

**Supporting Statement
for
Waterfront Facilities Handling Liquefied Natural Gas (LNG)
and Liquefied Hazardous Gas (LHG)**

OMB No.: 1625-0049
COLLECTION INSTRUMENTS: Instruction

A. Justification

1. Circumstances which make the collection of information necessary.

The Coast Guard has regulations that provides safety standards for the design and construction, equipment, operations, maintenance, personnel training, and fire protection at waterfront facilities handling liquefied natural gas (LNG) and liquefied hazardous gases (LHG) (33 CFR Part 127). These regulations implement the Ports and Waterways Safety Act of 1972 (PWSA), as amended by the Port and Tanker Safety Act of 1978 (33 U.S.C. 1225), and are necessary to prevent or mitigate the results of an accidental release of LNG or LHG at a waterfront facility.¹ They would reduce the probability that an accident could occur, and would reduce the damage and injury to persons and property should an accident occur.

The regulations contain information collection requirements in the following sections:

A.	127.007	Letter of Intent (LOI)
B.	127.015	Appeals
C.	127.017	Alternatives
D.	127.019, 127.305, 127.1305	<u>Operations Manual</u>
E.	127.019, 127.307, 127.1307	<u>Emergency Manual</u>
F.	127.301, 127.1301	Certification of person in charge
G.	127.317, 127.1317	Declaration of Inspection
H.	127.409, 127.1409	Records of maintenance
I.	127.007	Waterway Suitability Assessment (WSA) ²

This information collection supports the following strategic goals:

Department of Homeland Security

- Prevention
- Protection

U.S. Coast Guard

- Safety
- Protection of the Natural Resources

Prevention Policy & Response Policy Directorates (CG-5P & CG-5R)

- Reduce crewmember deaths and injuries on U.S. commercial vessels
- Reduce the amount of chemicals entering the environment
- Reduce the consequences of pollution incidents

2. Purpose of the information collection.

A. The LOI is needed to alert the U.S. Coast Guard Captain of the Port (COTP) that a waterfront

¹ Of the active LNG facilities in the United States (including storage facilities), this collection is relevant to the current shoreside facilities (including expansion projects) as well as proposals for new facilities that require an initial LOI.

² In addition, this collection accounts for the cost and time that is required for an LNG or LHG facility to conduct and perform a WSA. On October 18, 2005, the Federal Energy Regulatory Commission (FERC) published a final rule in the Federal Register (70 FR 60426) implementing the Energy Policy Act of 2005 and requiring pre-filing procedures for reviewing LNG terminals and other natural gas facilities. The FERC rulemaking amended the regulations in 18 CFR parts 153 and 157 by requiring LNG and other natural gas facility owners and operators (referred to collectively herein as "LNG owners and operators") to submit a WSA to the U.S. Coast Guard pursuant to 33 CFR 127.007 and 18 CFR 157.21(a) and (d).

facility plans to conduct transfers of LNG or LHG, in bulk. It also provides a point of contact at the facility. Once a LOI is received, the COTP can direct the necessary inspection activity to ensure that the operator complies with the other requirements in 33 CFR 127. The LOI also provides the information used by the COTP to determine the suitability of the waterway, on which the waterfront facility is located, for LNG or LHG vessel traffic. Changes to the information in the LOI are required to be submitted whenever they occur. Without the LOI, COTPs would not learn of the opening or reopening of a waterfront facility handling LNG or LHG far enough in advance to allocate resources, to enforce construction and design standards, and to plan enforcement strategy. Also, COTPs would not have the information necessary to properly evaluate the suitability of a waterway for vessels carrying LNG or LHG.

B. Any person directly affected by an action taken under these regulations may appeal that action to the District Commander. If still not satisfied with the Coast Guard's decision, that person may appeal the decision to the Assistant Commandant for Prevention Policy, in Washington, DC. If the appeal is not made in writing, the operator's request for an appeal cannot be properly evaluated.

C. If it is impractical for the operator of a waterfront facility handling LNG or LHG to comply with the requirements in these regulations, and an alternative is available that provides at least the same degree of safety as the regulations, the operator may request permission to use an alternative procedure, method, or equipment standard. The operator must submit the request for an alternative in writing to the COTP. Without a written request the COTP cannot properly evaluate the proposed alternative.

D. The owner or operator of a waterfront facility handling LNG or LHG must develop and submit to the COTP two copies of the facility's Operations Manual. If the manual is found not to be in compliance with section 127.305 or 127.1305 of the regulations, transfer operations cannot be conducted at the facility. The Operations Manual is a critical part of the inspection strategy. Without it, the COTP cannot determine if safe operating procedures and an effective training program are set up by the waterfront facility operator.

E. The owner or operator of a waterfront facility handling LNG or LHG must develop and submit to the COTP two copies of the facility's Emergency Manual. If the manual is found not to be in compliance with section 127.307 or 127.1307 of the regulations, transfer operations cannot be conducted at the facility. The Emergency Manual is a critical part of the enforcement strategy. Without it, the COTP cannot determine if effective procedures have been set up by the waterfront facility operator to respond to emergencies (such as fires and releases of LNG or LHG) on the facility.

F. The operator of an LNG or LHG waterfront facility must certify in writing that each person in charge of shoreside transfer operations meets the qualifications set forth in the regulations. A copy of each certification must be made available for inspection at the facility. During routine inspections of the facility, the COTP examines these certifications to ensure that the persons in charge of shoreside transfer operations are qualified. Without these certifications, the COTP would have to develop and administer tests or would have to observe qualification training in order to verify that the person in charge is properly qualified. Both of these means would create a greater burden than operator certification.

G. Before LNG or LHG transfer operations begin, the person in charge of shoreside transfer operations must complete, with the person in charge of vessel transfer operations, a Declaration of Inspection. The Declaration of Inspection is a check-off list of transfer requirements which helps to reduce human error and equipment failure, thereby preventing accidental releases of LNG and LHG. It identifies each person in charge, who must sign it, and places the responsibility for safely conducting the transfer on that person. The Declaration of Inspection must be retained for 30 days after completion of the transfer. During routine inspections of the facility, the COTP will examine these Declarations of Inspection to ensure that they have been completed properly before each transfer. The COTP also uses this information to identify the responsible person in charge when a violation of the requirements occurs. Without the Declaration of Inspection, the COTP could not verify that persons in charge are following proper transfer procedures and the probability of human errors or equipment failures resulting in LNG or LHG releases may increase.

H. Tests and inspections of the LNG and LHG transfer system must be conducted on a regular basis to ensure that these systems will not fail and release LNG or LHG. Records of these tests and inspections must be retained at the facility for 24 months. During routine inspections of the facility, the COTP examines these records to ensure that the required tests have been completed. Without these records the operator would have to wait for a Coast Guard inspector to witness the tests to verify that they were done, thereby increasing the burden on both the operator and the Coast Guard. If the tests and inspections are not conducted, the incidence of LNG and LHG releases due to equipment failures will increase.

I. All LNG and LHG owners and operators seeking authorization to site, construct, and operate new LNG or LHG facilities, or those seeking authority to make modifications to existing or approved LNG or LHG facilities must prepare a WSA in accordance with 33 CFR 127.007. If the LNG facility is FERC jurisdictional, the operator must file a WSA with the Coast Guard no later than the date of the initial filing with FERC per their pre-filing procedures in 18 CFR 157.21³. If the facility is not a FERC jurisdictional facility the applicant must file a WSA with the Coast Guard no later than the date of the filing with the Federal or State agency having jurisdiction. In all instances the WSA must be submitted at least one year prior to the start of LNG or LHG transfer operations.

3. Considerations of the use of improved technology.

Information may be submitted by mail, fax or electronically via e-mail to the COTP at the local CG Sector Office. Contact info for CG Sector Offices can be found at—<http://www.uscg.mil/top/units/>. At this time, we estimate that 67% of reporting requirements are done electronically.

4. Efforts to identify duplication.

The Coast Guard monitors State and local regulatory activity in this field. To date no equivalent State or local programs have been identified that require similar information, and no other Federal agencies have equivalent regulatory requirements.

5. Methods used to minimize the burden to small businesses if involved.

The Coast Guard believes that these requirements do not have a significant economic impact on small entities. Few, if any, small entities are involved in the costly and highly technical operations of LNG and LHG waterfront facilities. All existing LNG waterfront facilities are owned and operated by multi-million dollar corporations and all are large companies based on industry size standards available at the Small Business Administration's website. Most LHG waterfront facilities are also operated by large entities. Those LHG facilities operated by small entities generally handle small quantities of LHG and can avoid the burdens of this regulation by receiving packaged shipments of LHG instead of bulk shipments.

The appeal and alternatives requirements are intended to reduce the burden on small entities by allowing them to request less burdensome procedures where justified by small scale or simplified operations at a small waterfront facility.

6. Consequences to the Federal program if collection were conducted less frequently.

A,D,E,F. The LOI, the Operations Manual, and the Emergency Manual are submitted only once, before the facility begins transferring LNG or LHG. The certification for persons in charge is completed

³ Upon receiving an LNG owner or operator's request to participate, the Director of the Commission's Office of Energy Projects (Director) determines whether the LNG owner or operator has adequately addressed the requirements of 18 CFR part 157 and may begin the pre-filing process. The FERC regulation requires LNG owners or operators to file their LOI and Preliminary WSA with the Coast Guard at the same time they make their initial filing with FERC per their pre-filing procedures in 18 CFR 157.21. The LNG owner or operator must submit the LOI and the Preliminary WSA to the COTP. Under the rules, the LOI submission requirements for an LHG facility will differ from an LNG facility. Applicants for LHG facilities must submit an LOI to the COTP no later than the date when the applicant files their permit application with the lead State or Federal agency having jurisdiction. However, in all cases it must be at least 1 year prior to the start of construction. At the time the applicant submits an LOI, the applicant must also submit a Preliminary WSA to the COTP. Finally, a Follow-on WSA must be submitted to the COTP at least 180 days prior to the start of construction.

each time a new individual is qualified as a person in charge. Less frequent collection of this information would have the same consequences as not collecting the information.

B,C. Appeals and alternatives are submitted whenever the operator makes a request. Less frequent collection would prevent the waterfront facility operator's requests from being considered.

G. Declarations of Inspection are collected for each transfer. Less frequent collection would prevent the COTP from verifying that persons in charge are following proper transfer procedures for each transfer. This would increase the probability of human errors or equipment failures resulting in LNG or LHG releases will increase. It would also make identification of the responsible person in charge more difficult when a discharge does occur.

H. The recordkeeping requirements are recorded whenever each event occurs. If they were reported and recorded less frequently, facility operations would be delayed until the COTP sent his representative to obtain the information needed to verify compliance, evaluate the request, or witness the procedure.

I. A WSA is a risk-based assessment process designed to document and address all safety and security concerns related to the movement of LNG and LHG in U.S. ports and waterways. Less frequent collection would prevent the waterfront facility operator's requests from being considered.

7. Special collection circumstances.

This information collection is conducted in manner consistent with the guidelines in 5 CFR 1320.5(d)(2).

8. Consultation.

A 60-day Notice (see USCG-2016-0258, May 9, 2016, 81 FR 28088) and 30-day Notice (September 8, 2016, 81 FR 62161) was published in the *Federal Register* to obtain public comment on this collection. We received three comments from two commenters to the 60-day Notice.

- The first comment was not related to the periodic renewal of this information collection. The comment was about the need to correct outdated organizational addresses and standards of certain materials incorporated by reference in the Title 33 CFR Part 127 Waterfront Facilities Handling LNG and LHG. The Coast Guard will consider this comment in an ongoing rulemaking that will revise these facility standards.
- The second comment recommended revising the hour burden per response for certain reporting and recordkeeping activities. We agree in part and have changed as recommended the estimated burden for Operational and Emergency Manual development, and person in charge certification. However, we have kept unchanged our estimated burden for amendments to Operational and Emergency Manuals and declarations of inspection, as the current estimates are more representative of the time required for most activities of this nature.
- The third comment recommended allowing LNG-LHG-related submissions via <https://HOMEPORT.uscg.mil> to reduce administrative burden. We will consider incorporating this option in the future.

9. Provide any payment or gift to respondents.

There is no offer of monetary or material value for this information collection.

10. Describe any assurance of confidentiality provided to respondents.

There are no assurances of confidentiality provided to the respondents for this information collection. This information collection request is covered by the Marine Information for Safety and Law Enforcement (MISLE) Privacy Impact Assessment (PIA) and System of Records Notice (SORN). Links to the MISLE PIA and SORN are provided below:

- https://www.dhs.gov/sites/default/files/publications/privacy_pia_uscg_misle.pdf
- <https://www.gpo.gov/fdsys/pkg/FR-2009-06-25/html/E9-14906.htm>

11. Additional justification for any questions of a sensitive nature.

There are no questions of sensitive language.

12. Estimates of annual hour and cost burdens to respondents.

- The estimated number of respondents is 156.
- The estimated number of responses is 4,734.
- The estimated hour burden is 9,734 hours.
- The estimated cost burden is \$1,120,299.

There are a number of facilities in the United States that handle LNG and LHG. Many of these facilities also handle dangerous cargos or oil in bulk, and are therefore also regulated under 33 CFR 126 or 154, respectively. The annualized costs and burden to the respondents for the collection of information is based upon the following assumptions:

- an hourly wage rate for management personnel equivalent to O-5 (Out Gov't)⁴
- an hourly wage rate to perform a WSA equivalent to O-4 (Out Gov't)
- an hourly wage rate to review WSA and write LOR equivalent to O-4 (In Gov't)
- an hourly wage rate for technicians equivalent to O-3 (Out Gov't)
- an hourly wage rate for clerical personnel equivalent to E-4 (Out Gov't)

The calculations for each reporting/recordkeeping element of this collection for LHG and LNG facilities are found in Appendixes A and B respectively. The appendixes include the annual number of respondents and responses, as well as the estimated annual hour burden and cost (totals may not sum due to independent rounding). A description of assumptions for each collection element is below.

A. LOI: Only one LOI is required during the lifetime of the facility unless the owner or operator plans new changes on an existing facility or the facility is deactivated or the owner /operator changes. Past experience with bulk liquid facilities indicates that approximately 6% of the facilities submit a new or resubmit a LOI each year.

B. Appeals: Appeals are very rare, but to account for their possibility, we assume an average of 1% of respondents will submit an appeal per year.

C. Alternatives: Past experience with bulk liquid transfer facilities indicates that approximately 1% of the facilities submit an alternative request per year.

D. Operations Manual Development: Operations Manuals only need to be developed once during the lifetime of a facility. Based on our experience, we assume that approximately 3% of facilities will be replaced by newer facilities in a given year.

E. Operations Manual Amendments: Certain changes to facility systems will require facility owners to amend their Operations Manual. We assume that 6% of facilities will update their Operations Manual annually.

F. Emergency Manual Development: Same as paragraph D.

G. Emergency Manual Amendment: Same as paragraph E.

H. Person in Charge Qualification and Certification: An employee need only demonstrate the

⁴ Hourly wage rates taken from COMDTINST 7310.1 (series)

required qualification and be certified as a Person in Charge once for the duration of his or her employment with a facility. New qualification and certification must therefore only be conducted to for the new employees. Large facilities, operating with three shifts, will typically employ three Persons in Charge plus one alternate. Using the conservative estimate of employee turnover at 33%, facilities must recertify, on average, one-third of their four Persons in Charge. Restated, each facility will, on average, conduct certification of 1.33 Persons in Charge each year. Each facility is a respondent, and the number of responses is the population of LNG and LHG facilities multiplied by 1.33.

I. Declaration of Inspection: The Coast Guard estimates that LHG facilities will, on average, each conduct approximately 26 transfers per year. Each facility is therefore a respondent, and the number of responses may be calculated by multiplying the population of LHG facilities by 26. We estimate that LNG facilities make on average 46 transfers per year.

J. Maintenance Records: Each LHG and LNG facility must conduct and record a series of tests and inspections. Both the number of respondents and the number of responses is therefore equal to the population of LNG and LHG facilities.

K. Waterway Suitability Assessment: The WSA requirements have been in place for several years. As a WSA is required when an owner/operator seeks authorization to site, construct, and operate new facility or seeks authority to make modifications to existing facility, we assume an average of 5 submissions per year⁵ for LHG facilities, and 1 submission per year⁶ for LNG facilities. We estimate that it takes about 704 hours per WSA.

13. Total of annualized capital and start-up costs.

There are no capital, start-up or maintenance costs associated with this information collection.

14. Estimates of annualized Federal Government costs.

The estimated annual Federal Government cost is \$49,018 (see Appendix C). This wage rate⁷ for officers was derived by averaging the standard "in government" rates for pay grades O-3 and O-2. The rate for enlisted time uses the average standard "in government" rates for pay grades E-6 and E-5.

15. Explain the reasons for the change in burden.

The change in burden is an ADJUSTMENT (i.e., increase) due to several factors. First, the increase is due to public comment that recommended increasing certain hour burden estimates per response. Second, the increase is due to a reevaluation by the Coast Guard that resulted in an increase in the estimated annual number of LHG facility waterway suitability assessments. There is no proposed change to the reporting and recordkeeping requirements of this collection. The reporting and recordkeeping requirements, and the methodology for calculating burden, remain unchanged.

16. Plans for tabulation, statistical analysis, and publication.

This information collection will not be published for statistical purposes.

17. Approval to not display expiration date.

The Coast Guard will display the expiration date for OMB approval of this information collection.

18. Exception to the certification statement.

⁵ See Appendix A.

⁶ See Appendix B.

⁷ Hourly wage rates taken from COMDTINST 7310.1 (series)

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The Coast Guard does not request an exception to the certification of this information collection.

B. Collection of Information Employing Statistical Methods

This information collection does not employ statistical methods.