FERC Form No. 2
OMB Control Nos. 1902-0028

Supporting Statement for
FERC Form No. 2 "Annual Report of Major Natural Gas Companies";

The Federal Energy Regulatory Commission (FERC or Commission) requests Office of Management and Budget (OMB) review and approval of **FERC Form No. 2, "Annual Report of Major Natural Gas Companies"**, for an additional three years.[1]

A. Justification

1. CIRCUMSTANCES THAT MAKE THE COLLECTION OF INFORMATION NECESSARY

Pursuant to sections 8, 10 and 14 of the National Gas Act (NGA), (15 U.S.C. 717g-717m, PL. 75-688), the Commission is authorized to make investigations and collect and record data, to prescribe rules and regulations concerning accounts, records and memoranda as necessary or appropriate for purposes of administering the NGA. The Commission may prescribe a system of accounts for jurisdictional companies and after notice and opportunity for hearing, may determine the accounts in which particular outlays and receipts will be entered, charged or credited. The Commission collects Form No. 2 information as prescribed in 18 CFR 260.1.

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

Form No. 2 is filed by "major" natural gas companies that have combined gas transported or stored for a fee that exceeds 50 million Dekatherms in each of the three previous calendar years.

This form provides information concerning a company's past performance and its future prospects. The information is compiled using a standard chart of accounts contained in the Commission's Uniform System of Accounts (USofA).[2] The form contains schedules which include a basic set of financial statements: Comparative Balance Sheet, Statement of Income and Retained Earnings, Statement of Cash Flows, and the Statement of Comprehensive Income and Hedging Activities. Supporting schedules containing supplementary information are filed, including revenues and the related quantities of products sold or transported; account balances for various operating and maintenance expenses; selected plant cost data; and other information.

The information collected in the form is used by Commission staff, state regulatory agencies and others in the review of the financial condition of regulated companies. The information is also used in various rate proceedings, industry analyses and in the Commission's audit programs and

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1 This collection is related to the FERC Form No. 2-A, "Annual Report of Nonmajor Natural Gas Companies", OMB Control No. 1902-0030.

2 See 18 CFR Part 201.

as appropriate, for the computation of annual charges based on Page No. 520 of the form. The Commission provides the information to the public, interveners and all interested parties to assist in the proceedings before the Commission.

In addition, this FERC annual form provides the Commission, as well as others, with an informative picture of the jurisdictional entities' financial condition along with other relevant data that is used by the Commission in making economic judgments about the entity or its industry. For financial information to be useful to the Commission, it must be understandable, relevant, reliable and timely.

The use of a uniform system of accounts permits natural gas companies to account for similar transactions and events in a consistent manner, and communicate those results to the Commission on a periodic basis.

Additionally, the uniformity helps to present accurately the entity's financial condition and produces comprehensive data related to the entity's financial history helping to act as a guide for future action. The uniformity provided by the Commission's uniform system of accounts and related accounting instructions permits comparability and financial statement analysis of data provided by jurisdictional entities. Comparability of data and financial statement analysis for a particular entity from one period to the next, or between entities, within the same industry, would be difficult to achieve if each company maintained its own accounting records using dissimilar accounting methods and classifications to record similar transactions and events.

In summary, without the information collected in this form the Commission would not be able to respond and make decisions in a timely manner, particularly to rapidly changing financial conditions of entities subject to its jurisdiction.

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

The Commission has made available to all Form No. 2 respondents, a web-based, Windows submission software necessary to file electronically through a portal found on the FERC web site at http://www.ferc.gov/docs-filing/forms/form-2/elec-subm-soft.asp. Presently, all respondents use this software and doorway access. The Commission has adopted user friendly electronic filing formats and software to facilitate these required formats and software in order to generate the required electronic filings. (See Section 385.2011 of the Commission's regulations.) (The Form No. 2 Software has been tested and will function correctly with Windows Vista, Windows XP, Windows 2000, Windows 95 & Windows 98. The application has been updated to be compatible with all available text cut from Microsoft Office documents and pasted into Footnotes and Notes to the Financial Statements.) The Form No. 2 Submission System (F2SS) uses HTTP (to get the list of respondents for initial creation of a user's

database), FTP Receive (to check for and deliver F2SS software updates) and FTP Send for a user to submit a filing. These are common Internet Communication Protocols.

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 Commission's filings and data requirements are periodically reviewed in conjunction with OMB clearance expiration dates. This includes a review of the Commission's regulations and data requirements to identify any duplication. The Commission's staff is continuously reviewing its various filings in an effort to alleviate duplication.

While some jurisdictional entities may file similar information with the Securities and Exchange Commission (SEC), the level of detail concerning assets, liabilities, and 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. The Commission notes that a majority of the jurisdictional entities that it regulates that file financial information with the SEC consolidate 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 a uniform system of accounts.

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

The Commission believes that the reporting requirements of Form No. 2 do not create significant burden on industry. The Commission believes that the benefits of transparency and understandability of financial statements to both the Commission and the public far outweigh the costs to an individual company. The Form No. 2 is meant to capture larger natural gas pipeline companies. However, if the reporting requirements represent an undue burden on small businesses, the affected entity may seek a waiver of the disclosure requirements from the Commission.

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

Annual reporting is consistent with the reporting companies' do to their own management, the Internal Revenue Service, state and other Federal agencies. If the form were filed less

frequently the Commission would not be able to respond and make decisions in a timely manner particularly to rapidly changing financial conditions of entities subject to its jurisdiction.

7. EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE INFORMATION COLLECTION

The collection meets all of OMB's section 1320.5 requirements.

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

In accordance with OMB requirements, the Commission published a 60-day notice[3] and a 30-day notice[4] to the public regarding this information collection on May 14, 2014 and August 5, 2014 respectively. Within the public notices, the Commission noted that it would be requesting a three-year extension of the public reporting burden. The Commission received no comments from the public regarding this information collection.

9. EXPLAIN ANY PAYMENTS OR GIFTS TO RESPONDENTS

There are no payments or gifts to respondents as part of responding to this collection.

10. DESCRIBE ANY ASSURANCE OF CONFIDENTIALITY PROVIDED TO RESPONDENTS

The Commission considers its annual reporting systems to be public information and, therefore, generally not confidential. The benefits of a standardized and uniform accounting system would not be realized if the reported financial information were withheld from public view. To ensure that these benefits are realized, and to provide transparency of economic consequences to all affected interests, the Commission utilizes financial reporting requirements to make financial and non-financial information publicly available to all interested parties.

However, the Commission will entertain specific requests for confidential treatment to the extent permitted by law pursuant to 18 CFR §388.112.

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.

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3 79 FR 27589
4 79 FR 45437

There are no questions of a sensitive nature associated with this financial form.

12. ESTIMATED BURDEN COLLECTION OF INFORMATION

The most recently OMB-approved burden estimates for the Form No. 2 follow. These estimates include the necessary time to gather, input, review and submit the information required on each form.

FERC Form No. 2						
	Number of Respondents (1)	**Annual Number of Responses per Respondent (2)**	**Total Number of Responses (1)*(2)=(3)**	**Average Burden Hours & Cost Per Response[5] (4)**	**Total Annual Burden Hours & Total Annual Cost (3)*(4)=(5)**	**Cost per Respondent ($) (5)÷(1)**
Form No. 2	84	84	84	1,629 $195,480	136,836 $16,420,320	$195,480
One-time burden for implementing Order No. 710-B (completed in 2012)	84	84	84	80 $9,600	6,720 $806,400	$9,600
TOTAL			**168**		**143,556 $17,226,720**	**$205,080**

13. ESTIMATE OF THE TOTAL ANNUAL COST BURDEN TO RESPONDENTS

There are no capital, start-up, or any other non-labor costs associated with this information collection.

14. ESTIMATED ANNUALIZED COST TO FEDERAL GOVERNMENT

The following table shows the annualized cost to the Federal Government to run the Form No. 2 data collection program.

FERC Form No. 2	**Number of Employees (FTEs)[6]**	**Estimated Annual Federal Cost**

5 The estimates for cost per response are derived using the following formula: Average Burden Hours per Response * $120 per Hour = Average Cost per Response. The hourly cost figure comes from a combined cost of legal, technical and support staff.

6 An "FTE" is a "Full time Equivalent" employee that works the equivalent of 2,080 hours per year. For the Form No. 2 the Commission estimates that the program office spends .34 FTE and the office of enforcement spends .5 FTE.

Analysis and Processing of filings[7]	0.84	$123,136
PRA[8] Administrative Cost[9]		$5,092
FERC Total		$128,228

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 submitted in response to the information collection.

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

The FERC Form No. 2 has not changed since the last time OMB reviewed this collection.

The total estimated burden for this ICR follows:

FERC Form No. 2: Annual Report of Major Natural Gas Companies						
	Number of Respondents (1)	**Annual Number of Responses per Respondent (2)**	**Total Number of Responses (1)*(2)=(3)**	**Average Burden Hours & Cost Per Response[10] (4)**	**Total Annual Burden Hours & Total Annual Cost (3)*(4)=(5)**	**Cost per Respondent ($) (5)÷(1)**
FERC Form No. 2	92	1	92	1,629 $114,844.50	149,868 $10,565,694	$114,844.50

In the last information collection request (ICR) for this collection, FERC included a one-time program change of 80 hours and one response per filer. These additional hours were necessary for respondents to set up the necessary processes in order to provide information on functionalized fuel data on pages 521a through 521d. The one-time hours were completed in

7 Based upon 2014 FTE average salary ($146,591 or $70.50 per hour)

8 Paperwork Reduction Act of 1995 (PRA)

9 The Commission bases the cost of Paperwork Reduction Act administration on staff time, and other costs related to compliance with the Paperwork Reduction Act of 1995.

10 The estimates for cost per response are derived using the following formula: Average Burden Hours per Response * $70.50 per Hour = Average Cost per Response. The hourly cost figure of $70.50 is the average FERC employee wage plus benefits. We assume that respondents earn at a similar rate.

2012 and, in this ICR, FERC is removing the one-time hours in this request. This collection also saw an increased number of filers which is the sole reason for the agency adjustment.

The following table shows the new burden inventory for this collection based on the changes described above.

FERC Form No. 2	Total Request	Previously Approved	Change due to Adjustment in Estimate	Change Due to Agency Discretion
Annual Number of Responses	92	168	8	-84
Annual Time Burden (Hr)	149,868	143,556	13,032	-6,720
Annual Cost Burden ($)	-	-	-	-

The format, label, and definitions of the table above follow the Office of Management and Budget's online submittal system for information collection requests.

16. TIME SCHEDULE FOR PUBLICATION OF DATA

The Commission has not published the information contained on FERC Form No. 2. The publication of energy data became the responsibility of the Energy Information Administration when the Commission succeeded the Federal Power Commission per the Department of Energy Organization Act in October 1977. The primary purpose of the information collected on these forms is to support the Commission's regulatory activities. However, data submitted on the forms are available for download on the Commission's web site.

17. DISPLAY OF EXPIRATION DATE

The form displays the OMB control number and the expiration date. This information is also displayed in the upper right-hand corner of the cover page in the appropriate electronic versions for these forms. In addition, the expiration date is displayed in a table posted on ferc.gov at http://www.ferc.gov/docs-filing/info-collections.asp.

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT

There is an exception to the Paperwork Reduction Act submission certification. Because the data collected on this form is not used for statistical purposes, the Commission does not use effective and efficient statistical survey methodology. The information collected is case specific to each respondent.