

**Consolidated Supporting Statement for
FERC Form Nos. 6 (Annual Report of Oil Pipeline Companies) and
6-Q (Quarterly Report of Oil Pipeline Companies)**

The Federal Energy Regulatory Commission (Commission or FERC) requests that the Office of Management and Budget (OMB) review and approve, for three years, FERC Form No. 6 (Annual Report of Oil Pipeline Companies, OMB Control No. 1902-0022) and FERC Form No. 6-Q (Quarterly Report of Oil Pipeline Companies, OMB Control No. 1902-0206), with no changes to the reporting requirements.¹ FERC Form No. 6 is mandated in Title 18 Code of Federal Regulations (CFR) 357.2. FERC Form No. 6-Q is mandated in 18 CFR 357.4.

A. JUSTIFICATION

1. CIRCUMSTANCES THAT MAKE THE COLLECTION OF INFORMATION NECESSARY

Under the Interstate Commerce Act (ICA), (Section 20, 54 Stat. 916), the Interstate Commerce Commission (ICC) was authorized and empowered to make investigations and to collect and record data to the extent considered necessary or useful for the purpose of carrying out the provisions of the ICA.

In 1977, the Department of Energy Organization Act transferred to the Commission from the ICC the responsibility to regulate oil pipeline companies. In accordance with the transfer of authority, the Commission was delegated the responsibility to require oil pipelines to file annual reports of information necessary for the Commission to exercise its statutory responsibilities.² The transfer included the Form P, the forerunner to FERC Form No. 6, Annual Report of Oil Pipeline Companies.³

¹ FERC Form Nos. 6 and 6-Q are part of the “Forms Refresh” effort, which is a separate activity and not addressed here. *See Revisions to the Filing Process for Commission Forms*, 166 FERC ¶ 61,027 (2019) (started in Docket No. AD15-11 and ongoing in Docket No. RM19-12). (OMB issued its decisions on the proposed changes in the Forms Refresh Notice of Proposed Rulemaking in Docket No. RM19-12 on March 14, 2019.) More information on the Forms Refresh project is posted at <http://www.ferc.gov/docs-filing/forms/eforms-refresh.asp>. In addition, this submittal does not reflect Docket No. RM15-19 (*Petition for a Rulemaking of the Liquids Shippers Group, et al.*, (2015)) and Docket No. RM17-1 (*Revisions to Indexing Policies and Page 700 of FERC Form No. 6* (2016)).

² Section 402(b) of the Department of Energy Organization Act (DOE Act), 42 U.S.C. 7172 provides that; “[t]here are hereby transferred to, and vested in, the Commission all functions and authority of the Interstate Commerce Commission or any officer or component of such Commission where the regulatory function establishes rates or charges for the transportation of oil by pipeline or established the valuation of any such pipeline.”

³ The ICC developed the Form P to collect information on an annual basis to enable it to carry out its regulation of oil pipeline companies under the Interstate Commerce Act. A

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In 1994, the Commission addressed additional revisions to FERC Form No. 6 in Order Nos. 571 and 571-A, including a new Page 700 (Annual Cost of Service).⁴ Data collected on page 700 is the basis for determining a pipeline's cost of service and rate base, which are used in tariff filings as well as the 5-year index.

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

FERC Form Nos. 6 and 6-Q. In order to reduce burden on industry while obtaining the data the Commission needs, there are three thresholds related to the material respondents must file.

FERC Form No. 6 has three tiers of reporting requirements:

1. Each oil pipeline carrier whose annual jurisdictional operating revenues has been \$500,000 or more for each of the three previous calendar years must file FERC Form No. 6 (18 CFR 357.2 (a)).
2. Oil pipeline carriers exempt from filing FERC Form No. 6 whose annual jurisdictional operating revenues have been more than \$350,000 but less than \$500,000 for each of the three previous calendar years must prepare and file page 301, "Operating Revenue Accounts (Account 600), and page 700, "Annual Cost of Service Based Analysis Schedule," of FERC Form No. 6. When submitting pages 301 and 700, each exempt oil pipeline carrier must include page 1 of FERC Form No. 6, the Identification and Attestation schedules (18 CFR 357.2 (a)(2)).
3. Oil pipeline carriers exempt from filing FERC Form No. 6 and pages 301 and whose annual jurisdictional operating revenues were \$350,000 or less for each of the three previous calendar years must prepare and file page 700, "Annual Cost of Service Based Analysis Schedule," of FERC Form No. 6. When submitting page 700, each exempt oil pipeline carrier must include page 1 of FERC Form No. 6, the Identification and Attestation schedules (18 CFR 357.2 (a)(3)).

Oil pipeline companies subject to the provisions of section 20 of the ICA must submit FERC Form No. 6-Q. 18 CFR 357.4(b)).

The Commission uses the data in FERC Form Nos. 6 and 6-Q to perform audits and reviews on the financial condition of oil pipelines; assess energy markets; conduct oil pipeline rate

comprehensive review of the reporting requirements for oil pipeline companies was performed on September 21, 1982, when the Commission issued Order No. 260 revising the former ICC Form P, "Annual Report of Carriers by Pipeline" and redesignating it as FERC Form No. 6, "Annual Report of Oil Pipeline Companies."

⁴ *Cost of Service Requirements and Filing Requirements for Oil Pipelines*, Order No. 571, FERC Stats. & Regs., Regulation Preambles Jan. 1991- June 1996 ¶ 31,006, at 31,169 (1995).

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proceedings and economic analysis; conduct research for use in administrative litigation; and administer the requirements of the ICA. Data from FERC Form No. 6 facilitates the calculation of the actual rate of return on equity for oil pipelines. The actual rate of return on equity is particularly useful information when evaluating a pipeline's rates.

The Commission also uses data on Page 301 of FERC Form No. 6 to compute annual charges which are then assessed against oil pipeline companies to recover the Commission's annual costs as mandated by Order No. 472. The annual charges are required by Section 3401 of the Omnibus Budget Reconciliation Act of 1986.

Furthermore, the majority of state regulatory commissions use FERC Form Nos. 6 and 6-Q and the Commission's Uniform System of Accounts (USofA) to satisfy their reporting requirements for those companies under their jurisdiction. In addition, the public uses the data in FERC Form Nos. 6 and 6-Q to assist in monitoring rates, the financial condition of the oil pipeline industry, and in assessing energy markets.

The Commission uses data from FERC Form No. 6-Q to assist in (1) implementation of its financial audits and programs; (2) continuous review of the financial condition of regulated companies; (3) assessment of energy markets; (4) rate proceedings and economic analyses; and (5) research for use in litigation.

Financial information reported on the quarterly FERC Form No. 6-Q provides the Commission, as well as customers, investors and others, an important tool to help identify emerging trends and issues affecting jurisdictional entities within the energy industry. It also provides timely disclosures of the impacts that new accounting standards, or changes in existing standards, have on jurisdictional entities, as well as the economic effects of significant transactions, events, and circumstances. The reporting of this information by jurisdictional entities assists the Commission in its analysis of profitability, efficiency, risk, and in its overall monitoring.

If data from FERC Form Nos. 6 and 6-Q was not available, it would be difficult for the Commission to meet its mandatory review responsibilities because it would have fewer regulatory mechanisms to ensure transparency and to protect ratepayers.

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

There is an ongoing effort to determine the potential and value of improved information technology to reduce the burden. In December 2000, FERC issued Order No. 620 requiring every pipeline carrier subject to the provisions of Section 20 of the ICA to electronically submit FERC Form Nos. 6 and 6-Q through the forms submission software available at <http://www.ferc.gov/docs-filing/eforms/form-6/elec-subm-soft.asp>.

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 OMB review dates arise or as the Commission may deem necessary in carrying out its regulatory responsibilities under the Act in an effort to alleviate duplication. All Commission information collections are subject to analysis by Commission staff and are examined for redundancy. To date, the Commission has not found duplication of the proposed data requirements.

While some jurisdictional entities may file similar information with the Securities and Exchange Commission (SEC), the level of detail concerning assets, liabilities, stockholders' equity along with the revenues, expenses, gains, and losses is different for the Commission and the SEC. The financial statements filed with the SEC are on a consolidated, or parent company basis. The Commission notes that a majority of the jurisdictional entities that it regulates file financial information with the SEC that consolidates their assets, liabilities and profits with their parent company, or combine the regulated and unregulated operations in the reports to the SEC. While consolidation is appropriate for SEC reporting, the Commission requires more detailed information concerning the results of operations, and the financial position of each jurisdictional entity in order to meet its regulatory needs. Therefore, the Commission has required jurisdictional entities to file financial information on a jurisdictional entity level basis using a uniform system of accounts.

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

The filing threshold for FERC Form No. 6 is divided into three categories, based on the annual jurisdictional operating revenues of the respondent company. (See #2 above.) Smaller companies are required to file only certain components of FERC Form No. 6. The Commission concluded that exempting a certain percentage of oil companies from filing the full FERC Form No. 6 in its entirety will not compromise its ability to gather meaningful data upon which to base its regulation of the oil pipeline industry.

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

The Commission is authorized by statute to collect this information on an annual basis. If the collection were conducted less frequently, the Commission would have difficulty performing its mandated review responsibilities with respect to the assessment of the financial conditions of oil pipeline companies. The continued use of FERC Form Nos. 6 and 6-Q ensures that the Commission has the financial, operational, and ratemaking information needed to carry out its regulatory responsibilities to monitor the oil pipeline industry.

7. EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE INFORMATION COLLECTION

There are no special circumstances.

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

The Commission published its 60-day Notice (in Docket No. IC19-20) in the Federal Register (84 FR 15213, April 15, 2019), thereby allowing all pipeline companies, state commissions, federal agencies, and other interested parties an opportunity to submit comments, or suggestions concerning FERC Form Nos. 6 and 6-Q.

Comments:

Two commenters, the Bureau of Economic Analysis (BEA)⁵ and the Liquids Shippers Group (LSG),⁶ filed comments in response to the 60-day notice. There were no comments filed in opposition to the collection.

BEA's Comments:

BEA's comments broadly support the collection and outline the manner in which BEA utilizes FERC Form Nos. 6 and 6-Q data. BEA states that the forms are used to estimate the U.S. Census Bureau's construction value put-in-place (VPIP) for oil pipeline utilities, which, according to BEA, serves as a major source data input to the national income and product account (NIPA) for structures investment estimates. BEA notes that the NIPA estimates for electric, gas, and pipeline structures rely on the VPIP source data and that estimates of utility industry structures investment for the BEA fixed assets accounts relies on the VPIP-based NIPA structure estimates.

BEA further notes that FERC Form No. 6 data is used indirectly to derive annual pipeline transportation output in the industry accounts program. BEA explains that data obtained by the industry account from the Association of Oil Pipelines "Shifts in Petroleum Transportation" report is based, in part, on this survey. BEA concludes that FERC Form No. 6 information is considered an indispensable data source to the NIPA estimates and industry accounts estimates because it is used indirectly through the VPIP program and the trade association.

⁵BEA's comments are posted in FERC eLibrary at <https://elibrary.ferc.gov/idmws/common/OpenNat.asp?fileID=15227493> and <https://elibrary.ferc.gov/idmws/common/OpenNat.asp?fileID=15227494>.

⁶The LSG's comments are posted in FERC eLibrary at <https://elibrary.ferc.gov/idmws/common/OpenNat.asp?fileID=15274579>.

Finally, BEA requests that the Commission keep BEA informed of any modifications to FERC Form Nos. 6 and 6-Q, and notes, in particular, that BEA is particularly interested in any modifications proposed during the forms approval process that would substantially affect BEA's use of the data.

Commission Response:

As discussed above, the public utilizes the data in FERC Form Nos. 6 and 6-Q to assist in monitoring rates, the financial condition of the oil pipeline industry, and in assessing energy markets. BEA's comments in support of the collection of Form Nos. 6 and 6-Q data provide tangible examples of this utilization and reflect the public benefit of reporting FERC Form Nos. 6 and 6-Q information.

With respect to BEA's interest in any modifications to FERC Form Nos. 6 and 6-Q, we emphasize that we are not changing the information to be collected in this proceeding.

The LSG's Comments:

The LSG supports the continuation of the FERC Form Nos. 6 and 6-Q information collections. The LSG states that the data helps the Commission and shippers to evaluate the reasonableness of pipeline rates. In addition, the LSG recommends that the Commission modify the FERC Form No. 6 in order to enhance the quality, utility and clarity of the information collection. The LSG explains that in April 2015, the LSG, the Airlines for America and the National Propane Gas Association filed a joint Petition for Rulemaking in Docket No. RM15-19-000. The petition asked the Commission to issue a proposed rule to modify FERC Form No. 6 in two respects: (1) require certain pipelines to file disaggregated Page 700 data; and (2) require all pipelines to file or make Page 700 workpapers available to shippers and interested parties upon request, not just to FERC staff. The LSG also explains that it participated in the Commission's July 2015 technical conference on the Petition for Rulemaking.

The LSG states that it welcomed the Commission's decision to issue an Advanced Notice of Proposed Rulemaking (ANOPR) in October 2016 in Docket No. RM17-1.⁷ According to the LSG, the Commission stated that it was considering issuing a NOPR to propose certain changes to the FERC Form No. 6, Page 700 reporting requirement in order to further enhance financial reporting transparency. The LSG notes that in its comments to the ANOPR, it encouraged the Commission to propose rule changes to require a sub-set of pipelines to file disaggregated Page 700 data in the form of the "supplemental Page 700s" that it explains was contemplated by the Commission in the ANOPR. The LSG states that it supported the Commission's proposal to require a pipeline to file disaggregated Page 700 data if it has both crude oil and petroleum product systems. The LSG further states that it supported the Commission's proposal to require a pipeline to file supplemental Page 700s for (1) "non-contiguous (geographically separate)

⁷ *Revisions to Index Policies and Page 700 of FERC Form No. 6*, 157 FERC ¶ 61,047 (2016).

pipeline systems;” and (2) “major pipeline systems” with certain suggested modifications to those criteria. According to the LSG, the aggregated data reported on Page 700 does not currently provide a shipper with the information it needs to determine whether certain pipelines are over-recovering on a specific pipeline or segment.

The LSG states that in its comments to the ANOPR, it encouraged the Commission to propose to revise Page 700 to require all pipelines to disaggregate Page 700 revenue, barrel and barrel-mile data associated with cost-based rates, non-cost-based rates and other jurisdictional revenues such as penalties. In addition, the LSG states that it recommended that the Commission also propose to require all pipelines to include information regarding pipeline loss allowance revenues in the “other jurisdictional revenues” category because, according to the LSG, it is unclear whether those revenues are being recorded by pipelines on Page 700 in a uniform and consistent manner.

The LSG explains that in its comments to the ANOPR, it also reiterated the call for the Commission to require all pipelines to make their Page 700 workpapers available to a shipper or interested person upon request, not just to the Commission and FERC staff. The LSG suggested that there is no logical basis for, and no public interest served by, the requirement that pipelines provide their workpapers only to the Commission and Commission staff. According to the LSG, shippers should have the tools they need to bear the burden of evaluating the reasonableness of rates and bringing challenges to the pipeline’s rates.

For the reasons stated in its comments to the ANOPR, the LSG recommends that the Commission issue a Notice of Proposed Rulemaking (NOPR) in which the Commission proposes the suggested modifications to the FERC Form No. 6.

Commission Response:

The Commission and the public utilize the data in FERC Form Nos. 6 and 6-Q to assist in monitoring rates, the financial condition of the oil pipeline industry, and in assessing energy markets. The LSG’s comments in support of the continued collection of FERC Form Nos. 6 and 6-Q data reflect the public benefit of reporting this information.

LSG’s FERC Form No. 6 modification suggestions are currently before the Commission in Docket No. RM15-19-000 for consideration in that proceeding.

The 30-day notice is also being published in the Federal Register for public review and comment.

9. EXPLAIN ANY PAYMENT OR GIFTS TO RESPONDENTS

The Commission does not make any payments or gifts to respondents.

10. DESCRIBE ANY ASSURANCE OF CONFIDENTIALITY PROVIDED TO RESPONDENTS

The information collected in FERC Form No. 6 and 6-Q is publically available. The Commission will consider specific requests for confidential treatment to the extent permitted by law.⁸

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

The forms do not contain questions of a sensitive nature.

12. ESTIMATED BURDEN OF COLLECTION OF INFORMATION

Estimates of Annual Burden⁹ and Cost¹⁰:

	Number of Respondents (1)	Annual Number of Responses per Respondent (2)	Total Number of Responses (1)*(2)=(3)	Average Burden Hours & Cost (\$) Per Response (4)	Total Annual Burden Hours & Total Annual Cost (\$) (3)*(4)=(5)	Cost per Respondent (\$) (5)÷(1)
FERC Form No. 6	244	1	244	161 hrs.; \$12,719	39,284 hrs.; \$3,103,436	\$12,719
FERC Form No. 6-Q	244	3	732	150 hrs.; \$11,850	109,800 hrs.; \$8,674,200	\$35,550

⁸ 18 C.F.R. §§ 388.112 and 388.113. More information on the CEII definition, program and requirements is posted at <http://www.ferc.gov/legal/ceii-foia/ceii.asp>.

⁹ “Burden” is the total time, effort, or financial resources expended by persons to generate, maintain, retain, or disclose or provide information to or for a Federal agency. For further explanation of what is included in the information collection burden, refer to Title 5 Code of Federal Regulations 1320.3.

¹⁰ Commission staff estimates that the industry’s skill set and cost (for wages and benefits) for completing and filing FERC Form Nos. 6 and 6-Q are comparable to the Commission’s skill set and average cost. The FERC 2018 average salary plus benefits for one FERC full-time equivalent (FTE) is \$164,820/year (or \$79.00/hour).

13. ESTIMATE OF TOTAL ANNUAL COST BURDEN TO RESPONDENTS

There are no capital or start-up costs related to this information collection request. All costs are related to burden hours.

14. ESTIMATED ANNUALIZED COST TO FEDERAL GOVERNMENT

The estimate of the cost for ‘analysis and processing of filings’ is based 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 collections. The increase to 1.0 FTE required to analyze and process the filings reflects technological advances that permit better tracking of staff resources. The analysis and processing of filings typically implicates both FERC Form Nos. 6 and 6-Q, and therefore we are allotting the FTE equally between the two forms.

The Paperwork Reduction Act (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.

Cost Category	Number of Employees (FTEs)	Estimated Annual Federal Cost (rounded)
Analysis and Processing of filings ¹¹ (0.5 FTE each for Form Nos. 6 and 6-Q)	1.0	\$164,820
PRA Administrative Cost (\$4,931 each for Form Nos. 6 and 6-Q)		\$9,862
FERC Total (\$87,341 each for Form Nos. 6 and 6-Q)		\$174,682

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

FERC Form Nos. 6 and 6-Q.

Program Changes. There are no program changes or changes to the reporting or recordkeeping requirements

¹¹ The FERC 2018 average salary plus benefits for one FERC full-time equivalent (FTE) is \$164,820/year (or \$79.00/hour).

FERC Form Nos. 6 and 6-Q (OMB Control Nos. 1902-0022 and 1902-0206)

Adjustments in Estimates. The increase of 46 respondents (from 198 to 244) is due to normal fluctuations in the industry (e.g., companies merging, splitting, entering into and exiting the industry).

The following table shows the current and proposed burden inventory figures for FERC Form Nos. 6 and Form 6-Q.

FERC Form No. 6	Total Request	Change Due to Agency Discretion	Change due to Adjustment in Estimate	Previously Approved
Annual Number of Responses	244		46	198
Annual Time Burden (Hr.)	39,284		7,406	31,878
Annual Cost Burden (\$)	0	0	0	0

FERC Form No. 6-Q	Total Request	Change Due to Agency Discretion	Change due to Adjustment in Estimate	Previously Approved
Annual Number of Responses	732		207	525
Annual Time Burden (Hr.)	109,800		31,050	78,750
Annual Cost Burden (\$)	0	0	0	0

16. TIME SCHEDULE FOR PUBLICATION OF DATA

The information provided in FERC Form Nos. 6 and 6-Q is available on the FERC website (<http://www.ferc.gov/docs-filing/forms.asp#6> and <https://www.ferc.gov/docs-filing/forms.asp#6Q>). The data are collected for regulatory purposes and not for the purposes of a publication.

17. DISPLAY OF THE EXPIRATION DATE

FERC Form Nos. 6 and 6-Q display the OMB control numbers and the expiration dates. The expiration dates are also posted at <http://www.ferc.gov/docs-filing/info-collections.asp>.

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT

There are no exceptions.