Supporting Statement
FERC-542, Gas Pipeline Rates: Rate Tracking

The Federal Energy Regulatory Commission (Commission or FERC) requests that the Office of Management and Budget (OMB) review and approve FERC-542, Gas Pipeline Rates: Rate Tracking for a three-year period. FERC-542 is an existing information collection with reporting requirements in 18 C.F.R. §§ 154.401-403. There are no changes to the reporting requirements.

The regulations at 18 C.F.R. Part 154 include provisions that allow an interstate natural gas pipeline to submit filings seeking to: (1) Recover research, development and demonstration (RD&D) expenditures (18 CFR § 154.401); (2) Recover annual charges adjustments (ACA) assessed under 18 C.F.R. Part 382 (18 CFR § 154.402); and (3) periodic rate adjustments (18 CFR § 154.403).

The general requirements for tariff filings that are specified in the following regulations apply to all FERC-542 filings: 18 CFR § 154.4, 18 CFR § 154.7, 18 CFR § 154.107, 18 CFR § 154.201, 18 CFR § 154.401, 18 CFR § 154.402, and 18 CFR § 154.403.

1. CIRCUMSTANCES THAT MAKE THE COLLECTION OF INFORMATION NECESSARY

The Commission uses FERC-542 filings to verify that costs which are passed through to pipeline customers as rate adjustments are consistent with the Natural Gas Policy Act, 15 U.S.C. 3301-3432, and sections 4 and 5 of the Natural Gas Act (NGA), 15 U.S.C. 717c and 717d. These statutory provisions require FERC to regulate the transmission and sale of natural gas for resale in interstate commerce at just and reasonable rates. This collection of information is also in accordance with section 16 of the NGA, 15 U.S.C. 717o, which authorizes FERC to implement the NGA through its rules and regulations.

FERC allows jurisdictional pipelines to pass through, to their customers, such costs as fuel surcharge or electric power costs necessary to operate compressor stations as well as the costs of storage services; RD&D expenditures; and ACA assessments. To ensure these charges result in just and reasonable rates, FERC requires jurisdictional pipelines to file detailed and summary information on these passed through costs in the FERC-542. Analyses of FERC-542 data helps the Commission evaluate the charges to ensure compliance with NGA rate requirements.

The Commission is required to "assess and collect fees and annual charges in any fiscal year in amounts equal to all of the costs incurred by the Commission in that fiscal year."[1]

1 *See Omnibus Budget Reconciliation Act*, Pub. L. No. 99-509, Title III, Subtitle E, § 3401, 1986 U.S. Code Cong. & Ad. News (100 Stat.) 1874, 1890-91 (*codified at* 42

To accomplish this, the Commission issued Order No. 472, in which it created the annual charges program, which is designed to recover the costs of administering the natural gas, oil, and electric programs by calculating the costs of each program, net of filing fees, and properly allocating them among the three programs.[2]

Pipelines are entitled to recover these annual charges from their customers, and they have two options for doing so. First, upon Commission approval, a pipeline may adjust its rates annually to recover the annual charges through an ACA clause.[3] Second, a pipeline may seek to recover its annual charges through its general transportation rates.[4] In order to take advantage of the ACA clause, a pipeline has to file a revision to their tariff.

Order No. 472 recognized that although the Commission generally disfavors the use of tracking mechanisms, it is appropriate that pipelines be permitted to pass through these annual charges directly to customers.[5] Accordingly, the Commission provided pipelines an option of passing along the annual charges to customers through a surcharge to their transportation rates reflected in the ACA clause.[6] The Commission codified the requirements for pipelines that choose to utilize an ACA clause in 18 CFR 154.402.[7]

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

The Commission uses FERC-542 filings to verify that costs which are passed through to pipeline customers as rate adjustments meet Commission policy and authorizations. Failure to collect this information would prevent the Commission from meeting its statutory mandate to monitor and evaluate pipeline rates.

RD&D Expenditures

Pipelines that seek to recover RD&D expenditures in its rates must file an application for advance approval of rate treatment related to a project undertaken by the company. The application must include:

U.S.C. 7178 (2012)).

2 *Annual Charges Under the Omnibus Budget Reconciliation Act of 1986*, Order No. 472, FERC Stats & Regs. ¶ 30,746, *clarified by*, Order No. 472-A, FERC Stats. & Regs. ¶ 30,750, *order on reh'g*, Order No. 472-B, FERC Stats. & Regs. ¶ 30,767 (1987), *order on reh'g*, Order No. 472-C, 42 FERC ¶ 61,013 (1988).

3 18 C.F.R. § 154.402 (2024).

4 Order No. 472, FERC Stats. & Regs. ¶ 30,746 at 30,629.

5 *Id.*; *See* 15 U.S.C. § 717c.

6 *Id.*

7 18 C.F.R. § 154.402 (2024).

1) A 5-year program plan filed with the Commission at least 180 days prior to the commencement of the plan.
2) The 5-year program plan must include a statement of the objectives which relates to the interests of ratepayers, the public, and the industry and a detailed budget, technical, and schedule information to explain the work to be performed. The plan should also include the commencement date, expected termination date, a discussion of the RD&D efforts, its progress, and expected annual costs for the first year of the plan.
3) Include a statement identifying all jurisdictional pipelines in support of the program and the amounts of their budget. Identify the persons involved in the plan and the amount of effort contributed by each.

Annual Charges

Pipelines that seek to recover annual charges through an ACA clause must file a tariff record containing:

(1) A statement that the company is collecting an ACA per unit charge, as approved by the Commission, applicable to all the pipeline's sales and transportation rate schedules.
(2) The per unit charge of the ACA.
(3) The proposed effective date of the tariff change (30 days after the filing of the tariff sheet or section, unless a shorter period is specifically requested in a waiver petition and approved).
(4) A statement that the pipeline will not recover any annual charges recorded in FERC Account 928 in a proceeding under subpart D of part 154 of the Commission's regulations.[8]

Each year, the Commission sets the ACA unit charge for the natural gas program in July.[9] Pipelines that wish to begin collecting the ACA unit charge on the first day of the fiscal year are required to file revised tariff records reflecting changes in the ACA unit charge by September 1 of each year, to be effective October 1 of that year.[10] As long as the

8 18 C.F.R. § 154.402(b) (2024).
9 The Commission publishes this change via a notice entitled, "FY [Year] Gas Annual Charges Correction for Annual Charges Unit Charge," which is available on the Commission's website, located at http://www.ferc.gov.
10 18 C.F.R. § 382.105(i) (2024). (defining "fiscal year" as the twelve-month period that begins on the first day of October and ends on the last day of September); *See also* 18 C.FR. § 154.402(b)(3) (requiring the proposed effective date of the tariff change revising the ACA unit charge to be 30 days after the date the change is filed, unless a shorter period is specifically requested in a waiver petition and approved).

pipeline has paid its annual charge to the Commission, the Commission will accept the tariff records, and they will go into effect on October 1. To the extent that the ACA unit charge remains the same from one year to the next, existing pipelines that already reflect that ACA unit charge in their tariffs need not make a filing for that year. This annual process is designed to ensure that pipelines collect charges for the entire fiscal year, as defined in part 382 of the Commission's regulations.

Periodic Rate Adjustments

Pipelines that seek to recover fuel use and unaccounted-for natural gas in kind must state that in its tariff. A company that passes through a cost or revenue item or adjusts its fuel reimbursement percentage, must state in the general terms and conditions (GT&C) of its tariff, the timing and methodology of any adjustments. The GT&C should include:

1) A statement of the nature of revenue or costs to be flowed through to the customers, how it will be collected or returned, who received revenue credit, rate schedule used for the calculation, the effective date and the frequency of the adjustment.
2) A calculation of the flow-through amounts and description of the flow-through mechanism.
3) Other detailed calculations on accumulated cost or revenue credits, carrying charges, rate discounts, pass-through refunds, and lost fuel surcharge.
4) Workpapers showing the allocation of costs or revenue credits or cost by rate schedule and computations, segregated into reservation and usage amounts, adjusted rates, and fuel reimbursement percentage, when appropriate.

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

The filings can be made electronically through eTariff. (More information on eTariff is available at eTariff | Federal Energy Regulatory Commission .)

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

The data are used for regulatory purposes and are not available elsewhere.

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

FERC-542 is a filing requirement pertaining to regulated pipeline filing obligations for the support of rate changes associated with the transportation, storage, and sale of natural gas. The requirement applies to both large and small respondent companies, but historically, no small entities have responded, thus we marked it as 0 small entity respondents in ROCIS. To minimize the burden imposed on those small companies who file, FERC requires only data that specifically and sufficiently describe the components of the charges making up the changed rate. The data required imposes the least possible burden for companies while collecting the information necessary for FERC to evaluate related rate changes.

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

The FERC-542 information is collected on a periodic basis on single cost or revenue. This information collection, on average, amounts to two filings per year, per pipeline. If the collection were conducted less frequently, the Commission would not be able to monitor and properly evaluate pipeline rates and adjustments as they occur in the course of the year.

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

The Commission solicited public comment in a 60-day Notice (issued 6/15/2022) in Docket No. IC25-12-000.[11] No comments were received.

The 30-day Notice also published in the Federal Register.[12]

9. EXPLAIN ANY PAYMENT OR GIFTS TO RESPONDENTS

The Commission makes no payments or gifts to respondents.

10. DESCRIBE ANY ASSURANCE OF CONFIDENTIALITY PROVIDED TO RESPONDENTS

[11] 90 FR 19486
[12] 90 FR 38775

The Commission does not consider the information collected in FERC-542 filings to be confidential. However, the filer may request privileged treatment of a filing that may contain information harmful to the competitive posture of the applicant if released to the general public.[13]

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 Commission estimates the annual public reporting burden (rounded) and cost for the information collection as:

Type of Response	Average Annual Number of Respondents (1)	Average Annual Number of Responses per Respondent (2)	Total Number of Responses (1)*(2)=(3)	Average Burden Hours & Cost Per Respondent (4) [14]	Total Annual Burden Hours & Total Annual Cost (rounded) (3)*(4)=(5)	Cost per Respondent (rounded) (5)÷(1)
Request to Recover Costs from Customers	102	2	204	2 hrs; $206	408 hrs; $42,024	$412

13. ESTIMATE OF THE TOTAL ANNUAL COST BURDEN TO RESPONDENTS

There are no non-labor start-up costs. All costs are related to burden hours and are addressed in Questions #12 and #15.

14. ESTIMATED ANNUALIZED COST TO FEDERAL GOVERNMENT

	Number of FTEs (Full-Time Equivalents)	Estimated Annual Federal Cost ($)
	3	$644,109

13 18 CFR 388.112.

14 The Commission staff estimates that the industry's hourly cost for wages plus benefits is similar to the Commission's $103.00 FY 2025 average hourly cost for wages and benefits.

PRA[16] Administrative Cost[17]		$7,978
FERC Total		$652,087

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 actual filings.

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.

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

The public reporting burden has increased from 376 to 408 total hours and has increased from $32,712 to $42,024 in total annual cost for this information collection. The Commission made no program changes regarding burden imposed upon respondents and the FERC-542 requirements remain unchanged from previously approved clearance packages. The annual number of tariff and rate filings received at the Commission will fluctuate from year to year due to the business requirements and needs of the industry. This is typical of any regulatory agency.

The following table shows the total burden of the collection of information. The format, labels, and definitions of the table follow the ROCIS submission system's "Information Collection Request Summary of Burden" for the metadata.

FERC-542	Total Request	Previously Approved	Change due to Adjustment in Estimate	Change Due to Agency Discretion
Annual Number of Responses	204	188	+16	0
Annual Time	408	376	+32	0

15 The estimate for federal cost uses the figures for FY 2025 FERC average hourly cost (for wages and benefits) of $103.00 (and an average annual salary of $214,703/year).
16 Paperwork Reduction Act of 1995 (PRA).
17 The PRA Administration Cost is $7,978 and includes preparing supporting statements, notices, and other activities associated with Paperwork Reduction Act compliance.

Burden (Hrs.)				
Annual Cost Burden ($)	0	0	0	0

16. TIME SCHEDULE FOR PUBLICATION OF DATA

There are no plans to publish the data; the data are used for regulatory purposes.

17. DISPLAY OF EXPIRATION DATE

The OMB expiration dates are posted on http://www.ferc.gov/docs-filing/info-collections.asp.

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT

There are no exceptions.