

**Supporting Statement
For
Financial Responsibility for Water Pollution (Vessels)**

1. Circumstances Making Information Collection Necessary.

The information collection requirements described in this supporting statement are necessary to implement 33 U.S.C. § 2716 and 42 U.S.C. § 9608 regarding the water pollution vessel financial responsibility provisions of the Oil Pollution Act of 1990 and the Comprehensive Environmental Response; Compensation and Liability Act. The information is reporting in nature and is used by the Agency in establishing compliance with statutory mandates. The requirements are imposed generally on operators of vessels over 300 gross tons, using U.S. waters.

2. Purpose and Use of Information Collected.

The information will be used by the U.S. Coast Guard National Pollution Funds Center (NPFC) staff responsible for administering the provisions of 33 U.S.C. 2716 and 42 U.S.C. 9608. The purpose of the information is to ensure those persons directly subject to these rules are in compliance with mandatory provisions. Without the information collected, the program would collapse and the statutory mandate would be unfulfilled.

3. Use of Electronic Collection.

Electronic filing of COFR applications (form CG-5585) and electronic payment (credit cards) is now available via the Internet. NPFC currently receives approximately 20% of this collection electronically, primarily from its U.S. customers.

Under the current regulations, this process can never be entirely paperless; 33 CFR 138.60 requires a written statement providing authority to sign. The NPFC has automated this process as much as possible; the first time customers use the electronic system, they must also mail the required signatures, but all subsequent transactions can be completed electronically. The NPFC has researched using digital signatures to fully automate this process, but the current lack of technology and funding does not make this approach feasible.

In addition, NPFC has many customers, particularly international and/or infrequent users, who prefer to submit paper forms. The NPFC accepts electronic payment from major U.S. credit cards; international customers who do not hold these cards or any customers who prefer to use an alternative payment method would therefore need to submit paperwork authorizing payment anyway—it is easier for these customers to submit the entire application in paper rather than half in paper and half electronically. Similarly, customers who expect to need only a one-time application may not find it expedient to go through the online enrollment process.

The NPFC has not automated any of the CG-5586 series of forms because it receives only about 10 of these forms annually; the cost of automating and maintaining them does not meet the demand.

4. Efforts to Identify Duplication.

No other entity provides the service required. NPFC is the only authority for the issuance of Federal Vessel Certificates of Financial Responsibility (Water Pollution).

5. Minimizing the Burden on Small Entities.

Regardless of the size of the entity (operator), the burden is the same. That is, an operator applying for a Vessel Certificate of Financial Responsibility (Water Pollution) must supply the required information, and the master or other person in charge of a vessel must show an appropriate Federal enforcement official, upon request, the original Certificate carried onboard the vessel.

6. Consequences of Less Frequent Collection.

If the collection is not conducted or is conducted less frequently, the Federal program could not assure potential claimants including the U.S. government that a vessel operator could pay for removal costs and damages associated with an oil or hazardous substance incident, as is required by statute.

7. Special Collection Circumstances Inconsistent with 5 CFR 1320.6.

- a. Respondents might be required to report information to the agency more often than quarterly if they desired a Vessel Certificate of Financial Responsibility (Water Pollution) more frequently.
- b. There is no requirement that respondents prepare a written response to a collection of information in fewer than 30 days after receipt of it.
- c. There is no requirement that respondents submit more than an original and two copies of any document.
- d. There is no requirement that respondents retain records other than health, medical, government contract, grant-in-aid, or tax records for more than 3 years.
- e. There is no statistical survey involved.
- f. There are no special circumstances that would cause an information collection to be conducted in a manner that includes a pledge of confidentiality that is not supported by the authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use.
- g. The only confidential information that may be required is company financial data, which would be submitted if the respondent chose to obtain a Vessel Certificate of Financial Responsibility (Water Pollution) by means of self-insurance or financial guaranty method. Should respondents not wish to disclose this information, they could use one of

three other means. Our regulations state that the information would only be released in accordance the Freedom of Information Act and the Privacy Act.

8. Outside Consultation for This Collection Effort.

A request for comment was published in the Federal Register in the Federal Register on May 14, 2003, in Volume 68, Number 93, Page 25898. No comments were received.

9. Payments or Gifts to Respondents.

No payment or gift to respondents is provided.

10. Confidentiality Issues.

There were no confidentiality issues raised in the development of the information requirements that are the subject of this request. Coast Guard program personnel will handle the information. Program personnel are responsible for the storage and ultimate disposal of the information required to be reported. Agency policy is to ensure FOIA and Privacy Act requirements are followed in its custody of information. Any material submitted by respondents who request assurances of confidentiality will be handled in accordance with established agency practices as well as applicable statutes.

11. Questions of a Sensitive Nature.

No questions of a sensitive nature are asked.

12. Burden Hours.

The regular annual burden hours for respondents and record keepers have not changed. However, a one-time information collection would go into effect upon the implementation of the Vessel and Deepwater Port Limits of Liability under the Oil Pollution Act of 1990: Adjustments to Reflect the Consumer Price Index rulemaking (USCG-2005-21780) updating the liability limits of vessels to reflect significant changes in the Consumer Price Index. Each commercial insurer would be required to submit a revised guaranty form, including ship schedule indicating that the vessels that are provided COFRs have coverage to the new limits of liability.

Respondents	
Number of respondents	4,050
Number of hours per response	0.5
Total hours	2,025
Total cost (assuming \$37.22 per hour ¹)	\$75,370
Record keepers	
Number of record keepers	8,200
Annual hours per record keeper	0.0167
Total record keeping hours	137
One-Time CPI Adjustment	
Number of respondents	15*
Number of hours per response	6.67
Total hours	100
Total cost (assuming \$37.22 per hour ²)	\$3,722
Total burden hours	2,262

*One-time CPI adjustment (number of respondents) 15 and number of Respondents 4,050 = 4065 (15+ 4050)

The record keeping costs of these requirements are negligible.

13. Cost Burden Resulting from the Collection of Information.

No start-up or operating costs are involved.

14. Cost to Federal Government.

Six Examiners, most of which are GS-13, spend about 40% of their time on this information collection. To assess the cost of government effort, we used an employee rate of \$66 per hour, which is the in-government hourly rate for GS-13 personnel, as listed in the Coast Guard's most recent Standard Rates Instruction, COMDTINST 7310.1I.

$$6 \text{ Examiners} \times 2087 \text{ annual work hours} \times 40\% \times \$66 \text{ per hour} = \$330,580$$

¹ Burdened labor rate for Insurance Adjuster/Examiner/Investigator based on 2004 Bureau of Labor Statistics mean national average + 100% overhead factor to estimate employee benefits

² Burdened labor rate for Insurance Adjuster/Examiner/Investigator based on 2004 Bureau of Labor Statistics mean national average + 100% overhead factor to estimate employee benefits

15. Reasons for Adjustments to Reporting in Items 13 or 14.

Items 13 and 14 of OMB 83-I have not changed.

16. Publication for Statistical Purposes.

Results of collections of information will not be published.

17. Display of OMB Date of Expiration.

OMB information will be displayed.

18. Explanation of Any Exceptions.

There are no exceptions to the certification statement in item 19 (Certification for Paperwork reduction Act Submissions) of OMB Form 83-1.