

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 284.¹

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. 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
- Factors considered in the location of the facilities and the impact on the area for environmental considerations

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

- Flow diagrams showing the design capacity for engineering design verification ;
- 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;
- 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.

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 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

For FERC-537 all entities have the option of filing electronically through the eFiling interface as a means of reducing their incurred burden. The exact burden will vary among applicants since the information should be specific for each applicant and site.

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

The Commission reviews and analyses the information filed under the regulations subject to FERC-537 to determine whether to approve or deny the requested authorization. If the Commission failed to collect these data, it would lose its ability to review relevant information to determine whether the requested certificate should be authorized.

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 7/3/2024 and published a 30-day notice⁴ on 09/25/2024 there were no comments received on this collection.

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

³ 89 FR 55235

⁴ 89 FR 78298

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

The estimate for cost and burden is as follows:

FERC-537 (Gas Pipeline Certificates: Construction, Acquisition, and Abandonment)⁵						
	Number of Respondents	Annual Number of Responses per Respondent	Total Number of Responses	Average Burden & Cost Per Response⁶	Total Annual Burden Hours & Total Annual Cost	Cost per Respondent (\$)
	(1)	(2)	(1)*(2)=(3)	(4)	(3)*(4)=(5)	(5)÷(1)⁷

⁵ Changes to estimated number of respondents were based on average number of respondents over the past three years.

⁶ The estimates for cost per response are derived using the following formula: Average Burden

18 CFR 157.5-.11 (Interstate Certificate and Abandonment Applications)	31	1.39	43.09	500 hrs.; \$50,000	21,545hrs ; \$ 2,154,500	\$ 69,500
18 CFR 157.53 (Pipeline Purging/Testin g Exemptions)	1	1	1	50 hrs.; \$5,000	50 hrs.; \$5,000	\$5,000
18 CFR 157.201-.209; 157.211; 157.214-.218 (Blanket Certificates Prior to Notice Filings)	30	2.125	63.75	200 hrs.; \$20,000	12,750 hrs.; \$ 1,275,000	\$42,500
18 CFR 157.201-.209; 157.211; 157.214-.218 (Blanket Certificates – Annual Reports)	176	1	176	50 hrs.; \$5,000	8,800hrs.; \$880,000	\$5,000
18 CFR 284.11 (NGPA Section 311 Construction – Annual Reports)	75	1	75	50 hrs.; \$5,000	3,750 hrs.; \$375,000	\$5,000

Hours per Response * \$100.00/hour = Average cost/response. The figure is the 2024 FERC average hourly cost (for wages and benefits) of 100.00 (and an average annual salary of \$207,786/year). Commission staff is using the FERC average salary because we consider any reporting requirements completed in response to the FERC-537 to be compensated at rates similar to the work of FERC employees.

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

18 CFR 284.8 ⁸ (Request for Waiver of Capacity Release Regulations)	31	1.39	43.09	10 hrs.; \$1,000	430.9 hrs.; \$ 43,090	\$1,390
18 CFR 284.13(e) and 284.126(a) (Interstate and Intrastate Bypass Notice)	2	1	2	30 hrs.; \$3,000	60 hrs.; \$6,000	\$3,000
18 CFR 284.221 (Blanket Certificates)	1	1	1	100 hrs.; \$10,000	100 hrs.; \$10,000	\$10,000
18 CFR 284.224 (Hinshaw Blanket Certificates)	2	1	2	75 hrs.; \$7,500	150 hrs.; \$15,000	\$7,500
18 CFR 157.5-.11; 157.13-.20 (Non-facility Certificate or Abandonment Applications)	11	1.36	14.96	75 hrs.; \$7,500	1,122 hrs.; \$112,200	\$10,200
Project based Labor wages	22	1	22	15 hrs. \$1,500	330 hrs. \$33,000	\$1,500

⁸ A Certificate Abandonment Application would require waiver of the Commission’s capacity release regulations in 18 CFR 284.8; therefore this activity is associated with Interstate Certificate and Abandonment Applications.

TOTAL	382		444 (rounded)		49,091hrs ; (rounded) \$ 4,909,010	
--------------	-----	--	--------------------------	--	--	--

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 ⁹	55	\$ 11,428,230
PRA ¹⁰ Administrative Cost		\$8,396
FERC Total		\$11,436,626

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

⁹ Based upon FERC’s 2024 FTE average salary plus benefits (\$207,786/year).

¹⁰ Paperwork Reduction Act of 1995 (PRA)

- o Financing
- o Construction, operation, and management
- o Revenues, Expenses, and Income
- o Depreciation and depletion
- o Tariffs
- For Abandonments
 - o Related applications
 - o Contracts and other agreements
 - 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 416 to 444. This reflects the fact that more firms are doing business related to gas pipeline construction, acquisition, and abandonment.

FERC-537	Total Request	Previously Approved	Change due to Adjustment in Estimate	Change Due to Agency Discretion
Annual Number of Responses	444	416	+28	0
Annual Time Burden (Hr.)	49,091	45,763	+3,328	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

The expiration date is displayed at <https://www.ferc.gov/enforcement-legal/legal/information-collections>.

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT

There are no exceptions.