

SUPPORTING STATEMENT

Form EIA-757
“Natural Gas Processing Plant Survey”
OMB NO. 1905-NEW

Introduction

The Energy Information Administration (EIA) of the Department of Energy (DOE) requests approval from the Office of Management and Budget (OMB) to conduct a new information collection survey using Form EIA-757, “Natural Gas Processing Plant Survey.”

The purposes of the survey are to collect information about the operational status of U.S. natural gas processing plants to improve public understanding of their production capacities and operating levels as well as to monitor constraints resulting from natural gas supply emergencies. The survey consists of Schedule A “Baseline Report,” a census which will be used to collect baseline operational information on all U.S. natural gas processing plants. Schedule A will collect as frequently as every three years and the information will be used for periodic reports on the plants as well as to develop the survey frame for Schedule B “Emergency Status Report.”

Schedule B would be used to collect information about processing plants and expected recovery in area(s) affected by a natural gas supply emergency. Survey respondents for Schedule B will be a subset of U.S. plants; i.e., those located in the area affected by the supply constraint or emergency.

The information collection proposed in this supporting statement has been reviewed in light of applicable information quality guidelines. It has been determined that the information would be collected, maintained, and used in a manner consistent with the OMB, DOE, and EIA information quality guidelines.

A. Justification

Al. Legal Authority

The following provisions provide the authority for this data collection:

Section 13(b) 15 U.S.C. §772 (b) of the Federal Energy Administration Act of 1974, (FEA Act) Public Law 93-275, states:

“All persons owning or operating facilities or business premises who are engaged in any phase of energy supply or major energy consumption shall make available to the [Secretary] such information and periodic reports, records, documents, and other data relating to the purposes of this Act, including full identification of all data and projections as to source, time, and methodology of development, as the [Secretary] may prescribe by regulation or order as necessary or appropriate for the exercise of functions under the Act.”

The functions of the FEA Act are set forth in Section 5(b), 15 U.S.C. §764(b) of the Act, which states that the Secretary shall, to the extent he is authorized by Section 5(a) of the FEA Act,

“(2) assess the adequacy of energy resources to meet demands in the immediate and longer range future for all sectors of the economy and for the general public; ...

“(4) develop plans and programs for dealing with energy production shortages;

“(5) promote stability in energy prices to the consumer, promote free and open competition in all aspects of the energy field, prevent unreasonable profits within the various segments of the energy industry, and promote free enterprise;

“(6) assure that energy programs are designed and implemented in a fair and efficient manner so as to minimize hardship and inequity while assuring that the priority needs of the Nation are met; ...

“(9) collect, evaluate, assemble, and analyze energy information on reserves, production, demand, and related economic data; ...

“(12) perform such other functions as may be prescribed by law.”

As the authority for invoking Section 5(b) above, Section 5(a) 15 U.S.C. §764(a) of the FEA Act states:

“Subject to the provisions and procedures set forth in this Act, the [Secretary] shall be responsible for such actions as are taken to assure that adequate provision is made to meet the energy needs of the Nation. To that end, he shall make such plans and direct and conduct such programs related to the production, conservation, use, control, distribution, rationing, and allocation of all forms of energy as are appropriate in connection with only those authorities or functions...

“(1) specifically transferred to or vested in him by or pursuant to this Act; ...

“(3) otherwise specifically vested in the [Secretary] by the Congress.”

Authority for invoking Section 5(a) of the FEA Act is provided in turn by Section 52, 15 U.S.C. §790a of the FEA Act, which states that, the Administrator of the EIA:

“... [shall] establish a National Energy Information System ... [which] shall contain such information as is required to provide a description of and facilitate analysis of energy supply and consumption...

“(b) the System shall contain such energy information as is necessary to carry out the Administration's statistical and forecasting activities ..., and such energy information as is required to define and permit analysis of ...

“(1) the institutional structure of the energy supply system including patterns of ownership and control of mineral fuel and nonmineral energy resources and the

production, distribution, and marketing of mineral fuels and electricity;

“(3) the sensitivity of energy resource reserves, exploration, development, production, transportation, and consumption to economic factors, environmental constraints, technological improvements, and substitutability of alternate energy sources; ...

“(5) industrial, labor, and regional impacts of changes and patterns of energy supply and consumption.”

A2. Needs and Uses of Data

The purpose of the proposed Form EIA-757 is to collect data on the operational status and capacity of natural gas processing plants to understand their production levels and characteristics, as well as to monitor constraints resulting from natural gas supply emergencies. The information will be used to develop periodic reports presenting aggregate information on processing plant capacity and operations. In an emergency situation that disrupts natural gas supplies, the information collected from Schedule B of this form will be used to assess the severity of the disruption to regional market conditions. Presently there is no timely information source on the status of natural gas processing plants in the United States to discern critical operating levels and constraints of natural gas processing plants. This information is crucial during a natural gas supply disruption, for informed decision and policy making during emergency periods of disruption of natural gas supplies. The information collected through this survey would be used widely by Federal and State agencies, Congress, industry analysts and the general public to understand the operational capabilities and characteristics and, in the event of a natural gas supply emergency, the plant constraints and expected recovery from a natural gas supply emergency of natural gas processing plants.

Using information reported on Form EIA-757, EIA would publish periodic reports on the operational characteristics, status, and constraints of natural gas processing plants, providing aggregate statistics. EIA will report aggregate information from Schedule A each time Schedule A is fielded, at most every 3 years. EIA will determine the frequency of reporting aggregate information from Schedule B at the time the standby survey is activated. It is proposed that company-specific information be protected and not disclosed to the public. Aggregate statistics, based on the Form EIA-757, would likely be published every three years. In the case of a natural gas supply disruption, aggregate statistics may be published either daily or weekly, in emergency status reports prepared by the Energy Information Administration and the Department of Energy, and used in the production of several other EIA information products. It would be used:

- (1) to develop and make available to the Congress, the States, other government agencies and the public a timely and accurate quantified assessment of current natural gas processing plant operations and operational capacity.
- (2) to develop and make available to the Congress, the States, other government agencies a timely and accurate quantifiable assessment of natural gas processing plant outages and operational constraints.
- (3) as input to other EIA statistical information products, such as energy status reports,
- (4) to provide input to supply, demand, and price forecasting models, such as the *Short-Term Integrated Forecasting System (STEO)*, and
- (5) to respond to Congressional, internal Departmental and inter-Agency requests for analysis of natural gas supply constraints and operating levels in the United States, as

well as policy and regulatory issues.

EIA's natural gas statistics are also published in papers, trade journals, and technical reports as well as cited and republished in reports by consulting firms, financial institutions, and numerous others.

Description of Form EIA-757, "Natural Gas Processing Plant Survey"

The proposed Form EIA-757 consists of two schedules: Schedule A, the "Baseline Report" and Schedule B, the "Emergency Status Report." Both schedules will collect information from natural gas processing plant operators. Schedule A will collect baseline information from all natural gas processing plants about normal plant characteristics and operations and operator contact information. It is expected that Schedule A information will be collected no more frequently than once in 3 years, unless an emergency exists. Schedule B is a standby form that will be activated during an energy emergency situation that disrupts natural gas supplies. The respondents, frequency and duration of information collected on Schedule B will be determined at the time the standby form is activated. EIA will notify the Office of Management and Budget (OMB), for approval, prior to activating Schedule B and collecting any information on Schedule B from processing plants. It is expected that the Schedule B data collection will be temporary and the frequency of the data collection (e.g., daily or weekly) will be based on a number of factors, including the severity of the emergency and the number of plants affected.

It is proposed that Schedule A collect data from all processing plants, prior to an emergency, to obtain baseline industry information on processing plant capacity and operations. Respondents will have 30 days to complete Schedule A. Data will be submitted by email, facsimile, telephone, or the secure file transfer (SFT) system used by EIA. If a natural gas supply emergency led to the activation of Schedule B, information from Schedule A would be used to identify respondents to Part B in those areas affected by the supply disruption.

The baseline data are important reference information used to assess the impact and recovery of processing plant operations during and after an emergency and need to be representative of the plants' pre-emergency, normal operations. Therefore, it is further proposed that Schedule A information will be collected at the same time that Schedule B is collected if the previous Schedule A filing occurred more than a year before the energy emergency. In this case, Schedule A will collect information only from those processing plants in the areas affected by the supply disruption areas. This will provide reasonable information to assess the impact and gauge the recovery of processing plants from the supply emergency.

In other words, if Schedule A information was collected a year or less prior to the energy emergency, only Schedule B information will be collected from the companies selected as a result of the supply emergency. If Schedule A information was collected more than 1 year prior to the supply emergency, then information will be collected on both Schedule A (once, when Schedule B is activated) and Schedule B from the selected companies.

Schedule B will be used when a supply emergency has occurred that causes a disruption in natural gas supplies and services affecting natural gas processing plants. Data will be used to monitor natural gas supply and processing plant capability and operations in the area of the supply disruption. For purposes of this survey, an emergency or supply disruption of natural gas

is defined as a natural or man-made event that causes a disruption in natural gas service that impacts greater than 25 percent of regional throughput capacity and has the potential duration of a week or more. Selection of respondents, the frequency of the survey submissions, and the corresponding reporting due date, will be determined at the time the standby survey is activated. Factors that will be considered in identifying respondents include: the geographic location of the supply emergency, the size and number of processing plants in the supply disruption area, and the utility of the information vis-à-vis the U.S. natural gas delivery system and the burden to respondents.

Respondents to Schedule B will be natural gas processing plant operators in the affected area of the United States where a supply disruption has occurred. Information collected will include: plant characteristics and emergency contact information, plant operation capacity and utilization, plant operating constraints, and expected restoration date of plant capabilities. The information may be collected by phone, fax, or e-mail, depending upon the preference of the respondent.

EIA requests approval of the collection of the following data in the Form EIA-757:

1. Respondent identification data and emergency contacts.
2. Plant identification and pipeline connections.
3. Plant operational data (plant capacity and functions, current capability and operations, storage capacity.)
4. Post-emergency plant operational status (plant capacity and functions, current capability and operations, storage capacity.)
5. Post-emergency operating constraints (internal and external to the plant.)
6. Post-emergency expectation for plant restoration.

EIA would provide Form-EIA-757 respondents detailed instructions, reporting requirements, and definitions of all elements in the form. The form and instructions are designed to allow their efficient use while the respondent is completing a filing and to lessen respondent burden.

Respondents would be expected to complete the EIA-757 survey and submit subsequent revisions as necessary to correct errors in previously reported information.

A3. Technological Considerations to Reduce Burden

The survey form may be completed using an MS Excel spreadsheet and emailed. (EIA provides a secure file transfer capability to protect information during transmission.) Alternatively, a pdf version may be printed, completed, and mailed or faxed to EIA. For Schedule B, respondents will also have the option to telephone their response to EIA staff.

A4. Efforts to Identify Duplication and Analysis of Similar Existing Information

Data similar to the monthly natural gas production information that would be collected on the Form EIA-757 are not currently gathered by EIA or any other organization.

EIA investigated alternative ways to obtain timely and precise natural gas processing plant information for use in assessing processing plant operations, damage and expected restoration

during a supply emergency. The alternatives considered were use of monthly data from natural gas processors, Form EIA-816, Monthly Natural Gas Liquids Report, and a new survey of natural gas processing plants. In addition, a request for comments from interested persons was published in the Federal Register on January 30, 2007, (72 FR 4248). The Federal Register notice requested comments on any alternative sources for the information proposed to be collected in this new survey. No comments were received about alternative sources of data. EIA has determined that the new survey of processing plants is the only alternative that could be expected to satisfy EIA's requirement for precise and timely natural gas monthly natural gas processing plant data during a supply emergency. A summary of the review of the alternative to the proposed new survey follows:

A4.1. Use of Data from Natural Gas Processors

EIA has collected monthly data from operators of natural gas processing plants on Form EIA-816, "Monthly Natural Gas Liquids Report" (OMB No. 1905-0165) for many years. The survey collects information on the supply and disposition of natural gas liquids from operators of natural gas processing plants (which extract liquid hydrocarbons from a natural gas stream) and fractionators (which separate a liquid hydrocarbon stream into its component products.) EIA considered revising the form to collect additional information, in order to assess processing plant operations and capabilities during a natural gas supply emergency. EIA found that, in addition to not being sufficiently timely to provide information about emergency operations and constraints, certain aspects of the survey would result in undue burden and, further, would prevent the generation of reliable information about processing plant operations, capabilities and recovery during a supply emergency. The current reporting lag for data collected on Form EIA-816 is 60 days after the end of the month and this is insufficient for EIA to satisfy the need for information during a supply emergency. For instance, if a supply emergency happened on September 4, data from the Form EIA-816 would not be available until the end of December. The use of Form EIA-816 would not satisfy EIA's need for timely information during a natural gas supply emergency.

A5. Impacts on Small Businesses or Other Small Entities

The natural gas processing plant operators are not expected to be small businesses or other small entities.

A6. Consequences of Less Frequent Reporting:

If the proposed collection is not conducted, EIA would not be able to meet its goal, and could not provide essential natural gas processing plant information prior to and during a supply emergency. Less frequent reporting would prohibit EIA from meeting its mandate of providing timely and reliable energy information. The frequency of reporting on Schedule B will be determined at the time the survey is activated in response to a supply emergency.

A7. Special Circumstances

Form EIA-757 would be collected in a manner consistent with 5 CFR 1320.5.

A8. Summary of Consultation Outside the Agency

A request for comments from interested persons was published on January 30, 2007 in the Federal Register notice (72 FR 4248). The Notice was posted on EIA's website (http://www.eia.doe.gov/oil_gas/natural_gas/survey_forms/nat_proposed_forms.html). The draft form was provided in response to requests from the Gas Processors Association, several gas processing companies, and several state public utility commissions. The Gas Processors Association (GPA) estimates that about 75 percent of its members reviewed the Federal Register notice and draft form. GPA members are the group of potential respondents to Form EIA-757 and their comments are provided below. In addition, other gas industry trade and industry associations were contacted to inform them and their members about the Federal Register notice and proposed form. Further, several articles about the Federal Register notice and proposed form were published by the trade press for the natural gas and processing industries. Presentations about the proposed form were given to the GPA, several Department of Energy Offices (Office of Fossil Energy and the Office of Electricity Delivery and Energy Reliability)

Summary of Responses to Federal Register Notice of January 30, 2007

As of the close of the comment period on April 2, 2007, five responses to the Federal Register notice were received, which are summarized below along with EIA's response.

NATURAL GAS PROCESSING PLANT SURVEY

1. U.S. Department of Energy (DOE), Office of Electricity Delivery and Energy Reliability and Argonne National Laboratory
Submitted By: Alice Lippert

Comment Summary and EIA Response: The draft form has made several of the changes suggested by DOE. In Schedule A, EIA has added questions to collect information on storage capacity and BTU content of the natural gas at the facility. On the Emergency Status Report (Schedule B), EIA has added questions to collect information on plans for alternate operations.

DOE also mentioned several issues that do not require EIA action or changes to the form, but are important to be aware of during survey collection. EIA has noted all of these issues such as difficulty of reaching facilities during an emergency and the difficulty that facilities face in predicting restoration timeframes.

DOE asked if EIA has a mechanism by which a change in ownership would require a plant to submit a revision to Schedule A. EIA does not plan to collect Schedule A more than once every three years given resources, respondent burden, and time constraints.

DOE noted that the scope of Schedule B is limited in that it is only collected when supplies are disrupted as opposed to when facilities are adversely affected. EIA does not plan to expand the scope of the survey because the purpose is to identify issues associated with getting natural gas supplies to consumers.

DOE suggested adding a Schedule C that will collect data after the event and summarize the data

in one report. EIA does not plan to add a Schedule C because Schedule B will fulfill this purpose by collecting information that can be used to show cumulative data over time.

2. Targa Midstream Services and Gas Processors Association Market Information Committee
Submitted By: Dennis M. Plato

Comment Summary and EIA Response: The commenter suggested that the survey collect information on natural gas liquid storage at the facility. EIA has added this to the Baseline Report (Schedule A).

3. Arizona Corporation Commission
Submitted By: Robert Gray

The Arizona Corporation Commission wrote in support of the proposed survey and discussed how it would be useful to the industry. The Arizona Corporation Commission believes that the extent to which the information can be collected and disseminated in a timely fashion during an emergency is a key aspect.

4. New York State Department of Public Service, Office of Gas and Water
Submitted by: Thomas G. Dvorsky

The commenter wrote in support of the proposed survey. The New York State Department of Public Service, Office of Gas and Water believes that it fulfills an information gap in the industry and that the survey will greatly enhance the market participants' ability to assess the status of the gas market for purposes of reliability.

5. Gas Processors Association (GPA)
Submitted by: Johnny Dreyer, GPA and
Alfred Fatica, Enterprise Gas Processing LLC

The Gas Processors Association (GPA) requested that two survey line items be treated as confidential and proprietary in accordance with the Confidential Information Protection and Statistical Efficiency Act of 2002 (CIPSEA). EIA has determined that this would be infeasible because it would block EIA from sharing critical emergency information with the White House, Congress and other government agencies who may need the information for official uses in order to assess supply disruptions and the expected recovery of supply services. Instead, the data will be protected and not disclosed to the public to the extent that it satisfies the criteria for exemption under the Freedom of Information Act (FOIA), 5 U.S.C. 522, the Department of Energy regulations, 10 C.F.R. §1004.11, implementing the FOIA, and the Trade Secrets Act, 18 U.S.C. §1905.

EIA has made several changes to the proposed survey form as suggested by GPA. On Schedule A, EIA has changed the owner company field to allow for more than one, but not more than three owners. Capacity units have been changed to address both gas and liquids. Only "primary" pipelines are requested on the survey form instead of all pipelines. EIA has also added several plant functions to the checklist in Schedule B.

As suggested by GPA, EIA plans to make clear to facilities that the respondent should be managerial personnel from the operating company to ensure that the respondent is knowledgeable and in case local personnel are hampered by outages at the plant.

GPA suggested the deletion of Schedule B1 “Pre-Emergency Status Report” as it may be irrelevant or redundant to Schedule A, “Baseline Report.” EIA has revised the form and has deleted Schedule B1. The previous form consisted of three schedules: Schedule A, Schedule B1, and Schedule B2. The current proposed form consists of only Schedule A, “Baseline Report” and Schedule B, “Emergency Status Report,” which was previously identified as Schedule B2. In the event of an energy emergency affecting natural gas supply, EIA proposes that the Schedule A be collected from companies selected to respond to Schedule B if it has been a year or more since Schedule A data were collected. This collection of Schedule A from the companies selected to respond to Schedule B would occur only the first time that Schedule B is collected in response to the supply emergency. (In other words, if there is an emergency and the standby Schedule B is activated, EIA will collect Schedule B information from selected companies affected by the supply disruption.. If it has been a year or more since Schedule A information was collected, EIA will also collect Schedule A from the selected companies, when Schedule B is first reported.) This is necessary in order to capture data that are representative of plant operations and capacity prior to the supply emergency. EIA cannot assume that the facility was operating at the design or baseline level. Additionally, because Schedule B is only completed, at most, one time in response to a supply emergency, EIA does not believe that it adds significant burden to the respondent.

GPA suggested that a “significant disruption to gas supply” be formally defined as an impact of greater than 25 percent of throughput capacity for more than 2 consecutive days. EIA agrees with the intent of this suggestion, however there would be no way to determine accurately, whether the criteria have been met, because there is currently no source of real-time processing plant data.

The proposed Schedule B will collect information that could be used to estimate the disruption to natural gas supplies to natural gas processing plants. EIA proposes, for purposes of this survey, to define an emergency or supply disruption of natural gas as a natural or man-made event that causes a disruption in natural gas service that impacts greater than 25 percent of regional throughput capacity and has the potential duration of a week or more.

A9. Payments or Gifts

No payments or gifts are made to the survey respondents.

A10. Provisions for Confidentiality

The survey instructions will include the following pledge of protection.

The survey will be mandatory pursuant to the Federal Energy Administration (FEA) Act of 1974, Public Law 93-275, and will be protected and not disclosed to the public to the extent that it satisfies the criteria for exemption under the Freedom of Information Act (FOIA), 5 U.S.C. 522, the Department of Energy regulations, 10 C.F.R. §1004.11, implementing the FOIA, and the Trade Secrets Act, 18 U.S.C. §1905.

The Federal Energy Administration Act requires the EIA to provide company-specific data to other Federal agencies when requested for official use. The information reported on this form may also be made available, upon request, to another component of the Department of Energy; to any Committee of Congress, the Government Accountability Office, or other Federal agencies authorized by law to receive such information. A court of competent jurisdiction may obtain this information in response to an order. The information may be used for any non-statistical purposes such as administrative, regulatory, law enforcement, or adjudicatory purposes.

Disclosure limitation procedures are not applied to the statistical data published from this survey's information. Thus, there may be some statistics that are based on data from fewer than three respondents, or that are dominated by data from one or two large respondents. In these cases, it may be possible for a knowledgeable person to estimate the information reported by a specific respondent.

A11. Justification for Questions of a Sensitive Nature

The form contains no questions of a sensitive nature.

A12. Estimates of Respondent Burden (Hours and Cost of Hours)

Interested persons, including potential respondents, were requested to comment on the burden associated with Schedule A and Schedule B. Specifically, the Federal Register notice (72 FR 4248), published on January 30, 2007, requested comments about the accuracy of EIA's estimate of respondent burden and survey start-up costs. EIA estimates the respondent burden of Schedule A to be .5 hours per response and the respondent burden of Schedule B to be 1.5 hours per response. Further, EIA estimates that there would be no start-up costs or recurring annual costs associated with this survey and that the only cost to respondents is for the time it will take to complete the survey. No comments about EIA's estimates of respondent burden or start-up costs have been received.

The total burden associated with Schedule A is estimated to be 250 hours, i.e., 0.5 hours per respondent times 500 respondents. Schedule A will be collected only one time every three years. Therefore, the average annual burden is estimated to be 84 hours (250 hours divided by 3). The estimated total cost to respondents for the burden hours is estimated to be \$15,550 dollars, i.e., 250 hours times \$62 per hour. (An average cost per hour of \$62 dollars is used because that is the average loaded salary plus benefits for an EIA employee. EIA assumes that the survey respondent workforce completing surveys for EIA is comparable to the EIA workforce.)

A13. Estimate of Cost Burden to Respondents - Capital/Start-up Costs and Operation/Maintenance/Purchases of Services

The EIA estimates that there are no additional costs to respondents associated with Form EIA-757 other than the costs associated with the burden hours as set forth in item 12 above.

A14. Annual Cost to the Government

The survey in the clearance package is included in the proposed FY2008 budgets for the Office of

Oil and Gas in EIA. The annual costs, including personnel, systems development and maintenance, collection, processing, estimation and dissemination are estimated to be \$75,000 in FY2008.

A15. Changes in Burden or Costs to Respondents

This is a new survey; therefore, the burden and costs to the respondents reported in Items 13 and 14 are program change increases of 250 hours. Schedule A is expected to be collected only once during the requested 3 year approval period. Therefore, the average annual burden is estimated to be 84 hours (250 hours divided by 3). Schedule B will only be implemented during an emergency affecting natural gas supplies. Because the scope, survey respondents, and frequency of Schedule B will be determined based on characteristics of the supply disruption, it is not possible, at this time, to estimate respondent burden. Before EIA would collect the data, OMB would be notified of the proposed collection and the estimated burden, and would be asked to approve EIA's fielding of Schedule B.

A16. Data Collection and Publication

Because of the vital need for timely data, respondents would be expected to submit their survey responses to Schedule B, according to the schedule specified in the survey instructions, when Schedule B is activated. It is possible that the requested reporting may be as frequent as daily. Respondents will have at least 30 days to provide their responses to Schedule A: Baseline Report. Data gathered on the Form EIA-757 would be reviewed, verified, and aggregated for dissemination in the EIA's *Energy Situation Analysis Report*. In addition, aggregate data from the Form EIA-757 would be used in the *Short-Term Energy Outlook* and EIA analytical reports.

Individual company reports would be checked for reasonableness by comparing current reports with prior responses. Mathematical calculations would be checked for accuracy and all data would be checked for internal consistency.

A17. Display of Expiration Date

The expiration date would be displayed on all form schedules.

18. Exceptions to Certification

EIA takes no exception to the certification statement.