



## Department of Energy

Washington, DC 20585

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Office of Information and Regulatory Affairs  
Office of Management and Budget  
Washington, DC 20503

SUBJECT: Use of Generic Clearance for Energy Information Administration (EIA-882T(51) 1905-0186) for cognitive testing for Form EIA-857, " Monthly Report of Natural Gas Purchases and Deliveries to Consumers."

Dear Ms. Kymn:

Form EIA-857 collects volume and revenue data on natural gas delivered to residential, commercial, industrial, and electric power consumers from a sample of natural gas companies that deliver gas to consumers in the United States.

**Background:** EIA has some concerns about the data collected on Form EIA-857. EIA's Natural Gas Division hypothesized that some companies were reporting volumes on Form EIA-857 based upon their customer billing cycles rather than actual calendar month consumption, which was leading to a disconnect at the aggregate level with EIA's other natural gas data series.

From consumption data reported on the EIA-857 as well as data from other supply and disposition sources, EIA computes and publishes a monthly balancing item to reconcile the difference between gas produced and gas consumed or stored. If the data are completely accurate, the balancing item should be zero.

Historically the balancing item has exhibited seasonal tendencies in that spikes are seen coming into and out of the heating season. That is, significant negative balancing items are seen in the fall when reported calendar month supply exceeds reported consumption, while the reverse occurs in the spring when reported consumption outstrips reported supply. In recent months the balancing item has reached record levels, calling into question overall data accuracy. While the balancing item is not entirely attributable to lagged consumption data on the EIA-857, this represents a large share.

During 2009, EIA conducted 14 in-person pre-survey design visits under generic clearance (EIA-882T(46)), in Illinois, Maryland, Michigan, New Jersey, New York, Pennsylvania, and the District of Columbia. The purpose of the visits was to discuss with these companies how they internally collect and report their volume and revenue data on

Form EIA-857. EIA targeted companies that delivered the most natural gas in the residential and commercial sectors and/or were problematic reporters.

**Findings:** Based on the site visits, it is clear that it is difficult to report how much gas a customer uses during a calendar month. After speaking with a collection of respondents there seem to be three distinct methods of reporting consumption data on the EIA-857:

- **Method 1** uses billing cycle data.
- **Method 2** uses an estimation technique based on weather and/or sample meters.
- **Method 3** uses the monthly send-out, which is all volumes dispatched out of the service territory during the report month, as the primary data source. The send-out volume, which reflects true monthly consumption, is then allocated to sectors based on the billing cycle data.

**Proposed Cognitive Testing:** During the spring and early summer of 2010, EIA plans to visit 30 Form EIA-857 respondents who have agreed in advance to participate for cognitive interviews on the changes to Form EIA-857. These thirty respondents will include some with whom EIA spoke during 2009 pre-survey design visits.

EIA plans to test:

- Calendar month sendout question recently added to the form and already cleared by OMB
- That volume and cost data for the sector-level delivery questions can be based on billing data (Method 1) across all respondents as opposed to the combination of methods that respondents use to report monthly sector-level consumption.

Each respondent will need to do a half hour advanced preparation for the cognitive interview. Each interview itself will be about an hour. Total burden per respondent will be one and one half hour. Total overall burden will be 45 hours.

EIA will provide OMB with the results of these tests in the annual summary of generic clearances. Two documents are included with this information collection request. They are the draft proposed Form EIA-857 and its instructions and a draft of the protocol that EIA will use during the visits.

For questions on the site visits, contact Richard Reeves (202) 586-5856.

Sincerely,

Stephanie Brown  
Director  
Statistics and Methods Group  
Energy Information Administration