

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Commission Information Collection)	Docket No. IC19-20-000
Activities (FERC Form Nos. 6 and 6-Q);)	
Comment Request; Extension)	

**COMMENTS OF THE
LIQUIDS SHIPPERS GROUP**

The Liquids Shippers Group¹ (“LSG”) hereby submits these comments in response to the Comment Request issued by the Federal Energy Regulatory Commission (“Commission” or “FERC”) in the above-referenced docket on April 9, 2019.² The LSG strongly supports the continuation of the FERC Form No. 6 (Annual Report of Oil Pipeline Companies) and FERC Form No. 6-Q (Quarterly Report of Oil Pipeline Companies) information collections, but recommends that the Commission promptly issue a Notice of Proposed Rulemaking (“NOPR”) to propose to adopt certain modifications to Form No. 6 in order to enhance the quality, utility and clarity of the information collection.

I. BACKGROUND

The Commission issued the Comment Request to solicit public comments on two currently approved information collections – Form No. 6 and Form No. 6-Q – in compliance with the requirements of the Paperwork Reduction Act of 1995. The Commission invited comments on: (1) whether the collections of information are necessary for the proper performance of the functions of the Commission, including whether the information will have

¹ For purposes of these comments, the LSG includes: Anadarko Energy Services Company, Apache Corporation, Cenovus Energy Marketing Services Ltd., ConocoPhillips Company, Devon Gas Services, L.P., Encana Marketing (USA) Inc., Equinor Marketing & Trading US Inc., Fieldwood Energy LLC, Marathon Oil Company, Murphy Exploration and Production Company-USA, Noble Energy, Inc., and Pioneer Natural Resources USA, Inc.

² *Commission Information Collection Activities (FERC Form Nos. 6 and 6-Q); Comment Request; Extension*, 84 Fed. Reg. 15213 (Apr. 15, 2019).

practical utility; (2) the accuracy of the agency's estimates of the burden and cost of the collections of information, including the validity of the methodology and assumptions used; (3) ways to enhance the quality, utility and clarity of the information collections; and (4) ways to minimize the burden of the collections of information on those who are to respond, including the use of automated collection techniques or other forms of information technology.³

II. THE LIQUIDS SHIPPERS GROUP

The members of the LSG are crude oil and/or natural gas liquids ("NGL") producers and/or marketers in the United States and/or Canada. Each member of the LSG is a shipper on one or more crude oil and/or liquids pipelines in the United States. The LSG was formed in 2013 for the purpose of participating – presently on an *ad hoc* basis – in regulatory proceedings before the Commission in order to advance positions that reflect their common interests.

As relevant to these comments, two of the LSG's key advocacy positions are: (1) enhancing the transparency of financial reporting by FERC-jurisdictional pipelines; and (2) ensuring that such pipelines' rates are just and reasonable as required under Section 1(5) of the Interstate Commerce Act ("ICA"), 49 U.S.C. App. § 1(5). The LSG believes it is essential that the financial data reported by crude oil and petroleum product pipelines⁴ in their respective Form No. 6 and Form No. 6-Q reports be sufficient to enable the Commission and shippers to analyze whether all pipelines' jurisdictional rates are just and reasonable.

III. COMMENTS

The LSG strongly supports the continuation of the Form No. 6 and Form No. 6-Q information collections. As recognized by the Commission in the Comment Request, it uses the information collected in these reports to carry out its responsibilities under the ICA. The data in

³ *Id.* at 15214.

⁴ The LSG will use the term "petroleum product pipeline" in these comments to describe both NGL and refined product pipelines.

the reports also help the Commission and shippers to evaluate the reasonableness of pipelines' rates. However, as discussed below, the LSG believes that modifications to Form No. 6 are needed in order to enhance the quality, utility and clarity of the information collection.

The Commission currently relies on shippers to monitor whether a pipeline's rates are just and reasonable and bring rate challenges instead of exercising its authority under Section 15(1) of the ICA, 49 U.S.C. App. § 15(1), to institute a complaint against a pipeline on its own initiative. The LSG believes it is essential that the financial data reported by pipelines in their respective Form No. 6 reports be sufficiently detailed to enable both the Commission and shippers to analyze whether all pipelines' jurisdictional rates are just and reasonable.

To that end, the LSG, the Airlines for America and the National Propane Gas Association filed a Petition for Rulemaking in April 2015 in Docket No. RM15-19-000. The Petition for Rulemaking asked the Commission to issue a proposed rule to modify Form No. 6 in two respects: (1) require certain pipelines to file disaggregated Page 700 data; and (2) require all pipelines to file or make Page 700 workpapers available to shippers and interested parties upon request, not just to FERC and its staff. The LSG participated in the Commission's July 2015 technical conference on the Petition for Rulemaking.

The LSG therefore welcomed the Commission's decision to issue an Advance Notice of Proposed Rulemaking ("ANOPR") in October 2016 in Docket No. RM17-1-000.⁵ In the ANOPR, the Commission said that it was considering issuing a NOPR to propose certain changes to the Form No. 6, Page 700 reporting requirements in order to further enhance financial reporting transparency.

In its comments on the ANOPR, the LSG encouraged the Commission to propose rule changes to require a sub-set of pipelines to file disaggregated Page 700 data in the form of the

⁵ *Revisions to Indexing Policies and Page 700 of FERC Form No. 6*, 157 FERC ¶ 61,047 (2016).

“supplemental Page 700s” contemplated by the Commission in the ANOPR. The LSG supported the Commission’s proposal to require a pipeline to file disaggregated Page 700 data if it has both crude oil and petroleum product systems. The LSG also supported the Commission’s proposal to require a pipeline to file supplemental Page 700s for: (1) “non-contiguous (geographically separate) pipeline systems;” and (2) “major pipeline systems,” with certain suggested modifications to those criteria. Based on the LSG’s experience, the aggregated data reported on Page 700 does not currently provide a shipper with the information it needs to determine whether certain pipelines are over-recovering on a specific pipeline or segment.

Next, the LSG encouraged the Commission to propose to revise Page 700 to require all pipelines to disaggregate Page 700 revenue, barrel and barrel-mile data associated with cost-based rates, non-cost-based rates and other jurisdictional revenues such as penalties. The LSG recommended that the Commission also propose to require all pipelines to include information regarding pipeline loss allowance revenues in the “other jurisdictional revenues” category because it is unclear whether those revenues are being recorded by pipelines on Page 700 in a uniform and consistent manner.

In addition, the LSG reiterated its call for the Commission to require all pipelines to make their Page 700 workpapers available to a shipper or interested person upon request, not just to the Commission and FERC staff. The LSG explained that, if the Commission wishes to continue its historic practice of relying upon shippers to monitor and perform the initial evaluation of the reasonableness of pipelines’ rates, there is no logical basis for, and no public interest to be served by, the requirement that pipelines provide their workpapers only to the Commission and FERC staff. Shippers should have the tools they need to bear the burden of evaluating the reasonableness of rates and bringing challenges to pipelines’ rates.

In order to enhance the quality, utility and clarity of the Form No. 6 information collection, the LSG strongly encourages the Commission to take the next step by promptly issuing a NOPR in which it proposes reforms along the lines of those contemplated in the ANOPR, which are designed to improve the ability of the Commission and shippers to ensure that the rates charged by crude oil and petroleum product pipelines are just and reasonable, consistent with the statutory requirements of the ICA.

IV. CONCLUSION

WHEREFORE, for the reasons discussed above, the LSG respectfully requests that the Commission: (1) continue the Form No. 6 and Form No. 6-Q information collections; but (2) promptly issue a NOPR in which it proposes to revise Page 700 of Form No. 6 in the respects discussed above in order to further enhance crude oil and petroleum product pipeline financial reporting transparency.

Respectfully submitted,

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Dated: June 14, 2019

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

/s/ Elizabeth A. Zembruski
Elizabeth A. Zembruski

Dated at Washington D.C.: June 14, 2019.