685	0.5 hours; \$30.22	30,842.50 hrs. ; \$1,864,120.7 0	182.5 hrs. ; \$11,030.3 0
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13. ESTIMATE OF THE TOTAL ANNUAL COST BURDEN TO RESPONDENTS

There are no start-up or other non-labor costs associated with the information collection. All of the costs are associated with the burden hours and accounted for in Question #12.

14. ESTIMATED ANNUALIZED COST TO FEDERAL GOVERNMENT

The data are posted by private entities on the respective entity’s website and are not submitted to FERC. The private sector cost and burden are discussed in #12 and #15 of this supporting statement.

Commission staff accesses the material as part of regular casework and audits. Those associated FERC costs are included in the overall cost of the audits and not under FERC-551.

The Commission bases the cost of administration of the Paperwork Reduction Act of 1995 (PRA) on staff time, and other costs related to compliance with the Paperwork Reduction Act of 1995. These costs include: reviewing and analyzing the posting/reporting/recordkeeping requirements; developing, processing, and issuing the public notices and PRA supporting statement and materials, analyzing and addressing any public comments, and publishing notices in the Federal Register.

The estimated average annual cost of FERC-551 to FERC follows.

	Number of Employees (FTE)	Estimated Annual Federal Cost
Analysis and Processing of filings	0	\$0
PRA Administrative Cost		\$5,481
FERC Total		\$5,481

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

There are no changes to the reporting/posting requirements.

The burden associated with FERC-551 only reflects the respondent burden for interstate natural gas pipelines. The increase from the previous collection burden is due to a more accurate count of the number of respondents from the NGA pipeline websites/informational postings.⁷ This increase (adjustment in estimate) is due to a more accurate and up-to-date estimate of the number of respondents (and not related to any agency program changes [agency discretion]). The number of respondents may also have been affected by normal industry fluctuations (e.g., pipelines entering or exiting the market, or companies merging or splitting).

The current OMB-approved inventory is listed under the “Previously Approved” column. The annual responses and annual burden was 36,966 and 18,483 respectively. The added annual responses and annual burden (change due to adjustment in estimate, as discussed above) is 24,719 and 12,360 respectively.

FERC-551	Total Request	Previously Approved	Change due to Adjustment in Estimate	Change Due to Agency Discretion
Annual Number of Responses	61,685	36,966	24,719	0
Annual Time Burden (Hr.)	30,843	18,483	12,360	0
Annual Cost Burden (\$)	0	0	0	0

16. TIME SCHEDULE FOR PUBLICATION OF DATA

The Commission considers that scheduled flow information that is not provided on a daily basis is untimely and of vastly diminished use to market participants. The Commission believes that, in this regard, its interstate natural gas pipeline postings set an appropriate standard: postings should occur at least on a daily basis. Further, this standard conforms to Congress’ direction in Section 23 of the NGA, which requires that the Commission’s transparency rules “provide for the dissemination, on a timely basis, of information about the availability and prices of natural gas....”

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>.

⁷ See https://www.naesb.org/members/urls_of_pipelines.htm.

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(updated 2/22/2017)

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT

There are no exceptions.