Supporting Statement: {Insert Title of Collection}
OMB Control Number 1910-{Enter 4-digit code}

This supporting statement provides additional information regarding the Department of Energy (DOE) request for processing of the proposed information collection, *(Insert Title of Information Collection Request)*. The numbered questions correspond to the order shown on the Office of Management and Budget (OMB) Form 83-I, "Instructions for Completing OMB Form 83-I."

B. Collections of Information Employing Statistical Methods.

The agency should be prepared to justify its decision not to use statistical methods in any case where such methods might reduce burden or improve accuracy of results. ***When Item 17 on the Form OMB 83-I is checked, "YES",*** *the following documentation should be included in the Supporting Statement to the extend that it applies to the methods proposed:*

1. Describe (including a numerical estimate) the potential respondent universe and any sampling or other respondent selection methods to be used.

The total universe for this survey is 52, the number of small refineries that currently receive the small refinery exemption. Therefore, the maximum number of respondents is 52. There will be no sampling; every potential respondent will be contacted.

2. Describe the procedures for the collection of information including:

The collection instrument, consisting of an Excel spreadsheet, will be emailed to the respondents as an attachment to an introductory email. A list of email addresses and telephone numbers was obtained through a Memorandum of Understanding with the Energy Information Administration (EIA). Surveys may be returned through a secure email delivery site. A sample introductory email is enclosed. Respondents will be instructed to return the survey in 30 days.

3. Describe methods to maximize response rates and to deal with issues of non-response.

Since there are very few participants, we will initially contact participants through email, and then follow up through telephone contacts. All of the participants already respond to the Energy Information Administration's surveys and were certified by the Environmental Protection Agency to receive their current exemption from the program.

Since this is a voluntary survey, not every respondent will reply. The purpose of this survey is to collect information on individual refineries that will be compared with industry average to determine if such a refinery would suffer "disproportionate economic hardship" through compliance with the Renewable Fuel Standard. Statistical analysis of the survey data itself will be descriptive only.

4. Describe any tests of procedures or methods to be undertaken.

DOE has already requested input on questions through the Ad-Hoc Coalition of Small Refiners. No other testing of the survey has been performed.

5. Provide the name and telephone number of individuals consulted on statistical aspects of the design and the name of the agency unit, contractor(s), grantee(s) or other person(s) who will actually collect and/or analyze the information for the agency.

Given the nature of the statistics, no additional individuals were consulted on statistical aspects of the design. Prof Ernie Zampelli (202) 319-6683. Professor Zampelli (202) 319-6683, a professor of economics at Catholic university is available for consultation on any complex statistical questions.

Small Refinery Exemption Study Methodology

DOE has determined that disproportionate economic hardship may be characterized as a high likelihood of a material impact on the ability of a firm to continue operations, defined as outcomes such as bankruptcy or liquidation. Therefore, DOE has developed a survey of specific characteristics of individual small refineries that influence their ability to comply with the RFS without suffering disproportionate economic hardship. The survey elements, in conjunction with previously collected and other public data will be used to characterize the firm's cost of compliance and its financial resilience in the face of estimated compliance costs. Using publicly available financial data such as 10Ks and confidential refinery operation data collected from Energy Information Administration (EIA) surveys, DOE will develop a set of descriptive metrics of each small refiner relative to the industry average. The first metric will use the balance sheet and income statement items, along with other available data such as bond ratings to gauge the economic strength of the small refinery relative to the industry average. The second metric will use profitability measures from the survey such as net margin, along with other available data such as refinery complexity and product slate to evaluate the refinery's historical and likely future profitability relative to the industry average. The third metric will use financial ratios, existence of any loan covenants, future capital plans and other factors to evaluate the cost and availability of capital. Another metric will evaluate the ability of the firm to comply with the RFS2 through economically generating RINS or developing facilities to allow for blending renewable fuels. The last metric will gauge refinery competitiveness relative to industry averages through such information as estimates of market share and retail sales and product slate.

In addition, data elements from the survey, including capital costs, operating costs ability to generate RINS and projected RIN costs will be used to estimate the cost of compliance in cents per gallon of product. This will be used to develop a metric expressing the change in profitability of the firm due to compliance with the RFS.

A precise quantitative appraisal and forecasting of small refinery performance is beyond the scope of this project. However, through historical evaluation of small refinery performance, DOE will develop a weighting of the metrics defined above to forecast the likelihood that the small refinery will be materially impacted by compliance so severely as to cause significant change in operations.