
Note: The following appendix will not be published in the Code of Federal Regulations

### Appendix I

### Standards Affected by the Revisions to Implement Recommendations Following Sandia’s Surety Assessment on Cybersecurity

<table>
<thead>
<tr>
<th>Standard</th>
<th>Revisions</th>
</tr>
</thead>
<tbody>
<tr>
<td>WEQ–001</td>
<td>Revised one standard: WEQ–001–13.1.3.3.</td>
</tr>
</tbody>
</table>

I. Background

1. On July 18, 2018, the Commission issued a final rule ¹ (Order No. 849) adopting procedures for determining which jurisdictional natural gas pipelines may be collecting unjust and unreasonable rates in light of the income tax reductions provided by the Tax Cuts and Jobs Act and the Commission’s revised policy and precedent concerning tax allowances to address the double recovery issue identified by United Airlines, Inc. v. FERC. These procedures also allowed interstate natural gas pipelines to voluntarily reduce their rates. In this final rule, the Commission finds that there are no more expected filings that will make use of these special procedures, which are uniquely tied to the Tax Cuts and Jobs Act, and that all existing proceedings under these procedures have closed. Therefore, the Commission removes the procedures from the Code of Federal Regulations as obsolete.

DATES: This rule is effective August 2, 2021.

FOR FURTHER INFORMATION CONTACT:

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SUPPLEMENTARY INFORMATION:


Statement 3 and precedent 4 concerning tax allowances to address the double recovery issue identified by United Airlines, Inc. v. FERC.5 These procedures also allowed interstate natural gas pipelines to voluntarily reduce their rates. On April 18, 2019, the Commission denied all outstanding requests for rehearing and reaffirmed the Commission’s determinations in Order No. 849 (Order No. 849–A).6

2. Order No. 849 established a requirement, pursuant to sections 10 and 14(a) of the Natural Gas Act (NGA),7 that interstate natural gas pipelines, which have their interstate rate regulated by the Commission, but which are primarily regulated at the state level, file their rates for the purpose of evaluating the impact of the Tax Cuts and Jobs Act and the Commission’s regulations established the regulations necessary to govern Option 1, the limited NGA section 4 rate reduction filings.8 Options 2, 3, and 4 above did not require any change in regulations, as they could proceed under preexisting regulatory authority. Third, new § 284.123(i) of the Commission’s regulations provided procedures for section 311 of the National Gas Policy Act of 1978 (NGPA)9 and Hinshaw pipelines to establish fair and equitable rates for their interstate services.10

II. Discussion

4. In Order No. 849, the Commission identified 129 interstate natural gas pipelines with cost-based rates that were required to file the FERC Form No. 501–G, codified in § 260.402. As of the date of Order No. 849–A, the Commission had received filings from all 129 identified pipelines.11 As of April 15, 2021, all of these FERC Form No. 501–G filings have been accepted for filing, and the proceedings terminated. Because Order No. 849 established a one-time reporting requirement tied to a past event, it would not apply to any new pipelines that may enter the market in the future. Therefore, the regulations implemented in Order No. 849 are no longer needed, and we hereby remove § 260.402 from the Commission’s regulations.

5. Eleven pipelines chose Option 1, codified in § 154.404. Under Option 1, pipelines could only choose to make these limited NGA section 4 rate reduction filings at the time of their FERC Form No. 501–G filings. Just as no new FERC Form No. 501–G filings are possible, likewise no new filings under § 154.404 are possible.

6. For any of these limited NGA section 4 rate reduction filings that proceeded to hearing, § 154.404 also governs the process by which these hearings are adjudicated, so it would not have been reasonable to remove § 154.404 before all the existing hearings concluded, either with the acceptance of a settlement or with the publication of an Initial Decision. There are no remaining dockets that are either in an Option 1 hearing or eligible to be set for an Option 1 hearing. As a result, the regulations governing this type of limited NGA section 4 rate reduction filings are no longer needed. We shall therefore remove § 154.404 of the Commission’s regulations.

7. Order No. 849 also established separate regulations under § 284.123(i) to address the unique jurisdictional situation of section 311 and Hinshaw pipelines, which have their interstate rates regulated by the Commission, but which are primarily regulated at the state level. Under pre-existing policy, the Commission reviews the rates of section 311 and Hinshaw pipelines every five years on a rolling basis.12 Section 284.123(i), in brief, provided a mechanism to lower these pipelines’ interstate rates prior to their five-year review, in the event that state government regulators also adjusted their rates in light of the recent changes in tax code and tax policy. In the three-and-a-half years from the passage of the Tax Cuts and Jobs Act in November 2017 until the present, almost all section 311 and Hinshaw pipelines have either come before the Commission for their five-year review, or have come before the Commission for an out-of-cycle rate review, whether due to § 284.123(i), voluntary action, or the other requirements of section 284 of the Commission’s regulations that can compel an out-of-cycle rate review. The Commission, through its own review, finds it is unlikely that the remaining section 311 and Hinshaw pipelines will trigger § 284.123(i), and in any event all are due for their five-year review in the near future under the Commission’s pre-existing policy. As a result, the special circumstances presented by the Tax Cuts and Jobs Act that required § 284.123(i) are no longer present. We shall therefore remove § 284.123(i) of the Commission’s regulations.

III. Regulatory Requirements

A. Information Collection Statement

8. The Paperwork Reduction Act13 requires each Federal agency to seek and obtain the Office of Management and Budget’s (OMB) approval before undertaking a collection of information (including reporting, record keeping, and public disclosure requirements)


14 Exempt from the Commission’s NGA jurisdiction those pipelines which transport gas in interstate commerce if: (1) They receive natural gas at or within the boundary of a state, (2) all the gas is consumed within that state, and (3) the pipeline is regulated by a state Commission. This is known as the Hinshaw exemption.

15 See § 154.404.

16 FERC Order No. 849, 167 FERC ¶ 61,051 at P 4.
directed to ten or more persons or contained in a rule of general applicability. OMB regulations require approval of certain information collection requirements contemplated by final rules (including deletion, revision, or implementation of new requirements). Upon approval of a collection of information, OMB will assign an OMB control number and an expiration date. Respondents subject to the filing requirements of a rule will not be penalized for failing to respond to the collection of information unless the collection of information displays a valid OMB control number. The following discussion describes and analyzes the collection of information to be deleted by this final rule.

9. Public Reporting Burden: In this final rule, the Commission eliminates FERC Form No. 501–G 18 (One-time Report on Rate Effect of the Tax Cuts and Jobs Act). This final rule eliminates an existing data collection, FERC–501G (OMB Control No. 1902–0302). Order No. 849 (in Docket No. RM18–11–000) allowed the Commission to determine which jurisdictional natural gas pipelines may be collecting unjust and unreasonable rates in light of the recent reduction in the corporate income tax rate in the Tax Cuts and Jobs Act and changes to the Commission’s income tax allowance policies following the United Airlines decision. FERC Form No. 501–G collected information as to whether the pipeline was a pass-through entity. FERC Form No. 501–G collected income and balance sheet statement financial data from all NGA pipelines that have stated cost-based rates on file with the Commission. NGA pipelines whose rates were examined in a general rate case under section 4 of the NGA or in an investigation under section 5 of the NGA were not required to file FERC Form No. 501–G.

10. The Commission identified 129 interstate natural gas pipelines with cost-based rates that were required to file the adopted FERC Form No. 501–G. Interstate natural gas pipelines had four options as to how to address the results of the formula contained in the FERC Form No. 501–G. Each option had a different burden profile and a different cost per response. Companies made their own business decisions as to which option they selected. This final rule eliminates FERC Form No. 501–G which reduces burden on all applicants.

11. All burden from FERC Form No. 501–G has already been incurred. For informational purposes, the previous estimate of burden and cost for the now-complete FERC Form No. 501–G collection follows.

### FERC–501G—Rate Changes Relating to Federal Corporate Income Tax Rate for Interstate Natural Gas Pipelines, To Be Eliminated by the Final Rule in Docket No. RM18–11–002

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Responses per respondent</th>
<th>Total responses</th>
<th>Average burden hour per response</th>
<th>Average cost per response</th>
<th>Total burden hours</th>
<th>Total cost ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interstate Natural Gas Pipelines With Cost-Based Rates</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FERC Form No. 501–G, One-time Report (reduction) 15</td>
<td>129</td>
<td>1 * 129</td>
<td>* 9 hrs.</td>
<td>* $756</td>
<td>* 1,161</td>
<td>* $97,524</td>
</tr>
</tbody>
</table>

### Optional Response

| No Response (reduction) | 51 | 0 | 0 | 0 | 0 | 0 |
| Case for no change (reduction) | 62 | 1 | 62 | 5 | 420 | 310 | 26,040 |
| Limited Sec 4 filing (reduction) 20 | 15 | 1 | 15 | 6 | 504 | 90 | 7,560 |
| General Sec. 4 filing (reduction) 21 | 1 | 1 | 1 | 22 | 512 | 42,968 | 512 | 42,968 |

### NGPA Section 311 and Hinshaw Pipelines With Cost-Based Rates

| NGPA rate filing (reduction) 23 | 24 | 15 | 1 | 15 | 24 | 2,015 | 360 | 30,225 |

| Total, To Be Eliminated by RM18–11–002 | 25 | 144 | * 222 | | | | * 2,433 | * 204,317 |

* (reduction).

12. This final rule eliminates all information collection and recordkeeping requirements associated with RM18–11–000. The removal of the FERC–501G eliminates the estimated annual information collection burden (2,433 hours) and cost ($204,317) associated with FERC–501G (OMB Control No. 1902–0302).

13. The Commission is required to prepare an Environmental Assessment or an Environmental Impact Statement.

B. Environmental Analysis

13. The Commission is required to prepare an Environmental Assessment or an Environmental Impact Statement.

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18 FERC–501G has also been referenced as FERC Form No. 501–G.
19 18 CFR 260.402 (as revised).
20 18 CFR 154.404 (as revised).
21 18 CFR 154.312.
22 The estimate for hours is based on the estimated average hours per response for the FERC–545 (OMB Control No. 1902–0154), with general NGA section 4, 18 CFR 154.312 filings weighted at a ratio of 20 to one.
23 18 CFR 284.123(f) (as revised).
for any action that may have a significant adverse effect on the human environment.\textsuperscript{26} The actions taken here fall within categorical exclusions in the Commission’s regulations for rules regarding information gathering, analysis, and dissemination.\textsuperscript{27} Therefore, an environmental review is unnecessary and has not been prepared in this rulemaking.

C. Regulatory Flexibility Act

14. The Regulatory Flexibility Act of 1980 (RFA)\textsuperscript{28} generally requires a description and analysis of final rules that will have significant economic impact on a substantial number of small entities. The RFA mandates consideration of regulatory alternatives that accomplish the stated objectives of a rulemaking while minimizing any significant economic impact on a substantial number of small entities. In lieu of preparing a regulatory flexibility analysis, an agency may certify that a final rule will not have a significant economic impact on a substantial number of small entities.\textsuperscript{29} In Order No. 849, the Commission found that the institution of the new regulations would not have a significant impact on a substantial number of small entities.\textsuperscript{30} Most of the natural gas pipelines regulated by the Commission do not fall within the RFA’s definition of a small entity.\textsuperscript{31} For the same reasons, removing these regulations will not have a significant impact on a substantial number of small entities.

D. Document Availability

15. In addition to publishing the full text of this document in the Federal Register, the Commission provides all interested persons an opportunity to view and/or print the contents of this document via the internet through the Commission’s Home Page (http://www.ferc.gov). At this time, the Commission has suspended access to the Commission’s Public Reference Room due to the President’s March 13, 2020 proclamation declaring a National Emergency concerning the Novel Coronavirus Disease (COVID–19).

\textsuperscript{27} See 18 CFR 380.4(a)(2)(ii) and (a)(5).
\textsuperscript{28} 5 U.S.C. 601–612.
\textsuperscript{29} 5 U.S.C. 605(b).
\textsuperscript{30} Order No. 849, 164 FERC ¶ 61,031 at P 296.
\textsuperscript{31} In Order No. 849, the Commission determined 3.9% of the total potential NGA respondents and 5.1% of the total NGA section 311 and Hinshaw pipelines could be considered a small entity. Eliminating the filing requirement would eliminate any burden and cost from FERC–501G for small and large entities.

16. From the Commission’s Home Page on the internet, this information is available on eLibrary. The full text of this document is available on eLibrary in PDF and Microsoft Word format for viewing, printing, and/or downloading. To access this document in eLibrary, type the docket number excluding the last three digits of this document in the docket number field.

17. User assistance is available for eLibrary and the Commission’s website during normal business hours from FERC Online Support at 202–502–6652 (toll free at 1–866–208–3676) or email at ferconlinesupport@ferc.gov, or the Public Reference Room at (202) 502–8371, TTY (202) 502–8659. Email the Public Reference Room at public.referenceroom@ferc.gov.

E. Effective Date and Congressional Notification

18. These regulations are effective August 2, 2021. This rule does not alter the substantive rights or interests of any interested persons, and it merely removes certain outdated and nonessential natural gas regulations from the Commission’s body of regulations on a prospective basis. Therefore, prior notice and comment under section 4 of the Administrative Procedure Act (APA)\textsuperscript{32} are unnecessary. The Commission has determined that this rule is not a “major rule” as defined in section 351 of the Small Business Regulatory Enforcement Fairness Act of 1996.

List of Subjects
18 CFR Part 154
Natural gas, Pipelines, Reporting and recordkeeping requirements.
18 CFR Part 260
Natural gas, Reporting and recordkeeping requirements.
18 CFR Part 284
Continental shelf, Natural gas, Reporting and recordkeeping requirements.

Kimberly D. Bose, Secretary.

In consideration of the foregoing, the Commission amends parts 154, 260, and 284, chapter I, title 18, Code of Federal Regulations, as follows:

\textsuperscript{32} 5 U.S.C. 553(h).