

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

[Docket No. IC19-20-000]

COMMISSION INFORMATION COLLECTION ACTIVITIES
(FERC Form Nos. 6 and 6-Q);
COMMENT REQUEST; EXTENSION

(July 3, 2019)

AGENCY: Federal Energy Regulatory Commission.

ACTION: Notice of information collections and request for comments.

SUMMARY: In compliance with the requirements of the Paperwork Reduction Act of 1995 (PRA), the Federal Energy Regulatory Commission (Commission or FERC) is soliciting public comment on the currently approved information collections FERC Form Nos. 6 (Annual Report of Oil Pipeline Companies) and 6-Q (Quarterly Report of Oil Pipeline Companies) and submitting the information collections to the Office of Management and Budget (OMB) for review. Any interested person may file comments directly with OMB and should address a copy of those comments to the Commission as explained below. On April 15, 2019, the Commission published a Notice in the Federal Register in Docket No. IC19-20-000 requesting public comments. The Commission received two public comments and will indicate that in its submittals to OMB.

DATES: Comments on the collections of information are due **[INSERT DATE 30 DAYS AFTER PUBLICATION IN THE FEDERAL REGISTER]**.

ADDRESSES: Comments filed with OMB, identified by OMB Control Nos.: 1902–0022 (FERC Form No. 6) and 1902–0206 (FERC Form No. 6–Q), should be sent via

email to the Office of Information and Regulatory Affairs: oir_submission@omb.gov.

Attention: Federal Energy Regulatory Commission Desk Officer.

A copy of the comments should also be sent to the Commission, in Docket No. IC19-20-000, by either of the following methods:

- eFiling at Commission's Web Site: <http://www.ferc.gov/docs-filing/efiling.asp>
- Mail/Hand Delivery/Courier: Federal Energy Regulatory Commission, Secretary of the Commission, 888 First Street, NE, Washington, DC 20426.

Instructions: All submissions must be formatted and filed in accordance with submission guidelines at: <http://www.ferc.gov/help/submission-guide.asp>. For user assistance, contact FERC Online Support by e-mail at ferconlinesupport@ferc.gov, or by phone at: (866) 208-3676 (toll-free), or (202) 502-8659 for TTY.

Docket: Users interested in receiving automatic notification of activity in this docket or in viewing/downloading comments and issuances in this docket may do so at <http://www.ferc.gov/docs-filing/docs-filing.asp>.

FOR FURTHER INFORMATION, CONTACT: Ellen Brown by e-mail at DataClearance@FERC.gov, telephone at (202) 502-8663, and fax at (202) 273-0873.

SUPPLEMENTARY INFORMATION:

Titles: FERC Form Nos. 6 (Annual Report of Oil Pipeline Companies) and 6-Q (Quarterly Report of Oil Pipeline Companies).

OMB Control Nos.: 1902-0022 (FERC Form No. 6) and 1902-0206 (FERC Form No.6-Q).

Type of Respondent: Oil pipeline

Type of Request: Three-year extension of FERC Form Nos. 6 and 6-Q information collections with no changes to the current reporting and recordkeeping requirements.¹

Abstract: Under the Interstate Commerce Act (ICA),² the Commission is authorized and empowered to make investigations and to collect and record data to the extent the Commission may consider to be necessary or useful for the purpose of carrying out the provisions of the ICA. The Commission must ensure just and reasonable rates for transportation of crude oil and petroleum products by pipelines in interstate commerce.

FERC Form No. 6, Annual Report of Oil Pipeline Companies

In 1977, the Department of Energy Organization Act transferred to the Commission from the Interstate Commerce Commission (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

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.) 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 49 USC Part 1, Section 20, 54 Stat. 916

of information necessary for the Commission to exercise its statutory responsibilities.³

The transfer included the ICC Form P, the predecessor to FERC Form No. 6.⁴

To reduce burden on industry, 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)). 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)). Newly established entities must use projected data to determine whether FERC Form No. 6 must be filed.
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

³ 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."

⁴ 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 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".

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 schedule (18 CFR 357.2 (a)(3)).

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 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.

FERC Form No. 6-Q, Quarterly Report of Oil Pipeline Companies

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 information collected in FERC Form No. 6-Q to carry out its responsibilities in implementing the statutory provisions of the ICA to include the authority to prescribe rules and regulations concerning accounts, records, and memoranda, as necessary or appropriate. Financial accounting and reporting provides necessary information concerning a company's past performance and its future prospects. Without reliable financial statements prepared in accordance with the Commission's USofA and related regulations, it would be difficult for the Commission to accurately determine the costs that relate to a particular time period, service, or line of business.

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.

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

⁵ BEA'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>.

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

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.

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 the 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

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

separate) 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.

Estimates of Annual Burden⁸ and Cost⁹ for FERC Form Nos. 6 and 6-Q:

	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)
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⁸ “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.

⁹ Commission staff estimates that the industry’s average cost (for wages and benefits) for completing and filing FERC Form Nos. 6 and 6-Q are comparable to the Commission’s average cost. Therefore, we are using the FERC 2018 average salary plus benefits (for one FERC full-time equivalent, or FTE) of \$164,820/year (or \$79.00/hour).

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

Comments: Comments are invited on: (1) whether the collections of information are necessary for the proper performance of the functions of the Commission, including whether the information will have practical utility; (2) the accuracy of the agency's estimates of the burden and cost of the collections of information, including the validity of the methodology and assumptions used; (3) ways to enhance the quality, utility and clarity of the information collections; and (4) ways to minimize the burden of the collections of information on those who are to respond, including the use of automated collection techniques or other forms of information technology.

Kimberly D. Bose,
Secretary.