

Supporting Statement  
**FERC-550, Oil Pipeline Rate - Tariff Filings**

The Federal Energy Regulatory Commission (Commission or FERC) requests that the Office of Management and Budget (OMB) review and approve FERC-550, Oil Pipeline Rates – Tariff Filings, for a three-year period. FERC-550 (OMB Control No. 1902-0089) is an existing Commission data collection, with no changes to the reporting requirements.

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

The Commission's regulatory jurisdiction<sup>1</sup> over oil pipelines includes:

- the regulation of rates and practices of oil pipeline companies engaged in interstate transportation;
- the establishment of equal service conditions to provide shippers with equal access to pipeline transportation; and
- the establishment of reasonable rates for transporting petroleum and petroleum products by pipeline.

Order No. 561 (issued 10/22/1993 in Docket No. RM93-11) revised the Commission's "regulations of oil pipelines in order to implement the requirements of Title XVIII of the Energy Policy Act of 1992. The revisions provide a simplified and generally applicable method for regulating oil pipeline rates by use of an index for setting rate ceilings for such rates. In certain circumstances, an oil pipeline would be permitted to establish rates using a traditional cost of service or other methods of ratemaking." As discussed further in Order No. 650 (issued 8/27/2004 in Docket No. RM93-11-002), "[a]mong other things, Order No. 561 established a price cap for oil pipeline rates, to be adjusted annually based upon changes in the Producer Price Index for Finished Goods (published each May by the U.S. Department of Labor, Bureau of Labor Statistics) minus one percent (PPI-1). Order No. 561 recognized that its responsibilities under the Interstate Commerce Act,<sup>2</sup> to both shippers and pipelines, required monitoring of the relationship between the change in the

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<sup>1</sup> In 1977, Congress transferred regulatory authority over oil pipelines to FERC. Section 402 of the Department of Energy Organization Act transferred the ICC's (Interstate Commerce Commission) oil pipeline jurisdiction to FERC. Department of Energy Organization Act, Pub. L. No. 95-91, 91 Stat. 565, 584 (1977) (codified at 42 U.S.C. § 7172(b)), effectuated, Exec. Order No. 12,009, 42 Fed. Reg. 161,377 240 7-18-85 46,267 (Sept. 13, 1977), implemented, 42 Fed. Reg. 55,534 (Oct. 17, 1977).

<sup>2</sup> 49 U.S.C. app. 1 (1988).

selected index and the actual cost changes experienced by the industry. Therefore, the Commission stated that it would review the choice of index every 5 years.<sup>3</sup>

The filing requirements for oil pipeline tariffs and rates<sup>4</sup> under the FERC-550 data collection provide the Commission with the information it needs to analyze the rates, practices, and service conditions of oil pipelines. As a result, the Commission can implement statutory directives for the federal regulation of these carriers. Major statutory and rate-making milestones in the Commission's regulation of oil pipelines rates ("*Historical Background of Oil Pipeline Ratemaking*") are included in [reginfo.gov](http://www.ferc.gov) and ROCIS under "Supplementary Documents" and posted at <http://www.ferc.gov/industries/oil.asp>.

## **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 information provided through the FERC-550 collection to analyze proposed changes to: 1) tariffs, 2) rates, 3) fares, 4) and charges of oil pipelines and other carriers in connection with the transportation of crude oil and petroleum products. The Commission uses this information to determine whether the proposed tariffs and rates are just and reasonable. If the FERC-550 information were not collected, the Commission could not determine whether the proposed rates of oil pipelines are just and reasonable.

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

FERC-550 applicants can use the eFiling system to submit the required information to the Commission. FERC estimates that 100% of respondents file their applications electronically. Applicants should visit the eFiling website (<http://www.ferc.gov/docs-filing/efiling.asp>) to find information on what file formats are acceptable.

## **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 OMB review dates arise or as the

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<sup>3</sup> Order No. 561, ¶ 30,985 at 30,952.

<sup>4</sup> 18 Code of Federal Requirements (CFR) Parts 341-348.

Commission may deem necessary in carrying out its regulatory responsibilities under the Act to alleviate duplication. All Commission information collections are subject to analysis by Commission staff and are examined for redundancy. The specific information for FERC-550 as listed in Question 2 are recorded and can be examined for redundancy, if necessary.

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

None of the oil pipeline companies required to file the FERC-550 qualify for the Small Business Administration definition of “small entity.”

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

The Commission collects the FERC-550 information when oil pipelines propose to change or establish tariffs and rates. There is no set timeframe or filing cycle for submittal of the FERC-550. The information arrives when a pipeline seeks Commission review of proposed tariffs and rates. As described previously, the Commission needs the FERC-550 data for its oil ratemaking work. If the FERC-550 data were not collected as part of a rate change filing, the Commission would be unable to fulfill its statutory mandate.

**7. EXPLAIN ANY SPECIAL CIRCUMSTANCES RELATING TO THE INFORMATION COLLECTION**

Under some circumstances filers may be required to submit information regarding their tariffs on a more than quarterly basis. These are not reoccurring filings but are event driven (i.e., based on a pipeline business decision or something about a particular tariff changes). The Commission uses information provided through the FERC-550 collection to analyze proposed tariffs, rates, fares, and charges of oil pipelines and other carriers in connection with the transportation of crude oil and petroleum products. The Commission uses this information to determine whether the proposed tariffs and rates are just and reasonable. Updated tariffs allow the Commission to fulfill its statutory obligations related to regulating oil pipelines.

**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 notice<sup>5</sup> to the public regarding this information collection on 07/30/2019. Within the public notice the Commission will note that it would be requesting a three-year extension of the public reporting burden with no change to the existing requirements concerning the collection of data. No comments were received in the 60-day notice. The Commission is also publishing a 30-day Notice for public comment.

FERC did not conduct additional outreach to industry other than the 60-day and 30-day comment periods.

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

The Commission makes no payments or gifts to respondents as part of this collection.

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

The Commission does not consider the information collected in FERC-550 filings to be confidential. However, an applicant may request non-public treatment of privileged information or Critical Energy/Electric Infrastructure Information (CEII) that meets the specified criteria at 18 CFR 388.112 and 388.113.

## **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**

The Commission does not consider any of the questions within the FERC-550 to be private.

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

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<sup>5</sup> 84 FR 36915

The Commission estimates the annual public reporting burden<sup>6</sup> and cost<sup>7</sup> for the FERC-550 information collection as follows:

Table 1: Estimated Annual Respondents and Burdens for FERC-550

<b>FERC-550: Oil Pipelines Rates – Tariff Filings</b>					
<b>Average Annual Number of Respondents (1)</b>	<b>Average Annual Number of Responses per Respondent (2)</b>	<b>Total Number of Responses<sup>8</sup> (1)*(2)=(3)</b>	<b>Average Burden Hrs. &amp; Cost (\$) Per Response (4)</b>	<b>Total Annual Burden Hours &amp; Total Annual Cost (\$) (3)*(4)=(5)</b>	<b>Cost per Respondent (\$) (5)÷(1)</b>
219	3.24	710	7.8 hrs.; \$624	5,538 hrs.; \$443,040	\$2,023

### 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

The estimate of the cost for ‘analysis and processing of filings’ is based 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.

The Paperwork Reduction Act of 1995 (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,

<sup>6</sup> “Burden” is the total time, effort, or financial resources expended by persons to generate, maintain, retain, or disclose or provide information to or for a Federal agency. For further explanation of what is included in the information collection burden, refer to 5 CFR § 1320.3.

<sup>7</sup>The Commission staff thinks that the hourly cost (for wages and benefits) for industry staff completing the FERC-550 is similar to the cost of FERC employees.. The cost figure is the FY2019 FERC average annual salary plus benefits (\$167,091/year or \$80/hour).

<sup>8</sup>This figure is rounded.

modify, extend, or discontinue an information collection. It also includes the cost of publishing the necessary notices in the Federal Register.

The estimated annualized cost to the Federal Government is as follows:

Table 2: Estimated Annual Cost to the Federal Government of FERC-550

	<b>Number of Employees (FTEs)</b>	<b>Estimated Annual Federal Cost</b>
Analysis and Processing of Filings	8	\$1,336,728
PRA <sup>9</sup> Administrative Cost		\$4,832
<b>FERC Total</b>		<b>\$1,341,560</b>

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

The reporting requirements and estimated average burden hours per response have not changed. In Question 12, the numbers for respondents and responses are based on a three-year average of the number of actual responses FERC received from 2016-2018. While the number of responses fluctuates from year to year, recent data on the actual number of responses should be representative of the number of responses for the next three years. The Commission received a record number of responses in 2018 and will likely see high numbers of responses continue in the next three years. The decrease in the average number of respondents is due to an actual decrease in respondent count from 2016-2018. Thus, the average number of responses per year decreased and the total estimated annual burden hours has also appropriately decreased due to actual filings.

The format, labels, and definitions of the table follow the ROCIS submission system’s “Information Collection Request Summary of Burden” for the metadata.

Table 3: Change in Responses and Burden Hours from Previous Collection

<b>FERC-550</b>	<b>Total Request</b>	<b>Previously Approved</b>	<b>Change due to Adjustment in Estimate</b>	<b>Change Due to Agency Discretion</b>
Annual Number of Responses	710	765	-55	0
Annual Time Burden (Hr.)	5,538	5,978	-440	0
Annual Cost Burden	0	0	0	0

<sup>9</sup> Paperwork Reduction Act of 1995 (PRA)

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

The Commission does not publish data associated with this collection. Tariff filings are available publicly through the Commission’s eTariff system.

**17. DISPLAY OF EXPIRATION DATE**

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

**18. EXCEPTIONS TO THE CERTIFICATION STATEMENT**

There are no exceptions.