

INFORMATION COLLECTION REQUEST (ICR)

SUPPORTING STATEMENT

ENVIRONMENTAL PROTECTION AGENCY

OFFICE OF AIR & RADIATION

A. JUSTIFICATION

1. Identification of the Information Collection

a. Title: Recordkeeping and Reporting for Diesel Fuel Produced by Transmix Processors

EPA Number: 2463.01

OMB Control Number: 2060-NEW

b. Short characterization:

With this information collection request (ICR), the Office of Air and Radiation (OAR) is seeking permission to collect information related to diesel fuel produced from transmix by transmix processors and pipeline operators. “Transmix” is a mixture of finished fuels, such as pipeline interface, that no longer meets the specifications for a fuel that can be used or sold without further processing. “Pipeline interface” means the mixture of different fuels that abut each other during pipeline shipment. The recordkeeping and reporting requirements apply to producers of fuels from transmix, as well as parties who take custody to these fuels. The associated recordkeeping and reporting requirements are proposed to include:

- Submission of a compliance plan by transmix processors and pipeline operators who produce 500 ppm sulfur locomotive and marine (LM) diesel fuel from transmix;
- Submission of necessary updates to that compliance plan; and
- Initial programming and use of product transfer document (PTD) codes by transmix processors and other parties who handle transmix in the distribution system.

There are no associated registration requirements as a result of this proposal, since all known transmix processors pipeline operators who produce diesel fuel are already registered with EPA as “refiners” and are not required to take any additional action. Furthermore, as refiners subject to the existing diesel regulations, transmix processors and pipeline operators are already required to test diesel fuel for sulfur. Recordkeeping and reporting associated with that activity has been accounted for under EPA’s diesel fuel program ICR, OMB number 2060-0308 (renewal pending).

Specifically, EPA is proposing the following amendments are to the following sections in 40 CFR Part 80:

Section	Description
80.511(b)(4)	Amended to allow for the production and sale of 500-ppm locomotive and marine (LM) diesel fuel produced from transmix past 2014.
80.513 (entire section)	Amended to allow for the production and sale of 500-ppm LM diesel fuel produced from transmix past 2014.
80.572(d)	Amended to extend 500ppm LM diesel fuel label past 2012 ¹ .
80.597(d)(3)(ii)	Amended to include 500-ppm LM diesel fuel in the list of fuels that an entity may deliver or receive custody of past June 1, 2014.

2. Need For, and Use of, the Collection

a. Authority for the Collection

Sections 114 and 208 of the Clean Air Act (CAA), 42 U.S.C. §§ 7414 and 7542, authorize EPA to require recordkeeping and reporting regarding enforcement of the provisions of Title II of the CAA. The relevant regulations are in 40 CFR Part 80, Regulation of Fuels and Fuel Additives.

b. Practical Utility/Uses of the Data

The reported data will enable EPA to:

- 1) Process compliance plans from transmix processors and pipeline operators that produce 500 ppm LM diesel fuel from transmix.
- 2) Ensure that diesel fuel made from transmix meets the standards required under the regulations at 40 CFR Part 80, and that the associated benefits to human health and the environment are realized.

3. Non-duplication, Consultation, and other Collection Criteria

a. Non-duplication

Efforts have been made to eliminate duplication in this information collection. Where possible, information requirements from various organizations within the Agency

¹ Since EPA regulations dictate labeling language, no information is collected via labels.

have been combined to minimize the submittal of duplicate information in different formats. The information in this collection will not be available from another source.

b. Public Notice

This supporting statement is being docketed in order to permit interested parties to fully comment upon the performance-based approach and the recordkeeping and reporting costs associated with it.

c. Consultations

EPA is providing an opportunity for notice and comment regarding the rule and this supporting statement. We anticipate that the rulemaking and the proposed information collection will generate comments from interested parties. We will consider these comments.

d. Effects of Less Frequent Data Collection

For most items in this proposed information collection, the frequency of response is determined by the submitter. Compliance plans are required to be submitted by transmix processors and pipeline operators prior to their initial production of 500 ppm LM diesel fuel and to be updated when the producer makes significant changes to the distribution pathways for 500 ppm LM to end users. Product transfer documents (PTDs) are required to be generated by the producers of 500 ppm LM for each batch of fuel and accompany the batch through the distribution system. Each entity that takes custody of 500 ppm must retain copies of these PTDs for 5 years and provide them to EPA upon request to support EPA compliance investigations.

e. General Guidelines

. Entities that take custody of 500 ppm must retain copies of the accompanying PTDs for 5 years. The 5 year PTD record retention period is consistent with other record retention requirements under EPA's fuel program and is necessary to facilitate EPA compliance assurance oversight. As discussed under section A.3.d., there are no periodic reporting requirements associated with this ICR.

f. Confidentiality

EPA informs respondents that they may assert claims of business confidentiality for any or all of the information they submit. Information claimed as confidential will be treated in accordance with 40 CFR Part 2 and established Agency procedures. The template for qualification that we use for diesel sulfur permits a party to clearly assert a claim of business confidentiality on the actual submission. We anticipate developing a similar form for this approach when it is finalized. Information that is received without a claim of confidentiality may be made available to the public without further notice to the submitter under 40 CFR § 2.203.

g. Sensitive Information

EPA is not asking questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private. Individual reporting data may be claimed as sensitive and will be treated as confidential information in accordance with the procedures outline in 40 CFR Part 2. Compliance plans from producers of 500 ppm LM diesel fuel are required to identify the end-users (i.e. their customers) of the fuel. The identity of customers is often considered confidential business information. EPA needs such information to maintain adequate compliance oversight.

4. The Respondents and the Information Requested

a. Respondents/SIC Codes

The respondents to this information collection are:

- Refiners who produce diesel fuel from transmix (i.e., transmix processors or pipeline operators)
- Parties in the distribution chain who handle diesel fuel made from transmix (e.g., distributors, carriers)

Recordkeeping and reporting are required by the following industries, *with SIC Code/2002 NAICS Code indicated in parentheses*: refiners (2911/324110), [and petroleum marketers and other distributors (5171, 5172/424710, 424720).

b. Information Requested

A) Reporting: Respondents who produce diesel fuel from transmix (i.e., transmix processors and pipeline operators) must submit to EPA in order to have a compliance plan approved. Compliance plans must provide the information and satisfy the conditions detailed in 40 CFR 80.513(h). Other reporting is related to PTDs, which are used in the normal course of business by all parties in the petroleum distribution system already. The information required on the PTD for 500 ppm LM is the same as that industry has been accustomed to providing for transfers of diesel fuel since the inception of EPA's diesel program. The language required for diesel fuel PTDs is specified in 40 CFR 80.590. Parties in the petroleum distribution system are currently required to provide copies of PTDs for the fuels they handle upon request to facilitate EPA compliance assurance activities.

B) Recordkeeping: Under the existing diesel fuel regulations, respondents must retain underlying records for five (5) years. This time period is consistent with the required record retention for all 40 CFR Part 80 fuels programs and is necessary to facilitate EPA compliance assurance oversight. A shorter record retention

period would not provide EPA with sufficient time to identify, track, and resolve enforcement problems given the complexity and breadth of the petroleum product production and distribution system.

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

a. Agency Activities

- EPA will review compliance plans and updates that are submitted and respond to the submitters.
- Compliance plans will be stored to facilitate EPA compliance assurance activities.

b. Collection and Methodology and Management

Compliance plans will be submitted by transmix producers in accordance with the regulations. A common form is not feasible, since the content of the submission may vary from respondent to respondent. Each compliance plan will detail a unique fuel distribution pathway for segregating 500 ppm LM through to the end users. PTDs are used in the normal course of business. EPA may ask to review a party's PTDs, but does not routinely collect them.

c. Small Entity Flexibility

This collection will not adversely affect small entities. The collection of compliance plans is necessary to support the allowance for transmix processors and pipeline operators to continue to produce 500 ppm sulfur LM diesel fuel rather than having to meet a 15 ppm sulfur standard. PTDs are used by all parties in the petroleum distribution chain, including small entities, as standard operating procedure.

d. Collection Schedule

The collection schedule for this information collection is largely driven by the respondent. Refiners are required to submit a compliance plan only if they wish to produce diesel fuel from transmix. PTDs are used by parties in the distribution chain in the normal course of business; the frequency of PTDs indicating diesel-from-transmix has been estimated for this ICR, but the actual frequency will be driven by the parties and by demand for the product.

6. Estimating the Burden and Cost of Collection

a. We drew upon experience implementing similar regulations among the same entities to develop estimates of the burden associated with this collection. We estimate that 25 refiners will produce diesel fuel from transmix and will be required to submit compliance plans. We estimate that 150 additional parties (e.g., distributors, carriers)

will handle the product and be subject to the PTD requirements. Of these 150 additional parties who distribute and carry the fuel, we estimate that 45% of the volume distributed/carried will be by barge, 45% will be by rail, and 10% will be by truck.

b. Three labor categories are involved: managerial (includes legal and professional review), technical, and clerical. The estimates use the Bureau of Labor Statistics figures from "Employer Costs for Employee Compensation - Table 12 - Private Industry, Manufacturing, and Non-Manufacturing Industries by Occupational Group" (December 2003), with a 3% annual inflation factor applied to bring the values to the present. Using this method, the following wages and benefits apply by category:

Wages and Benefits

Managerial	\$53.87 per hour
Technical	\$35.29 per hour
Clerical	\$24.56 per hour

Doubling for company overhead beyond wages and benefits, and for convenience, rounding up to the dollar, gives the following rates for this proposed ICR:

Total Employer Cost

Managerial	\$108 per hour
Technical	\$71 per hour
Clerical	\$49 per hour

It is assumed that for each hour of activity the mix will be about 0.1 hour managerial, 0.7 hour technical, and 0.2 hour clerical. This gives an average labor cost of \$71 per hour, which will be used in this ICR. Note that the figures in this table are rounded to the next whole number, wherever possible. We estimate the following burden:

Table I – Transmix Processors (Refiners)

Collection Activity	Total Number of Respondents	Number of Responses per Respondent	Total Number of Responses	Hours Per Response	Total Hours	Total Cost \$

Submission of Compliance Plan	25	1	25	8 (24 total hours for one report divided by 3 years to yield annual burden)	200	\$14,200
Annual updates to compliance plan	25	2	50	6 hours per report	300	\$21,300
Programming of PTD Codes (one time cost)	25	1	25	8 (24 hours total for one programming instance divided by 3 to yield annual burden)	200	\$14,200
Application of PTD Codes to batches	25	364	9,104	.0003 (1 second per instance of reporting)	3	\$213
TOTAL			0		0	0

Table II – Product Transfer Documents for Parties Downstream of the Transmix Processor

Collection Activity	Total Number of	Number of Responses per	Total Number of	Hours Per Response	Total Hours	Total Cost \$
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	Respondent s	Respondent	Responses			
Programming of Code	150	1	150	8 (24 hours total for one program- ming instance divided by 3 to yield annual burden)	1200	\$85,200
Application of Code	150	61	9,104	.0003 (1 second per instance of reporting	3	\$213
TOTAL			0		0	0

c. Estimating the Agency Burden and Cost

The Agency burden consists of one GS-13 engineer (estimated at \$161,000 including overhead to review compliance plans and compliance plan updates. We estimate that this employee will Spend 5% of his/her time engaged in such review. This yields an Agency cost of \$8,050.

d. Estimating the Respondent Universe

We were able to estimate the number of regulated entities drawing upon experience regulating the same entities.

e. Bottom Line Annual Burden Hours and Costs

For transmix producers, we estimate 25 respondents, and a total annual reporting burden of 703 hours and \$49,913.00. For other parties in the distribution system, we estimate 150 respondents, and a total annual reporting burden of 1,203 hours and \$85,413. Considering all respondents who would be subject to this information collection yields an annual total of 175 respondents, 1,906 hours, and \$135,326. We do not anticipate any additional recordkeeping burden, since diesel PTDs are normally kept in the course of business.

f. Reason for Change in Burden

This supporting statement has been prepared to address collect information related to diesel fuel produced by transmix processors.

g. Burden Statement

We estimate an annual reporting burden of less than one hour 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 the instructions; develop, acquire, install, and utilize technology and systems for the purpose 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 transit 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, EPA has established a public docket for this rule, which includes this ICR, under Docket ID Number EPA-HQ-OAR-2012-0223, which is available for online viewing at www.regulations.gov, or in person viewing at the Air and Radiation Docket in the EPA Docket Center (EPA/DC), EPA West Room 3334, 1301 Constitution Avenue, NW, Washington, DC. The 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. An electronic version of the public docket is available at www.regulations.gov. This site can be used to submit or view public comments, access the index listing of the contents of the public docket, and access those documents in the public docket that are available electronically. When 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-2012-0223 and OMB Control Number 2060-NEW.

Part B of the Supporting Statement

This part of the supporting statement is not applicable.