**Supporting Statement for**

**Voluntary Refiling Due to Policy Statement in Docket No. PL19-4, implementing FERC-6(PL) (One-time Re-filing under Docket No. PL19-4 of Page 700 of Form No. 6 (Annual 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 an emergency request**[[1]](#footnote-2)** for FERC-6(PL) to have pipelines voluntarily refile, on a one-time basis, page 700 of their 2019 FERC Form No. 6 in order to reflect the Commission’s Policy Statement on Determining Return on Equity for Natural Gas and Oil Pipelines (ROE Policy Statement).**[[2]](#footnote-3)**

FERC has a pending request at OMB (ICR No. 202005-1902-002) for the one-time voluntary re-filing of page 700 of Form 6 (FERC Form No. 6, OMB Control No: 1902-0022) under Docket No. PL19-4. This instant supporting statement and the related request for emergency OMB approval replaces that ICR 202005-1902-002 (which will be retracted). The FERC-6(PL) is a temporary interim information collection number being used for the one-time voluntary re-filing in mid-2020 of page 700 of FERC Form No. 6. (A 6-month emergency approval is being requested for FERC-6(PL).)

The ROE Policy Statement establishes a revised methodology for determining the Return on Equity (ROE) used to calculate the pipeline’s Annual Cost of Service on page 700 of FERC Form No. 6.**[[3]](#footnote-4)**

The refiled page 700 data for the year 2019 (being covered by FERC-6(PL)) reflecting the new ROE methodology will be useful for conducting the five-year review of the oil pipeline index in 2020 (in Docket No. RM20-14). The five-year review will be based upon industry-wide cost changes reported on page 700 over the five-year period 2014-2019 and will establish the index level for annual pipeline index rate changes for the next five-year period from 2021-2026.**[[4]](#footnote-5)**

**A. JUSTIFICATION**

1. **CIRCUMSTANCES THAT MAKE THE COLLECTION OF INFORMATION NECESSARY**

Under section 20 of the Interstate Commerce Act (ICA),**[[5]](#footnote-6)** the Interstate Commerce Commission (ICC) was authorized 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.**[[6]](#footnote-7)** The transfer included the Form P, the forerunner to FERC Form No. 6, Annual Report of Oil Pipeline Companies.**[[7]](#footnote-8)**  In 1994, the Commission revised FERC Form No. 6 in Order Nos. 571 and 571-A to include a new page 700 (Annual Cost of Service).**[[8]](#footnote-9)**

In the Energy Policy Act of 1992, Congress required the Commission to develop a simplified method for changing oil pipeline rates. In response, the Commission established an indexing methodology that allows oil pipelines to change rates based upon an annual industry-wide index.**[[9]](#footnote-10)** The Commission committed to review the index level every five years to ensure that the index level continues to reflect annual industry-wide cost changes.**[[10]](#footnote-11)** In Order No. 561 and each successive five-year review, the Commission calculated the index level based upon the Kahn Methodology,**[[11]](#footnote-12)** which determines the differences over the prior five-year period between changes in page 700 costs and changes in Producer Price Index for Finished Goods (PPI-FG). The index level is then set at PPI-FG plus (or minus) this differential. In the 2020 five-year review, the Commission will measure pipeline cost changes over the period from 2014-2019 in order to establish the index level for the five-year period from 2021-2026.

The issuance of the ROE Policy Statement in Docket No. PL19-4 may affect the oil pipeline industry’s 2019 costs reported on page 700 that are used in the five-year review. As the Commission recognized in the ROE Policy Statement, reflecting the revised oil pipeline ROE methodology in page 700 data for 2019 may help the Commission better estimate industry-wide cost changes for purposes of the five-year review. The effect could be significant. For example, a 50 basis point change in ROE used in the five-year review could change total industry revenues by approximately $300 million.

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

The data elements on page 700 of FERC Form No. 6 (for which we are requesting one-time re-filing under FERC-6(PL) here) are listed in the Attachment to this supporting statement.

Page 700 was designed as a summary rate case in accordance with the Commission’s Opinion 154-B methodology.**[[12]](#footnote-13)** The schedule is a calendar year cost of service, starting with the pipeline’s expenses (lines 1-4) followed by investment or rate base (line 5). The middle section details the pipeline’s cost of capital by component and its capital structure (lines 6a-6e). This includes the pipeline’s estimate of its equity capital costs or ROE. Lastly, included in the page 700 cost of service is the pipeline’s return on its rate base (lines 7a-7c), or the rate of return for both debt and equity times its rate base. The equity return reported in the 2019 FERC Form No. 6’s was over 27 percent of the total oil pipeline industry’s cost of service.

Thus, reflecting the revised oil pipeline ROE methodology in page 700 data (line 6d) for 2019 may help the Commission better estimate industry-wide cost changes (line 9) for purposes of the five-year review. As stated above, in the five-year review the Commission compares the cost changes between years 2014 and 2019 using page 700 data to measure industry-wide pipeline cost changes. ROE is an input in costs of service for oil pipelines on page 700. In light of the Commission’s ROE Policy Statement, the updated 2019 page 700 data will be useful in considering whether, and if so how, to reflect the effects of the Policy Statement change in the calculation of the index level that will be in effect for the next five years.

As mentioned above, the effect of not collecting the revised data could be significant. If this updated ROE data is not collected, it will not be available for the five-year review. A 50 basis point change in ROE used in the five-year review could change total industry revenues by approximately $300 million. That adjustment would be compounded every year over the next five-year index period. Without this information, the Commission’s index level may distort investment decisions by sending an improper incentive. Setting an index level too high may over-stimulate investment or conversely too low may discourage needed capital investment.

Although not pertinent to the re-filing of Page 700 based on Docket No. PL19-4, the data in FERC Form No. 6 is also useful for performing audits and reviews on the financial condition of oil pipelines; assessing energy markets; conducting oil pipeline rate proceedings and economic analysis; conducting research for use in administrative litigation; and administering 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.

If data from FERC-6(PL) 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 No. 6 through the forms submission software available on the FERC website.

The one-time re-filing of page 700 under Docket No. PL19-4 (FERC-6(PL)) would similarly be submitted electronically through the Form 6 submission software.

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**

Although pipelines filed 2019 FERC Form No. 6 page 700 data in April 2020, that data reflects the Commission’s ROE policy as it existed before the ROE Policy Statement approved on 5/21/2020. Should industry opt to re-file, the re-filed data changes will result in changes to the ROE and total cost of service reported on page 700. For purposes of the 2020 five-year review, the Commission seeks voluntary submission of updated 2019 page 700 data reflecting this policy change to consider whether, and if so how, the Commission should incorporate the effects of that policy change in calculating the index level that will be in effect for the period from 2021-2026. Previously filed page 700 data cannot be used or modified for use for this purpose because it does not reflect the effects of the ROE policy change. After the submission of updated 2019 page 700 data (in FERC-6(PL)), commenters in the five-year review will have the opportunity to address whether the Commission should use this updated page 700 data to calculate the index level for the 2021-2026 period. Obtaining 2019 page 700 ROE and cost-of-service data reflecting both the Commission’s prior and current ROE policies will enable the Commission to make a more informed decision for the oil pipeline industry.

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. A majority of the jurisdictional entities that the Commission 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 the Uniform System of Accounts. Additionally, the requested information is unique to each individual pipeline and its own particular circumstances, not that of its parent. Each pipeline will be the best judge of whether and how to update its 2019 annual cost of service based upon the ROE Policy Statement.

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

Pipelines of all sizes are required to file page 700,**[[13]](#footnote-14)** and thus, this information collection will apply to small entities. However, the current request for information is voluntary and only applies to page 700. Furthermore, industry-wide data (including data from small entities) is desirable for the purposes of determining the index, which is applicable industry-wide (including to small entities).

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

As explained in the ROE Policy Statement, this voluntary, one-time information collection (re-filing of page 700 of Form 6 [covered under FERC-6(PL)]) may help the Commission better estimate industry-wide cost changes for purposes of the five-year review. If the Commission does not collect this updated data until pipelines submit their regular 2020 FERC Form No. 6 filings on April 18, 2021, the Commission would be unable to incorporate the effects of the ROE policy change in the five-year review, which must be completed prior to index filings submitted in May or June of the following year. This, in turn, could impact the calculation of the index level used to determine annual pipeline index rate changes for the 2021-2026 period.

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 solicited and received public comment in response to the Notice of Inquiry (NOI) in Docket No. PL19-4-000 regarding changes to the Commission’s ROE policies, including the use of multiple models recommended in the ROE Policy Statement. However, although 5 of 223 commenters expressed concern that modifying the Commission’s ROE methodology could increase litigation expenses by increasing the number of disputes in litigated proceedings, such litigation costs are neither applicable to this information collection nor covered by the PRA. As described above, the FERC-6(PL) information collection merely encourages pipelines to file updated page 700s reflecting ROEs based upon the methodology recommended in the ROE Policy Statement, and no commenter indicated that such a calculation would be burdensome. Although some commenters noted that revising the Commission’s policy to allow use of more than one source of growth rate data could impose additional service subscription costs,**[[14]](#footnote-15)** one of these commenters explained that the services considered in the ROE Policy Statement (IBES and *Value Line*) are publicly available at low or no cost.**[[15]](#footnote-16)** The other comments did not address issues covered by the PRA. However, the NOI did not contemplate refiling of Page 700 of FERC Form No. 6 because it was uncertain whether the Commission would adopt a new oil pipeline ROE methodology. Thus, the comments did not expressly address the burden or costs that pipelines would incur in developing and re-filing Page 700 of FERC Form No. 6 in response to this voluntary information request.

The Commission also solicited and received public comments in response to the ROE Policy Statement in Docket No. PL19-4-000. The Commission received five public comments, four of which address issues related to electric utilities and do not reference this information collection for oil pipelines. On June 11, 2020, Liquids Shippers Group filed a motion for reconsideration of the ROE Policy Statement and a request for expedited action (Motion). The Motion asserts that the voluntary information collection improperly gives pipelines discretion to file ROEs that are higher, which would increase the index level, while refraining from filing ROEs that are lower, which would decrease the index level. Thus, the Motion states that the information collection will bias the record in the five-year review proceeding.

The full Commission will address the Motion in due course. However, the Motion should not affect this request for OMB’s emergency processing and approval of the FERC-6(PL). The Motion seeks to convert this voluntary information collection into a mandatory one, and implementing a mandatory collection at this time would likely delay the five-year review. The Commission will address the merits of Liquids Shippers Group’s claims regarding the calculation of the index level in the five-year review proceeding itself, where the Commission has requested comments on that issue.**[[16]](#footnote-17)** The effect of this data on the Commission’s analysis in the five-year review will depend upon how many pipelines file updated page 700 data and the comments that the Commission receives.

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 the FERC-6(PL)) is publicly available. The Commission will consider specific requests for confidential treatment to the extent permitted by law.**[[17]](#footnote-18)**

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 FERC-6(PL) does not contain questions of a sensitive nature.

12. **ESTIMATED BURDEN OF COLLECTION OF INFORMATION**

*Estimates of Annual Burden***[[18]](#footnote-19)** *and Cost***[[19]](#footnote-20)**: The following table shows the estimated additional, one-time burden and cost due to this information collection, which includes developing updated ROE, making a commensurate update to the total cost of service, and refiling the FERC Form No. 6 to reflect an updated page 700, burden that will be covered under FERC-6(PL). While refiling is optional, FERC developed the below estimates by conservatively assuming a 100% response rate. The table includes the industry cost of performing cost-of-equity studies to develop an updated ROE for the period ending December 31, 2019 and to revise the annual cost of service shown on page 700 of FERC Form No. 6. The next row shows the cost of reflecting the updated ROEs and revised total costs of service on page 700.

| **FERC-6(PL)--Estimated Annual Burden due to Docket No. PL19-4[[20]](#footnote-21)**  **(Figures may be rounded)** | | | | | | |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Number of Potential 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)= (6)** |
| **Updated ROE Study** | 244 | 1 | 244 | 187.5 hrs.; $15,000 | 45,750 hrs.; $3,660,000 | $15,000 |
| **Refile FERC Form No. 6, page 700** | 244 | 1 | 244 | 0.5 hrs.; $40 | 122 hrs.; $9,760 | $40 |
| **Total, Due to PL19-4****[[21]](#footnote-22)** | 244 | 1 | 244 |  | 45,872 hrs.; $3,669,760 | $15,040 |

This one-time voluntary burden is expected to be imposed in Year 1. The Commission is requesting that the oil pipeline industry voluntarily update the ROE and total cost-of-service information on page 700 of FERC Form No. 6 for 2019 (for which the burden is covered by FERC-6(PL) here) to reflect the policy changes adopted in the ROE Policy Statement. The total burden to the oil pipeline industry is estimated to be less than $4 million for the one-time filing. A review of the page 700s for 2019 filed by oil pipelines shows total revenues of nearly $23 billion and an average real ROE of 11%. The effect of a 50-basis point change in ROE upon the 2020 five-year review may result in a Year 1 change in total industry revenues of approximately $300 million. As the Commission recognized in the ROE Policy Statement, reflecting the ROE policy changes in page 700 data for 2019 may help the Commission better estimate industry-wide cost changes for purposes of the five-year review.

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 and addressed in questions 12 and 15.

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 estimate represents work efforts by (1) the Office of Enforcement in receiving the information and (2) the Office of Energy Market Regulation and the Office of the General Counsel in analyzing the information.

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 notice(s) in the Federal Register.

| **Cost Category** | **Number of Employee Weeks** | **Estimated Annual Federal Cost (rounded)** |
| --- | --- | --- |
| Analysis and Processing of filings[[22]](#footnote-23) | 24 | $76,800 |
| PRA Administrative Cost |  | $4,931 |
| **FERC Total** |  | $81,731 |

FERC-6(PL) is a one-time re-filing of page 700 of FERC Form No. 6 in mid-2020.

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

The following table shows the current and proposed burden inventory figures for FERC-6(PL).

| **FERC-6(PL)** | **Total Request** | **Change Due to Agency Discretion[[23]](#footnote-24)** | **Change due to Adjustment in Estimate** | **Previously Approved** |
| --- | --- | --- | --- | --- |
| Annual Number of Responses21 | 244 | 244 | 0 | 0 |
| Annual Time Burden (Hr.) | 45,872 | 45,872 | 0 | 0 |
| Annual Cost Burden ($) | 0 | 0 | 0 | 0 |

16. **TIME SCHEDULE FOR PUBLICATION OF DATA**

The information provided in FERC-6(PL) (and Form 6) is available on the FERC website. The data are collected for regulatory purposes and not for the purposes of a publication.

17. **DISPLAY OF THE EXPIRATION DATE**

FERC-6(PL) and FERC Form No. 6 display the OMB control numbers and the expiration dates. The expiration dates are also posted on the FERC website.

18. **EXCEPTIONS TO THE CERTIFICATION STATEMENT**

There are no exceptions.

**ATTACHMENT**

The data elements (with line nos.) from Page 700 of FERC Form No. 6 (and covered by FERC-6(PL) in this supporting statement, related to the one-time voluntary re-filing in 2020) are:

1 Operating and Maintenance Expenses

2 Depreciation Expense

3 AFUDC Depreciation

4 Amortization of Deferred Earnings

5 Rate Base

5a Rate Base - Original Cost

5b Rate Base - Unamortized Starting Rate Base Write-Up

5c Rate Base - Accumulated Net Deferred Earnings

5d Total Rate Base -Trended Original Cost - (line 5a + line 5b + line 5c)

6 Rate of Return % (10.25% - 10.25)

6a Rate of Return - Adjusted Capital Structure Ratio for Long Term Debt

6b Rate of Return - Adjusted Capital Structure Ratio for Stockholders’ Equity

6c Rate of Return - Cost of Long Term Debt Capital

6d Rate of Return - Real Cost of Stockholders’ Equity

6e Rate of Return - Weighted Average Cost of Capital - (line 6a x line 6c + line 6b x line 6d)

7 Return on Trended Original Cost Rate Base

7a Return on Rate Base - Debt Component - (line 5d x line 6a x line 6c)

7b Return on Rate Base - Equity Component - (line 5d x line 6b x line 6d)

7c Total Return on Rate Base - (line 7a + line 7b)

8 Income Tax Allowance

8a Composite Tax Rate % (37.50% - 37.50)

9 Total Cost of Service

10 Total Interstate Operating Revenues

11 Total Interstate Throughput in Barrels

12 Total Interstate Throughput in Barrel-Miles

1. A letter, to OMB’s Administrator of OIRA, signed by the Commission’s General Counsel (dated 6/29/2020) was submitted requesting emergency clearance. The letter is also included in ROCIS under Supplementary Documents. FERC has requested OMB’s decision by 7/6/2020. The approach of requesting emergency approval (rather than the currently pending submittal for FERC Form No. 6) was discussed with the OMB Desk Officer for FERC.

   A Notice (‘Commission Information Collection Activities; Request for Emergency Processing for FERC–6(PL)’) was published in the Federal Register (85 FR 40283, 7/6/2020), at <https://www.govinfo.gov/content/pkg/FR-2020-07-06/pdf/2020-14422.pdf?utm_medium=email&utm_campaign=subscription+mailing+list&utm_source=federalregister.gov> . [↑](#footnote-ref-2)
2. *Inquiry Regarding the Commission’s Policy for Determining Return on Equity*, 171 FERC ¶ 61,155 (2020). The Policy Statement is posted in FERC’s eLibrary at <https://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=15540146>; the associated news release is posted at <https://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=15540093> . The Policy Statement published in the Federal Register on May 27, 2020 (85 FR 31760). [↑](#footnote-ref-3)
3. FERC Form No. 6 is 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). More information on the Forms Refresh project is posted on the FERC website.

   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)). [↑](#footnote-ref-4)
4. Oil pipeline index increases to be filed July 1, 2020, will be based upon the index level established in the prior five-year review completed in 2015. *Five-Year Review of the Oil Pipeline Index*, 153 FERC ¶ 61,312 (2015). Page 700 data for 2020 has not been filed, but it will be considered in the five-year review conducted in 2025, which would be based upon 2019-2024 data. [↑](#footnote-ref-5)
5. 49 U.S.C. app. § 20 (1988). [↑](#footnote-ref-6)
6. 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." [↑](#footnote-ref-7)
7. 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.” [↑](#footnote-ref-8)
8. *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). [↑](#footnote-ref-9)
9. *Revisions to Oil Pipeline Regulations Pursuant to the Energy Policy Act of 1992*,Order No. 561, FERC Stats. & Regs. ¶ 30,985, at 30,947 (1993), *order on reh’g*, Order No. 561-A, FERC Stats. & Regs. ¶ 31,000 (1994), *aff’d*, *Ass’n of Oil Pipe Lines v. FERC*, 83 F.3d 1424 (D.C. Cir. 1996). [↑](#footnote-ref-10)
10. *Id.* [↑](#footnote-ref-11)
11. The Commission’s use of the Kahn Methodology has been affirmed by the United States Court of Appeals for the District of Columbia Circuit. *Ass’n of Oil Pipe Lines v. FERC*, 83 F.3d 1424 (D.C. Cir. 1996); *Flying J. Inc. v. FERC*, 363 F.3d 495 (D.C. Cir. 2004). [↑](#footnote-ref-12)
12. As provided by the current instructions, a pipeline must use the Opinion No. 154-B cost-of-service methodology when completing page 700.  The Opinion No. 154-B cost-of-service methodology uses trended original cost ratemaking, meaning that the inflationary component of the nominal return is placed in deferred earnings and recovered as a part of rate base in future years.  *See Williams Pipe Line Co.*,Opinion No. 154-B, 31 FERC ¶ 61,377 (1985), *order on reh’g*, Opinion No. 154-C, 33 FERC ¶ 61,327 (1985).  [↑](#footnote-ref-13)
13. *See* 18 C.F.R. § 357.2(a)(1)-(3) (2019). [↑](#footnote-ref-14)
14. *E.g.*,Natural Gas Supply Association Initial Comments, Docket No. PL19-4-000, at 30 (filed June 26, 2019); Eastern Massachusetts Consumer-Owned Systems Initial Comments, Docket No. PL19-4-000, at 67-69 (filed June 26, 2019); Magellan Midstream Partners, L.P. Initial Comments, Docket No, PL19-4-000, at 21 (filed June 26, 2019); Six Cities Initial Comments, Docket No. PL19-4-000, at 12 (filed June 26, 2019); *id.*, Ex. CIT-0001 at 84:1-17 (Affidavit Breandan T. Mac Mathuna); Comments of the Aluminum Association, the American Chemistry Council, the American Forest & Paper Association, the American Public Power Association, the Electricity Consumers Resource Council, the Industrial Energy Consumers of America, the National Rural Electric Cooperative Association, and the Transmission Access Policy Study Group, Docket No. PL19-4-000, at 91-93 (filed June 26, 2019) (Associations Comments). [↑](#footnote-ref-15)
15. Associations Comments at 91. [↑](#footnote-ref-16)
16. *Five-Year Review of the Oil Pipeline Index*, 171 FERC ¶ 61,239 at PP 2, 8. [↑](#footnote-ref-17)
17. 18 C.F.R. §§ 388.112 and 388.113. More information on the CEII definition, program and requirements is posted on the FERC website. [↑](#footnote-ref-18)
18. “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. [↑](#footnote-ref-19)
19. Commission staff estimates that the industry’s skill set and cost (for wages and benefits) for performing the ROE study and completing and filing FERC-6(PL) is comparable to the Commission’s skill set and average cost. The FERC 2019 average salary plus benefits for one FERC full-time equivalent (FTE) is $167,091/year or $80.00/hour. [↑](#footnote-ref-20)
20. We have conservatively assumed a 100 percent voluntary response rate. [↑](#footnote-ref-21)
21. The row titled “updated ROE study” is developing and preparing the information that is then filed on page 700 of the Form 6 (row titled “refile FERC Form No. 6, page 700”). Therefore, the total number of responses will be 244 (rather than 488). [↑](#footnote-ref-22)
22. The FERC 2019 average salary plus benefits for one FERC full-time equivalent (FTE) is $167,091/year (or $80.00/hour). [↑](#footnote-ref-23)
23. We have conservatively assumed a 100 percent voluntary response rate. [↑](#footnote-ref-24)