

Supporting Statement
FERC-73 (Oil Pipeline Service Life Data)

The Federal Energy Regulatory Commission (FERC or Commission) requests that the Office of Management and Budget (OMB) review and approve the information collection FERC-73, Oil Pipeline Service Life Data, for a three-year period.

1. CIRCUMSTANCES THAT MAKE THE COLLECTION OF INFORMATION NECESSARY

Oil pipelines are common carriers. As such, they must provide transportation service to anyone who requests. Congress gave the Commission jurisdiction over oil pipeline rates, charges and valuations in Pub. L. 103-272, Sec. 60502 (1994).¹ FERC regulations for oil pipeline rate methodologies and procedures are in Part 342 of Chapter 18 of the Code of Federal Regulations (18 C.F.R.).

Section 342.2 of the Commission's regulations specifies that pipelines establish initial rates for new service in one of two ways. The first way is by filing cost, revenue, and throughput data supporting the rate. The second way is to provide a sworn affidavit that the rate is agreed to by at least one non-affiliated shipper intending to use the service. Importantly, if a protest to the initial rate is filed, the carrier must file cost, revenue, and throughput data so FERC can determine whether the rate is just and reasonable. If the initial rates for new service are for a pipeline which has other pipeline assets, the Commission uses FERC Form No. 73 to ensure that the service life of the facilities being used for the new service is accounted for appropriately.

The Commission's regulations governing FERC Form No. 73 "Oil Pipeline Service Life Data" are contained in 18 C.F.R. § 357.3.

¹ To Revise, Codify and Enact Without Substantive Change Certain General and Permanent Laws, Related to Transportation, as Subtitles II, III, and V-X of Title 49, U.S.C., "Transportation", and to Make Other Technical Improvements in the Code, 49 U.S.C. Sec. 60502 (July 5, 1994). This Act repealed Department of Energy Act Sections 306 and 402 under which the Interstate Commerce Commission transferred to, and vested, in the Commission all functions and authority over rates or charges for the transportation of oil by pipeline including the establishment of valuations of any such pipeline, Pub. L. 95-91 (Aug. 4, 1977).

In Order No. 561,² the Commission determined that pipeline depreciation studies would be performed by oil pipeline companies. Prior to the order, the Commission had been performing depreciation studies to establish revised depreciation rates for oil pipelines. The Commission determined that this task unnecessarily burdened Commission's resources. The Commission's regulations pertaining to depreciation accounting, are in 18 C.F.R. Part 352, General Instruction 1-8 (b)(2), and those for depreciation studies are in 18 C.F.R. Part 347, Oil Pipeline Depreciation Studies.

In Order No. 571,³ the Commission modified the process by which oil pipeline companies are assigned depreciation rates. In that order, the Commission made it the responsibility of the oil pipeline companies to request new or modified depreciation rates when needed. The order also promulgated the regulations under which the submittals would be made and detailed the information needed to process such requests made by the companies.⁴

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

The information collected from FERC-73, is used by the Commission to establish oil pipeline depreciation rates based on the physical properties of a pipeline's equipment. Depreciation rates are a factor in a pipeline's transportation cost of service. As such, companies are required to submit FERC Form No. 73 when requesting Commission approval of: (1) the establishment of depreciation rates for new pipeline equipment or (2) revision of previously approved depreciation rates, when the depreciation is based on the physical properties of the pipeline company's assets. The Commission may also request an oil pipeline company to submit a FERC Form No. 73 filing during a depreciation rate investigation.

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Revisions to Oil Pipeline Regulations Pursuant to the Energy Policy Act of 1992, (Oct. 22, 1993), FERC Stats & Regs ¶ 30,985 (1991-1996), order on reh'g; Order No. 561-A, (July 28, 1994), FERC Stats & Regs ¶ 31,000 (1991-1996).

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³ Cost-of-Service Reporting and Filing Requirements for Oil Pipelines, FERC Stats. & Regs. ¶ 31,006 (1994); order on reh'g, RM94-2-00; Order No. 571-A, RM94-2-001, Order on reh'g and clarification, (Dec. 28, 1994), FERC Stats. & Regs. ¶ 31,012 (1994).

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See 18 C.F.R. Part 347.

If the data contained on FERC Form No. 73 were not compiled and submitted to FERC for review, there would be no basis for establishing or revising the depreciation rate factor in a pipeline's cost-of-service calculation. FERC would not be able to evaluate the data that pipelines provide related to the service life of facilities being used to charge a rate and the revenue effects of depreciating the costs of those facilities.

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

FERC Form No. 73 can be filed electronically via the Commission's eFiling system. FERC will continue to evaluate filings to identify ways to reduce the burden on filings it receives.

In general, the Commission supports the use of information technology to reduce 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.

The Commission periodically reviews filing requirements concurrent with OMB review or as the Commission deems necessary to eliminate duplicative filing and to minimize the filing burden. There are no similar sources of information available that can be used or modified for the purpose of oil pipeline depreciation studies.

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

This data collection imposes the least possible burden on small entities while collecting the information necessary for the Commission to carry out its responsibilities.

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

Companies are required to submit FERC Form No. 73 when requesting Commission approval of depreciation rates for new pipeline equipment, revisions to previously approved depreciation rates or during an investigation. If the data contained on FERC Form No. 73 were not compiled and submitted to FERC for

review, there would be no basis for evaluating, establishing or revising the depreciation rate factor in the pipeline's cost-of-service calculation.

7. EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE INFORMATION COLLECTION

There are no special circumstances as described in 5 C.F.R. 1320.5(d)(2) related to this information collection.

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

The 60-day notice⁵ was published in the Federal Register on 3/23/2017. Within the public notice, the Commission noted that it would be requesting a three-year extension of the information collection requirements. The Commission received no response regarding this information collection.

A 30-day Notice will also be posted in FERC's eLibrary and published in the Federal Register.

9. EXPLAIN ANY PAYMENT OR GIFTS TO RESPONDENTS

The Commission does not make payments or provide gifts for respondents related to FERC-73.

10. DESCRIBE ANY ASSURANCE OF CONFIDENTIALITY PROVIDED TO RESPONDENTS

The information submitted to the Commission is public, therefore, the information is not considered confidential. Specific requests for confidential treatment will be considered pursuant to 18 C.F.R. Section 388.112.

11. PROVIDE ADDITIONAL JUSTIFICATION FOR ANY QUESTIONS OF 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 FERC-73 reporting requirements.

⁵ 82 FR 14893.

12. ESTIMATED BURDEN OF THE COLLECTION OF INFORMATION

FERC Form 73, Oil Pipeline Service Life Data						
	Number of Respondents (1)	Annual Number of Responses per Respondent (2)	Total Number of Responses (1)*(2)=(3)	Average Burden & Cost Per Response⁶ (4)	Total Annual Burden & Total Annual Cost (3)*(4)=(5)	Cost per Respondent (\$) (5)÷(1)
Oil Pipelines Undergoing Investigation or Review	3	1	3	40 hrs.; \$3,060	120 hrs.; \$9,180	\$3,060

The total estimated annual cost burden to all respondents is \$9,180 [120 hours * \$76.50/hour=\$9,180.

13. ESTIMATE OF TOTAL ANNUAL COST OF BURDEN TO RESPONDENTS

The costs for this collection are entirely related to burden hours and are provided in #12 and 15.

14. ESTIMATED ANNUALIZED COST TO FEDERAL GOVERNMENT

FERC relies on four staff members devoting approximately 0.25 of their annual work time to compile and use FERC Form No. 73 data into Commission oil pipeline rates work. Two of those employees are technical advisory staff; the other two are in administrative litigation. The combined effort totals the work hours of one FTE per year.

The following table summarizes the Federal Government cost:

	Number of Employees (FTEs)⁷	Estimated Annual Federal Cost

⁶ The Commission staff thinks that the average respondent for this collection is similarly situated to the Commission, in terms of salary plus benefits. Based upon FERC's 2017 annual average of \$158,754 (for salary plus benefits), the average hourly cost is \$76.50/hour.

⁷ An "FTE" is a "Full time Equivalent" employee that works the equivalent of 2,080

Analysis and Processing of filings	1	\$158,754.00
PRA ⁸ Administrative Cost ⁹		\$5,723.00
FERC Total		\$164,477.00

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

There are no changes in the information collection requirements and no program changes to the figures. The estimate for the burden is based on recent Commission experience and the actual number of filings of FERC-73 in 2017. The burden is unchanged from the last time the collection was renewed.

FERC Form 73	Total Request	Previously Approved	Change due to Adjustment in Estimate	Change Due to Agency Discretion
Annual Number of Responses	3	3	0	0
Annual Time Burden (Hr.)	120	120	0	0
Annual Cost Burden (\$)	0	0	0	0

16. TIME SCHEDULE FOR INFORMATION COLLECTION AND PUBLICATION

There are no plans for publication of the information collection. The data are used for regulatory purposes.

17. DISPLAY OF EXPIRATION DATE

hours per year.

⁸ Paperwork Reduction Act of 1995 (PRA)

⁹ 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 orders, other changes to the collection, and publication of related notices in the Federal Register.

The PRA information (including expiration date and OMB Control No.) is available on www.ferc.gov at <http://www.ferc.gov/docs-filing/info-collections.asp>.

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT

There are no exceptions.