

**SUPPORTING STATEMENT FOR
FERC-545 [(Gas Pipeline Rates: Rate Change (Non-Formal))]
Modification from Notice of Proposed Rulemaking RM21-18-000**

The Federal Energy Regulatory Commission (Commission or FERC) requests that the Office of Management and Budget (OMB) review/approve the modification of the FERC-545 information collection [(Gas Pipeline Rates: Rate Change (Non-Formal))]. The Notice of Proposed Rulemaking (NOPR) RM21-18-000¹ only pertains to section 4 of the NGA, specifically during rate cases and does not impact sections 5 and 16 which are included in FERC-545.

1. CIRCUMSTANCES THAT MAKE THE COLLECTION OF INFORMATION NECESSARY

FERC-545 is required to implement sections 4, 5, and 16 of the Natural Gas Act (NGA), (15 USC 717c, 717d. and 717o, PL 75 688, 52 Stat. 822 and 830). NGA Sections 4, 5, and 16 authorize the Commission to inquire into rate structures and methodologies and to set rates at a just and reasonable level. Specifically, a natural gas company must obtain Commission authorization for all rates and charges made, demanded, or received in connection with the transportation or sale of natural gas in interstate commerce.

The NGA requires a natural gas company's rates to be just and reasonable and not unduly discriminatory or preferential. The Commission may act under different sections of the NGA to effect a change in a natural gas company's rates. When the Commission reviews rate increases that a natural gas company has proposed, it is subject to the requirement of section 4(e) of the NGA. Under section 4(e), the natural gas company bears the burden of proving that its proposed rates are just and reasonable. On the other hand, when the Commission seeks to impose its own rate determination, it must do so in compliance with section 5(a) of the NGA, which does not pertain to NOPR RM21-18-000.

Section 16 of the NGA states that the Commission "shall have the power to perform any and all acts, and to prescribe, issue, make, amend, and rescind such orders, rules, and regulations as it may find necessary or appropriate to carry out provisions of [the NGA]." In other words, section 16 of the NGA grants the Commission the power to define accounting, technical and trade terms, prescribe forms, statements, declarations or reports and to prescribe rules and regulations.

Pipelines adjust their tariffs to meet market and customer needs. Commission review of these proposed changes is required to ensure rates remain just and reasonable and that services are not provided in an unduly or preferential manner. The Commission's

¹ Federal Register [87 FR 31783](#)

regulation in 18 C.F.R. Part 154 specifies what changes are allowed and the procedures for requesting Commission approval.

The Commission sets rates for interstate pipeline services in a number of proceedings. For example, when a pipeline files to increase its rates, it makes a filing with the Commission under section 4 of the NGA. These types of filings are referred to as general section 4 rate cases. In a general section 4 rate case proceeding, the Commission reviews all of a pipeline's rates and services. A pipeline can file a general section 4 rate case anytime it wishes, provided the pipeline did not agree otherwise in a settlement. A pipeline must demonstrate that the new rates it proposes to charge are just and reasonable. When a rate increase filing is made pursuant to section 4, the application is typically suspended and set for hearing by a Commission Order.

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

The following information is the subject of the FERC-545: (1) tariff filings and any related compliance filings; (2) rate case filings and any related compliance filings; (3) informational reports; (4) negotiated rates; (5) non-conforming agreement filings; and (6) NAESB Activity (tariff portion only). In summary, the Commission uses the FERC-545 information to (1) ensure there are adequate customer protections under section 4 of the NGA; (2) review rates and terms and conditions of service changes by natural gas companies for the transportation and storage of natural gas; (3) provide general industry oversight; and (4) supplement documentation during FERC's audits process.

The Commission reviews the FERC-545 materials to determine whether proposed transportation and sales rates and terms and conditions of service are just and reasonable. The Commission uses the information to monitor rates and terms and conditions of service related to jurisdictional transportation, natural gas storage, and unbundled sales activities of jurisdictional companies. In addition to fulfilling the Commission's obligations under the NGA, the information enables the Commission to monitor the activities and evaluate transactions of the natural gas industry to ensure competitiveness and improved efficiency of the industry's operations.

Per section 4 of the NGA, a natural gas company must file a section 4 rate case every time the entity seeks to change its rates. The modification to FERC-545 per RM21-18-000 requires entities to submit their rate filings in native format. This refers to the software used to create the file. For example, when a file is submitted in native application format it is submitted in the format of the software used to create the file (e.g. Excel) with all links and formulas in-tact. The modification will better allow the Commission to analyze a given rate case to be sure that the rates remain just and reasonable. Additionally, by including the native formulas and links, the Commission and

other stakeholders within the rate case will not be required to produce their own rate models, thus reducing the level of effort to determine if a rate is just and reasonable.

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

The Commission improved the security for submitting electronic tariff filings.² In addition, the Commission improved the pipelines' on-line process of appointing and modifying agents with the authority to make an electronic tariff filing on the pipeline's behalf.

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.

Commission filings and data requirements are periodically reviewed in conjunction with OMB clearance expiration dates. No duplication of the information collection requirements has been found.

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

The FERC-545 are filing requirements related to pipeline rate filing obligations for the transportation and storage of natural gas. The filings collect data from both large and small respondent companies. The data required were designed to impose the least possible burden for companies, while collecting the information required for processing the filings. Use of the Internet to file documents electronically is the primary method the Commission uses to minimize the filing burden.

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

The FERC-545 is a one-time compliance filing if and when an entity subject to the NGA seeks a rate change. Failure to collect the information would prohibit the Commission from properly monitoring and evaluating pipeline transactions and meeting statutory obligations under the Natural Gas Policy Act and Natural Gas Act.

² Please refer to Appendix A on last page of the Supporting Statement or refer to the link <https://ferconline.ferc.gov/FERCOOnline.aspx>

7. EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE INFORMATION COLLECTION

The FERC-545 presents no special circumstances.

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

The Commission issued the proposed rule following an industry petition on June 24, 2021. Firms including the American Gas Association, American Public Gas Association, American Forest & Paper Association, Industrial Energy Consumers of America, Process Gas Consumers Group, and Natural Gas Supply Association filed the petition requesting that rate-cases are submitted in native (e.g. Excel) format.³

Additionally, the Commission is open to receiving comments on the NOPR RM21-18-000 for 30 days after the date of publication in the Federal Register. The commission also issued a press release on 5/19/22 to notify the public of the proposed rule.⁴

9. EXPLAIN ANY PAYMENT OR GIFTS TO RESPONDENTS

There are no payments or gifts made or given to respondents associated with collections FERC-545.

10. DESCRIBE ANY ASSURANCE OF CONFIDENTIALITY PROVIDED TO RESPONDENTS

As natural gas rates are determined to be of general public interest per the NGA, the section 4 rate case is public information.

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

³ Petition for Rulemaking to Update Pipeline Filing Requirements:
<https://elibrary.ferc.gov/eLibrary/search>

⁴ Issued on 5/19/22: [eLibrary | File List \(ferc.gov\)](#)

The FERC 545 collection is used for collections related to sections 4, 5, and 16 of the NGA. However, this NOPR does not change sections 5 and 16 which include burdens related to tariff filings and rate filings. The costs associated with these filings remain unchanged (Table 2).

The Commission estimates the annual public reporting burden and cost for the information collection given the proposed changes in RM21-18-000 as follows:

Table 1: Proposed Modifications to FERC 545 from NOPR in Docket No. RM21-18-000						
A. Area of Modification	B. Number of Respondents	C. Annual Estimated Number of Responses per Respondent	D. Annual Estimated Number of Responses (Column B X Column C)	E. Average Burden Hours & Cost per Response	F. Total Estimated Burden Hours & Total Estimated Cost (Column D x Column E)	G. Cost Per Respondent (Column E / Column B)
Section 4 Rate Case						
FERC 545: Annual Section 4 Rate Cases	8	1	8	100 hours; \$9,700	800 hours; \$77,600	100 hours; \$9,700

FERC-545: Gas Pipeline Rates: Rate Change (Non-Formal) (No change)						
	Number of Respondents (1)	Average Number of Responses per Respondent (2)	Total Number of Responses (1)*(2)=(3)	Average Burden & Cost Per Response⁵ (4)	Total Annual Burden Hours & Total Annual Cost (3)*(4)=(5)	Cost per Respondent (\$) (5)÷(1)

⁵ The estimated hourly cost (salary plus benefits) provided in this section is based on the salary figures for May 2021 posted by the Bureau of Labor Statistics for the Utilities sector (available at https://www.bls.gov/oes/current/naics3_221000.htm) and scaled to reflect benefits using the relative importance of employer costs for employee

Tariff Filings	109	2.768	301.712	211 hrs.; \$20,467	63,661.232 hrs.; \$6,175,139.50	\$56,652.66
Rate Filings	32	2	64	354 hrs.; \$34,338	22,656 hrs.; \$2,197,632	\$68,676
Informational Reports	100	1.770	177	235 hrs.; \$22,795	41,595 hrs.; \$4,034,715	\$40,347.15
Negotiated Rates & Non-Conforming Agreement Filings	69	11	759	233 hrs.; \$22,601	176,847 hrs.; \$17,154,159	\$248,611
Market-Base Rates for Storage Filings	2	1	2	230 hrs.; \$22,310	460 hrs.; \$44,620	\$22,310
NAESB (version 3.2) one time over 3 years carried over from RM96-1-42 ⁶	59	1	59	10 hrs.; \$970	593.33 hrs.; \$57,553.33	\$970

compensation from June 2021 (available at <https://www.bls.gov/news.release/ecec.nr0.htm>). The hourly estimates for salary plus benefits are:

Computer and Information Systems Manager (Occupation Code: 11-3021), \$103.61

Computer and Information Analysts (Occupation Code: 15-1120(1221), \$67.99

Electrical Engineer (Occupation Code: 17-2071), \$72.15

Legal (Occupation Code: 23-0000), \$142.25

The average hourly cost (salary plus benefits), weighting all of these skill sets evenly, is \$96.50. We round it to \$97/hour.

⁶ The final rule in Docket No. RM96-1-042 was published in the Federal Register on August 10, 2021 (86 FR 43590). OMB approved the information collection aspects of

TOTAL (Including Section 4 Rate Cases)		1,370.71 2		306,612.56 hrs.; \$29,663,818.5 1	
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Responses= 1,370.712 (1,371 rounded)

Burden Hours=306,612.56 (306,613 hrs. rounded)

The Commission’s burden estimates for the modification of FERC-545 are calculated on the average number of rate cases received on an annual basis. However, the number of rate cases (respondents) is slightly higher than the average number of cases received by the Commission. This was intentional as to anticipate the possibility of additional rate cases being submitted in the future.

13. ESTIMATE OF THE TOTAL ANNUAL COST BURDEN TO RESPONDENTS

There are no capital or start-up costs for FERC-545. All the costs are related to burden hours and are detailed in Questions #12 and #15.

14. ESTIMATED ANNUALIZED COST TO FEDERAL GOVERNMENT

	Number of Hours or FTE’s	Estimated Annual Federal Cost (\$) ⁷
PRA ⁸ Administration Cost ⁹	-	\$8,279 ¹⁰
Data Processing and Analysis, Sub-Total ¹¹	0.75	\$135,527.25
FERC Total for FERC-545		\$143,806.25

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

the rule, including revisions of FERC-545, in November of 2021.

⁷ Based on FERC’s Fiscal Year 2021 average cost per FTE (salary plus benefits) of \$180,703 per year (or 2,080 work hours), rounded to \$87.00 per hour.

⁸ Paperwork Reduction Act of 1995 (PRA)

The proposed rule RM21-18-000 seeks to require submissions for section 4 rate cases to be submitted in native file format with links and formulas. The Commission estimates a increase in total burden of 800 hours since the new rate cases would use the native format submissions.

	Total Request	Previously Approved	Change due to Adjustment in Estimate	Change Due to Agency Discretion
FERC-545				
Annual Number of Responses	1,371	1,363	0	8
Annual Time Burden (Hr.)	306,613	305,812	0	801 ¹²
Annual Cost Burden (\$)	\$0	\$0	\$0	\$0

16. TIME SCHEDULE FOR PUBLICATION OF DATA

Despite the fact that FERC-545 data are publicly available, there are no tabulating, statistical or publication plans.

17. DISPLAY OF EXPIRATION DATE

The expiration date is displayed in a table posted on ferc.gov at <https://www.ferc.gov/information-collections>

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT

There are no exceptions.

⁹ The PRA Administration Cost is \$ 8,279, and includes preparing supporting statements, notices, and other activities associated with PRA compliance.

¹⁰ This cost will be applied to the FERC-545 information collection.

¹¹ The estimate of federal FTE's and the indicated split between FERC-545 is based on staff's experience and the fact that the FERC-545 filings are one-time filings.

¹² Due to rounding of the current 545 collection, the estimate increased 801 hours.

However, since ROCIS already completed rounded the existing ICs it reflects 800 hours.

