

Supporting Statement

FERC-537 (Gas Pipeline Certificates: Construction, Acquisition, and Abandonment),
(Three-year extension requested)

The Federal Energy Regulatory Commission (FERC or Commission) requests that the Office of Management and Budget (OMB) review and renew the information collection requirements in FERC-537 under OMB Control No. 1902-0060. This supporting statement covers the requirements of the FERC-537 information collection. The reporting requirements in the FERC-537 are also contained in FERC's regulations in 18 Code of Federal Regulations (CFR) Parts 2, 157, and 284¹.

1. CIRCUMSTANCES THAT MAKE THE COLLECTION OF INFORMATION NECESSARY

Under the Natural Gas Act (NGA)² 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

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

¹ 18 CFR Parts 2.55(a)(3), 157.5-.11, 157.13-.20, 157.53, 157.201-.209, 157.211, 157.214-.218, 284.8, 284.11, 284.126(a), 284.221, and 284.224.
² 15 U.S.C. 717-717w

- 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.

In FY99, FERC established a performance plan to process cases as efficiently as possible due to greater demand for natural gas as seen in rapidly evolving market conditions,. 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.

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**

The FERC-537 information collection does not affect small entities.

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

Failure to collect the information would prohibit FERC from properly monitoring and evaluating pipeline transactions and meeting statutory obligations under NGPA and NGA.

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

There are no special circumstances (as described in 5 CFR 1320.5(d)(2)) related to the FERC-537 information collection.

**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 notice³ on 5/21/2018 and published a 30-day notice⁴ on 8/21/2018. In addition, the Commission issued an Errata notice on 9/5/2018.⁵

Within the public notices, the Commission noted that it would be requesting a three-year extension of the public reporting burden. The Commission received two comments on the 60-day notice from the public regarding this information collection.

On 5/30/2018, Ms. Joanne Collins submitted the following comment:

383 FR 23451

483 FR 42282

5 The Errata Notice is posted in FERC's eLibrary at <https://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=15017494>.

“I am in favor of the collection of all information necessary for the proper performance of the function of the Commission. I am not in favor of deciding to collect less information because it is a burden. Using automated collection techniques or other form of technology is fine as long as it is not required for collection.”

To the comment received from Ms. Joanne Collins, FERC responds:

“Commenter concurs in the collection of information necessary for the Commission to make an informed decision and take appropriate action is appropriate, but does not want less information that is needed to not be collected solely because it is a burden on those seeking authorizations. We confirm that all the information required by FERC-537 continues to be necessary and that no data collections have been revised in this current review on FERC-537. Commenter notes that automated ways to collect information, such as eFiling are good, as long as they are not ultimately required of all filers.”

On 6/4/2018, Ms. Laurie Lubsen submitted the following comment:

“I oppose the above proposal because it minimizes the input from the citizenry that will be directly affected by energy projects. We the PEOPLE are the most important voices to be heard from a functioning democracy, especially those directly affected by the FERC activities.”

To the comment received from Ms. Laurie Lubsen, FERC responds:

“Commenter points out that the collection of data and information from applicants requesting authorization to construct and operate natural gas pipelines can create a secondary burden on the general citizenry to learn about the Commission’s rules and process; and further to perhaps take costly and time consuming efforts to participate in the Commission’s proceedings. The Paperwork Reduction Act of 1995 was not intended to measure this type of secondary burden; only the primary burden on those applicant entities to collect and compile the information necessary for the Government to make an informed decision and take appropriate action. The Commission has multiple ways, times, and methods for the general citizenry to appropriately input their views on the Commission’s rules and process, or its individual proceedings.”

9. EXPLAIN ANY PAYMENT OR GIFTS TO RESPONDENTS

There are no payments or gifts to respondents associated with the FERC-537.

10. DESCRIBE ANY ASSURANCE OF CONFIDENTIALITY PROVIDED TO RESPONDENTS

The Commission does not guarantee the information provided by applicants to be confidential. In fact, most of it is understood to be public. However, the Commission has encouraged applicants to indicate information which may be Critical Energy/Electric Infrastructure Information (CEII), or privileged, and thus initially confidential. 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. Privileged material most often includes proprietary business information, specific cultural resource details and locations, and personal identification information of affected landowners. More 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. Note that the Commission implemented revised procedures for the appropriate handling of documents and will follow the controlled unclassified information (CUI) labeling system now prescribed; see <http://www.ferc.gov/docs-filing/labeling-guidance.pdf>.

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 in the reporting requirements.

12. ESTIMATED BURDEN OF COLLECTION OF INFORMATION

FERC-537 (Gas Pipeline Certificates: Construction, Acquisition, and Abandonment)						
	Number of Respondents (1)	Annual Number of Responses per Respondent (2)	Total Number of Responses (rounded) (1)*(2)=(3)	Average Burden & Cost Per Response⁶ (4)	Total Annual Burden Hours & Total Annual Cost (3)*(4)=(5)	Cost per Respondent (\$) (rounded) (5)÷(1)⁷
18 CFR 157.5-.11 (Interstate Certificate and Abandonment Applications)	52	1.19	62	500 hrs.; \$39,500	31,000 hrs.; \$2,449,000	\$47,096

⁶The estimates for cost per response are derived using the following formula: Average Burden Hours per Response * \$79.00/hour = Average cost/response. The figure of \$79.00 per hour is the 2018 FERC average hourly cost (for wages and benefits). Commission staff is using the FERC average hourly cost because we consider industry staff completing the FERC-537 to be compensated at rates similar that of FERC employees.

⁷ Each of the figures in this column is rounded to the nearest dollar.

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18 CFR 157.53 (Pipeline Purging/Testing Exemptions)	1	1	1	50 hrs.; \$3,950	50 hrs.; \$3,950	\$3,950
18 CFR 157.201-.209; 157.211; 157.214-.218 (Blanket Certificates Prior to Notice Filings)	21	1.86	39	200 hrs; \$15,800	7,800 hrs.; \$616,200	\$29,343
18 CFR 157.201-.209; 157.211; 157.214-.218 (Blanket Certificates – Annual Reports)	129	1.05 ⁸	135	50 hrs.; \$3,950	6,750 hrs.; \$533,250	\$4,134
18 CFR 284.11 (NGPA Section 311 Construction – Annual Reports)	83	1.01 ⁹	84	50 hrs.; \$3,950	4,200 hrs.; \$331,800	\$3,998
18 CFR 284.8	178	0 ¹⁰	0	N/A	N/A	N/A
18 CFR 284.13(e) and 284.126(a) (Interstate and Intrastate Bypass Notice)	2	1	2	30 hrs.; \$2,370	60 hrs.; \$4,740	\$2,370
18 CFR 284.221 (Blanket Certificates) ¹¹	5	1.4 ¹²	7	100 hrs.; \$7,900	700 hrs.; \$55,300	\$11,060
18 CFR 224 (Hinshaw Blanket Certificates)	2	1	2	75 hrs.; \$5,925	150 hrs.; \$11,850	\$5,925
18 CFR 157.5-.11; 157.13-.20 (Non- facility Certificate or Abandonment Applications)	3	1	3	75 hrs.; \$5,925	225 hrs.; \$17,775	\$5,925
TOTAL			335¹³		50,935 hrs.; \$4,023,865	

8 This figure was derived from 135 responses ÷ 129 respondents = 1.046 or ~1.05 responses/respondent.

9 This figure was derived from 84 responses ÷ 83 respondents = 1.012 or ~1.01 responses/respondent.

10 No filings under this requirement are expected over the next three years.

11 One-time filings, new tariff and rate design proposal, or request for exemptions.

12 This figure was derived from 7 responses ÷ 5 respondents = 1.4 responses/respondent.

13 The 335 responses are derived from 214 individual respondents.

13. ESTIMATE OF THE TOTAL ANNUAL COST BURDEN TO RESPONDENTS

All of the costs are associated with burden hours (labor) and described in #12 and 15.

14. ESTIMATED ANNUALIZED COST TO FEDERAL GOVERNMENT

The estimated annualized cost to the Federal Government for FERC-537 follows:

	Number of Employees (FTE)	Estimated Annual Federal Cost
FERC-537 Analysis and Processing of filings ¹⁴	42	\$6,922,440
PRA ¹⁵ Administrative Cost		\$4,193
FERC Total		\$6,926,633

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.

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:

- for certificates
 - Articles of incorporation
 - Flow diagrams (showing daily design capacity and reflecting operation with and without proposed facilities, reflecting maximum capabilities, and data)
 - Total gas supply data
 - Market data
 - Federal authorizations
 - Cost of facilities
 - Financing
 - Construction, operation, and management
 - Revenues, Expenses, and Income
 - Depreciation and depletion
 - Tariffs
- for abandonments
 - Related applications
 - Contracts and other agreements

¹⁴ Based upon FERC’s 2018 FTE average salary plus benefits (\$164,820/year).

¹⁵ Paperwork Reduction Act of 1995 (PRA)

- 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

The PRA Administrative Cost is a Federal Cost associated with preparing, issuing, and submitting materials necessary to comply with the Paperwork Reduction Act (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 any changes to the collection, and publication of required notices in the Federal Register.

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

Growth in the industry caused the number of respondents to increase from 204 to 214. This reflects the fact that more firms are doing business related to gas pipeline construction, acquisition, and abandonment. However, there was a reduction in number of responses annually from 458 to 335. This reduction was due to the type, size and scope of projects those firms initiated being different and/or less frequent because of saturated market conditions and the major development of infrastructure that had previously occurred in prior years.

FERC-537	Total Request	Previously Approved	Change due to Adjustment in Estimate	Change Due to Agency Discretion
Annual Number of Responses	335	458	-123	0
Annual Time Burden (Hr.)	50,935	66,538	-15,603	0
Annual Cost Burden (\$)	0	0	0	0

16. TIME SCHEDULE FOR PUBLICATION OF DATA

FERC does not publish any data associated with this collection.

17. DISPLAY OF EXPIRATION DATE

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The expiration date is displayed at <http://www.ferc.gov/docs-filing/info-collections.asp>.

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT

There are no exceptions.