

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

[w/ proposed changes per USCG-2020-0315; RIN 1625-AC61]

OMB No.: 1625-0049

COLLECTION INSTRUMENTS: Instruction

A. Justification

1. Circumstances that make the collection necessary.

Coast Guard regulation provide 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 (46 U.S.C. 70011), 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

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 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

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).

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—<https://www.uscg.mil/Units/Organization/>. At this time, we estimate that 85% 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 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.

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.

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.

The Coast Guard published on November 27, 2020, a Notice of Proposed Rulemaking (NPRM) entitled "Electronic Submission of Facility Operations and Emergency Manuals" [USCG-2020-0315; RIN 1625-AC61; 85 FR 75972]. The rulemaking proposed to—

- enable electronic submission of Operations Manual and Emergency Manuals and electronic communication between the operators of regulated facilities and the Coast Guard, reducing the time and cost associated with mailing and processing printed manuals. Current regulations stipulate that these facilities send the Coast Guard two copies of their Operations Manual, their Emergency Manual, if applicable, and any amendments to the manuals. This proposed rule would allow facility operators to submit one electronic or printed copy of the manuals and amendments to the manuals. This proposed rule would also require these facilities maintain either an electronic or a printed copy of each required manual in the marine transfer area of the facility during transfer operations.

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
- <http://edocket.access.gpo.gov/2009/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 121.
- The estimated number of responses is 3,502.
- The estimated hour burden is 6,708 hours.
- The estimated cost burden is \$485,842.

The burden to respondents is provided in Appendix A. The appendix includes 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). Industry wage rates are based on Bureau of Labor Statistics (BLS) data—management personnel (General and Operations Managers (11-1021)), technical specialist (Installation, maintenance and repair occupations (49-0000)), and clerical personnel (Office Clerks, General (43-9061)).

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. We estimate that about 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 estimate that about 1% of respondents will submit an appeal per year.

C. Alternatives: We estimate that about 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. We estimate that about 11% 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 estimate that about 26% of facilities will update their Operations Manual annually.

F. Emergency Manual Development: Emergency Manuals only need to be developed once during the lifetime of a facility. We estimate that about 4% of facilities will be replaced by newer facilities in a given year.

G. Emergency Manual Amendment: Certain changes to facility systems will require facility owners to amend their Emergency Manual. We estimate that about 8% of facilities will update their Emergency Manual annually. .

H. Person in Charge Qualification and Certification: An employee need only demonstrate the 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. We estimate employee turnover at 33%, thus 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 LNG and 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 facilities by 26.

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: 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 estimate that 1% of the LHG facilities and 1% of the LNG facilities will make 1 submission per year, for a total of 2 submission annually.

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 \$42,594 (see Appendix B). We estimate that a Lieutenant Commander (LCDR, O-4) will conduct all WSA reviews. We estimate that a combination of Lieutenant (LT, O-3), Lieutenant Junior Grade (LTJG, O-2) and Petty Officers (E-6 & E-5) will conduct other requirement reviews. For calculation purposes, we average O-3 & O-2 wage rates (Officers), as well as E-6 & E-5 wage rates (Enlisted). The wage rates shown are in accordance with the current edition of COMDTINST 7310.1(series) for "In-Government" personnel.

15. Explain the reasons for the change in burden.

The change in burden is a PROGRAM CHANGE due to the 1625-AC61, Electronic Submission of Facility Operations and Emergency Manuals rulemaking. Additionally, the change in burden is an ADJUSTMENT due to a change (i.e., increase) in the estimated annual number of respondents. 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.

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.