

**Supporting Statement
for
Waterfront Facilities Handling Liquefied Natural Gas (LNG)
and Liquefied Hazardous Gas (LHG)
(as modified by USCG-2007-27022; RIN 1625-AB13)**

A. Justification.

1. Circumstances which make the collection of information necessary.

The Coast Guard has regulations that provides safety standards for the design and construction, equipment, operations, maintenance, personnel training, and fire protection at waterfront facilities handling liquefied natural gas (LNG) and liquefied hazardous gases (LHG) (33 CFR, Part 127, Subparts A and C). These regulations implement the Ports and Waterways Safety Act of 1972 (PWSA), as amended by the Port and Tanker Safety Act of 1978 (33 U.S.C. 1225), and are necessary to prevent or mitigate the results of an accidental release of LNG or LHG at a waterfront facility.¹ They would reduce the probability that an accident could occur, and would reduce the damage and injury to persons and property should an accident occur.

In addition, this collection accounts for the cost and time that would be required for an LNG or LHG facility to conduct and perform a waterway suitability assessment (WSA). On October 18, 2005, the Federal Energy Regulatory Commission (FERC) published a final rule in the Federal Register (70 FR 60426) implementing the Energy Policy Act of 2005 and requiring pre-filing procedures for reviewing LNG terminals and other natural gas facilities. The FERC rulemaking amended the regulations in 18 CFR parts 153 and 157 by requiring LNG and other natural gas facility owners and operators (referred to collectively herein as “LNG owners and operators”) to submit a Waterway Suitability Assessment (WSA) to the U.S. Coast Guard pursuant to 33 CFR 127.007 and 18 CFR 157.21 (a) and (d).

The regulations contain information collection requirements in the following sections²:

A.	127.007			Letter of Intent.
B.	127.015			Appeals.
C.	127.017			Alternatives.
D.	127.019,	127.305,	127.1305	<u>Operations Manual.</u>
E.	127.019,	127.307,	127.1307	<u>Emergency Manual.</u>
F.	127.301,	127.1301		Certification of person in charge.
G.	127.317,	127.1317		Declaration of inspection.
H.	127.409,	127.1409		Records of maintenance.
I.	127.007,	157.21		Waterway Suitability Assessment.

This information collection supports the following strategic goals:

¹ Of the 113 LNG active facilities in the United States (including storage facilities), this collection is relevant to the 9 current shoreside facilities (including expansion projects) as well as proposals for new facilities that require an initial LOI. More information can be found at the following website. Source: http://www.eia.doe.gov/pub/oil_gas/natural_gas/feature_articles/2004/lng/lng2004.pdf

² Section 127 refers to 33 CFR and section 157 refers to 18 CFR.

Department of Homeland Security

- Prevention
- Protection

U.S. Coast Guard

- Safety
- Protection of the Natural Resources

Marine Safety, Security and Stewardship Directorate (CG-5)

- Reduce crewmember deaths and injuries on U.S. commercial vessels
- Reduce the amount of chemicals entering the environment
- Reduce the consequences of pollution incidents

2. Purpose for the information collection and consequences to the Federal program if the information is not collected.

A. The Letter of Intent is needed to alert the Coast Guard Captain of the Port (COTP) that a waterfront facility plans to conduct transfers of LNG or LHG, in bulk. It also provides a point of contact at the facility. Once a letter has been received, the COTP can direct the necessary enforcement activity to ensure that the operator complies with the other requirements in 33 CFR 127. The Letter of Intent also provides the information used by the COTP to determine the suitability of the waterway, on which the waterfront facility is located, for LNG or LHG vessel traffic. Changes to the information in the Letter of Intent are required to be submitted whenever they occur. Without the Letter of Intent, COTPs would not learn of the opening or reopening of a waterfront facility handling LNG or LHG far enough in advance to allocate resources, to enforce construction and design standards, and to plan enforcement strategy. Also, COTPs would not have the information necessary to properly evaluate the suitability of a waterway for vessels carrying LNG or LHG.

B. Any person directly affected by an action taken under these regulations may appeal that action to the District Commander. If still not satisfied with the Coast Guard's decision, that person may appeal the decision to the Assistant Commandant for Prevention, in Washington, DC. If the appeal is not made in writing, the operator's request for an appeal cannot be properly evaluated.

C. If it is impractical for the operator of a waterfront facility handling LNG or LHG to comply with the requirements in these regulations, and an alternative is available that provides at least the same degree of safety as the regulations, the operator may request permission to use an alternative procedure, method, or equipment standard. The operator must submit the request for an alternative in writing to the COTP. Without a written request the COTP cannot properly evaluate the proposed alternative.

D. The owner or operator of a waterfront facility handling LNG or LHG must develop and submit to the COTP two copies of the facility's Operations Manual. If the manual is found not to be in compliance with section 127.305 or 127.1305 of the regulations, transfer operations cannot be conducted at the facility. The Operations Manual is a critical part of the enforcement strategy. Without it, the COTP cannot determine if safe operating procedures and an effective

training program are set up by the waterfront facility operator.

E. The owner or operator of a waterfront facility handling LNG or LHG must develop and submit to the COTP two copies of the facility's Emergency Manual. If the manual is found not to be in compliance with section 127.307 or 127.1307 of the regulations, transfer operations cannot be conducted at the facility. The Emergency Manual is a critical part of the enforcement strategy. Without it, the COTP cannot determine if effective procedures have been set up by the waterfront facility operator to respond to emergencies (such as fires and releases of LNG or LHG) on the facility.

F. The operator of an LNG or LHG waterfront facility must certify in writing that each person in charge of shoreside transfer operations meets the qualifications set forth in the regulations. A copy of each certification must be made available for inspection at the facility. During routine inspections of the facility, the COTP examines these certifications to ensure that the persons in charge of shoreside transfer operations are qualified. Without these certifications, the COTP would have to develop and administer tests or would have to observe qualification training in order to verify that the person in charge is properly qualified. Both of these means would create a greater burden than operator certification.

G. Before LNG or LHG transfer operations begin, the person in charge of shoreside transfer operations must complete, with the person in charge of vessel transfer operations, a Declaration of Inspection. The Declaration of Inspection is a check-off list of transfer requirements which helps to reduce human error and equipment failure, thereby preventing accidental releases of LNG and LHG. It identifies each person in charge, who must sign it, and places the responsibility for safely conducting the transfer on that person. The Declaration of Inspection must be retained for 30 days after completion of the transfer. During routine inspections of the facility, the COTP will examine these Declarations of Inspection to ensure that they have been completed properly before each transfer. The COTP also uses this information to identify the responsible person in charge when a violation of the requirements occurs. Without the Declaration of Inspection, the COTP could not verify that persons in charge are following proper transfer procedures and the probability of human errors or equipment failures resulting in LNG or LHG releases will increase.

H. Tests and inspections of the LNG and LHG transfer system must be conducted on a regular basis to ensure that these systems will not fail and release LNG or LHG. Records of these tests and inspections must be retained at the facility for 24 months. During routine inspections of the facility, the COTP examines these records to ensure that the required tests have been completed. Without these records the operator would have to wait for a Coast Guard inspector to witness the tests to verify that they were done, thereby increasing the burden on both the operator and the Coast Guard. If the tests and inspections are not conducted, the incidence of LNG and LHG releases due to equipment failures will increase.

I. All LNG owners and operators seeking authorization to site, construct, and operate new LNG import or export facilities or those seeking authority to make modifications to existing or approved LNG import or export facilities must file a request to participate in the pre-filing process with FERC. Upon receiving an LNG owner or operator's request to participate, the

Director of the Commission's Office of Energy Projects (Director) determines whether the LNG owner or operator has adequately addressed the requirements of 18 CFR part 157 and may begin the pre-filing process. The FERC regulation requires LNG owners or operators to file their letter of intent (LOI) and Preliminary WSA with the Coast Guard at the same time they make their initial filing with FERC per their pre-filing procedures in 18 CFR 157.21. The LNG owner or operator must submit the LOI and the Preliminary WSA to the U.S. Coast Guard Captain of the Port (COTP). Under the proposed rules, the LOI submission requirements for an LHG facility will differ from an LNG facility. Applicants for LHG facilities must submit an LOI to the COTP no later than the date when the applicant files their permit application with the lead State or Federal agency having jurisdiction. However, in all cases it must be at least 1 year prior to the start of construction. At the time the applicant submits an LOI, the applicant must also submit a Preliminary WSA to the COTP. Finally, a Follow-on WSA must be submitted to the COTP at least 180 days prior to the start of construction.

3. Considerations of the use of improved information technology.

Information may be submitted by mail, fax or electronically via e-mail to the COTP at the local CG Sector Office. Contact info for CG Sector Offices can be found at —<http://www.uscg.mil/top/units/>. At this time, we estimate that 67% of reporting requirements are done electronically.

4. Efforts to identify duplication.

The Coast Guard monitors State and local regulatory activity in this field. To date no equivalent State or local programs have been identified that require similar information, and no other Federal agencies have equivalent regulatory requirements.

5. Methods to minimize the burden to small businesses or small entities.

The Coast Guard believes that these requirements do not have a significant economic impact on small entities. Few, if any, small entities are involved in the costly and highly technical operations of LNG and LHG waterfront facilities. All existing LNG waterfront facilities are owned and operated by multi-million dollar corporations and all are large companies based on industry size standards available at the Small Business Administration's website. Most LHG waterfront facilities are also operated by large entities. Those LHG facilities operated by small entities generally handle small quantities of LHG and can avoid the burdens of this regulation by receiving packaged shipments of LHG instead of bulk shipments.

The appeal and alternatives requirements are intended to reduce the burden on small entities by allowing them to request less burdensome procedures where justified by small scale or simplified operations at a small waterfront facility.

6. Consequences to the Federal program if collection were conducted less frequently.

A,D,E,F. The Letter of Intent, the Operations Manual, and the Emergency Manual are submitted only once, before the facility begins transferring LNG or LHG. The certification for

persons in charge is completed each time a new individual is qualified as a person in charge. Less frequent collection of this information would have the same consequences as not collecting the information.

B,C. Appeals and alternatives are submitted whenever the operator makes a request. Less frequent collection would prevent the waterfront facility operator's requests from being considered.

G. Declarations of Inspection are collected for each transfer. Less frequent collection would prevent the COTP from verifying that persons in charge are following proper transfer procedures for each transfer. This would increase the probability of human errors or equipment failures resulting in LNG or LHG releases will increase. It would also make identification of the responsible person in charge more difficult when a discharge does occur.

H. The recordkeeping requirements are recorded whenever each event occurs. If they were reported and recorded less frequently, facility operations would be delayed until the COTP sent his representative to obtain the information needed to verify compliance, evaluate the request, or witness the procedure.

I. A WSA is a risk-based assessment process designed to document and address all safety and security concerns related to the movement of LNG in U.S. ports and waterways. Since 2005, FERC regulations have required that prospective applicants for FERC authorization to site, construct and operate LNG terminals submit WSAs to the Coast Guard. Less frequent collection would prevent the waterfront facility operator's requests from being considered.

7. Special circumstances due to inconsistency.

This information collection is conducted in manner consistent with the guidelines in 5 CFR 1320.5(d)(2).

8. Efforts to consult with persons outside the agency.

The Coast Guard published on April 28, 2009, a Notice of Proposed Rulemaking (NPRM) entitled "Revision of LNG and LHG Waterfront Facility General Requirements" (LNG-LHG) [USCG-2007-27022; RIN 1625-AB13; 74 FR 19158]. The rulemaking proposed—

- to revise the requirements for waterfront facilities handling liquefied natural gas (LNG) and liquefied hazardous gas (LHG) by bring the regulations up to date with existing industry practices and current Coast Guard policy implemented due to increased emphasis on security since the events of September 11, 2001.

These revisions harmonize the Coast Guard's regulations for LNG with those established by the Federal Energy Regulatory Commission (FERC), the agency responsible for permitting onshore and near-shore LNG terminals. The Coast Guard received no collection of information-related comments. On May 26, 2010, the Coast Guard published the LNG-LHG Final Rule [75 FR 29420].

9. Explain any decision to provide payment or gift to respondents

There is no offer of monetary or material value for this information collection.

10. Describe any assurance of confidentiality provided to respondents.

There are no assurances of confidentiality provided to the respondents for this information collection.

11. Additional justification for any questions of a sensitive nature.

There are no questions of sensitive language.

12. Estimates of information collection burden.

- The estimated number of annual respondents is 168.
- The estimated number of annual responses is 4,997.
- The estimated hour burden is 9,504 hours.
- The estimated cost burden is \$737,640.

There are currently 168 (159 LHG and 9 LNG) facilities in the United States that handle LNG (eight are import facilities and one is an export facility) and LHG. Many of these facilities also handle dangerous cargos or oil in bulk, and are therefore also regulated under 33 CFR 126 or 154, respectively. The annualized costs and burden to the respondents for the collection of information is based upon the following assumptions:

- a wage of 105 per hour³ for management personnel (the equivalent of O-5 rate)
- a wage rate of \$93 per hour out of government (equivalent to O-4 wage rate to perform a WSA) and \$71 per hour (O-4 reviews WSA and writes LOR)
- a wage of \$79 per hour for technicians (the equivalent of O-3 rate)
- a wage of \$40 per hour for clerical personnel (the equivalent of E-4 rate).

Table 12.1 provides, for each element of this collection for LHG facilities, the annual number of respondents and responses, as well as the estimated annual hour burden and cost (totals may not sum due to independent rounding). The paragraph letters appearing under the total burden rows in the tables below correspond to the letters preceding each paragraph below, containing a description of the assumptions used for each element of this collection. We retained all of the estimated assumptions unless otherwise noted.

A. Letter of Intent: Only one letter of intent is required during the lifetime of the facility unless the owner or operator plans new changes on an existing facility or the facility is deactivated or the owner /operator changes. Past experience with bulk liquid facilities indicates that approximately 6% of the facilities will be required to submit a new or resubmit a Letter of Intent each year. There have been a number of LOI applications over the past three years submitted by current LNG facilities that wish to expand their facilities build new ones. From our query to the field, we found that 22 applications have been submitted or approved by FERC.

³ Hourly wage rates taken from COMDTINST 7310.11

The 6% rate did not account for these applications over the past three years, making the number of LOI submittals 0, which was not representative of the past three years in question since the last update of this collection. Table 12.2 presents our findings (averages) for facilities that have submitted LOIs in the past 3 years and possible future facilities (totals may not sum due to independent rounding).

B. Appeals: Appeals are very rare, but to account for their possibility, we assume an average of one appeal per year. We did not find any for the existing LNG facilities.

C. Alternatives: Past experience with bulk liquid transfer facilities indicates that approximately 10% of the facilities request an alternative during the lifetime of the facility. Approximately double that rate (20%) is expected for LNG and LHG facilities during the assumed 25 year lifetime. The annual number of responses is therefore conservatively estimated at 1% per year (20%/25 years) of the total population. None were reported for the existing LNG facilities.

D. Operations Manual Development: Operations Manuals only need to be developed once during the lifetime of a facility. Based on our more extensive experience with bulk liquid transfer facilities, we assume that approximately 3% of facilities will be replaced by newer facilities in a given year.

E. Operations Manual Amendments: Certain changes to facility systems will require facility owners to amend their Operations Manual. We assume that 6% of facilities will update their Operations Manual annually.

F. Emergency Manual Development: same as paragraph D.

G. Emergency Manual Amendment: same as paragraph E.

H. Person in Charge Qualification and Certification: An employee need only demonstrate the required qualification and be certified as a Person in Charge once for the duration of his or her employment with a facility. New qualification and certification must therefore only be conducted to for the new employees. Large facilities, operating with three shifts, will typically employ three Persons in Charge plus one alternate. Using the conservative estimate of employee turnover at 33%, facilities must recertify, on average, one-third of their four Persons in Charge. Restated, each facility will, on average, conduct certification of 1.33 Persons in Charge each year. Each facility is a respondent, and the number of responses is the population of LNG and LHG facilities multiplied by 1.33. For LNG facilities, the values from the last three years lie within our estimate.

I. Declaration of Inspection: The Coast Guard has historically estimated that LHG facilities will, on average, each conduct approximately 26 transfers per year. Each facility is therefore a respondent, and the number of responses may be calculated by multiplying the population of LHG facilities by 26. We found that LNG facilities make on average 46 transfers per year, at least over the past three years since the last collection. Therefore, we separated LNG from LHG facilities and multiplied 46 by 9 LNG facilities. We found that import LNG facilities

make more transfers on average per year than the lone export facility.

J. Maintenance Records: Each LHG and LNG facility must conduct and record a series of tests and inspections. Both the number of respondents and the number of responses is therefore equal to the population of LNG and LHG facilities.

K. Waterway Suitability Assessment: The WSA process would be new for the LHG industry. However, the LNG industry has been voluntarily submitting WSAs to the Coast Guard since 2005. Since the date of the FERC final rule discussed above, every owner or operator who has either begun the pre-filing process or filed an application with FERC has submitted a WSA to the Coast Guard. As of December 31, 2007, the Coast Guard had received 22 WSAs. This rulemaking would make the submission of the WSAs mandatory for new LNG or LHG waterfront facilities or for existing LNG or LHG facilities proposing expansion or modification of their marine terminal operations. The submission deadlines for LNG waterfront facilities would correspond with FERC's requirements. However, for LHG waterfront facilities, the timeline would correspond with the lead State or Federal agency having jurisdiction. The current Coast Guard regulations at 33 CFR 127.007 state that the LOI must be submitted "at least 60 days before construction begins", or for inactive existing facilities, "at least 60 days before transferring LHG or LNG". WSAs are typically completed and submitted years before the facility begins operations. Between the submission of the Follow-on WSA and the date the facility begins operations, it is possible the port's overall security picture could change significantly. Therefore, facility owners or operators must annually review their WSAs and provide a written report to the COTP. If revisions to the WSA are necessary, the applicant's annual report must describe which revisions are needed and include a timeline for completion. If there are no changes affecting the suitability of the waterway for LHG or LNG traffic, no WSA revision would be required, and the annual report should state this. Additionally, a final report must be submitted to the COTP at least 30 days, but not more than 60 days prior to the start of operations. We have received approximately 22 WSAs over the past three years, or about 7 per year. We also estimate that it takes approximately 4 months or about 4,928 hours annually to complete the WSAs, or about 704 hours per WSA at a labor rate of \$93 per hour.

Table 12.1. Estimated Burden Hours and Cost to Industry for LHG Facilities

	Population of LHG Facilities = # Respondents										
	Letter of Intent	WSA	Appeals	Alternatives	Ops Manual Development	Ops Manual Amendment	Emerg Manual Development	Emerg Manual Amendment	Person In Charge Quials and Certs	Declaration of Inspection	Maintenance Records
% Population responding annually	6%	-	1%	1%	3%	6%	3%	6%	100%	100%	100%
# Annual Responses	10	-	2	1	5	10	5	10	212	4,134	159
# Annual Respondents	10	-	2	1	5	10	5	10	159	159	159
# Management Hours per response	2		8	8	15	1	15	1	2		0
Management Hourly Rate	\$100		\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
# Technician Hours per Response	0		0	0	0	0	0	0	0	0	8
Technician Hourly Rate	\$79		\$79	\$79	\$79	\$79	\$79	\$79	\$79	\$79	\$79
# Clerical Hours per Response	0.5		2	2	5	1	5	1	0.5	0.5	0.5
Clerical Hourly Rate	\$40		\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40
Total Hours per Response	2.5	-	10	10	20	2	20	2	2.5	0.5	8.5
Total Cost per Response	\$230	-	\$930	\$930	\$1,775	\$140	\$1,775	\$140	\$230	\$20	\$692
Total Burden Hours	25	-	20	10	100	20	100	20	530	200	1352
Total Burden Cost	\$2,300	-	\$1,840	\$930	\$8,875	\$1,400	\$8,875	\$1,400	\$48,760	\$82,080	\$103,608

\$100 Management Hourly Rate
 \$79 Technician Hourly Rate
 \$40 Clerical Hourly Rate

159	Total Number of Annual Respondents
4,548	Total Number of Annual Responses
4,244	Total Annual Burden Hours
\$260,818	Total Annual Burden Cost

13. Estimates of annualized capital and start-up costs.

There are no capital, start-up or maintenance costs associated with this information collection.

14. Estimates of Federal Government costs.

This wage rate² for officers was derived by averaging the standard “in government” rates for pay grades O-3 and O-2. The rate for enlisted time uses the average standard “in government” rates for pay grades E-6 and E-5. Table 14.1 details these costs (totals may not sum due to independent rounding).⁴ The total estimated annual cost to the government is approximately \$48,624 with the total estimated burden hours being approximately 899.

⁴ Hourly wage rates taken from COMDTINST 7310.11

Table 14.1. Estimated Burden Hours to the Government and Cost

\$61	O-3 "In Government" Rate
\$48	O-2 "In Government" Rate
\$44	E-6 "In Government" Rate
\$39	E-5 "In Government" Rate
\$71	O-4 "In Government" Rate
\$55	Average Officer Rate
\$42	Average Enlisted Rate

	# of Annual Responses	% of Responses Reviewed by USCG	# of Officer Hours Required per Review	# of Enlisted Hours Required per Review	TOTAL COAST GUARD HOURS	TOTAL COAST GUARD COST
Letter of Intent	18	100%	1	0	18	\$990
WSA	7	100%	40	0	280	\$19,880
Appeals	2	100%	8	1	18	\$964
Alternatives	1	100%	8	1	9	\$482
Ops Manual Development	5	100%	15	1	80	\$4,335
Ops Manual Amendment	10	100%	1	0.5	15	\$760
Emergency Manual Development	5	100%	15	1	80	\$4,335
Emergency Manual Amendment	10	100%	1	0.5	15	\$760
Person in Charge Quals and Certs	223	100%	0	0.25	56	\$2,342
Declaration of Inspection	4,576	25%	0	0.25	286	\$12,012
Maintenance Records	168	100%	0	0.25	42	\$1,764
GRAND TOTALS					899	\$48,624

15. Reasons for the change in burden.

The change (i.e., increase) in burden is both a PROGRAM CHANGE and an ADJUSTMENT. The program change due to a new requirement for submitting a WSA for each facility when a facility wishes to expand operations or when a new facility plans construction [see section 8 for details on LNG-LHG rulemaking; USCG-2007-27022; RIN 1625-AB13]. The adjustment is due to an increase in the number of respondents (i.e., facilities).

16. Plans for tabulation, statistical analysis, and publication.

This information collection will not be published for statistical purposes.

17. Approval to not display expiration date.

The Coast Guard will display the expiration date for OMB approval of this information collection.

18. Exception to the certification statement.

The Coast Guard does not request an exception to the certification of this information collection.

B. Collection of Information Employing Statistical Methods.

This information collection does not employ statistical methods.