

Supporting Statement

FERC Form No. 549B: Gas Pipeline Rates: Capacity Reports and Index of Customers
Three-year approval of extension requested

The Federal Energy Regulatory Commission (FERC or Commission) requests that the Office of Management and Budget (OMB) review and approve the FERC Form No. 549B (Gas Pipeline Rates: Capacity Reports and Index of Customers) information collection for a three-year period under OMB Control Number 1902-0169. The requirements are approved in the Commission's regulations at 18 CFR 284.13(b), 18 CFR 284.13(c), 18 CFR 284.13(d)(1), and 18 CFR 284.13(d)(2).

1. CIRCUMSTANCES THAT MAKE THE COLLECTION OF INFORMATION NECESSARY

Under the Natural Gas Act (NGA),¹ the Commission has oversight of the rates that natural gas pipelines charge to move natural gas in interstate commerce. The Commission must ensure that the rates are just and reasonable.² Shippers of natural gas need accurate information about the capacity in pipeline corridors, especially regarding its value. Shippers need this information to be able to determine what capacity will be available when and to make informed decisions about the capacity they may want to purchase.

To meet its statutory charge for just and reasonable rates while accommodating the need of gas shippers for capacity information, the Commission established the requirements in the FERC Form No. 549B. It did so through a series of orders during the 1990s and in 2000. The series consists of Order No. 636 (RM91-11-000), Order No. 636-A (RM91-11-002), Order No. 577 (RM95-5-000), and Order No. 637 (RM98-10-000). Changes to the Commission's reporting requirements over these years enhanced the reliability of information about capacity availability and price. This information is needed by shippers to make informed decisions in a competitive market. Additionally, the information enhances the ability of sellers to monitor marketplace behavior, and the ability of the Commission to detect anti-competitive behavior and remedy it.

The FERC Form No. 549B covers the various aspects of releasing and acquiring natural gas pipeline capacity that are needed for regulatory oversight and efficient business transactions to occur easily. There are three distinct reporting requirements under the FERC Form No. 549B information collection:

- capacity reports related to firm, released and interruptible transportation service;
- peak day annual capacity reports; and
- the Index of Customers (IOC).

¹ 15 USC 717c, 717d, and 717.

² Under Section 4 of the NGA, rates are established by the pipeline filing for rate changes. The established rate continues in effect until the pipeline makes a subsequent rate case filing or the Commission takes action under Section 5 of NGA and determines that the existing rates are not just and reasonable. Section 16 authorizes the Commission to prescribe the rules and regulations necessary to administer its rate mandates.

Capacity Reports

Commission regulations in 18 CFR 284.13(b) require that interstate natural gas pipelines post on their website with respect to each contract, or revision of a contract for firm and released transportation service, the following information no later than the first nomination under a transaction: who is releasing and taking the capacity; contract numbers, prices, volumes, and duration; any terms and conditions which differ from those in the pipeline's tariff; receipt and delivery points as well as zones; whether there is an affiliate relationship between the pipeline and the shipper or between the releasing and replacement shipper; whether a capacity release is a release to an asset manager and the asset manager's obligation to deliver gas to, or purchase gas from, the releasing shipper; and whether a capacity release is a release to a marketer participating in a state-regulated retail access program.

For interruptible service under 18 CFR 284.13(b), Commission regulations require interstate natural gas pipelines to post on their websites on a daily basis no later than the first nomination for service under an interruptible agreement: who the shipper receiving service is, the rate charged; the maximum rate; the receipt and delivery points, zones or segments covered between which the shipper is entitled to transport gas at the rate charged; the quantity of gas the shipper is entitled to transport; special details pertaining to the agreement, including conditions applicable to a discounted transportation contract and all aspects in which the agreement deviates from the pipeline's tariff ; and whether the shipper is affiliated with the pipeline.

At 18 CFR 284.13(d)(1) the Commission requires interstate natural gas pipelines provide on their websites and in downloadable file formats equal and timely access to information relevant to the availability of all transportation services whenever capacity is scheduled, including, but not limited to: the availability of capacity at receipt points, on the mainline, at delivery points, and in storage fields; whether the capacity is available directly from the pipeline or through capacity release; the total design capacity of each point or segment on the system; the amount scheduled at each point or segment whenever capacity is scheduled; and all planned and actual service outages or reductions in service capacity. An interstate pipeline must also provide information about the volumes of no-notice transportation. This information must be posted at each receipt and delivery point before 11:30 a.m. central time three days after the day of gas flow and must reflect the pipeline's best estimate. Updated information must be posted at each receipt and delivery point as necessary within ten business days after the month of gas flow.

18 CFR 284.13(b) and 284.12(b) refer to separate processes, but generally the same information being reported. Section 284.13(b) deals with how some of the information determined in section 284.12(b) is to be posted and/or reported. For instance, Section 284.13(b)(1) details how the shippers firm unused capacity or released capacity is to be posted on the pipelines website. However, Section 284.12(b) refers to the uniform business process that every pipeline must follow for accepting nominations from shippers, for scheduling the shippers' nominated gas, and for shippers to release their unused capacity into the pipeline's market for capacity. The regulations also detail the business processes the pipeline must follow to maintain flowing gas

including; requirement to sign contracts with respect to balance flowing gas at every interconnection with another pipeline, the treatment of penalty revenue from shippers that fail to stay in compliance with the contracts (operational balancing agreements), and the communication protocols between the pipeline and its shippers. Neither of these regulations are a subset of the other.

Peak Day Annual Capacity Report

The second requirement covered the FERC Form No. 549B collection is in 18 CFR 284.13(d) (2). In those regulations, FERC requires that interstate natural gas pipelines make an annual filing by March 1 of each year showing the estimated peak day capacity of the pipeline's system, and the estimated storage capacity and maximum daily delivery capability of storage facilities under reasonably representative operating assumptions and the respective assignments of that capacity to the various firm services provided by the pipeline.

Index of Customers (IOC)

The FERC Form No. 549B also includes the regulations at 18 CFR 284.13(c). Those Commission regulations state that on the first business day of each calendar quarter, an interstate natural gas pipeline must file with the Commission an index of all its firm transportation and storage customers under contract as of the first day of the calendar quarter. The IOC must also be posted on the pipeline's web site. It must be made available from the pipeline's web site in a downloadable format complying with the specifications established by the Commission. The information posted on the pipeline's web site must be made available until the next quarterly index is posted.

The Commission requires detailed data in the IOC filings. These include: who the customer and shipper are; the rate schedule under which service is rendered; contract information such as effective rate, termination dates, maximum daily contract quantity for either transportation or storage; the receipt and delivery points under contract; the zones or segments in which the capacity is held; common transaction point codes; whether the contract includes negotiated rates; the names of any agents or asset managers that control capacity in a pipeline rate zone; and any affiliate relationship between the pipeline and the holder of capacity.

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 the information collected in the FERC Form No. 549B to analyze capacity held on pipelines and to ensure that rates for gas capacity are just and reasonable. The FERC Form No. 549B allows the Commission to monitor marketplace behavior as well as to detect and remedy anti-competitive behavior. Shippers of natural gas need to use all FERC Form No. 549B information about the capacity in pipeline corridors, especially the data related to the value of capacity. Shippers use this information to determine where capacity is available and when as

well as to make informed decisions about the capacity they may want to purchase.

Without FERC Form No. 549B data, the Commission would not be able to exercise its statutory responsibility of ensuring that rates are just and reasonable and would not be able to detect market power abuses or business practices that are unduly discriminatory or preferential.

Without the FERC Form No. 549B and IOC data, natural gas shippers would not have information about potential pipeline capacity alternatives. Energy market competition would be negatively affected. If accurate, timely and complete capacity information were not available through the FERC Form No. 549B requirements, shippers would not know whether there is pipeline capacity they can use, when that would become available and under what circumstances or how the cost of the capacity they currently hold compares to other pipeline capacity they may be able to use.

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

When the Commission first required pipeline companies to file FERC Form No. 549B capacity information, the internet did not exist. Instead, natural gas pipelines were required to develop and use Electronic Bulletin Boards (EBBs) to provide shippers with equal and timely access to FERC Form No. 549B capacity data. They were also required to submit the IOC information to the Commission on diskettes, in tab-delimited format. The tab-delimited files were available in the Commission's Public Reference Room and eLibrary.

With the availability of the internet, the Commission recognized that the majority of pipelines could post all their FERC Form No. 549B information on websites. The Commission requires natural gas pipelines to use this improved information technology. It eliminated requirements for the use of electronic bulletin boards and for filing data on diskettes. The tab delimited files for the IOC are now on the Commission's website at <http://www.ferc.gov/docs-filing/forms/form-549b/data.asp>. They are also in FERC's eLibrary system.

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 regularly reviews filing requirements as part of its OMB renewal process. No other forms collect data similar to FERC Form No. 549B. The capacity data required by the FERC Form No. 549B is not available elsewhere. Similarly, the data collected under the IOC is not available elsewhere.

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

The FERC Form No. 549B filings affect the day-to-day operations of both major and non-major natural gas pipeline companies. The Commission minimizes the FERC Form No. 549B burden by not requiring any capacity information respondents wouldn't already have as a matter of established business practices. Additionally, there is no provision for small entities being exempt from the IOC posting requirements.

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

The Commission and natural gas shippers would be disadvantaged by not having access to the most current data for competitive and regulatory purposes. Additionally, if the Commission did not collect IOC data (i.e. a list of all firm transportation and storage customers), the Commission's mission under 18 CFR 284 Part G would be undermined due to a lack of essential data for competitive and regulatory purposes. Both the Commission and natural gas shippers need access to up-to-date information to monitor the self-implementing pipeline transportation and storage activities that are supposed to be carried out in a nondiscriminatory manner and at just and reasonable rates.

7. EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE INFORMATION COLLECTION

There are no special circumstances related to the information collection.

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

In accordance with OMB requirements, the Commission published a 60-day notice³ and a 30-day notice⁴ to the public regarding this information collection on 4/20/2017 and 8/1/2017 respectively. Within the public notices, the Commission noted that it would be requesting a three-year extension of the public reporting burden.

The Commission received one comment in response to the two published notices. However, the comment⁵ which was outside the scope of the docket concerned neither the FERC Form No. 549B information collection nor paperwork burden.

3 82 FR 18635

4 82 FR 35774

5 <https://elibrary.ferc.gov/idmws/common/OpenNat.asp?fileID=14615693>

9. EXPLAIN ANY PAYMENT OR GIFTS TO RESPONDENTS

There are no payments or gifts to respondents in the FERC Form No. 549B requirements.

10. DESCRIBE ANY ASSURANCE OF CONFIDENTIALITY PROVIDED TO RESPONDENTS

All data are public information and, therefore, not confidential. A filer may request (as allowed under the Commission’s regulations at 18 CFR 388.112) confidential treatment of some or all of a FERC Form No. 549B filing. Each request for confidential treatment will be reviewed on a case-by-case basis.

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 FERC Form No. 549B reporting requirements.

12. ESTIMATED BURDEN OF COLLECTION OF INFORMATION

The Commission estimates the Public Reporting burden for the FERC Form No. 549B information collection as follows:

FERC Form No. 549B (Gas Pipeline Rates: Capacity Reports and Index of Customers)						
	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)
Capacity Reports under 284.13(b) & 284.13(d)(1)	185	6	1,110	145 hrs.; \$11,093	160,950 hrs.; \$12,313,230	\$66,558
Peak Day Annual Capacity Report under 284.13(d)(2)	185	1	185	10 hrs.; \$765	1,850 hrs.; \$141,525	\$765
Index of Customers under 284.13(c) ⁷	185	4	740	3 hrs.; \$230	2,220 hrs.; \$170,200	\$920

6 The estimates for cost per response are derived using the following formula: 2017 Average Burden Hours per Response * \$76.50 per Hour = Average Cost per Response. The hourly cost figure of \$76.50 is the average FERC employee wage plus benefits. We assume that respondents earn at a similar rate.

7 The burden per response is based on burden expended on similar forms and other similar FERC reporting

TOTAL				165,020 hrs.;	
		2,035		\$12,624,955	\$68,243

13. ESTIMATE OF THE TOTAL ANNUAL COST BURDEN TO RESPONDENTS

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

14. ESTIMATE OF THE TOTAL ANNUAL COST TO FEDERAL GOVERNMENT

	Number of Employees (FTE)	Estimated Annual Federal Cost
Analysis and Processing of filings ⁸	2.25	\$357,197 ⁹
PRA ¹⁰ Administrative Cost ¹¹		\$5,723
FERC Total		\$362,920¹²

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 submitted in response to the information collection.

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

The estimated annual burden for the FERC Form No. 549B has not changed since the last extension of its information collection requirements.

FERC Form No. 549B	Total Request	Previously Approved	Change due to Adjustment in Estimate	Change Due to Agency Discretion
Annual Number of Responses	2,035	2,035	0	0

requirements (e.g. capacity reports).

8 Based upon 2017 FTE average salary plus benefits (\$158,754)

9 This figure is rounded from \$357,196.50

10 Paperwork Reduction Act of 1995 (PRA)

11 The PRA Administrative Cost is the average annual FERC 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. It also includes the cost of publishing the necessary notices in the Federal Register.

12 This figure is rounded from \$362,919.50.

Annual Time Burden (Hr.)	165,020	165,020	0	0
Annual Cost Burden (\$)	0	0	0	0

16. TIME SCHEDULE FOR THE PUBLICATION OF DATA

There are no tabulations, statistical analysis, or publications of information planned for the FERC Form No. 549B information collection. The Commission intends to use the data for regulatory purposes only.

17. DISPLAY OF EXPIRATION DATE

The form displays the OMB control number and the expiration date. This information is also displayed in the upper right-hand corner of the cover page in the appropriate electronic versions for these forms. In addition, 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

The Commission will not be using statistical survey methodology for this information collection.