

Supporting Statement for  
**FERC-537 (Gas Pipeline Certificates: Construction, Acquisition, and  
Abandonment), and  
FERC-549 (Gas Pipeline Rates: NGPA Title III and NGA Blanket Certificate  
Transactions),  
related to Final Rule in Docket RM11-4**

The Federal Energy Regulatory Commission (FERC or Commission) requests that the Office of Management and Budget (OMB) approve the elimination of parts of the FERC-537 (Gas Pipeline Certificates: Construction, Acquisition, and Abandonment; OMB No. 1902-0060) and FERC-549 (Gas Pipeline Rates: NGPA Title III and NGA Blanket Certificate Transactions; OMB No. 1902-0086) as stated in the Final Rule in Docket No. RM11-4-000 (Order No. 757, posted at <http://elibrary.ferc.gov/idmws/common/OpenNat.asp?fileID=12867230> ).

Note that this supporting statement addresses the Final Rule in RM11-4. The Final Rule affects, and this consolidated supporting statement addresses, parts of two separate OMB Control Nos.:

- FERC-537 (OMB No. 1902-0060, that includes the intrastate pipeline semi-annual storage reports being eliminated) and
- FERC-549 (OMB No. 1902-0086, that includes the interstate pipeline semi-annual storage reports being eliminated).

[Because this consolidated supporting statement affects the two separate OMB Control Nos., one ICR with this supporting statement will be submitted to OMB for each of the two Control Numbers. The FERC-537 requirements being eliminated in the final rule affect reporting by *intrastate* pipelines; the FERC-549 requirements being eliminated affect reporting by *interstate* pipelines.]

As stated in the Notice of Proposed Rulemaking (NOPR; posted in FERC's eLibrary at <http://elibrary.ferc.gov/idmws/common/OpenNat.asp?fileID=12765517>),

“[t]he Commission proposes to eliminate the semi-annual storage reporting requirements for: (1) interstate natural gas companies subject to the Commission's jurisdiction under the Natural Gas Act (NGA), as codified in 18 CFR 284.13(e); (2) intrastate pipelines providing interstate services pursuant to section 311 of the Natural Gas Policy Act of 1978 (NGPA), as codified in 18 CFR 284.126(c); and (3) Hinshaw pipelines providing interstate services subject to the Commission's Natural Gas Act (NGA) jurisdiction pursuant to blanket certificates issued under § 284.224 of the Commission's regulations, as also codified in 18 CFR 284.126(c). The Commission finds that the reports now proposed for elimination are largely duplicative with other reporting requirements.”

The public comments received in response to the NOPR supported the elimination of these reporting requirements, so FERC is eliminating them in this Final Rule. The semi-annual storage report at 18CFR (Code of Federal Regulation) 284.13(e) is a component of FERC-549<sup>1</sup>; the semi-annual storage report at 18CFR 284.126(c) is a component of FERC-537. Other information collections and requirements included in the FERC-549 and FERC-537 are not affected by this Final Rule in Docket No. RM11-4.<sup>2</sup>

## **Background**

On 1/18/2011, President Obama issued Executive Order 13563, “Improving Regulation and Regulatory Review,” (EO 13563) and a presidential memorandum on regulatory flexibility (Regulatory Flexibility Memo). Although the Commission, as an independent agency, is not subject to requirements of those presidential documents, Chairman Wellinghoff directed FERC staff to perform an internal assessment of the effectiveness of agency regulations. Subsequently, on 7/11/2011, President Obama issued an executive order asking independent regulatory agencies to take steps to reassess and streamline existing regulations.

FERC continually seeks to streamline its regulations in order to foster competitive markets, facilitate enhanced competition, and avoid imposing undue burdens and costs on regulated entities or their customers. The Notice of Inquiry (NOI, available at <http://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=12512760>) in this proceeding was issued 12/16/2010, before issuance of the above-noted executive orders. In analyzing the public comments received in response to the NOI and the NOPR, FERC considered the goals of those Executive Orders. In this Final Rule, FERC is streamlining our natural gas pipeline reporting requirements, as part of our continuing efforts to ensure Commission regulations are effective, timely, and up to date.

## **A. Justification**

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

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<sup>1</sup> FERC-549 includes the Semi-Annual Storage Reports for Interstate Pipelines, in 18 CFR 284.13(e), and several other reporting requirements. On 1/18/2012, OMB approved the continuation of the requirements for the entire FERC-549 (in OMB ICR 201112-1902-002). This final rule in RM11-4 affects the FERC-549 requirements by deleting the 18 CFR 284.13(e) [interstate pipeline semi-annual storage reports]; the other requirements in FERC-549 remain active and are not affected by this final rule.

<sup>2</sup> This clearance package only addresses the requirements being deleted in Docket No. RM11-4, unless otherwise noted.

Not applicable. The Final Rule proposes to delete portions of FERC-537 and FERC-549.

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

Not applicable. The Final Rule proposes to delete portions of FERC-537 and FERC-549.

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

Not applicable. The Final Rule proposes to delete portions of FERC-537 and FERC-549.

**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 and other FERC initiatives. This includes a review of the Commission's regulations and data requirements to identify any duplication.

In this Final Rule, FERC is proposing to delete both sections 284.13(e) and 284.126(c) from our regulations. The semi-annual storage reporting requirements in those regulations appear for the most part to duplicate other reporting requirements. To the extent those reports do include information not reported elsewhere, the burden of requiring pipelines to report that information appears to outweigh any benefits to the Commission or the public of requiring such information to continue to be reported on a regular basis.

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

The Final Rule proposes to delete portions of FERC-537 and FERC-549, reducing burden on small and large entities.

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

Not applicable. The Final Rule proposes to delete portions of FERC-537 and FERC-549.

## 7. EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE INFORMATION

Not applicable. The Final Rule proposes to delete portions of FERC-537 and FERC-549.

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

The Commission's procedures require the rulemaking notice to be published in Federal Register, thereby allowing all pipeline companies, state commissions, federal agencies, and other interested parties an opportunity to submit comments, or suggestions concerning the proposal. The Commission issued an NOI (at <http://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=12512760>) on 12/16/2010. FERC received comments from 12 entities. The comments (available in FERC's eLibrary under Docket RM11-4) were addressed in the NOPR (at <http://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=12765517>) on 9/15/2011.

Comments received in response to the NOPR are addressed in the Final Rule (at <http://elibrary.ferc.gov/idmws/common/OpenNat.asp?fileID=12867230>).

The following paragraphs are excerpts from the Final Rule that include discussion of the comments and Commission responses. Footnote references to specific comments have been removed. Full citation information can be found in the NOPR and Final Rule documents linked to above.

### ***Final Rule – Comments and Commission Response***

Eleven companies and associations filed comments in response to the NOPR (links to the comments listed below). Every comment supported the proposal. While two parties had filed comments on the NOI opposing elimination of the semi-annual storage reports,<sup>3</sup> to which the Commission responded in the NOPR, neither of these parties filed comments on the NOPR. Several commenters on the NOPR urged the Commission to act as soon as possible in order to eliminate the reporting requirement before the next round of reports are due on April 30, 2012. Spectra<sup>4</sup> also recommended that the Commission review other regulations for possible redundancies, but did not suggest any specific regulations for review.

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<sup>3</sup> The American Public Gas Association and the Independent Oil and Gas Association of West Virginia.

<sup>4</sup> Spectra Energy Transmission, LLC and Spectra Energy Partners, LP file jointly on behalf of themselves and their subsidiaries, which operate numerous natural gas storage facilities.

## Discussion

In the Final Rule, the Commission eliminates the semi-annual storage reporting requirements both for interstate pipelines and for section 311 and Hinshaw pipelines that are currently codified in 18 CFR 284.13(e) and 18 CFR 284.126(c), respectively. All of the parties who filed comments in response to the NOPR stated that they support this course of action. As detailed in the above section, the NOPR found that these reports are largely duplicative of other reporting requirements. For the limited amount of information not reported elsewhere, the NOPR found that the burden of requiring pipelines to report outweighs any benefits to the Commission or the public of requiring such information to be reported on a regular basis. All the commenters on the NOPR support that conclusion. If any information that is no longer collected as a result of the elimination of the semi-annual storage reports is needed in a particular case, the Commission retains the ability to seek such information through a data request to the pipeline in question.

Accordingly, the Commission finds that elimination of the semi-annual storage reports will help streamline our natural gas reporting requirements and avoid imposing unnecessary burdens on regulated pipelines, without adversely affecting the ability of the Commission and shippers to monitor storage transactions for evidence of the possible abuse of market power.

### Links to public comments from the NOPR

The following links are to the public comments (in FERC's eLibrary), which were received in response to the NOPR in Docket No. RM11-4:

1. <http://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=12821796> (NISKA GAS STORAGE LLC)
2. <http://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=12821823> (ENOGEX LLC)
3. <http://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=12821882> ( AMERICAN GAS ASSOCIATION)
4. <http://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=12821940> (CRANBERRY PIPELINE CORPORATION)
5. <http://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=12822238> (Interstate Natural Gas Association of America)
6. <http://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=12822344> (WILLISTON BASIN INTERSTATE PIPELINE COMPANY)
7. <http://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=12822541> (SPECTRA ENERGY)

- 8. <http://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=12822754> (ENSTOR OPERATING COMPANY, LLC)
- 9. <http://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=12820883> (TEXAS PIPELINE ASSOCIATION)
- 10. <http://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=12818412> (JEFFERSON ISLAND STORAGE & HUB, L.L.C.)
- 11. <http://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=12788396> (NORTHERN NATURAL GAS COMPANY)

**9. EXPLAIN ANY PAYMENT OR GIFTS TO RESPONDENTS**

Not applicable. The Final Rule eliminates portions of FERC-537 and FERC-549.

**10. DESCRIBE ANY ASSURANCE OF CONFIDENTIALITY PROVIDED TO RESPONDENTS**

Not applicable. The Final Rule eliminates portions of FERC-537 and FERC-549.

**11. PROVIDE ADDITIONAL JUSTIFICATION FOR ANY QUESTIONS OF A SENSITIVE NATURE**

Not applicable. The Final Rule eliminates portions of FERC-537 and FERC-549.

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

The Commission is eliminating two reporting requirements that are components of FERC-549 (OMB No. 1902-0086) and FERC-537 (OMB No. 1902-0060) and removing the burden of those requirements from jurisdictional entities, as follows.

<b>Information Collection (or Part of) Eliminated by Final Rule in RM11-4</b>	<b>Part of OMB Control No.</b>	<b>No. of Respondents (a)</b>	<b>Filings Per Respondent Per Year (b)</b>	<b>Burden Hrs. per Filing (c)</b>	<b>Annual Burden Hrs. per Respondent (b X c)</b>	<b>Total Annual Burden Hrs. Eliminated (a X b X c)</b>

FERC-549 requirements in 18 CFR 284.13(e) [Interstate pipeline semi-annual storage reports]	1902-0086	155	2	12	24	3,720
FERC-537 requirements in 18 CFR 284.126(c) [Intrastate pipeline semi-annual storage reports]	1902-0060	50	2	27	54	2,700
<b>Grand Total</b>		205				6,420

The Final Rule in RM11-4 is estimated to reduce the estimated annual no. of filings as follows.<sup>5</sup>

- FERC-549: 155 respondents X 2 filings per year, giving an annual reduction of 310 filings
- FERC-537: 50 respondents X 2 filings per year, giving an annual reduction of 100 filings

Estimates of the burden for the components of FERC-549 and FERC-537 (most of which are not affected by this Final Rule in RM11-4) follow.

Information Collection	Estimated Average Annual Burden Hours		
	Total in Current OMB	Total Eliminated by Final Rule in	Remaining Total Burden Hrs., after implementation of

<sup>5</sup> For FERC-549, the current *total* OMB-approved inventory represents an estimated 751 filings [responses] per year. The Final Rule in RM11-4 eliminates 310 of those filings per year (leaving 441 filings per year).

For FERC-537, the current *total* OMB-approved inventory represents an estimated 774 filings [responses] per year. The Final Rule in RM11-4 eliminates 100 of those filings per year (leaving 674 filings per year).

	<b>Inventory (a)</b>	<b>RM11-4 (b)</b>	<b>Final Rule in RM11-4 (a-b)</b>
FERC-549Error: Reference source not found, OMB Control No. 1902-0086	5,896	3,720	2,176
FERC-537Error: Reference source not found, OMB Control No. 1902-0060	102,942	2,700	100,242
<b>Total</b>		6,420	

**13. ESTIMATE OF TOTAL ANNUAL COST OF BURDEN TO RESPONDENTS<sup>6</sup>**

The estimated, annual costs associated with the eliminated reports follow. These costs to industry will be avoided in the future, after the effective date of the Final Rule.

[The estimated annual costs of the requirements in FERC-537 and FERC-549 which are not affected by, and will remain after implementation of, the Final Rule in RM11-4 are also included in the rightmost column of the following table.]

<b>Information Collection (or Part) Eliminated by Final</b>	<b>Total Annual Burden Hours</b>	<b>Total Annual Cost for</b>	<b>Total Annual Cost to</b>
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<sup>6</sup> Burden and/or dollar figures in the tables may be rounded. A work year (Full Time Equivalent or FTE) is 2,080 hours. The cost estimates include salary and benefits.

To be conservative, the costs from the current OMB-approved inventory are being used here in estimating the savings resulting from the Final Rule in RM11-4, as well as the cost of the remaining unaffected requirements. (Updated costs will be used when the remaining requirements are submitted in the future to OMB for review, approval, and renewal. However, this final rule only deletes the semi-annual storage reports, and does not address or update the burden or cost associated with the remaining requirements. Therefore the existing OMB-approved cost figures are used.) The following cost estimates use those figures from the requests most recently approved by OMB;

- For FERC-549 (from OMB ICR No. 201112-1902-002), \$58 per hour is used. The per hour figures were obtained from the Bureau of Labor Statistics National Industry-Specific Occupational and Employment Wage Estimates ([http://www.bls.gov/oes/current/naics4\\_221200.htm](http://www.bls.gov/oes/current/naics4_221200.htm)), and are based on the mean wage statistics for staff in the areas of management, business and financial, legal and administrative. The mean wage was then increased by 20% to account for benefits/overhead.
- For FERC-537 (from OMB ICR No. 201101-1902-007), \$137,874 per FTE is used. The figures are also included in the final rule and associated FERC press release in RM11-4.

<b>Rule in RM11-4</b>	<b>for Respondents, Associated with the Eliminated Requirements in RM11-4</b>	<b>Respondents, Associated with the Eliminated Requirements in RM11-4 Error: Reference source not found</b>	<b>Respondents of Remaining Reqs. Not Affected by Final Rule in RM11-4 <sup>7</sup></b>
FERC-549 (OMB No. 1902-0086) requirements in 18 CFR 284.13(e)	3,720	\$215,760	\$126,208
FERC-537 (OMB No. 1902-0060) requirements in 18 CFR 284.126(c)	2,700	\$178,971	\$6,644,599
<b>Totals, associated with eliminated requirements</b>	<b>6,420</b>	<b>\$394,731</b>	

**14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT**

Because “[t]he Commission finds that the reports now proposed for elimination are largely duplicative with other reporting requirements,” we don’t anticipate a change to the federal cost as a result of the final rule in RM11-4.

Because this final rule does not affect the remaining requirements or FERC costs, the cost estimates provided in the last OMB-approved ICR’s are used. (Updated costs will be used when the remaining requirements are submitted in the future to OMB for review, approval, and renewal. However, this final rule only deletes the semi-annual storage reports, and does not affect the FERC cost associated with the remaining requirements. Therefore the existing OMB-approved cost figures are used.) The previously reported estimates for federal cost are:

<b>Data Collection</b>	<b>Total Estimated Average Annual Federal Cost -- <i>These estimates are not affected by the Final Rule in RM11-4.</i></b>
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<sup>7</sup> This cost is the current OMB-approved figure for cost to respondents (\$6,823,570 for the FERC-537 from ICR 201101-1902-007; and \$341,968 for the FERC-549 from ICR 201112-1902-002) minus the estimated savings implemented by the Final Rule in RM11-4.

FERC-549 (OMB No. 1902-0086)	\$1,396,821 [as stated in the renewal request for the entire FERC-549 (OMB ICR No. 201112-1902-002), approved by OMB on 1/18/2012]
FERC-537 (OMB No. 1902-0060)	\$6,550,687 [as stated in the Supporting Statement for the renewal of FERC-537 (from 2/1/2011), OMB ICR No. 201101-1902-007]

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

In this Final Rule, FERC is eliminating both sections 284.13(e) and 284.126(c) from our regulations at 18CFR. The semi-annual storage reporting requirements in those regulations appear for the most part to duplicate other reporting requirements. To the extent those reports do include information not reported elsewhere, the burden of requiring pipelines to report that information appears to outweigh any benefits to the Commission or the public of requiring such information to continue to be reported on a regular basis.

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

Not applicable.

**17. DISPLAY OF EXPIRATION DATE**

Not applicable.

**18. EXCEPTIONS TO THE CERTIFICATION STATEMENT**

Not applicable.