

# **Supporting Statement for the Financial Reporting System, Form EIA-28 (OMB Number 1905-0149)**

## **Background**

The Energy Information Administration (EIA) is requesting Office of Management and Budget (OMB) approval for revisions to the Energy Information Administration's (EIA's) Financial Reporting System (FRS), Form EIA-28 (OMB No. 1905-0149), as well as a three-year extension of the Form EIA-28. Form EIA-28 is used to collect data from 27 major energy producers.

U.S. major energy companies report financial and operating information to the FRS survey each year on a consolidated corporate level, by individual lines of business, by major functions within each line of business, and by various geographic regions. From this information, EIA produces the annual publication Performance Profiles of Major Energy Producers. The data are also used for analyses and inquiries concerning earnings, profitability, investments, production and refining costs, reserve growth, and other issues related to the financial performance of major energy producers.

EIA is proposing to add foreign refining and processing cost data. Cost data are vital for understanding refining margins and providing insight into the profitability of these operations. EIA is also proposing to separate liquefied natural gas from other natural gas processing as these operations are very different. EIA is proposing to add a line under refinery inputs, which will help to distinguish inputs to distillation from other refinery inputs.

EIA is also proposing to reduce the scope of the data collected in the downstream natural gas and electric power sections of the Form EIA-28. Transmission and distribution will be combined as these data have often been withheld due to insufficient response. Some of the intra-segment detail for transmission and distribution will be eliminated for property, plant, and equipment reported on Schedule 5120. Some other details such as daily natural gas storage levels, purchases of fuel by type for power generation, power sales by type of user, and capacity and generation by type will be eliminated. The reductions will allow for more streamlined processing of the data and more effective use of resources, including providing more focus on information about profits, profitability, investment, and operating costs in these lines of business. Reducing the scope of the survey will also reduce the reporting burden on the survey respondents.

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 will be collected, maintained and used in a manner consistent with the OMB, DOE, and EIA information quality guidelines.

## **A. Justification**

1. Legal Authority for the Form EIA-28 Collection
  - a. Section 13(b) of the Federal Energy Administration Act of 1974, as amended, P.L. 93-275

(FEA Act) (15 U.S.C. 772(b)), 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 proper exercise of functions under this Act."

- b. The functions of the FEA Act are set forth in Section 5(b) of the Act (15 U.S.C. 764(b)), 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;...

(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;...

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

- c. As the authority for invoking Section 5(b) above, subsection 5(a) of the FEA Act of 1974 (15 U.S.C. 764 (a)) 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...

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

- d. Authority for invoking Section 5(a) of the FEA Act, is provided in turn by Section 205(h) of the DOE Organization Act, P.L. 95-91, as amended (42 U.S.C. 7135). Key excerpts appear below.

Section 205(h)(1)(A):

"...The Administrator shall identify and designate "major energy-producing companies" which alone or with their affiliates are involved in one or more lines of commerce in the energy industry so that the energy information collected from such major energy-producing companies shall provide a statistically *accurate profile* (emphasis added) of each line of commerce in the energy industry in the United States."

Section 205(h)(2):

"The Administrator [of the Energy Information Administration of the Department of Energy] shall develop and make effective for use during the second full calendar year following the date of enactment of this Act the format for an energy-producing company financial report. Such report shall be designed to allow comparison on a uniform and standardized basis among energy-producing companies and shall permit for the energy-related activities of such companies—

- (A) an evaluation of company revenues, profits, cash flow, and investments in total, for the energy-related lines of commerce in which such company is engaged and for all significant energy-related functions within such company;
- (B) an analysis of the competitive structure of sectors and functional groupings within the energy industry;
- (C) the segregation of energy information, including financial information, describing company operations by energy source, and geographic area;
- (D) the determination of costs associated with exploration, development, production, processing, transportation, and marketing and other significant energy-related functions within such company; and
- (E) such other analyses or evaluations as the Administrator finds is necessary to achieve the purposes of this Act."

Section 205(h)(4):

"The Administrator shall require each major energy-producing company to file with the Administrator an energy-producing company financial report on at least an annual basis ..."

Section 205(h)(6)(A):

"...'energy-producing company' means a person engaged in:

- (i) ownership or control of mineral fuel resources or nonmineral energy resources;
- (ii) exploration for, or development of, mineral fuel resources;
- (iii) extraction of mineral fuel or nonmineral energy resources;
- (iv) refining, milling, or otherwise processing mineral fuels or nonmineral energy resources;

- (v) storage of mineral fuels or nonmineral energy resources;
- (vi) the generation, transmission, or storage of electrical energy;
- (vii) transportation of mineral fuels or nonmineral energy resources by any means whatever; or
- (viii) wholesale or retail distribution of mineral fuels, nonmineral energy resources or electrical energy"

## 2. The Uses of Data

The FRS program provides data to evaluate the competitive environment within which energy products are supplied and developed and to analyze the nature of institutional arrangements as they relate to energy resource development, supply, and distribution. The FRS report, entitled *Performance Profiles of Major Energy Producers (Profiles)*, has been published for each of the reporting years 1977 through 2007. A multi-year report utilizing FRS data for the 1974-1980 period, entitled *Energy Company Development Patterns in the Postembargo Era*, was published in October 1982. The *Profiles* report for 2008 will be published in December 2009. The standardized reporting requirements of the FRS program allow for comparison on a uniform basis among energy-producing companies in the *Profiles* report, and also permit the report to address energy industry questions of competition, energy supply and development, investment and profits by lines of business and petroleum segments, and profits and investment by geographic divisions.

### Competition

Competition issues are addressed in several ways. For example, data on horizontal diversification are elicited in response to questions such as:

What patterns of diversification are evident? How significant is the extent of major energy company involvement in various non-petroleum energy sectors? How do trends in diversification relate to line-of-business profitability? Are trends among various size classes of firms similar or disparate? What have been the effects of major mergers? Is the rate of diversification associated with firm size, profitability, or degree of attained integration?

Another aspect of competitive concern relates to vertical integration and the capacity of integrated firms to foreclose or impair the competitive viability of unintegrated firms. The FRS provides data relating to questions such as:

Are changes associated with size or profitability? How extensive are changes caused by mergers and acquisitions? Are company patterns of profitability and development parallel or diverse? How has company restructuring affected patterns of integration?

### Energy Supply and Development

The FRS permits analysis of energy supply and development by addressing questions such as:

What costs are associated with which development results? In what way are petroleum exploration and development costs associated with reserve accretions? What has been the role of mergers and acquisitions on resource development costs and performance? What is the balance between foreign and domestic development? How do investment and production rates of development compare among alternative fuel sources? Do rates of development differ among firms? Are differences in rates of development associated with firm size, profitability, or diversification? How are new investments financed?

### Profits and Investment

Information on comparative profitability and investment patterns by major function affects the assessment of patterns of new investment. With respect to energy development the FRS monitors and analyzes policy initiatives and programs and explores issues such as:

Relationship between capital markets and investment strategies; the interplay between mergers, restructuring, and investment patterns; the effects of Federal tax policies as they impact patterns of investment; and the effects of governmental efforts associated with the encouragement of development of petroleum resources.

### 3. Improved Information Technology

Since 1984, EIA has accepted computer-generated forms in lieu of hard copy forms for Form EIA-28. In addition, beginning with the 1986 reporting year, EIA developed (and provided to the FRS respondents) personal computer software to use for data entry and electronic submission of the survey form. The software system also allows them to perform all of EIA's automated edit and audit checks at their own location prior to submitting their Form EIA-28. The software was updated to a Windows-based system beginning with the 2000 reporting year. All of the respondents use this software for submitting the form, and the entire submission process has been more timely and less burdensome on them. There are fewer submission errors, and less time required for desk audits and for follow-up comment letters.

### 4. Availability of Similar Data

Other EIA programs collect data that are similar to some of the operating data collected by Form EIA-28. However, these data are collected in a way that is not suitable for FRS purposes. In order to use data from another EIA reporting program, the data would have to meet three important tests. It would have to be:

- Collected on an ownership basis (rather than an operator basis);
- Reported in total for all of a respondent's affiliates; and
- Collected at a level of detail and using definitions appropriate to FRS needs.

In the domestic refining area, EIA collects data on an operational or custodial basis on Form EIA-810 (refinery inputs and outputs). The FRS collects refinery inputs, outputs, and capacity for domestic and foreign operations on an ownership basis. EIA-810 data are operating data that would include oil run by one company for another company, under a processing or exchange agreement, or by one company for a third company which is not a refiner (or maybe not a processing company at all). Comparisons of equity versus operating data (both inputs and outputs) indicate an expected wide divergence in numbers.

The FRS collects refined product sales volume and revenue by class of trade for three primary products. The EIA-782A also collects refined product sales, and the EIA-782C collects data on the first sale of refined products delivered in a State for consumption. The EIA-782C makes no distinction by class of trade. The EIA-782A uses classes of trade that are more aggregated than on EIA-28. The FRS collects sales data for commercial sales direct to end users, company-owned and operated outlets, lessee and open dealer outlets, and wholesalers. The EIA-782A combines the latter two categories. Analyses of financial performance in refining/marketing have found that shifts between these latter channels of distribution had noticeable profitability consequences among the FRS companies.

In the domestic electricity area, EIA currently collects data on an operator basis on Forms EIA-412, EIA-423, EIA-860, EIA-861 and EIA-906. The proposed FRS data collection includes similar information, but on an ownership basis. Operation and ownership differ, resulting in a divergence between company-based information and operator-based information.

The proposed FRS data collection also includes information that is not collected on the other EIA forms. Without the proposed FRS data collection, certain analyses of financial performance in electricity could not be performed. For example, the current EIA forms do not collect information on total operating costs. Without these costs, the operating return on investment in electricity, a key financial indicator, cannot be determined.

#### Analysis of Similar Existing Information

Existing Federal data collection programs that collect information that might be similar to that collected by the FRS were carefully reviewed. In addition, the types of financial information made publicly available for the large energy companies were reviewed. These reviews indicate that the information collected from these other data collections is not sufficient from the standpoint of the FRS' need for one or more of the following reasons:

- Data reporting conventions are not consistent from company to company and, therefore, data are not comparable.
- Company definitions of business segments are not consistent from company to company and are changed over time resulting in lack of data comparability and precluding accurate statistical aggregation.
- Data are not available on a company-by-company basis.
- Data do not form part of an ownership-based cash flow, cost, or investment picture.

- Data do not have a consistent frame of reference and, therefore, are not comparable.
- Reporting cycles are not compatible or appropriate.
- Data are not collected in sufficient detail to allow for the analyses specified under Section 205(h) of the DOE Organization Act (P.L. 95-91).

5. Collection of Information from Small Businesses

No small businesses are surveyed using Form EIA-28.

6. Consequence of Less Frequent Report

As noted under the section above, entitled "Legal Requirements," Section 205(h)(4) of the DOE Organization Act (P.L. 95-91) specifically requires "... an energy-producing company financial report on at least an annual basis ...." Data for intervals longer than annual would be inconsistent with legal requirements.

7. Special Circumstances

No special circumstances apply.

8. Public Consultations

EIA filed a notice of request for comments in the *Federal Register* on April 7, 2009 (Vol. 74, No. 65, pages 15716-15717). Five responses were received during the public comment period that ended on June 8<sup>th</sup>, 2009. Four comments were from companies that are required to file the Form EIA-28 survey. One of these companies commented that they had no problem with the proposed changes. The fifth comment was from a Federal Government agency that is a user of the data.

These comments, and EIA's responses, are as follows:

*Comment:*

The Bureau of Economic Analysis (BEA) strongly supports the continued collection of data by the Energy Information Administration on EIA Form 28, Financial Reporting System. The data collected on this form are crucial to key components of BEA's economic statistics.

BEA uses data from this form to prepare the national income and product accounts and gross domestic product (GDP) by industry. Information on depreciation, depletion and amortization (DD&A), and pretax income from schedules 5120 and 5210 are used to transform the company-based estimates of these measures to an establishment basis which in turn are used in the estimates of GDP by industry (the items used are listed in the attachment).

Information on dry hole expenses from schedule 5131 are used to prepare estimates of the profits

before tax components of national income. For the annual I-O accounts, the data are used to estimate output for the mining industries. In addition, the establishment-based information on expenditures for property, plant, and equipment are used to allocate Internal Revenue Service company-based data, which provides a way to check the level of BEA's establishment-based estimates of nonresidential fixed assets by industry.

*EIA Response:*

The only change that may affect the Bureau of Economic Analysis is that DD&A will only be available for natural gas transmission as a whole, not the natural gas transmission pipeline segment.

*Comment:*

Schedule 5211 - Requires data collection from all foreign downstream affiliates. Since the schedule has different categories than normally used internally, affiliates will have to categorize their expense data.

Schedule 5212 - Requires data collection from all foreign petroleum affiliates. This is a very involved and difficult schedule to complete for domestic operations. To compile a worldwide summary of purchases and sales will be a significant effort.

Schedule 5711 - Requires data collection from foreign downstream natural gas affiliates. The effort to obtain the data is probably modest.

The proposed additional detail of purchase and sales by product and the additional detail of expense by type for foreign operations imposes a significant burden of data collection from many affiliates around the globe representing diverse operations. When aggregated for EIA-28 reporting, the summarized data will provide no insight into foreign operations beyond a general sense of magnitude of U.S. versus Non-U.S. operations. However, within the EIA-28, as well as in published data in the 10-K and annual reports, there is already geographical data on financial results, production, product sales, average prices, refinery operations, etc. that provide a much better picture of U.S. versus Non-U.S. operations than the proposed new collections. We do not believe additional aggregations of details of very diverse foreign operations is meaningful data. Nor do we believe that this type of aggregated foreign data is necessary to the Department of Energy mission regarding domestic energy policy.

*EIA Response:*

The proposed additional detail of expense data for foreign operations is rarely published in the 10-K and annual reports and the purchase and sales data are not provided on a consistent basis. The proposed data will provide insight into refining costs, a very important piece of refinery operations, and provide important information beyond the "3-2-1 crack spread" type of margins that are presented in industry trade press. Having this data on Form EIA-28 will allow EIA to develop a foreign equivalent to the gross margin, refinery costs, and net margin data that are currently published for domestic refining/marketing operations. Petroleum markets are worldwide, interconnected markets. Having a more complete understanding of foreign operations will contribute to analysis of the domestic petroleum industry.

*Comment:*



Although a better understanding of significant changes in PP&E and Investment balances is a reasonable objective, adding new "Other" columns to Schedule 5120 without specific instructions of what you want to see detailed does not appear to accomplish anything. (We inquired about instructions and were told by Mr. Neal Davis that there were no instructions as yet, but that the purpose of the columns was to account for all changes such that within-year-changes would sum with the beginning balance to equal the ending balance.) Since the "Other" columns are just the mathematical difference in the existing columns, they do not provide any new information. To have any additional understanding of changes in the ending balances, certain items would need to be broken out of the "Other" column.

As we have explained previously, the differences in ending balances could be made up of many factors such as proceeds and gain/loss on dispositions, change in investment allowances, foreign exchange translation effects, valuation adjustments, asset retirement obligations, capitalized interest, change in investment balance from net of equity company earnings and dividends, amortization of discount or premium on investments, transfers between segments, etc. It would not seem practical to attempt to detail everything. Since we currently do not require affiliates to do detailed reconciliations by segment, we will have to set up a collection to obtain whatever information is required. We need to know specifically what change categories we need to request affiliates to provide. Within the tight reporting deadline, we don't have time to collect "Other" and then try to identify and recycle questions to affiliates on large changes. And we can't accurately total a change category on an ad hoc basis. Without clear definitions of what to detail out of "Other" we can't define our collection and you will not get consistent information from reporting companies.

*EIA Response:*

The purpose of the "Other" columns is to reduce reporting errors. Even though survey respondents have been instructed not to do so, we have discovered reclassifications and revisions in the Additions to PP&E column during our review process. The "Other" columns will provide a place for survey respondents to include these items and not corrupt the "Additions" columns, which are very important as indicators of capital expenditures. The survey respondents will be given detailed instructions on what to include in these columns.

*Comment:*

Schedule 5120, Property, Plant and Equipment and Investments & Advances to Unconsolidated Affiliates – The other column is a welcome change to balance the numbers. This is a good modification.

*EIA Response:*

The "Other" columns should help to reduce reporting errors as indicated above.

*Comment:*

We collect information from many reporting units worldwide in order to complete the EIA-28. We use data that is collected from affiliates for the 10K in our year-end reporting process as much as possible. For data required for the EIA-28 but not needed for the 10K, we have a supplemental reporting by affiliates which we receive in late April (after tax reporting, local government reporting, and first quarter reporting requirements are met). As it is, we need an extension to complete the EIA-28. The proposed additional reporting will make it even more difficult to complete the EIA-28 in a timely manner. The burden of the new information falls

most heavily on foreign affiliates which make up the greater number of our reporting units. The new reporting requirements are real increased demands. In most cases, the reporting deletions provide no offset because we had nothing to report on the deleted lines to start with.

Our company's Consolidated Financial Statements are the basis of EIA 28 data. These statements are not final until the end of March. Due to the amount of data we are unable to meet the May 1st due date. We would like to see the due date moved to June 1st, this would give the businesses units additional time to review their data prior to submission and possibly reduce the amount of questions/clarification requests we receive each year.

Depending on the workload of our governmental reporting focal point, there is a possibility that the timing of the EIA-28 could conflict with the preparation of other quarterly reports. This year we actually incurred costs for a contractor working on the quarterly reports so that the focal point could devote all attention to the preparation of the EIA-28. The due date of June 1st suggested above would mitigate this additional cost.

*EIA Response:*

EIA typically provides extensions to about half of the survey respondents. Since the other half of the survey respondents are able to meet the May 1 deadline, that allows us to start processing and reviewing data. EIA performs an extensive review of the Form EIA-28 data and uncovers numerous reporting errors during this process. The May 1 deadline helps us balance the need for reviewing the data and the need for timely reporting of the survey results to better serve our customers. A June 1 deadline would cause significant delay in the release of the Form EIA-28 data. We receive many requests for the data to be released sooner than our current schedule allows.

*Comment:*

For a number of schedules, the EIA-28 report is similar to the 10K filed with the SEC. We recognize that consistent data formats in the EIA-28 facilitate industry comparability. But wherever possible, to avoid duplicate reporting and so the Energy Information Administration obtains the most timely information, the 10K data should be used and not duplicated in the EIA-28 submission.

*EIA Response:*

Form EIA-28 requires respondents to report a consistent set of lines of business and geographic regions, which is not the case with the SEC 10-K report. EIA also provides respondents with software that allows them to electronically file and allows for easy loading into the database. Data from the 10-K would have to be collected and typed into the database, which could lead to data entry errors. Further, having a complete set of data on one survey form allows for edit checks and other comparability tests that would not be possible if data were collected from more than one source.

*Comment:*

One issue currently under consideration by the SEC is to include Canadian tar sands with conventional oil production operations for reporting in the 10K in some format. Tar sands are currently reported in the Other Energy segment for the EIA-28. It would make sense to have consistency on segment reporting for the 10K and the EIA-28. We would hope that the Energy Information Administration is keeping abreast of this issue and will provide guidance for the

EIA-28 regarding tar sands in a timely manner.

*EIA Response:*

We plan to maintain consistency with the SEC on the oil sands issue and to include those operations with conventional oil production once that change is made.

*Comment:*

Schedule 5120 - Requires data collection from all affiliates worldwide. Lines 64 and 68 should be combined to be consistent with Schedule 5710 segmentation; otherwise there is not a one to one match on depreciation.

*EIA Response:*

Line 68.10 on Schedule 5120 is the sum of lines 64 and 68.

*Comment:*

Schedule 5210 - Requires data collection from worldwide petroleum affiliates. There is probably very limited hedging and derivatives activity to report for our company.

*EIA Response:*

The only change to Schedule 5210 is the addition of the hedging/derivatives line, which will make Schedule 5210 consistent with Schedule 5710 and Schedule 5810 and will allow this data to be reported separately from the "other revenue" line.

*Comment:*

Schedule 5210, Consolidating Statement of Income, Pages 1 and 2, line 03.50, Operating Revenues: Hedging/Derivatives – We do not record hedging or derivative activity as revenue. Instead, the gain or loss related to hedging or derivatives is either recorded in cost of sales or in other income and expense.

*EIA Response:*

Many respondents handle internal data differently. The Form EIA-28 requires consistent reporting by all respondents.

*Comment:*

Schedule 5242 - Requires data collection from refineries. The data is probably available with a modest effort and will provide a more complete summary of refinery inputs and outputs.

*EIA Response:*

The changes to Schedule 5242 will help clarify refinery inputs and provide a line for reporting refinery consumption of refinery output.

*Comment:*

Schedule 5246 - We already collect data on the production of crude oil versus NGL.

*EIA Response:*

Separating crude oil and NGL production will help our review of natural gas processing and should not be difficult for respondents.

*Comment:*

Schedule 5710 - Requires modification in the collection of data. Breaking out LNG operations from gas plant operations appears reasonable. We would have to understand the purchase and sales rules between production, gas processing and LNG operations to fully evaluate the complexity that may be involved.

*EIA Response:*

The purchase and sales rules are included in the instructions.

*Comment:*

Schedule 5741 - Collection of Schedule 5741 data is not a major effort.

*EIA Response:*

The proposed changes to Schedule 5741 will help clarify some reporting issues.

*Comment:*

EIA-28 information is not used for the performance of our business, management reporting or any other statistical agency. It does not have practical utility in our organization other than submission to DOE. Based on this fact, we'd like to note:

- any additional schedules/lines of data require additional manual collection of data and consolidation and input
- any reduction in schedules and scope of the report do indeed reduce our manual effort and are welcomed

*EIA Response:*

EIA receives many requests for Form EIA-28 data from Congressional staff, other government agencies, energy and investment analysts, academics, students, and the general public. We are proposing some additional reporting requirements but we are also reducing the reporting requirements on several schedules.

*Comment:*

We currently utilize control totals, variance analysis and other tools to monitor the quality of our data submitted. For the 2009 submission, our focal point has flagged historically complicated schedules and will review with each contributor to ensure the submissions are correct.

*EIA Response:*

EIA conducts an extensive review of the Form EIA-28 data and works with respondents to ensure that data quality is maintained.

*Comment:*

The instructions and definitions are clear and sufficient.

*EIA Response:*

We often review and update the instructions and definitions.

*Comment:*

We think that 500 hours is a fair estimate for the reporting burden of this survey. Depending on the amount of questions the EIA has there may actually be even more time allocated for the

collection and the submission of the report.

*EIA Response:*

Respondents that have more than one line of business usually require more time to complete the survey. Our aim is to collect important, relevant data and to streamline the survey where possible.

*Comment:*

The ability to populate the data in the EIA reporting tool by importing the schedules from an excel spreadsheet format would save time for respondents by not having to manually populate every schedule into the EIA reporting tool. The collection and the manipulation of the data is an extremely manual process.

*EIA Response:*

EIA provides respondents with software that allows them to do some data edits and to print the survey once they have entered the data. We are exploring ways of improving this process. Resource constraints limit some of the changes that we would like to make.

9. Payments or Gifts

No payments or gifts will be provided to respondents.

10. Provisions Regarding Confidentiality of Information

The information provided will be used for statistical purposes only. In accordance with the Confidential Information Protection provisions of Title V, Subtitle A of Public Law 107-347 and other applicable Federal laws, responses will be kept confidential and will not be disclosed in identifiable form to anyone other than employees or agents without the consent of the reporting company. By law, every EIA employee, as well as every agent, is subject to a jail term, a fine of up to \$250,000, or both if he or she discloses ANY identifiable information about the reporting company.

11. Justification for Sensitive Questions

There are no sensitive questions on Form EIA-28.

12. Estimate of Reporting Burden

The proposed average annual burden is 16,327 hours. The average burden per response is 605 hours for the 27 respondents (up from 26 respondents in 2006). The total estimated annual burden for the first year is 19,127 hours (14,927 plus 4,200 hours required to modify information systems in the first year). The second and third years have an estimated annual burden of 14,927 hours. See section 15 for additional details.

13. Capital and/or Startup Costs

There are no capital and/or startup cost components or operations and maintenance associated with this data collection. The information is maintained in the normal course of business. Therefore, other than the cost of burden hours, there are no additional costs for generating, maintaining and providing the information provided in Item 12 above. The cost to respondents is estimated to be 16,327 hours x \$62.50/hour = \$1,020,438. (An average cost per hour of \$62.50 is used because that is the average loaded (salary plus benefits) cost for an EIA employee. EIA assumes that the survey respondent workforce completing surveys for EIA is comparable with the EIA workforce.)

14. Annualized Cost to the Federal Government

The estimated cost of the Financial Reporting System (FRS) information collection, processing, analysis, and reporting program for the 2009 reporting year is estimated to be \$578,000. The composition of this 2009 reporting year Form EIA-28 cost is as follows:

Estimated Costs by Budget Categories:

Personnel (2.1 FTE)	\$273,000	
Contracts	300,000	
Collection costs	<u>5,000</u>	
Total Costs by Budget Categories:		\$578,000

Estimated Costs by Functional Categories:

a.	Development and Maintenance Costs	\$ 40,000
b.	Collection Costs:	
	• Printing	\$ 1,500
	• Mailing costs	<u>3,500</u>
	Total collection costs	\$ 5,000
c.	Processing Costs	\$285,000
d.	Analysis Costs	245,000
e.	Publication Costs	<u>3,000</u>

Total Costs by Functional Categories:		\$578,000
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15. Summary of Changes in Burden

The EIA estimates an annual increase of 1,741 hours. EIA proposes an increase of burden hours per response from 561 hours per response (15,147 total hours) in the previous ICR, to 605 hours per response (16,327 total hours) in the proposed ICR. The average burden per response is estimated to increase due to the one-time modification in information collection systems (this, despite the 63-element decrease in the size of the form) because only 19 of the respondents are currently engaged in the downstream natural gas line of business and 8 respondents are engaged in the electric power line of business. The total increase of 1,741 hours (16,327 – 14,586) is due to both agency discretion (program change) and adjustments. Adjustments consist of one additional company being added to the sample (561 hours) and program changes:

Program changes result in a 1,180 hour increase due to the following:

- 1,400 additional hours to modify information collection systems,
- 60 additional hours to collect and report domestic and foreign LNG data,
- 420 additional hours to collect and report foreign refining operational cost data,
- 380 fewer hours due to a 9-percent reduction in downstream natural gas data collected and reported, and
- 320 fewer hours due to a 65-percent reduction of electric power data collected and reported.

Category	Hours Per Response	Number of Respondents	1st Year total	2nd and 3rd Year total	Annual Average
Current Burden	561	26	14586	14586	14586
<b>Adjustments:</b>			0	0	0
Number of respondents increasing to 27	561	1	561	561	561
<b>Current Total</b>			15147	15147	15147
<b>Program Changes:</b>					
<i>Additions:</i>					
Modification of Information Systems (1st Year only)	200	21	4200	0	1400
LNG Operations	10	6	60	60	60
Foreign Refining Operations	35	12	420	420	420
<i>Reductions:</i>					
Downstream Natural Gas	20	-19	-380	-380	-380
Electric Power	40	-8	-320	-320	-320
<b>Total</b>			19127	14927	16327

## 16. Schedule

The filing due date for 2009 data will be May 1, 2010. It should be noted, however, that a two-week extension of this filing date is permitted by the Form EIA-28 Instructions if respondents require more time and request such an extension. Historically, it has been EIA's policy to approve such filing extension requests.

Publication of the *Profiles* report is scheduled for December 2010 for the 2009 reporting year data. Similar schedules will be followed for reporting years 2010 and 2011.

## 17. Valid OMB Number

As required, the following statement will appear at the top of the first page of the survey form: "You are not required to respond to any Federally sponsored collection of information unless it displays a valid OMB number." The OMB number and expiration date will be displayed on Form EIA-28.

## 18. Exceptions

There are no exceptions to the Certification for Paperwork Reduction Act submissions on OMB

Form 83-1.