

**Information Collection Request Renewal
Supporting Statement**

**Nonconformance Penalties for Heavy-Duty Engines
and Heavy-Duty Vehicles, Including Light-Duty Trucks**

EPA Number 1285.07
OMB No. 2060-0132

40 CFR Part 86, Subpart L

April 2012

Certification & Compliance Division
Office of Transportation and Air Quality
Office of Air and Radiation
U.S. Environmental Protection Agency

1. Identification of the Information Collection

1(a) Title and Number of the Information Collection

Nonconformance Penalties for Heavy-Duty Engines and Heavy-Duty Vehicles, Including Light-Duty Trucks; EPA ICR Number 1285.08, OMB Control Number 2060-0132.

1(b) Short Characterization

Nonconformance penalties (NCP) provisions allow manufacturers to introduce into commerce heavy-duty engines (HDEs) or heavy-duty vehicles (HDVs) and/or light-duty trucks that fail to conform to certain emission standards upon payment of a monetary penalty. The information collected from manufacturers electing to pay an NCP includes a description of their product(s) and test data to verify compliance.

This information is collected by the Diesel Engine Compliance Center (DECC) in the Compliance Division (CD), Office of Transportation and Air Quality, Office of Air and Radiation (OAR), of the U.S. Environmental Protection Agency. DECC uses this information to ensure that manufacturers are in compliance with Clean Air Act (Act) regulations and are paying the appropriate penalties. Besides DECC, this information could be used by the Office of Enforcement and Compliance Assurance and the Department of Justice for enforcement purposes. Non Confidential Business Information (CBI) information may be disclosed in a public database and over the Internet. Public data is used by trade associations, environmental groups, and the public. The information is usually submitted in an electronic format, and it is stored in HDNEG's certification database.

Only one engine manufacturer has elected to use the NCP provisions in the last several years. EPA expects that only one manufacturer will respond to this collection with an approximate annual cost of \$81,163.

2. Need for and Use of the Collection

2(a) Need/Authority for the Collection

Under Title II of the Clean Air Act, (42 USC 7521 et seq.), EPA is charged with issuing certificates of conformity for those vehicles and engines that comply with applicable emission standards. Such certificates must be issued before vehicles or engines are legally introduced into commerce. To ensure compliance with these statutes, EPA reviews product information and manufacturers' test results; EPA also tests some vehicles and engines to confirm manufacturers' results.

EPA's emission certification programs are statutorily mandated; the Agency does not have discretion to cease these functions. Under Section 206(g)(1) of the Act as amended (42 USC 7525):

In the case of any class or category of heavy-duty vehicles or engines to which a standard promulgated under section 202(a) of this Act applies, except as provided in paragraph (2), a certificate of conformity shall be issued under subsection (a) and shall not be suspended or revoked under subsection (b) for such vehicle or engines manufactured by a manufacturer notwithstanding the failure of such vehicles or engines to meet such standard if such manufacturer pays a nonconformance penalty as provided under regulations promulgated by the Administrator after notice and opportunity for public hearing.

2(b) Practical Utility/Users of the Data

EPA uses the data to ensure manufacturers are complying with the regulations and that appropriate nonconformance penalties are being paid by the participants.

The information will be received and used by DECC, CD, OTAQ, OAR. Non-confidential portions of the information submitted to HDNEG are available to and used by manufacturers, engine users, environmental groups, members of the public and state and local government organizations.

3. Nonduplication, Consultations and Other Collection Criteria

3(a) Nonduplication

The information requested under this ICR is required by statute. Because of its specialized (and sometimes confidential) nature, and the fact that it must be submitted to EPA prior to the start of production, the information collected is not available from any other source.

3(b) Public Notice Required Prior to ICR Submission to OMB

An announcement of the public comment period for this ICR renewal was published in the Federal Register (77 FR 18802) on March 28, 2012. This document may be accessed through the Federal Register's website at <http://www.gpoaccess.gov/fr/index.html>.

No comments were received in response to this ICR renewal.

3(c) Consultations

Under the existing ICR, only one manufacturer has elected to participate in the NCP program. Given this low level of activity, EPA did not attempt to contact potential respondents, and chose instead to use the burden estimates provided by the respondents under the existing ICR.

3(d) Effects of Less Frequent Collection

The CAA states that emission certification must be done on a yearly basis (CAA 206(a) (1)), coinciding with the industry's "model year." Major product changes typically occur at the start of a model year. For these reasons, manufacturers declare their intent to use NCPs once a year, at the time of certification. A collection frequency of less than a model year is not possible. However, EPA only requires the collection of Production Compliance Audit (PCA) information when a manufacturer elects to pay a nonconformance penalty and conduct a PCA.

However, the NCP payment and associated report be submitted quarterly. This frequency reflects the fact that engine manufacturing companies update their internal production volume reports every quarter. Thus quarterly reports and payments allow manufacturers to pay only what is needed, instead of making annual projections that may not reflect true production levels. This quarterly reporting is consistent with other EPA programs, such as Production-Line Testing, covered under other ICRs.

3(e) General Guidelines

Manufacturers are required to establish, maintain, and retain specific records under the regulation pertaining to all equipment used to test engines or vehicles, individual test results, information and test data, and a complete record of all emission tests performed. Required records shall be maintained by the manufacturer for a period of six years. The six-year recordkeeping requirement stems from the CAA mandate that manufacturers recall engines failing to meet emission standards throughout their useful lives. Records may be retained as hard copy or reduced to microfilm, automated data processing (ADP) film, etc., depending on the manufacturer's record retention procedure, provided that in every case all the information contained in the hard copy is retained.

Manufacturers are required to submit confidential business information such as sales data and certain sensitive technical descriptions (please see section 4(b)(i) for reference). This information is kept confidential in accordance with the Freedom of Information Act, EPA regulations at 40 CFR Part 2, and class determinations issued by EPA's Office of General Counsel. Also, nonproprietary information submitted by manufacturers is held as confidential until the specific vehicle or engine to which it pertains is available for purchase.

No other general guideline is exceeded by this information collection.

3(f) Confidentiality

Manufacturers are allowed to assert a claim of confidentiality over information provided to EPA. Confidentiality is provided in accordance with the Freedom of Information Act and EPA regulations at 40 CFR Part 2. For further detail, refer to section 3(e).

3(g) Sensitive Questions

No sensitive questions are asked in this information collection.

4. Respondents and Information Requested

4(a) Respondents/NAICS Codes

The respondents are manufacturers or importers of large on-highway heavy duty engines. The following North American Industry Classification System (NAICS) codes are associated with this information collection:

333924	Industrial Truck, Tractor, Trailer, and Stacker Machinery Manufacturing
336112	Light Truck and Utility Vehicle Manufacturing
336120	Heavy Duty Truck Manufacturing
336312	Gasoline Engine and Engine Parts Manufacturing
336322	Other Motor Vehicle Electrical and Electronic Equipment Manufacturing

4(b) Information Requested

EPA requires a manufacturer that elects to pay an NCP to conduct a Production Compliance Audit (PCA) on the engines or vehicles the manufacturer selected for the program. Selection of engines or vehicles for PCA testing must be initiated no later than five days after the start of assembly line production of the specified engine family. The manufacturer must then pay the NCP, which is calculated according to formula specified in the regulations. The formula takes into account current emission standards and how much the engine family exceeds the standards as indicated in the PCA testing. The manufacturer must agree to recall any engines or vehicles introduced into commerce if the compliance level of the engine or vehicle exceeds the upper limit as determined by the PCA.

The information collected from manufacturer electing to pay an NCP includes a description of their product(s) and test data to verify compliance. This information is organized by "engine family" groups expected to have similar emission characteristics. Manufacturers must also retain needed records.

The burden for a given engine family is reduced after the model's first production year, because data and information from previous years can be "carried over" when no significant changes have occurred. For instance, an engine family certified in model year 2012 can be certified in the 2013 model year by "carry over" of data and paperwork from the 2012 model year if no significant changes have occurred to the engine family between model years. Allowing manufacturers to carry over data and paperwork reduces testing costs, as well as eases significantly the burden of putting together the application. Carry over reduces the need to conduct a PCA for each engine family on an annual basis as PCA data may be carried over to subsequent model years when appropriate.

(i) Data Items

The data items in Tables A through C below are required under this information collection. Each manufacturer is required to maintain records containing the information items in Tables A and B and submit the information items listed in Table C.

**Table A
General Information Required for NCPs**

Information Item	On-Highway
Description of Test Equipment	86. 1108(a)(1)
Date and location of each test	86. 1108(a)(2)(i)
Service mileage/hour accumulation	86. 1108(a)(2)(ii)
Personnel contacts	86. 1108(a)(2)(iii)
Repair descriptions and records	86. 1108(a)(2)(iv)
Date engine or vehicle shipped and received	86. 1108(a)(2)(v)
Emission test records	86. 1108(a)(2)(vi)
Description of extraordinary events during PCA	86. 1108(a)(2)(vii)
Records Retention (6 years)	86. 1108(b)

**Table B
Production Compliance Auditing**

Information Item	On-Highway
Test engine sample selection	86. 1110-87
Test procedure for PCA testing	86. 1111-87(a)(1)
Service Accumulation	86. 1111-87(c)
Shipment to test facility	86. 1111-87(e)
Determination of Compliance Level	86. 1112-87(a)

**Table C
Calculation and Payment of Penalty**

Information Item	On-Highway
NCP Calculation	89.1113-87(a)
Quarterly Penalty Payment	86.1113-87(g)(1)
Quarterly Information Reporting	86.1113-87(g)(1)

EPA is currently working on expanding the pollutants and years manufacturers can use NCPs for. The information collected and burden will remain the same.

(ii) Respondent Activities

The type of activities a manufacturer would conduct to participate in the nonconformance penalty program for a specified engine family are as follows:

- Review the regulations
- Test engines for production compliance audit
- Gather emission data
- Conduct Performance Compliance Audit (PCA)
- Submit the PCA data/report
- Retain and maintain records
- Submit quarterly production reports and NCP payments

5. The Information Collected -- Agency Activities, Collection Methodology, and Information Management

5(a) Agency Activities

A significant portion of EPA's NCP activity is spent reviewing the application, verifying that the correct engines have been selected and appropriately tested, determining the applicable compliance level and corresponding nonconformance penalty, ensuring applicable fees are paid, storing the data and answering manufacturers' questions. A part of the NCP process involves determining if "carry-over" of data from a previous model year is appropriate or if new testing will be required. The agency also analyzes requests for confidentiality and provides appropriate protection.

5(b) Collection Methodology and Management

EPA currently makes extensive use of computers in gathering and evaluating information from vehicle and engine manufacturers. Today, most of the information is received through electronic means, such as our secured web portals, email and CDs.

Once an NCP application is received, the information is stored in a database so facilitate its review and analysis. Quarterly reports are submitted electronically or on paper, per manufacturer's preference. Non-confidential parts of the application can be accessed by the public by contacting the DECC.

5(c) Small Entity Flexibility

There is no small entity flexibility specific to the NCP requirements. However, small on-highway engine manufacturers may use optional procedures outlined in 86.098-14 to demonstrate compliance with the general standards and specific emission requirements.

The information being requested is considered to be the minimum needed to effectively conduct and maintain integrity of the NCP program.

5(d) Collection Schedule

Required data must be submitted for each engine family on a yearly basis for each "model year" that a manufacturer intends to build (or import) an engine model. Taking these considerations into account, manufacturers normally submit information on an annual basis and submit their applications at their earliest convenience.

Nonconformance penalties must be paid by specified quarterly due dates or according to such schedule as the Administrator may approve based on a manufacturer request. The manufacturer must submit corporate identification, identification and quantity of engines or vehicles subject to the NCP, certificate identification number and date, NCP payment calculations, and a statement of compliance with requirements and endorsement.

6. Estimating the Burden and Cost of the Collection

Please refer to Tables E and F for details.

6(a) Estimating Respondent Burden

Under the existing ICR, only one manufacturer has elected to participate in the NCP program. Given this low level of activity, EPA did not attempt to contact potential respondents, and chose instead to use the burden estimates provided by the respondents under the existing ICR.

In estimating respondent burden for the NCP program, time was allocated for regulation review, training, records maintenance, quarterly reporting and production compliance auditing. Performing the PCA includes hours for engine selection, engine service accumulation to stabilize new engine performance, engine testing, engine reallocation within the manufacturer's

distribution system, preparation of the PCA report and maintenance of PCA testing records. See Table E in section 6(e)(i) for details.

6(b) Estimating Respondent Costs

(i) Estimating Labor Costs

To estimate labor costs, EPA used the Bureau of Labor Statistics' (BLS) National Industry-specific Occupational Wage Estimates (May 2011) for the Engine and Turbines Industry under Standard Industrial Classification (SIC) code 351 and increased by a factor of 2.1 to account for benefits and overhead. (see: http://www.bls.gov/oes/current/naics4_333600.htm). A reference between the applicable SIC and NAICS codes used to update hourly rates for this ICR is available on the BLS website at: <http://www.bls.gov/ppi/ppisicnaics14.htm>. Mean, hourly rates were used for this estimate and are listed below.

**Table D
Labor Costs Estimates**

Occupation	SOC Code Number	Mean Hourly Rate (BLS)	Rate Increased by Factor of 2.1
Mechanical Engineers	17-2141	\$37.98	\$79.76
Engineering Managers	11-9041	\$55.25	\$116.03
Secretaries, Except Legal, Medical and Executive	43-6014	\$17.04	\$35.78

(ii) Estimating Capital and Operations and Maintenance Costs

Operation and maintenance costs associated with all programs covered by this information collection include CDs used to submit electronic files, postage, phone calls and testing expenses. It also includes fuel costs related to PCA mileage accumulation and testing for selected test engines. Wherever possible, EPA obtained and used current costs. For others, EPA used the the Consumer Price Index Inflation Calculator on the BLS website to determine the updated cost (available at http://www.bls.gov/data/inflation_calculator.htm), with the estimated value rounded to the nearest one hundred.

There are no capital costs associated with this collection. Related capital costs for engine manufacturers for test equipment, computers and facilities are covered under the certification program. EPA does not expect any additional capital costs related to this NCP collection.

(iii) Capital/Start-Up and Operations and Maintenance Costs

Operation and maintenance costs associated with all programs covered by this information collection are listed in Section 6(e), Table E. EPA has estimated that the one respondent to this collection will spend approximately \$39,344 in total O&M costs for a total of four engine families. The largest expense is service accumulation testing at an approximate cost of \$17,300 per engine family. Service accumulation results can be carried from one year to the next, so respondents don't incur in this expense for carry over families (see section 4(b) and 6(e) (i) for details). Since EPA expects two of the four engine families to be carry-overs, this testing expense only applies to the remaining two engine families.

There are no capital or start up costs associated with the renewal of this ICR. (See 6(b)(ii) for details.)

(iv) Annualizing Capital Costs

There are no capital costs associated with the renewal of this ICR. (See 6(b)(ii) for details.)

6(c) Estimating Agency Burden

Government cost is based on GS-13/10 salary for professional engineers & lawyers (\$44.65/hr), adjusted by a factor of 1.6 to account for government benefits, resulting in a final rate of \$71.44/hr. For managers, the hourly rate used is that of a GS-14/10 at \$52.76, for a final rate of \$84.42. The hourly rate was obtained from the Office of Personal Management, "Salary Table 2012-GS" (http://www.opm.gov/oca/12tables/html/gs_h.asp). Table F summarizes EPA's burden.

Agency time is allocated for review of the NCP application, review of the PCA data, determination of the emission compliance level and review of the quarterly reports and NCP fee calculation.

6(d) Estimating the Respondent Universe and Total Burden and Costs

In the past several years, only one manufacturer has participated in the NCP program annually with three to four engine families each year. EPA expects that only this one manufacturer will need to utilize the program. For purposes of estimating respondent burden, EPA has estimated that one manufacturer will use NCPs for four families each year. Two of these families will require new testing while the other two will be carry over families that can utilize the results of the PCA performed previously. The numbers for the new testing families have been annualized, since those will become carry over families on subsequent years.

For each year that this respondent participates in the NCP program, it is expected to submit six reports: one PCA notification, one PCA report and four quarterly reports per engine family. Since our respondent is participating with four engine families, the total annual number of responses to this collection is of 24 (six reports per engine family for each of four engine families).

6(e) Bottom Line Burden Hours and Cost Tables

(i) Respondent Tally

Table E below summarizes respondent burden and cost. The first column lists the different activities (a total of 10), that this respondent will need to engage in to comply with the requirements of the program.

Table E
NCP Total Estimated Respondent Burden and Cost (1)

Information Collection Activity	Engineer \$79.76/hr	Manager \$116.03/hr	Clerical \$35.78/hr	Respondents hr/yr	Labor Cost/yr	Capital Startup Cost	O&M Cost (3)	Frequ ncy	Number of Engine Families	Total Hrs/yr	Total Cost/yr
Review of regulations and guidance documents	2	3	0	5	\$508	\$0.00	\$0	1	1	5	\$508
Training	7	0	0	7	\$585	\$0.00	\$0	1	1	7	\$585
PCA Arrangements	10	8	0	18	\$1,726	\$0.00	\$0	1	4	72	\$6,903
Service Accumulation	10	1	0	11	\$914	\$0.00	\$17,300	1	2	22	\$36,427
Conduct PCA (2)	16	7	10	32	\$2,356	\$0.00	\$576	4	2	254	\$23,457
Engine Reallocation	4	0	0	4	\$319	\$0.00	\$4	4	2	32	\$2,584
PCA Report	10	10	5	25	\$2,137	\$0.00	\$2	1	2	50	\$4,278
Quarterly Reports	2	2	2	6	\$428	\$0.00	\$2	4	2	44	\$3,438
Prepare Carry-Over NCPs	1	0	0	1	\$80	\$0.00	\$2	1	2	2	\$164
Maintain Records	5	0	8	13	\$685	\$0.00	\$20	4	1	52	\$2,820
Sub Total	66	31	25	122	\$9,736	\$0.00	\$17,906	N/A	N/A	N/A	N/A
Total for Industry:	N/A	N/A	N/A	541	\$41,819	\$0.00	\$39,344	varies	4	541	\$81,163
Per response (4)	N/A	N/A	N/A	22.54	\$1,742	\$0.00	\$1,639	N/A	N/A	N/A	N/A

(1) Respondents (hr/yr) includes total hours for one respondents with 4 engine families.

(2) Annualized since testing and information is carried over in following years.

(3) Annualized and adjusted for inflation

The fact that carry-over families have a lower burden and cost than new families is reflected in the ‘Number of Engine Families’ column, which lists the actual number of engine families for which each activity must be performed. Therefore, “four” means that the activity must be performed each year for all engine families, while a “two” means that the activity has to be performed only for the two new engine families. For the two carry-over families, the respondent submits data gathered in previous years. “One” denotes a one-time activity regardless

of the number of engine families. “Frequency” refers to the number of times in a year that an activity occurs. Most activities are carried out once a year, while others occur quarterly.

The total number of burden hours (541) was calculated by multiplying the number of hours each employee (manager, engineer and/or clerical staff) is expected to spend in each activity, by the frequency each activity is carried out each year and the applicable number of engine families.

For an explanation of Capital Start-up and O&M costs, please refer to section 6(b)(iii).

Summary

(ii) Agency Tally

Table F summarizes Agency burden and costs.

**Table F
Total Estimated Agency Burden and Cost Summary**

Information Collection Activity	Engineer \$71.44/hr	Manager \$84.42	Hours/ yr	Labor Cost/yr	Capital Startup Cost	O&M Cost	Engine Families	Total Hr/yr	Total Cost/yr
Review Regulations	4	1	5	\$370	\$0.00	\$0	1	5	\$370
Application Review	5	2	7	\$526	\$0.00	\$10	4	28	\$2,144
PCA Review & Compliance Level Determination	10	6	16	\$1,221	\$0.00	\$2	4	64	\$4,892
Quarterly Report & Fee Payment Review	4	1	5	\$370	\$0.00	\$2	4	20	\$1,489
Total per Engine Family	23	10	33	\$2,487	\$0.00	\$14	N/A	N/A	N/A

Summary

- Number of Responses: 1
- Number of Activities: 4
- Total Hours Per Year: 117
- Total Labor Cost Per Year: \$8,839
- Total Annual Capital Cost: 0
- Total Annual O & M Costs: \$56
- Total Costs: \$8,895

6(f) Reasons for Change in Burden

Total burden has decreased due to a decrease in the estimated amount of respondents and responses. While the previous ICR estimated that 2 manufacturers would utilize NCPs, with three engine families each. Based on past and current experience, EPA now estimates that only one manufacturer will use NCPs with a total of 4 engine families.

The average burden per response has decreased only by 0.5 hour (from 23 hours/response to 22.5). This reflects increase use of electronic methods for reporting and recordkeeping.

6(g) Burden Statement

The annual public reporting and recordkeeping burden for this collection is estimated to average 22.5 hours per response. Burden means the total time, effort, or financial resources expended by persons to generate, maintain, retain, or disclose or provide information to or for a Federal agency. This includes the time needed to review instructions; develop, acquire, install, and utilize technology and systems for the purposes of collecting, validating, and verifying information, processing and maintaining information, and disclosing and providing information; adjust the existing ways to comply with any previously applicable instructions and requirements; train personnel to be able to respond to a collection of information; search data sources; complete and review the collection of information; and transmit or otherwise disclose the information. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number. The OMB control numbers for EPA's regulations are listed in 40 CFR Part 9 and 48 CFR Chapter 15.

To comment on the Agency's need for this information, the accuracy of the provided burden estimates, and any suggested methods for minimizing respondent burden, including the use of automated collection techniques, EPA has established a public docket for this ICR under Docket ID No. EPA-HQ-OAR-2005-0120, which is available for public viewing at the Air and Radiation Docket and Information Center in the EPA Docket Center (EPA/DC), EPA West, Room 3334, 1301 Constitution Ave., NW, Washington, DC. The EPA Docket Center Public Reading Room is open from 8:30 a.m. to 4:30 p.m., Monday through Friday, excluding legal holidays. The telephone number for the Reading Room is (202) 566-1744, and the telephone number for the Air and Radiation Docket is (202) 566-1742. The electronic version of the public docket at the site www.regulations.gov can be used to submit or view public comments, access the index listing of the contents of the public docket, and to access those documents in the public docket that are available electronically. Once in the system, select "search," then key in the docket ID number identified above. Also, you can send comments to the Office of Information and Regulatory Affairs, Office of Management and Budget, 725 17th Street, NW, Washington, DC 20503, Attention: Desk Office for EPA. Please include the EPA Docket ID Number (EPA-HQ-OAR-2005-0120) and OMB Control Number (2060-0132) in any correspondence.