

Justification for No-material/nonsubstantive Change

EIA would like to add a question to its natural gas Form EIA-857: "Total sendout of gas owned and not owned," shown on the attached form on line 2. The data are needed because the delivery volumes reported on other parts of the form correspond to revenue data. The delivery data do not correspond well with the monthly report period because billing cycles and the financial record keeping practices are not typically set up on a calendar month basis.

Without the sendout data, EIA cannot show natural gas consumption data on a calendar month basis. Current data have significant lags which undermine its validity. EIA has determined that the respondents have sendout data readily available and that the burden per response would not increase by adding this one question.

Additional background on this request:

Each month, EIA publishes all components of natural gas supply and disposition in the *Natural Gas Monthly (NGM)*. Along with these components, the *NGM* also shows the algebraic difference between supply and disposition, known as the balancing item, which in effect represents the quantity of unaccounted-for gas in the domestic supply chain. As of late, the balancing item has grown to record levels in absolute terms, raising questions from financial analysts concerning the validity of EIA's natural gas data.

As part of an ongoing review of the source data behind the published components, EIA has confirmed a major source of reporting error on Form EIA-857, "Monthly Report of Natural Gas Purchases and Deliveries to Consumers." The EIA-857, submitted by a sample of natural gas utilities and municipal gas systems, serves as the primary source of consumption data in the *NGM*. By conducting a series of interviews and site visits with several EIA-857 respondents in 2009, EIA learned that reported natural gas deliveries frequently do not correspond with the requested calendar month because of the timing of customer billing cycles, resulting in incongruous volumetric data.

A straightforward manner of addressing this problem would involve collection of data corresponding to the total quantity of natural gas dispatched into a respondent's delivery network in a calendar month, or system sendout volume. Based on respondent interviews, this is a readily available number that is not tied to customer billing cycles and therefore not subject to the time and recordkeeping constraints noted above. EIA would apply the proportion of natural gas in the end-use categories (lines 3-12) to the total sendout volume collected on line 2 to achieve a more accurate depiction of calendar month consumption.

While the data presently collected on Line 1, Purchased Gas Received in the Distribution Service Area, are in part similar to total sendout, they represent only gas that the utilities own rather than the combined amount of gas owned and not owned that comprises all natural gas deliveries. Collection of sendout volumes would address this issue and enable EIA to publish more reliable data without compromising timeliness or unduly burdening respondents.