



## DEPARTMENT OF HOMELAND SECURITY

### Coast Guard

### 33 CFR Parts 127, 154, and 156

[Docket No. USCG-2020-0315]

RIN 1625-AC61

### Electronic Submission of Facility Operations and Emergency Manuals

**AGENCY:** Coast Guard, DHS.

**ACTION:** Notice of proposed rulemaking.

**SUMMARY:** The purpose of this proposed rule is to enable electronic submission of Operations Manuals 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 to maintain either an electronic or a printed copy of each required manual in the marine transfer area of the facility during transfer operations.

**DATES:** Comments and related material must be received by the Coast Guard on or before **[INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

**ADDRESSES:** You may submit comments identified by docket number USCG-2020-0315 using the Federal eRulemaking Portal at <https://www.regulations.gov>. See the “Public Participation and Request for Comments” portion of the **SUPPLEMENTARY INFORMATION** section for further instructions on submitting comments.

*Collection of information.* Submit comments on the collection of information discussed in section VI.D of this preamble both to the Coast Guard's online docket and to the Office of Information and Regulatory Affairs (OIRA) in the White House Office of Management and Budget (OMB) using their website . Find this particular information collection by selecting "Currently under 30-day Review - Open for Public Comments" or by using the search function. Comments sent to OMB on collection of information must reach OMB on or before the comment due date listed on their website.

**FOR FURTHER INFORMATION CONTACT:** For information about this document call or email Lieutenant Omar La Torre Reyes, Coast Guard; telephone 202-372-1132, email [omar.latorrereyes@uscg.mil](mailto:omar.latorrereyes@uscg.mil).

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## **I. Public Participation and Request for Comments**

The Coast Guard views public participation as essential to effective rulemaking, and will consider all comments and material received during the comment period. Your comment can help shape the outcome of this rulemaking. If you submit a comment, please include the docket number for this rulemaking, indicate the specific section of this document to which each comment applies, and provide a reason for each suggestion or recommendation.

We encourage you to submit comments through the Federal eRulemaking Portal at <https://www.regulations.gov>. If you cannot submit your material by using <https://www.regulations.gov>, call or email the person in the **FOR FURTHER INFORMATION CONTACT** section of this proposed rule for alternate instructions. Documents mentioned in this proposed rule, and all public comments, will be available in our online docket at <https://www.regulations.gov>, and can be viewed by following that website's instructions. Additionally, if you visit the online docket and sign up for email alerts, you will be notified when comments are posted or if a final rule is published.

We accept anonymous comments. All comments received will be posted without change to <https://www.regulations.gov> and will include any personal information you have provided. For more information about privacy and submissions in response to this document, see the Department of Homeland Security's (DHS) eRulemaking System of Records notice (Volume 85 of the **Federal Register** (FR) at 14226, March 11, 2020).

We do not plan to hold a public meeting, but we will consider doing so if we determine from public comments that a meeting would be helpful. We would issue a separate **Federal Register** notice to announce the date, time, and location of such a meeting.

## **II. Abbreviations**

CFR	Code of Federal Regulations
COTP	Captain of the Port

DHS	Department of Homeland Security
FR	<b>Federal Register</b>
FWPCA	Federal Water Pollution Control Act
CG-FAC	U.S. Coast Guard Office of Port and Facility Compliance
IT	Information technology
LHG	Liquefied Hazardous Gas
LNG	Liquefied Natural Gas
MISLE	Marine Information for Safety and Law Enforcement
MTR	Facilities that transfer oil or hazardous material in bulk
NEPA	National Environmental Policy Act
NPRM	Notice of proposed rulemaking
OMB	Office of Management and Budget
PIC	Person in charge of transfer
SBA	Small Business Administration
§	Section
SME	Subject matter expert
U.S.C.	United States Code

### **III. Basis and Purpose**

Section 70011 of Title 46 of the United States Code (U.S.C.) authorizes the Secretary of Homeland Security to establish procedures and measures for handling of dangerous substances, including oil and hazardous material, to prevent damage to any structure on or in the navigable waters of the United States. Additionally, the Federal Water Pollution Control Act (FWPCA), as amended and codified in 33 U.S.C. 1321(j)(5), authorizes the President to establish procedures to prevent discharges of oil and hazardous substances from vessels, onshore facilities, and offshore facilities. The FWPCA functions in 33 U.S.C. 1321(j)(5) have been delegated from the President to the Secretary of DHS by Executive Order 12777 Sec. 2(d)(2), as amended by Executive Order 13286. The authorities in 33 U.S.C. 1321(j)(5) and 46 U.S.C. 70011 (formerly 33 U.S.C. 1225) have been delegated to the Coast Guard under section II, paragraphs 70 and 73, of DHS Delegation No. 0170.1.

The Coast Guard requires all operators of facilities that transfer oil and hazardous materials in bulk, to or from certain vessels, to develop and maintain an Operations Manual in order to help prevent discharges of oil and hazardous substances into the marine environment. Operators of facilities that transfer liquefied natural gas (LNG), or

liquefied hazardous gas (LHG) in bulk, to or from a vessel, must also develop and maintain an Operations Manual and an Emergency Manual. Copies of each manual must be submitted to the Coast Guard for review.

#### **IV. Background**

Title 33 of the Code of Federal Regulations (CFR) part 127 requires facilities that transfer LNG and LHG in bulk, to or from a vessel, to maintain both an Operations Manual and an Emergency Manual. Similarly, part 154 requires facilities that transfer oil or hazardous materials in bulk, to or from a vessel with a capacity of 39.75 cubic meters (250 barrels) or more, to maintain an Operations Manual.

An Operations Manual for either LNG and LHG or oil and hazardous materials transfer facilities describes how the facility meets applicable operating rules and equipment requirements, and describes the responsibilities of personnel in charge of conducting transfer operations. An Emergency Manual for LNG and LHG facilities describes emergency shutdown procedures, fire equipment and systems, contact information, emergency shelter information, first aid procedures, emergency procedures for mooring and unmooring a vessel, and how the facility would respond to releases of cargo.

According to §§ 127.019 and 154.300, these manuals must be submitted to the Captain of the Port (COTP) for examination before a facility may operate. Under both provisions, the facility operator must submit two copies of each required manual to the COTP for examination. The COTP evaluates whether the operations and safety procedures outlined in the manuals meet the requirements of 33 CFR part 127 (for LNG and LHG) or part 154 (for oil and hazardous material).

If these manuals meet the minimum requirements of the regulations, then they are considered “adequate.” The COTP accepts the manuals, keeps one copy and returns the other, after marking it “examined.” The facility operator keeps the examined copy and is

required to conduct all operations in accordance with its operations or emergency procedures, in accordance with §§ 127.309, 127.1309, or 156.102(t)(2).

If the manuals fail to meet the minimum requirements of the regulations, then they are considered “inadequate.” The COTP rejects the manuals, and returns the relevant section, or the entire manual, if necessary, with an explanation of why the procedures in it failed to meet the relevant regulatory requirements. The operator makes the required corrections and then sends two corrected copies back to the COTP for re-examination.

Although the regulations do not explicitly state that the copies must be printed, the requirement for two copies and the return of a marked copy have suggested the use of printed documents. The two-copy requirement was issued in 1988 for LNG and LHG facilities (53 FR 3370, Feb. 5, 1988) and in 1996 for oil and hazardous materials facilities (61 FR 41458, Aug. 8, 1996), when electronic mail and electronic storage were not common practice. In practice, operators submit the manuals in printed form.

This proposed rule would remove the two-copy requirement and allow facility operators to submit one printed or electronic copy of each required manual to the COTP for examination. It would also allow facilities to maintain either a printed or an electronic copy of the most recently examined manual(s) in the marine transfer area of the facility.

## **V. Discussion of Proposed Rule**

This notice of proposed rulemaking (NPRM) proposes to change the following sections in title 33 of the CFR: 127.019, 127.309, 127.1309, 154.300, 154.320, 154.325, and 156.120. A section-by-section explanation of the proposed changes follows. Section V.A discusses the proposed changes to 33 CFR part 127 that would apply to facilities that transfer LNG and LHG, in bulk, to or from a vessel. Section V.B contains the proposed changes to 33 CFR part 154 that would apply to facilities that transfer oil and hazardous materials, in bulk, to or from a vessel. Section V.C describes the change in 33 CFR part 156 which would also allow the oil and hazardous material transfer facilities to maintain

either an electronic or printed copy of the Facility Operations Manual. Finally, in Section V.D, this proposed rule discusses technical revisions to replace the word “shall” with the plain language terms “must” and “will.”

*A. Part 127–Waterfront facilities handling liquefied natural gas and liquefied hazardous gas.*

*Section 127.019 Operations Manual and Emergency Manual: Procedures for examination.*

This section currently requires owners and operators of facilities that transfer LNG and LHG, in bulk, to or from a vessel to submit two copies of an Operations Manual and an Emergency Manual to the COTP for examination. The revised § 127.019 would allow the owners and operators to submit one copy of each manual in printed or electronic format to the COTP for examination.

Additionally, to codify current practices, we propose that manuals submitted after the effective date of the final rule include a date, revision date, or other identifying information generated by the facility. All manuals currently have some unique identifying information in them. This provision would allow them to continue to use their own identifying information or to use a revision date. The date, revision date, or other identifying information would allow the facility operator and the Coast Guard to determine quickly if the most recent version of the manual is being used. Other identifying information generated by the facility may include document control numbers under an existing internal management system, which make it easier to verify that the most recent version of the manual is being used by the facility.

In this section, this proposed rulemaking would modify the manner in which the COTP notifies the facility operator that the Operations Manual and Emergency Manual have been examined. Currently, if the manual meets the requirements of this part, the COTP physically marks the manual “Examined by the Coast Guard” and returns one

copy by mail to the facility operator. In conjunction with requiring only one copy and allowing electronic submission of the manual, we propose allowing the COTP to respond to the facilities electronically to reduce paperwork-processing costs. Under this proposed rule, the COTP would provide notice to the facility that the manual has been examined, and would no longer return a marked copy of the manual to the facility.

The COTP would determine the best method to return the notice to the facility operator by considering the facility's available contact information and the method in which the manuals were submitted. We expect the COTP's notice to take the form of a printed or electronically submitted letter to the facility operator initially, but could eventually include an electronic certification with the information. The COTP's notice would also include the manual's date, revision date, or other identifying information generated by the facility so that the Coast Guard and facility operators can verify which manual is the most recently examined.

In proposed § 127.019(e), we would also amend the way the COTP notifies a facility when the manual does not meet the requirements of part 127. Currently, the COTP is required to return a printed copy of the manual with an explanation of why it does not meet the requirements of part 127. This proposed rule would allow the COTP to notify a facility with an explanation of why it does not meet the requirements of this part, without returning a printed copy of the manual. This proposed change would enable electronic communication between the Coast Guard and a facility while reducing associated printing and mailing costs for the Coast Guard. The COTP would retain the discretion to send the letters and manuals via mail to the facility when appropriate.<sup>1</sup>

Finally, within § 127.019, this proposed rule would remove the word "existing" where it appears in the context of "existing facility" in paragraphs (a) and (b). "Existing",

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<sup>1</sup> We use the term "mail" throughout this NPRM to refer to the delivery method used by the Captain of the Port or the facility to send and receive printed copies of letters and manuals. These methods include, but are not limited to, the United States Postal Service, FedEx, UPS, and courier.

as applied to a waterfront facility, is defined in § 127.005 “Definitions”, but the definition is limited to facilities that were constructed before June 2, 1988 for LNG facilities and before January 30, 1996 for LHG facilities. The specific dates used within the definition of “existing” were never intended to apply to the use of “existing” in this section. To avoid confusion, we propose removing “existing” from this section. The requirements in paragraph (a) would continue to apply to all active facilities, and the requirements of paragraph (b) would continue to apply to all new or inactive facilities.

*Section 127.309 Operations Manual and Emergency Manual: Use.*

Paragraph (a) of this section currently requires the operator of an LNG facility to ensure the facility’s Operations Manual and Emergency Manual have both been examined by the Coast Guard before LNG transfer operations are conducted. The proposed revisions to § 127.309(a) would require the operator to ensure that the person in charge of transfer (PIC) has printed or electronic copies of the most recently examined Operations Manuals and Emergency Manuals readily available in the marine transfer area.

The proposed changes to this paragraph enable the PIC to maintain electronic or printed copies in the marine transfer area. The proposed Operations Manual submission requirements in § 127.019 would contain the procedures and requirements for obtaining examination by the Coast Guard, including the requirement for manuals submitted after the effective date of a final rule to have a date, revision date, or other identifying information generated by the facility.

In § 127.309, the phrase “readily available in the marine transfer area” means that a printed or electronic copy of the manual is available for viewing within the operating station of the PIC. The PIC would not be expected to keep the manual in their possession while conducting routine rounds during a transfer operation.

At this time, facilities typically have a printed copy of the examined Operations

Manuals and Emergency Manuals in the marine transfer area. While PICs must know the contents of the manuals under § 127.301(a)(4), the Coast Guard recognizes that it is difficult for a PIC to instantly recall every step of every procedure outlined in these manuals. Because both § 127.309(b) and (c) require each transfer and emergency operation to be conducted in accordance with the examined Operations Manuals and Emergency Manuals, respectively, it is currently common practice for PICs to have a copy of the Operations Manual and Emergency Manual in the marine transfer area during transfer operations to reference when needed. Therefore, adding a requirement that a printed or electronic copy of the most recently examined Operations Manuals and Emergency Manuals must be readily available to the PIC in the marine transfer area would not add a significant burden to facility operators.

*Section 127.1309 Operations Manual and Emergency Manual: Use.*

Similarly, § 127.1309(a) currently requires the operator of an LHG waterfront facility to ensure that the facility has an examined copy of the Operations Manual and Emergency Manual prior to any transfer. The proposed changes to § 127.1309(a) would require, instead, that the facility operators ensure the facility's PIC has a printed or electronic copy of the most recently examined Operations Manual and Emergency Manual readily available in the marine transfer area. This proposed change to § 127.1309(a) would help ensure that PICs have access to the manuals, if needed, because the facility would no longer have a COTP-marked printed copy in the facility. For the purpose of this section, the phrase "readily available in the marine transfer area" means a printed or electronic copy of the manual is available for viewing within the operating station of the PIC, but the PIC would not be expected to keep the manual in their possession.

Under § 127.1302(a)(5), LHG facilities, like LNG facilities, typically maintain a copy of the examined Operations Manual and Emergency Manual in the marine transfer

area because the PIC is required to know the contents of the manuals. Additionally, under § 127.1309(b) and (c), each transfer operation must be conducted in accordance with the examined Operations Manual. In the event of an emergency, all response efforts must be executed in accordance with the examined Emergency Manual. Because of these knowledge and procedural requirements, it is currently common practice for PICs to have a copy of the Operations Manual and Emergency Manual in the marine transfer area during transfer operations to reference in uncommon situations outlined in the manuals. Therefore, adding the requirement explicitly stating that a printed or electronic copy of the most recently examined Operations Manual and Emergency Manual must be readily available to the PIC in the marine transfer area should not add a significant burden to facility operators.

*B. Part 154—Facilities transferring oil or hazardous materials in bulk.*

*Section 154.300 Operations Manual; General.* This section currently requires operators of facilities that transfer oil or hazardous materials in bulk to or from a vessel with a capacity of 39.75 cubic meters (250 barrels) or more to submit two copies of their Operations Manual to the COTP.

We propose to add text to paragraph (a) to clarify that the facility operator must submit the manuals to the COTP of the zone in which the facility operates. The current text in paragraph (a) requires facilities to submit their Operations Manual, but does not explicitly state to whom. The proposed clarification would align the text with current requirements and practice.

The revised § 154.300 would allow facility operators to submit one printed or electronic copy of the manual to the COTP with a date, a revision date, or other identifying information generated by the facility. This is to allow the facility and the COTP to determine quickly if the most recent version of the manual is being used during inspections of the facility. Other identifying information generated by the facility may

include document control numbers under an internal management system, which would make it easier to verify that the most recent version of the manual is being used by the facility. As the inclusion of such information is current practice, we are only codifying current practice.

We also propose to modify the manner in which the COTP notifies the facility that the Operations Manual has been examined. Currently, after examination and determination that the manual meets the requirements of this part, the COTP marks the manual “Examined by the Coast Guard” and returns one copy to the facility operator. Under this proposed rule, the COTP would notify the facility that the manual has been examined and would no longer return a copy of the manual to the facility. We expect this notice to take the form of a printed or emailed letter, initially, with the revision date or other identifying information generated by the facility on the letter, but could eventually include an electronic certification with the information.

Proposed revisions to paragraph (f) of § 154.300 would allow either a printed or electronic copy of the most recently examined Operations Manual to be readily available for each facility’s PIC while conducting a transfer operation. This would effectively allow the facility to store the manual in print or electronic format. Additionally, this proposed rule would allow the facility to have printed or electronic copies of the manual in any translations required under § 154.300(a)(3).

In § 154.300(d), the proposed rule would add “products transferred” to the list of items the COTP considers when determining whether the manual meets the requirements of part 154 and part 156. Currently, paragraph (d) indicates that the COTP will consider the size, complexity, and capability of the facility. Information about the products transferred, meaning the type of oil and hazardous material, is already required to be included in the Operation Manuals under § 154.310(a)(5), and knowledge of the products being transferred is important to reviewing the adequacy of the Operations Manual. The

facility develops their capabilities based in part on the characteristics of the oil or hazardous material they want to transfer. Adding “products transferred” to the list of considerations will increase transparency regarding the manual examination process.

*Section 154.320 Operations Manual: Amendment.*

This section addresses amendments to Operations Manuals. Paragraph (a) of this section states that the COTP may require the facility operator to amend their Operations Manual if the manual does not meet the requirements of this part. This NPRM proposes to change the statement from “requirements of this part” to “requirements of this subchapter” because there are other regulations in the subchapter that apply to the Operations Manual. The applicable subchapter would be subchapter O, titled “Pollution,” which includes 33 CFR parts 151 through 159.

Section 154.320(a)(1) allows facility operators to submit to the Coast Guard any information, views, arguments, and proposed amendments in response to the inadequacies identified by the COTP. In alignment with other changes proposed by this NPRM, we propose adding language to this section allowing facility operators to send their information, views, arguments, and proposed amendments to the COTP in print or electronically.

In § 154.320(b)(1), this proposed rule would allow facilities to submit amendments to the manuals either in print or electronically. Proposed paragraph (e) would describe how amendments can be submitted and the procedures to follow in the event the entire manual is submitted for amendments. Currently, amendments are submitted as page replacements or as an entire manual, at the option of the submitter, depending on the extent of the changes to the manual. This proposed rule would allow the choice of page or whole-manual replacement, but would require the inclusion of the date, revision date, or other identifying information generated by the facility.

If a facility submits the entire manual with the proposed amendments, this

proposed rule would require that the changes since the last examined manual be highlighted, or otherwise annotated, by the facility. It may be easier for a facility to submit the entire manual with the amendments highlighted or annotated, rather than isolating individual pages that were amended. Examples of ways facility operators could highlight or annotate the amendments include use of an electronic or ink highlighting tool, comment or text boxes noting where the changes are, or noting the changes in correspondence or a document. Ultimately, the method that the facility operator uses can be anything that identifies all the changes, and is not limited to the methods mentioned in this preamble. The purpose of highlighting or annotating the amendments is to assist the COTP in understanding what changes are being made and to reduce the resources required to examine amendments. After the COTP examines the amendments, the facility must maintain the Operations Manual with the most recently examined changes, but there would be no requirement to keep the changes highlighted or annotated after they are examined.

Currently, § 154.320 paragraphs (b)(2) and (c) state that the COTP will approve or disapprove amendments to manuals, and provide reasons if disapproved. We propose to align this text with other sections in this part providing that the COTP examines the amendments to manuals for compliance with the subpart, and then notifies the facility that the amendments have been examined by the Coast Guard. If the amendments do not meet the requirements for Operations Manuals in subchapter O, the COTP would notify the facility operator of the inadequacies and explain why the amendments do not meet the requirements of that subchapter.

*Section 154.325 Operations Manual: Procedures for examination.*

This section currently requires facility operators to submit two copies of an Operational Manual to the COTP for examination and outlines the procedures for Coast Guard examination of Operations Manuals for new facilities and facilities that are

removed from caretaker status. The proposed § 154.325 would allow facility operators to submit the manual in print or electronic format to the COTP.

This NPRM proposes to remove paragraph (a) of § 154.325, which would remove the requirement that the facility operator must submit two copies of the Operations Manual. In alignment with other proposed changes in part 154, the facility operator of a new facility would be able to submit one electronic or printed copy of the Operations Manual to the COTP.

In re-designated paragraphs (a) and (b) of this section, the proposed rule would clarify that the operator of a new facility or facility removed from caretaker status must submit the manual to the COTP for examination prior to the first transfer operation, rather than prior to any transfer operation. This proposed rule would replace the current text “any transfer operation” with “the first transfer operation” to make the regulatory text more precise. This change clarifies that the facility must submit the Operations Manual prior to a new facility’s first transfer or the first transfer after a facility is removed from caretaker status.

We would amend the process in § 154.325 so that the COTP would notify the facility when the manual has been examined. Because we are proposing to allow electronic submission, the COTP would no longer send back a marked printed copy of the manual stating it has been examined by the Coast Guard. The COTP’s notice would restate the manual’s date, revision date, or other identifying information provided by the facility. Where the manual does not meet the requirements of subchapter O, the COTP would notify the facility with an explanation of why the manual does not meet the requirements of that subchapter. In proposed § 154.325(d) (currently paragraph (e)), this proposed rulemaking would change for accuracy the text “requirements of this chapter” to “requirements of this subchapter”. The applicable subchapter would be subchapter O, which includes 33 CFR parts 151 through 159.

*C. Part 156—Oil and hazardous material transfer operations*

*Section 156.120 Requirements for transfer.*

Part 156 contains regulations related to oil and hazardous material transfer operations. Paragraph (t)(2) of § 156.120 currently requires each PIC to have access to a copy of the facility Operations Manual. Proposed § 156.120(t)(2) would require the PIC to have either a printed or electronic copy of the most recently examined facility Operations Manual readily available in the marine transfer area. For the purpose of this section, “readily available” means that a printed or electronic copy of the manual is available for viewing within the operating station of the PIC. The PIC would not be expected to keep the manual in their possession while conducting routine rounds during the transfer operation.

*D. Technical revisions within Part 127 and Part 154.*

Throughout the sections amended by this proposed rule, we propose to replace all uses of the word “shall” with “must” when specifying the actions facility operators are required to perform. This would align the regulations with plain language guidelines. Additionally, where the COTP is required to respond or to notify a facility, we propose changing “the COTP shall” to “the COTP will” to state clearly what the COTP will do in certain cases. This change would help clarify what the facility operators can expect from the COTP and align the regulations with plain language guidelines. These proposed technical revisions would not change requirements for facility operators or the Coast Guard.

**VI. Regulatory Analyses**

We developed this proposed rule after considering numerous statutes and Executive orders related to rulemaking. A summary of the analysis based on these statutes and Executive orders follows.

*A. Regulatory Planning and Review*

Executive Orders 12866 (Regulatory Planning and Review) and 13563 (Improving Regulation and Regulatory Review) direct agencies to assess the costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts, and equity). Executive Order 13563 emphasizes the importance of quantifying costs and benefits, reducing costs, harmonizing rules, and promoting flexibility. Executive Order 13771 (Reducing Regulation and Controlling Regulatory Costs) directs agencies to reduce regulation and control regulatory costs and provides that “for every one new regulation issued, at least two prior regulations be identified for elimination, and that the cost of planned regulations be prudently managed and controlled through a budgeting process.”

Although this proposed rule is not a significant regulatory action, it provides a cost savings and, therefore, DHS considers it an Executive Order 13771 deregulatory action. See the OMB Memorandum, “Guidance Implementing Executive Order 13771, titled ‘Reducing Regulation and Controlling Regulatory Costs’” (April 5, 2017).

A Regulatory Analysis (RA) follows. The first section covers the alternatives considered, the second covers the affected population, the third covers the cost savings components, and the fourth discusses the summary of the cost savings and costs.

This proposed rulemaking would result in a cost savings to industry and to the Coast Guard because it would allow operators of facilities that transfer LNG and LHG or facilities that transfer oil or hazardous material in bulk (MTR) to submit Operations Manuals and Emergency Manuals and amendments to the Coast Guard in electronic or in print format. LNG and LHG facilities are required to submit Operations Manuals and Emergency Manuals and amendments, while MTR facilities are required to submit only Operations Manuals and amendments.

Under current regulations, facility operators are required to send two printed

copies of each manual and amendments to the COTP. The proposed rulemaking would permit these documents to be submitted electronically. Facility operators exercising this option would no longer need to assemble and mail printed versions, resulting in cost savings. The proposed rulemaking would also permit facility owners mailing their documentation in print format to submit only one copy of their documents, resulting in another cost savings.

Additionally, current regulation requires those facility operators whose documents were not approved by the COTP to resubmit any revisions. These are currently sent to the COTP in print format. The proposed rulemaking would permit facility operators to send in their documents in electronic or print formats. Facility operators exercising this option would no longer need to assemble and mail printed versions, resulting in cost savings.

Finally, the proposed rulemaking would permit facilities to keep documentation in either electronic or print format at their facility's marine transfer area. Currently this documentation is kept in print format at these locations. According to Coast Guard subject matter experts (SME) from the Office of Port and Facility Compliance (CG-FAC), the typical facility has, on average, two marine transfer areas.<sup>2</sup> LNG and LHG facilities are required to keep one copy of an Operations Manual and one copy of an Emergency Manual (and to keep each manual up-to-date with amendments) at each of its marine transfer areas. MTR facility operators are required to keep only one Operations Manual (and amendments) at marine transfer areas. Those facility operators that exercise the option to use electronic documents instead of print would experience a cost savings resulting from no longer having to assemble these printed documents (two copies, one for each marine transfer area), as well as not having to physically place this documentation at the two marine transfer areas.<sup>3</sup>

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<sup>2</sup> Based on an SME assessment from CG-FAC. All Coast Guard SME input assessments mentioned in this NRPM, unless stated otherwise, are from CG-FAC.

<sup>3</sup> These areas are not the same as the administrative offices of the facilities; hence, labor time needs to be expended to place Manuals there after they are assembled.

The proposed rulemaking would also result in a cost savings to the Coast Guard. Currently, when the COTP examines an Operations or Emergency Manual and finds it meets the regulatory requirements or is “adequate”, they must return a stamped copy to the facility. Under the proposed rulemaking, the COTP would not return a copy of the adequate manual via mail. The COTP would have the option to send either a printed or electronic letter back to facility stating that the manual has been examined by the Coast Guard.<sup>4</sup> As a result, the Coast Guard would experience a cost savings from not having to handle and mail back to the facility a stamped, printed version of the manual.

On the other hand, if the COTP finds “inadequacies” in the submitted manual, meaning the manual does not meet the regulatory requirements, the COTP must mail back a copy of the manual, or a notification, with annotations or comments on how to correct the manual.<sup>5</sup> Based on the requirements in the proposed rulemaking, the COTP would only be required to send electronically or by mail a letter explaining why the manual does not meet the requirements of the part, reducing costs for the Coast Guard.

In table 1, we show a summary of the impacts of the NPRM.

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<sup>4</sup> The Coast Guard envisions sending back an electronic format of the manual with an electronically stamped watermark, notification, or similar method.

<sup>5</sup> The word “inadequacies” is used on numerous occasions in the text of the current regulation. Sections where the word is explicitly cited include §154.320(a)(1) and §154.320(c)(2).

**Table 1. Summary of the Impacts of the NPRM<sup>6</sup>**

Category	Summary
Applicability	<ul style="list-style-type: none"> <li>• Updates 33 CFR parts 127 and 154 to permit regulated facilities to submit Operations Manuals and Emergency Manuals and amendments in electronic or printed format.</li> <li>• Updates 33 CFR parts 127 and 154 to permit regulated facilities that submit printed Operations Manuals and Emergency Manuals and amendments to submit only one copy in that format.</li> <li>• Updates 33 CFR parts 127 and 154 to permit the Coast Guard to send notices of adequacy or inadequacy to facilities electronically.</li> <li>• Updates 33 CFR parts 127 and 154 to permit regulated facilities to store electronic or printed versions of their Operations Manuals and Emergency Manuals and amendments, at the marine transfer areas of their facilities.</li> </ul>
Affected Population (Annually)	60 facilities that transfer LNG and LHG and 703 MTR facilities (total of 763 facilities)*
Costs Savings to Industry (\$2019, 7% discount rate)	10-year cost savings: \$255,007 Annualized: \$36,307
Costs Savings to the Coast Guard (\$2019, 7% discount rate)	10-year cost savings: \$52,160 Annualized: \$7,426
Total Cost Savings (\$2019, 7% discount rate)	10-year cost savings: \$307,167 Annualized: \$43,734
* Of the 60 LNG/LHG facilities, 54 are forecast to submit their documentation in electronic format and 6 in paper. Of the 703 MTR facilities, 527 are expected to submit their documents in electronic format and 176 in paper. For a detailed discussion of these estimates and calculations, refer to the “affected population” section of this Regulatory Analysis.	

Note: Numbers may not sum due to rounding.

### Alternatives Considered

We considered three alternatives. The first is a continuation of current regulation (no change). The second is a modification to the current regulations that would require all regulated facilities to submit their required Operations Manuals and Emergency Manuals and amendments electronically. The third is giving regulated facilities flexibility on submitting documentation in either electronic or printed format. We discuss each in more detail in the following sections.

#### *Alternative 1 –No Change.*

This alternative would require regulated facility operators to continue to submit two printed copies of the Operations Manuals and Emergency Manuals, and the COTP to continue to examine these manuals and to return them by mail. This alternative would

<sup>6</sup> All dollar figures are closest whole dollar.

also require facility operators to maintain the manuals in a printed format near the marine transfer areas of their facilities. This alternative would not result in any cost savings and would not meet the Coast Guard's goal of reducing regulatory burdens under Executive Order 13771. Therefore, we rejected Alternative 1.

*Alternative 2 – All Electronic Format Manuals.*

This alternative would amend regulations to require regulated facility operators to submit only electronic copies of the Operations Manuals and Emergency Manuals, and the COTP to examine these manuals (and amendments) and return them only via email or other electronic means. Facility operators would not be permitted the option of submitting printed documents. Facilities would be permitted to keep Operations Manuals and Emergency Manuals in printed or electronic format at their marine transfer areas.

Facility operators may experience greater cost savings than what was proposed by Alternative 1 or the chosen alternative because they would be required to submit their documentation electronically and to maintain electronic copies of all their manuals in the marine transfer areas. Savings from this alternative would result from the facilities not having to assemble and mail printed documentation to the COTP. Savings would also result from facilities no longer needing to assemble printed documentation for the marine transfer areas and having to place it there physically. For alternative 1, as there is no possibility of such electronic submissions, there would be no such savings. Alternative 2 would result in greater savings with respect to these as it would require all in-scope facilities to submit all their documents electronically while the chosen will not result in all documents being submitted electronically as some operators are expected to send in their documentation in paper format.

However, Alternative 2 also has the highest potential cost associated with its implementation. The reason for this is that a number of facilities may not currently have the required information technology (IT) infrastructure to permit the use of electronic

documentation at their marine transfer areas. For those facilities without the pre-existing IT infrastructure, building the infrastructure could prove expensive compared to the cost savings from reducing the amount of printed Operations Manuals and Emergency Manuals. Factors affecting the building of such IT infrastructure (not all inclusively) include:

- The size of the facility;
- How many marine transfer areas there are (each area must have an Operations Manual, and LNG and LHG facilities must also have an Emergency Manual);
- The number and type of products transferred at the facility;
- The types of transfer operations occurring at the facility; and
- Any pre-existing infrastructure that can already facilitate accessing and using electronic documentation (such as “Wi-Fi,” or hardwired broadband connections).

Based on these factors, for some facilities the total costs required to access electronic documents could exceed the cost savings experienced from switching to electronic documentation. In addition, these IT costs could disproportionately affect facilities that are relatively small in terms of revenue. Therefore, we rejected Alternative 2.

*Alternative 3 – Option to Use Either Printed or Electronic Manuals.*

This alternative is the selected alternative for this rulemaking. This alternative explicitly states that facility operators can submit the required Operations Manuals, Emergency Manuals, and amendments either in print or electronically. In addition, if submitting the required documents in print, only one copy would be required. In this alternative, facilities facing higher IT improvement costs could continue to use printed manuals and submissions. Hence, this alternative will lead to the highest net benefits of the three alternatives.

For these reasons, Alternative 3 is the preferred alternative. We provide a

discussion of this alternative below.

### **Affected Population**

We identified 121 LNG and LHG facilities that could be potentially impacted by this regulation, based on a search of the U.S. Coast Guard's Marine Information for Safety and Law Enforcement (MISLE) database.<sup>7</sup> We also identified 2,497 MTR facilities that could be potentially impacted. A discussion follows describing how the impacted population itself is reached. .

LNG and LHG facilities transfer liquefied natural gas and liquefied hazardous gas from vessels to the shore or from the shore to the vessel. MTR facilities transfer oil or hazardous material in bulk from vessels to the shore or from the shore to the vessel. Operations Manuals provide information relating to these LNG, LHG, and MTR facilities, such as physical characteristics (including plans and maps) and descriptions of transfer systems; mooring areas; and diagrams of piping, electrical systems, control rooms, and security systems, among other items.<sup>8</sup> Emergency Manuals cover topics such as emergency shutdown procedures, descriptions of fire equipment and other emergency equipment as well as their operating procedures, first-aid procedures and stations, and emergency response procedures, among other items.<sup>9</sup> These manuals vary in terms of their size, anywhere from 0.5-inch, three-ring binders containing 50 pages, to 3-inch, three-ring binders.<sup>10</sup> We have estimated these 3-inch, three-ring binders to be 514 pages in length.<sup>11</sup> The 0.5-inch manuals are the most common size, accounting for the majority

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<sup>7</sup> The search of MISLE was conducted on November 18, 2019.

<sup>8</sup> A full list of details of what Operations Manuals need to cover for MTR facilities can be found under 33 CFR 154.310 and for LNG and LHG facilities under 33 CFR 127.305 and 127.1305.

<sup>9</sup> The full list items that Emergency Manuals need to cover for LNG facilities can be found under 33 CFR 127.307 and for LHG 127.1307.

<sup>10</sup> Coast Guard SMEs.

<sup>11</sup> The estimate of 514 was based on the maximum size capacity of 5 3-inch three ring binders found on 5 office supply stores on the internet. The 5 were: Office Depot (<https://www.officedepot.com/a/products/502062/Wilson-Jones-Binder-3-Rings-36percent/> & [https://www.amazon.com/WLJ36849NB-Wilson-3-Ring-Holder-Binders/dp/B003QX85TG/ref=sr\\_1\\_2?keywords=WLJ36849NB&qid=1573426316&s=office-products&sr=1-2](https://www.amazon.com/WLJ36849NB-Wilson-3-Ring-Holder-Binders/dp/B003QX85TG/ref=sr_1_2?keywords=WLJ36849NB&qid=1573426316&s=office-products&sr=1-2) , accessed November 5, 2019, 480 pages), Staples (<https://www.staples.com/Simply-3->

of manuals.<sup>12</sup> Therefore, in our cost savings estimate, we assume that all manuals are 0.5-inch, three-ring binders of 50 pages.

Amendments to both Operations Manuals and Emergency Manuals are intended to keep those manuals up to date.<sup>13</sup> Their length depends on the information that needs to be updated. If the information is significant, these amendments may be as long as the original document submitted to the COTP. If the change is relatively minor, the amendments may only be a few pages. If the amendments are only a few pages, they are submitted to the COTP as individual pages. The COTP then examines those pages and, after determining their adequacy, inserts them into the previously existing edition of the Operations Manual or Emergency Manual.<sup>14</sup> Coast Guard SMEs estimate that 80 percent of amendments to Operations Manuals and Emergency Manuals consist of 5-page inserts while 20 percent consist of documents that are as long as full-length Operations or Emergency Manuals. In our cost savings estimate for this RA, we assumed that all amendments would be 5 pages.

The Coast Guard examined MISLE data between 2009 and 2019 (inclusively) to determine that an average of 60 Emergency Manuals and Operations Manuals and amendments are filed by LNG and LHG facilities per year.<sup>15</sup> Of those 60 Manuals and

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Inch-Round-3-Ring-Binder-Black-26857/product\_1319200 , accessed November 5, 2019, 460 pages), Walmart (<https://www.walmart.com/ip/Universal-Economy-Round-Ring-View-Binder-3-Capacity-Black-UNV20991/21454956> and [https://www.amazon.com/UNV20991-Universal-Round-Economy-Binder/dp/B005V3T3P4/ref=sr\\_1\\_1?keywords=universal+economy+3+ring+3+inch+binder&qid=1573424798&s=office-products&sr=1-1](https://www.amazon.com/UNV20991-Universal-Round-Economy-Binder/dp/B005V3T3P4/ref=sr_1_1?keywords=universal+economy+3+ring+3+inch+binder&qid=1573424798&s=office-products&sr=1-1) , accessed November 5, 2019, 480 pages), Target (<https://www.target.com/p/avery-3-34-one-touch-slant-rings-600-sheet-capacity-heavy-duty-view-binder-white/-/A-14432722> & [https://www.amazon.com/Avery-Heavy-Duty-One-Touch-670-Sheet-79693/dp/B000VXF23G/ref=sr\\_1\\_2?keywords=Avery+3%22+One+Touch+Slant+Rings+600+Sheet+Capacity+Heavy-Duty+View+Binder&qid=1573425256&sr=8-2](https://www.amazon.com/Avery-Heavy-Duty-One-Touch-670-Sheet-79693/dp/B000VXF23G/ref=sr_1_2?keywords=Avery+3%22+One+Touch+Slant+Rings+600+Sheet+Capacity+Heavy-Duty+View+Binder&qid=1573425256&sr=8-2) , accessed November 5, 2019, 600 pages), and Amazon ([https://www.amazon.com/Wilson-Jones-Binder-Basic-W362-49W/dp/B0001N9WM8/ref=sr\\_1\\_5?keywords=3+ring+3+inch+binder&qid=1573433167&sr=8-5](https://www.amazon.com/Wilson-Jones-Binder-Basic-W362-49W/dp/B0001N9WM8/ref=sr_1_5?keywords=3+ring+3+inch+binder&qid=1573433167&sr=8-5) , accessed on November 5, 2019, 550 pages). The mean of these 5 comes to 514 pages.

<sup>12</sup> Coast Guard SMEs.

<sup>13</sup> A complete list of items that must be kept current can be found, for LHG facilities, for operations manuals in 33 CFR 127.1305. For LNG facilities, the complete list can be found, for operations manuals, in 33 CFR 127.305, and for emergency manuals in 33 CFR 127.307. For MTR facilities, 33 CFR 154.300(b) and 33 CFR 154.300(b)(1) states that “the facility operator shall maintain the operations manual so that it is current”.

<sup>14</sup> The original pages that the newly submitted ones replace are disposed of.

<sup>15</sup> This number is rounded to the nearest whole number, as are all population numbers mentioned below.

amendments, there were an average of 18 Manuals and 42 amendments. The number of these Manuals and amendments differ from the numbers in appendices A and B in the latest Collection of Information (COI).<sup>16</sup> The numbers in appendix A and B were 8 Manuals and 14 amendments, for a total of 22.<sup>17</sup> The explanation for the difference in numbers (60 versus 22) is attributable to two reasons. One is that the total LNG and LHG populations were different between the COI and the MISLE pull this RA is based on. The COI mentioned a combined LNG and LHG population of 108 while the MISLE indicated 121. This difference was because the MISLE data was pulled on different dates. This RA's MISLE pull was performed on November 18, 2019 while the MISLE pull the COI was based on was sometime previous to the date of its publication, August 30, 2019. The second and related reason for the numerical difference is that the Manual and amendment numbers themselves were pulled on different dates. The COI data was pulled before the publication of the COI, on August 30, 2019, while the RA was based pulled from MISLE on November 18, 2019. Hence, the latter would be expected to be larger.

Coast Guard SMEs estimate that 90 percent of LNG and LHG facilities would submit their documentation to the Coast Guard electronically. Thus, the affected annual population of LNG and LHG facilities is estimated to be, 54 per year with respect to facilities that will be submitting their documentation in electronic form, The population that will be submitting their documents in paper form (this is also referred to as "traditional" form this document) is estimated to be six, the remaining 10% of the LNG and LHG facilities. Hence, the total impacted population of LNG and LHG facilities is 60.

The average number of Operations Manuals and amendments filed by MTR

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<sup>16</sup> Collection of Information under Review by Office of Management and Budget, Control Number: 1625-0049. This was published in the Federal Register Vol. 84, No. 169, on August 30, 2019.

<sup>17</sup> In the COI there were 6 manuals and 12 amendments for LHG facilities and 2 manuals and 2 amendments for LNG facilities (for a total of 8 manuals and 14 amendments and a total of 22 of both).

facilities was 703 for the same period (2009-2019).<sup>18</sup> MTR facilities are only required to file Operations Manuals and amendments, not Emergency Manuals and amendments. Of those 703 Manuals and amendments, there were an average of 261 Manuals and 442 amendments. Since Coast Guard SMEs in CG-FAC estimate that 75 percent of MTR facilities would submit their documentation in an electronic format, the estimated regulated population of MTRs is 527 with respect to electronic submission. Twenty-five percent of MTR facilities are estimated to submit their documentation in paper traditional form, accounting for another 176 firms.<sup>19</sup> As a result, the total MTR affected population is 703.

The number of annually impacted facilities broken out by LNG and LHG and MTR facility, as well as the number of different types of manuals and amendments for each facility type, is summarized in the following table.

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<sup>18</sup> The search of MISLE was conducted on November 18, 2019.

<sup>19</sup> This number is rounded up to closest whole number.

**Table 2: Affected Population and Number of Manuals and Amendments Filed Annually**

Facility Type	Total Operations and Emergency Manuals Filed	Total Operations and Emergency Manual Amendments Filed	Total Documents Filed	Total Operations and Emergency Manuals Filed Electronically	Total Operations and Emergency Manual Amendments Filed Electronically	Total Manuals Filed Electronically	Total Operations and Emergency Manuals Filed in Traditional Form	Total Operations and Emergency Manual Amendments Filed in Traditional Form	Total Manual Amendments Filed in Traditional Form
LNG/LHG	18	42	60	16	38	54	2	4	6
MTR	261	442	703	195.75	331.5	527	65	111	176
Note: all "total" numbers rounded to closest whole number									

## **Cost Savings Components**

Tables 3 and 4 summarize the proposed rulemaking's cost savings for the private sector and for the Coast Guard. Table 3 provides the private sector's cost savings by private sector population group (LNG, LHG, and MTR) as well as by the four different cost savings categories estimated. Table 4 summarizes Coast Guard's cost savings.

**Table 3: Annual Cost Savings of Proposed Rulemaking to Private Sector by Population and Cost Savings Element.**

Population	Cost Savings Element	Annual Net Cost Savings (\$2019) <sup>1</sup>
LNG and LHG	Savings from not having to produce printed manuals (and amendments) to mail to the COTP. <sup>2</sup>	\$498
	Savings from not having to produce printed manuals (and amendments) for placement at facility marine transfer areas. <sup>3</sup>	\$234
	Savings from not having to mail manuals (and amendments) to the COTP.	\$994
	Savings from not having to place printed manuals (and amendments) at facility marine transfer areas.	\$1,605
<b>Total Annual LNG and LHG Cost Savings</b>		<b>\$3,331<sup>4</sup></b>
MTR	Savings from not having to produce printed manuals (and amendments) to mail to the COTP. <sup>5</sup>	\$9,895
	Savings from not having to produce printed manuals (and amendments) for placements at facility marine transfer areas. <sup>6</sup>	\$2,023
	Savings from not having to mail manuals (and amendments) to the COTP.	\$13,536
	Savings from not having to place printed manuals (and amendments) at facility marine transfer areas.	\$7,522
<b>Total Annual MTR Cost Savings</b>		<b>\$32,976<sup>7</sup></b>
<b>Total</b>		<b>\$36,307<sup>8</sup></b>
<sup>1</sup> Rounded to closest whole dollar. <sup>2</sup> Includes cost of binder, paper, printing and labor required to assemble. <sup>3</sup> Includes cost of binder, paper, printing and labor required to assemble. It is also assumed that each facility, as per Coast Guard SME assessment, has an average of 2 marine transfer areas. <sup>4</sup> Total figure may not be exact due to fact preceeding numbers have been rounded. <sup>5</sup> Includes cost of binder, paper, printing and labor required to assemble. <sup>6</sup> Includes cost of binder, paper, printing and labor required to assemble. It is also assumed that each facility, as per Coast Guard SME assessment, has an average of 2 marine transfer areas. <sup>7</sup> Total figure may not be exact due to fact preceeding numbers have been rounded. <sup>8</sup> Total figure may not be exact due to fact preceeding numbers have been rounded.		

**Table 4: Cost Savings Implications of Proposed Rulemaking to Coast Guard.**

Population	Cost Savings Element	Annual Net Cost Savings (\$2019) <sup>20</sup>
The Coast Guard	Cost Savings from not having to mail printed manuals (and amendments) back to facilities.	\$7,426

<sup>20</sup> Rounded to closest whole dollar.

## **Cost Savings Methodology, Calculations, and Estimates**

We broke out the cost savings analysis for this rulemaking into three sections. The first examines the cost savings for the private sector. The second discusses cost savings for the Coast Guard. The third provides an aggregated summary of the cost savings as well as the estimates on a discounted basis.

### **Private Sector Cost Savings**

We broke out cost savings for the private sector into two categories. The first involves the cost savings associated with facility operators having the option to submit Operations Manuals and Emergency Manuals (and amendments) in electronic format. The second involves the option to place electronic editions of their Operations Manuals and Emergency Manuals (and amendments) at their marine transfer areas. The cost savings associated with each of these is discussed in separate sections below.

#### *Cost Savings from the Reduced Numbers of Operations and Emergency Manuals (and Amendments) Sent to the Coast Guard*

LNG and LHG facility operators are currently required to submit two copies of their Operations Manuals and Emergency Manuals and amendments to the COTP, as required.<sup>21</sup> Generally, they are not sent at the same time.<sup>22</sup> MTR facility operators are currently required to submit two copies of their Operations Manuals and amendments.<sup>23</sup> Although current regulations do not explicitly state that the copies submitted must be printed, the wording and context suggest the use of printed documents, and current industry practice is to submit printed documents.<sup>24</sup>

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<sup>21</sup> 33 CFR 127.019(a) and (b).

<sup>22</sup> Due to fact that they are usually written by different personnel and do not need to be received simultaneously, they are generally not sent together.

<sup>23</sup> 33 CFR 154.300(a).

<sup>24</sup> The current regulation regarding the two-copy requirement was issued in 1988 for LNG and LHG facilities (53 FR 3370, Feb. 5, 1988), and in 1996 for MTR facilities (61 FR 41458, Aug. 8, 1996). At that time, it was not possible to electronically send a document as large and complicated as a complete Operations or Emergency Manual as an attachment via email or other electronic means. Operations Manuals and Emergency Manuals can range in size from 0.5-inch 3 ring binders to 3-inch 3 ring binders.

The cost components that make up the 0.5-inch binders consist of the actual cost of the empty 0.5-inch, 3 ring binder, the cost of 50 pages of paper, the cost of printing those 50 pages, and the labor required to put the manual together. The cost of all these elements, with the notable exception of labor, are the same whether the manual is for an LNG and LHG facility or an MTR facility. We estimate that the cost of the empty 0.5-inch binders, in 2019-dollar terms, is \$3.66, based on the mean found for 0.5-inch binders from 5 different websites selling this item.<sup>25</sup> We estimate the cost of 50 sheets of copier paper to be 62.5 cents, based on the mean we found for boxes of 500 pages from 5 different supply stores.<sup>26</sup> We found the cost to print in black and white, 50 pages, to be \$2.23.<sup>27</sup> Combined, these costs come to \$6.51 (rounded to closest whole cent).

As the labor costs between LNG and LHG and MTR facilities are different, the labor component of assembling these manuals differ. According to Coast Guard SMEs as

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<sup>25</sup> The five different websites were: Office Depot (<https://www.officedepot.com/a/products/765530/Aurora-EarthView-Round-Ring-Organization-Binder/>) (\$5.99), Staples ([https://www.staples.com/Simply-5-inch-Light-Use-Round-3-Ring-Binder-Red-26852/product\\_1337664](https://www.staples.com/Simply-5-inch-Light-Use-Round-3-Ring-Binder-Red-26852/product_1337664)) (\$3.29), Walmart (<https://www.walmart.com/ip/Pen-Gear-0-5-inch-Durable-Binder-Clearview-Cover-White/945565181>) (\$2.47), Target (<https://www.target.com/p/avery-120-sheet-0-5-34-durable-view-ring-binder-black/-/A-16978071>) (\$2.59), and Amazon ([https://www.amazon.com/Avery-Economy-Binder-0-5-Inch-Round/dp/B0006SWEEG/ref=sr\\_1\\_6?qid=1583117388&refinements=p\\_n\\_feature\\_keywords\\_two\\_browse-bin%3A7103303011&s=office-products&sr=1-6](https://www.amazon.com/Avery-Economy-Binder-0-5-Inch-Round/dp/B0006SWEEG/ref=sr_1_6?qid=1583117388&refinements=p_n_feature_keywords_two_browse-bin%3A7103303011&s=office-products&sr=1-6)) (\$4.60). All websites cited were accessed on Nov. 10, 2019. The mean of all these websites is \$3.66.

<sup>26</sup> The websites were: Office Depot (<https://www.officedepot.com/a/products/841195/Office-Depot-Copy-And-Print-Paper/>) (\$8.29), Staples ([https://www.staples.com/500+ream+paper/directory\\_500%20ream%20paper?sby=1](https://www.staples.com/500+ream+paper/directory_500%20ream%20paper?sby=1)) (\$5.79), Walmart (<https://www.walmart.com/ip/Pen-Gear-Copy-Paper-8-5x11-92-Bright-20-lb-1-ream-500-Sheets/487634010>) (\$5.79), Amazon ([https://www.amazon.com/Hammermill-Recycled-Printer-Letter-086790R/dp/B009ZMP31K/ref=sr\\_1\\_6?keywords=500+ream+paper&qid=1573437715&sr=8-6](https://www.amazon.com/Hammermill-Recycled-Printer-Letter-086790R/dp/B009ZMP31K/ref=sr_1_6?keywords=500+ream+paper&qid=1573437715&sr=8-6)) (\$9.20), and Target (<https://www.target.com/p/avery-120-sheet-0-5-34-durable-view-ring-binder-black/-/A-16978071>) (\$3.99). The mean average of these five is \$6.25. Dividing \$6.25 by 500 pages this totals .625 cents a page. That amount multiplied by 50 pages gives us a cost of 62.5 cents.

<sup>27</sup> The cost found in “Ink-onomics: Can you Save Money by Spending More on Your Printer”, PCWorld, May 2, 2012 ([https://www.pcworld.com/article/254899/ink\\_onomics\\_can\\_you\\_save\\_money\\_by\\_spending\\_more\\_on\\_your\\_printer\\_.html](https://www.pcworld.com/article/254899/ink_onomics_can_you_save_money_by_spending_more_on_your_printer_.html)) was found to be 3.9 cents per page for printers costing over \$200. This May 2012 dollar figure was converted to \$2019 using a GDP deflator (<https://www.bea.gov/iTable/iTableHtml.cfm?reqid=19&step=3&isuri=1&1910=x&0=-99&1921=survey&1903=4&1904=2009&1905=2018&1906=a&1911=0>). This deflator was the BEA, NIPA, Table 1.1.4 Price Indexes for Gross Domestic Product, Annual Series, last revised on April 29, 2020. This can be accessed by, in the previously mentioned link, clicking the modify button on the right, choosing “annual” series, and then “refresh table”. The GDP deflator for 2012 was 100 and for 2019 112.348. Hence, 3.9 cents was multiplied by 12.348% to yield a figure of 4.45 cents (rounded to closest whole penny). Multiplying this figure by 50 (for the number of pages) yields, in turn, \$2.23 for 50 pages (rounded to closest whole penny).

well as COI 1625-0049, “Waterfront Facilities Handling Liquefied Natural Gas and Liquefied Hazardous Gas”, clerical workers perform this function. In the Bureau of Labor Statistics (BLS) website, under North American Industry Classification System (NAICS) industry 483000 (Water Transportation), there was no specific labor category for clerical workers. The closest we were able to find was “Office Clerks, General” (Occupational Code 43-9061).<sup>28</sup> The mean hourly wage for this category of labor was found to be \$19.92.<sup>29</sup> As wages account for only a portion of total employee costs (employee benefits account for the other part), the wages need to be adjusted to take into account benefits. Using the BLS U.S. Department of Labor New Release for March 19, 2020 (USDL-0451) benefits for employees in the “Production, Transportation and Material Moving” sector of the economy, private sector, were found to be account for \$10.62 per hour, or 52% of wages.<sup>30, 31</sup> Thus the fully burdened wage rate is estimated at \$30.28 per hour for LNG and LHG facilities.<sup>32</sup>

According to Coast Guard SMEs as well as the latest COI 1625-0093, “Facilities Transferring Oil and Hazardous Material in Bulk – Letter of Intent and Operations Manual”, MTR facilities use general and operations managers to assemble Operations Manuals. On the BLS website, under NAICS industry 483000 (Water Transportation) general and operations managers (Occupational Code 11-1021) were found to have an hourly mean wage of \$65.81.<sup>33</sup> As stated previously, according to the BLS, employees in the “Production, Transportation and Material Moving” sector of the economy, private

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<sup>28</sup> “May 2019 National Industry-Specific Occupational Employment and Wage Estimates, NAICS 483000-Water Transportation, ([www.bls.gov/oes/current/naics3\\_483000.htm](http://www.bls.gov/oes/current/naics3_483000.htm)), downloaded September 6, 2020.

<sup>29</sup> Ibid.

<sup>30</sup> [www.bls.gov/news.release/archives/ecec\\_03192020.pdf](http://www.bls.gov/news.release/archives/ecec_03192020.pdf), referenced September 6, 2020.

<sup>31</sup> Table 5, page 10, BLS U.S. Department of Labor New Release for March 19, 2020 (USDL-0451), ([www.bls.gov/news.release/archives/ecec\\_03192020.pdf](http://www.bls.gov/news.release/archives/ecec_03192020.pdf), referenced September 6, 2020. According to this document, for the “production, transportation and material moving” industry, benefits were \$10.62 per hour while wages were \$20.41 (for a ratio of benefits to wages of 52%).

<sup>32</sup>  $\$19.92 + (\$19.92 \times 52\%) = \$30.28$ .

<sup>33</sup> “May 2019 National Industry-Specific Occupational Employment and Wage Estimates, NAICS 483000-Water Transportation, ([www.bls.gov/oes/current/naics3\\_483000.htm](http://www.bls.gov/oes/current/naics3_483000.htm)), downloaded September 6, 2020.

sector, were found to have benefits associated with 52% of wages in that industry.<sup>34</sup>

Hence, the fully burdened labor rate for general and operations managers is \$100.03 per hour.<sup>35</sup>

With respect to the assembly of a 0.5-inch, 50-page manual, we performed the task ourselves and found that it took an average of 5.12 minutes (or 0.09 hours).<sup>36</sup> As a result, the labor cost of assembly for an LNG and LHG facility came to \$2.73<sup>37</sup> For an MTR facility, the cost came to \$9.00.<sup>38</sup> Thus, for an LNG and LHG facility, we estimate the total cost of assembling a 0.5-inch binder for an Operations Manual or Emergency Manual to be \$9.25.<sup>39</sup> It should be emphasized that these are the costs associated with producing one copy of an Operations Manual or of an Emergency Manual (they are estimated to cost the same to assemble). For an Operations Manual for an MTR facility, we estimate total cost to assemble to be \$15.52.<sup>40</sup> All binder assembly costs are shown in Table 5.

**Table 5: Cost to Assemble 0.5-Inch 3 Ring Binders for LNG and LHG and MTR Facilities**

0.5-Inch 3 Ring Binder Assembly Costs					
	Binder	Paper	Printing	Labor	Total
LNG and LHG	\$3.66	\$0.63	\$2.23	\$2.73	\$9.25
MTR	\$3.66	\$0.63	\$2.23	\$9.00	\$15.52

<sup>34</sup> Table 5, page 10, BLS U.S. Department of Labor New Release for March 19, 2020 (USDL-0451), ([www.bls.gov/news.release/archives/ecec\\_03192020.pdf](http://www.bls.gov/news.release/archives/ecec_03192020.pdf)), referenced September 6, 2020.

<sup>35</sup>  $\$65.81 + (\$65.81 \times 52\%) = \$100.03$ .

<sup>36</sup> This time estimate is based on the average amount of time the Coast Guard consumed to print 50 pages and to assemble them in a 0.5-inch 3 ring binder.

<sup>37</sup>  $0.09 \text{ hrs} \times \$30.28 = \$2.73$ .

<sup>38</sup>  $0.09 \text{ hrs} \times \$100.03 = \$9.00$ .

<sup>39</sup>  $\$3.66$  (cost of binder) +  $\$0.63$  (cost of blank paper) +  $\$2.23$  (printing cost) +  $\$2.73$  (labor cost of assembly) =  $\$9.258$ .

<sup>40</sup>  $\$3.66$  (cost of binder) +  $\$0.63$  (cost of blank paper) +  $\$2.23$  (printing cost) +  $\$9.00$  (labor cost of assembly) =  $\$15.52$ .

As amendments to both Operations Manuals and Emergency Manuals are usually 5 pages, the cost of paper is estimated to total \$0.06.<sup>41</sup> The cost of printing is estimated to total \$0.22.<sup>42</sup> The total cost of amendments, other than labor and shipping, is \$0.28 per amendment. These costs are the same regardless whether the amendment is for an LNG and LHG facility or an MTR facility.

The costs of labor for assembling amendments is different, due to the difference in labor costs between LNG and LHG facilities and MTR facilities. As stated previously,, we found the labor cost for LNG and LHG facilities to be \$65.81 per hour for LNG and LHG facilities, and \$100.03 for MTR facilities. We found that the printing of these 5 pages and their collection from a printer took 1.25 minutes (0.02 hours). Hence, we estimate the labor costs for LNG and LHG facilities at \$1.32 and for MTR facilities \$2.00.<sup>43, 44</sup> The total costs of creating a 5-page amendment for an LNG and LHG facility is \$1.56 per document and \$2.42 for MTR facilities.<sup>45, 46</sup> These costs are provided in detail in Table 6.

**Table 6: Cost to Assemble 5-Page Amendments for LNG and LHG and MTR Facilities**

Five-Page Amendment Assembly Costs				
Cost Element	Paper	Printing	Labor	Total
LNG and LHG	\$0.06	\$0.22	\$1.32	\$1.60
MTR	\$0.06	\$0.22	\$2.00	\$2.28

<sup>41</sup> The mean cost of a 500-page ream of paper based on 5 prices at different retailers was found to be \$6.25. Dividing \$6.25 by 500 yields a per-sheet price of 1.25 cents per page. Multiplying 1.25 by 5 yields 6.25 cents, which is rounded down to 6 cents.

<sup>42</sup> As stated previously, based on the article “Ink-onomics: Can you Save Money by Spending More on your Printer?”, PCWorld, May 2, 2012, the price of printing was estimated at 4.45 per page. 4.45 x 5 pages = 22.25 cents, which we round to the nearest whole cent.

<sup>43</sup> \$65.81 x 0.02 = \$1.316.

<sup>44</sup> \$100.03 x 0.02 = \$2.0006.

<sup>45</sup> \$0.06 (cost of paper) + \$0.22 (cost to print pages) + \$1.32 (labor cost to assemble) = \$1.60.

<sup>46</sup> \$0.06 (cost of paper) + \$0.22 (cost to print pages) + \$2.00 (labor cost to assemble) = \$2.28.

In addition to the cost of assembling each manual and amendment, we also considered shipping and handling costs. As there are situations where only one copy of a document needs to be mailed and other situations where two are needed, shipping and handling costs must be calculated for both scenarios.<sup>47</sup>

Because it is a legal requirement for these facilities to send their documents to the COTP, we assume that the manuals and amendments would be sent with a mail service that permits tracking. We also assumed that facilities would use a cost-effective ground shipping method.<sup>48</sup> As of August 7, 2017, there were 41 COTP zones.<sup>49</sup> All of these sites are clustered around shipping points in order to ensure that COTPs can perform their functions. Hence, no facility should be very far, geographically, from a shipping point.

We assume that the manuals and amendments are sent via a shipping service such as United Parcel Service (UPS) or FedEx. As of November 2019, the U.S. Postal Service did not publish retail guides containing information as detailed and comparable to the UPS and FedEx Guides, that were readily available to the public. Hence it was not possible to estimate mailing costs for the U.S. Postal Service that would be as detailed and comparable to those estimated for UPS and FedEx. We assume shipping distances to correspond to zone 2 distances, in the UPS and FedEx pricing guides, as this is the closest shipping distance price point.<sup>50</sup> Regulations require that two copies be submitted to the COTP. Therefore, we calculate the shipping cost for two 0.5-inch binders.<sup>51</sup> The total

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<sup>47</sup> For example, currently, when documents are initially sent to the Coast Guard two copies of each are currently required to be sent but when documents are required to be sent to the Coast Guard to correct inadequacies found by the Coast Guard, only one copy of a document needs to be sent.

<sup>48</sup> The exact amount of time depends on the relevant applicable section of the regulations. 33 CFR 127.019(b) and 145.325 (c) give facilities a time period of 30 days to file, 145.320(a)(1) and 145.320(b)(1) 45 days and 145.325(b) 60 days.

<sup>49</sup> U.S. Coast Guard Homeport, <https://homeport.uscg.mil/#>

<sup>50</sup> As of November 2019, the UPS pricing guide “2019 UPS Rate and Service Guide, Retail Rates, updated November 4, 2019” ([https://www.ups.com/assets/resources/media/en\\_US/retail\\_rates.pdf](https://www.ups.com/assets/resources/media/en_US/retail_rates.pdf)) was available on-line as of November 8, 2019; The latest available FedEx price guide was “Federal Express Service Guide, January 7, 2019, updated November 1, 2019” ([https://www.fedex.com/content/dam/fedex/us-united-states/services/Service\\_Guide\\_2019.pdf](https://www.fedex.com/content/dam/fedex/us-united-states/services/Service_Guide_2019.pdf))

<sup>51</sup> The weight of an empty 0.5-inch binder was estimated at 13 ounces. This was based on the mean weight of same 5 binders used to determine the mean cost of 0.5-inch binders. For the webpages for those binders, where weight data was available, the mean was estimated. The webpages were:

weight for two 0.5-inch binders with 50 pages was an estimated 2.8 pounds, or 5.6 pounds total. Based on a 6-pound package, as of November 2019, the average for these shipping services is \$10.11.<sup>52</sup>

Current regulations also require that, when the COTP determines that the Operations Manual or Emergency Manual is inadequate, the facility must send back one revised version of the manual, in paper format. Under the proposed regulation, only one copy of the document needs to be mailed back to the COTP. This can be in either paper or electronic format. Hence, the shipping costs must also be calculated for mailing a single 0.5-inch Operations Manual or Emergency Manual. We estimate that a single 0.5-inch manual weighs 2.8 pounds. For mailing purposes, UPS and FedEx would charge a cost associated with a 3-pound item. The average of these mailing services is \$9.56.

With respect to shipping costs associated with amendments, we make many of the same assumptions that we do for shipping and handling 0.5-inch manuals. For example, we assume that UPS or FedEx ground shipping is the selected service. As either one or two 5-page amendments weigh less than 1 pound, the shipping cost is the same whether

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<https://www.officedepot.com/a/products/765530/Aurora-EarthView-Round-Ring-Organization-Binder/>;  
[https://www.staples.com/Simply-5-inch-Light-Use-Round-3-Ring-Binder-Red-26852/product\\_1337664](https://www.staples.com/Simply-5-inch-Light-Use-Round-3-Ring-Binder-Red-26852/product_1337664);  
<https://www.walmart.com/ip/Pen-Gear-0-5-inch-Durable-Binder-Clearview-Cover-White/945565181>;  
<https://www.target.com/p/avery-120-sheet-0-5-34-durable-view-ring-binder-black/-/A-16978071>;  
[https://www.amazon.com/Avery-Economy-Binder-0-5-Inch-Round/dp/B0006SWEEG/ref=sr\\_1\\_6?qid=1583117388&refinements=p\\_n\\_feature\\_keywords\\_two\\_browse-bin%3A7103303011&s=office-products&sr=1-6](https://www.amazon.com/Avery-Economy-Binder-0-5-Inch-Round/dp/B0006SWEEG/ref=sr_1_6?qid=1583117388&refinements=p_n_feature_keywords_two_browse-bin%3A7103303011&s=office-products&sr=1-6). The weight of the 50 pages was estimated at 32 ounces. This was based on the 5 webpages that were used to determine the average price of paper. The weight of a 500 page ream of paper, on each of these websites, was 320 ounces (50/500\*320 = 32 ounces). Those 5 websites were: <https://www.officedepot.com/a/products/841195/Office-Depot-Copy-And-Print-Paper/>;  
[https://www.staples.com/500+ream+paper/directory\\_500%20ream%20paper?sby=1](https://www.staples.com/500+ream+paper/directory_500%20ream%20paper?sby=1);  
<https://www.walmart.com/ip/Pen-Gear-Copy-Paper-8-5x11-92-Bright-20-lb-1-ream-500-Sheets/487634010>; <https://www.target.com/p/500ct-letter-printer-paper-white-up-up-153/-/A-75001545>;  
[https://www.amazon.com/Hammermill-Recycled-Printer-Letter-086790R/dp/B009ZMP31K/ref=sr\\_1\\_6?keywords=500+ream+paper&qid=1573437715&sr=8-6](https://www.amazon.com/Hammermill-Recycled-Printer-Letter-086790R/dp/B009ZMP31K/ref=sr_1_6?keywords=500+ream+paper&qid=1573437715&sr=8-6). 32 oz + 13 = 45 oz = 2.8 pounds.

<sup>52</sup> "2019 UPS Rate and Service Guide, Retail Rates, Updated November 4, 2019", p. 68; "Federal Express Service Guide. January 7, 2019, updated November 1, 2019", p. 68 and 106.

one or two are mailed together. That cost is \$9.90 for UPS and \$7.85 for FedEx (for a mean of \$8.88).<sup>53</sup> Table 7 shows shipping costs for manuals and amendments.

**Table 7: Shipping Costs for Manuals and Amendments**

Shipping Costs for Manuals and Amendments	
1 Manual	\$9.56
2 Manuals	\$10.11
Amendments	\$8.88

Additionally, facilities must handle these manuals as part of the shipping process. As stated previously, labor costs differ between LNG and LHG facilities and MTR facilities. For LNG and LHG facilities, the loaded labor rate is \$65.81 per hour, and for MTR facilities \$100.03. We estimate the time required to assemble manuals to be 5 minutes (0.08 hours),<sup>54</sup> rounded to the closest whole minute, for assembling either one manual or two.<sup>55</sup> As a result, we estimate labor time for assembling manuals to mail to the COTP to cost \$5.27<sup>56</sup> for LNG and LHG facilities and \$8.00 for MTR facilities.<sup>57</sup>

Labor handling costs for amendments are also slightly different due to the labor cost differences between LNG and LHG and MTR facilities. We estimate that handling a package that contains either one or two 5-page amendments, rounded to the nearest whole minute, takes 4 minutes (0.07), regardless of facility type. As a result, we estimate labor-handling costs for packages that held one or two amendments to be \$4.61<sup>58</sup> for LNG and LHG facilities and \$7.00 for MTR facilities.<sup>59</sup>

<sup>53</sup> "2019 UPS Rate and Service Guide, Retail Rates, Updated November 4, 2019", p.68; "Federal Express Service Guide. January 7, 2019, updated November 1, 2019", p. 106.

<sup>54</sup> This includes time to obtain a box, box up a manual(s), complete required mailing paperwork, and to place it into the office "out" mailbox.

<sup>55</sup> Based on time samples we ran, we estimated that 4.8 minutes were needed to remove the paper from the copier, put it in an envelope, fill out the documentation and place it in the office pick up tray for one manual. To package and complete two manuals, we estimated that 5.1 minutes would be required. Rounding both to 5 minutes, this totals and estimated 0.08 hours.

<sup>56</sup>  $\$65.81 \times 0.08 = \$5.2648$ .

<sup>57</sup>  $\$100.03 \times 0.08 = \$8.0024$ .

<sup>58</sup>  $0.07 \times \$65.81 = \$4.6067$ , rounded to \$4.61.

<sup>59</sup>  $0.07 \times \$100.03 = \$7.0021$ .

The handling costs for all types of documents by both LNG and LHG facilities and MTR facilities are summarized in Table 8 below.

**Table 8: Handling Costs by Facility and Document Type**

Handling (Labor Costs)	
Operations Manuals and Emergency Manuals (One or Two 0.5-inch Binder) for LNG and LHG Facilities.	\$5.27
Amendments (One or Two 5 page Amendment) for LNG and LHG Facilities.	\$4.61
Operations Manuals (One or Two 0.5-inch Binder) for MTR Facilities.	\$8.00
Amendments (One or Two 5 page Amendment) for MTR Facilities.	\$7.00

Table 9 shows the mailing costs summarized in Table 7 added to the labor handling costs in Table 8.

**Table 9: Shipping and Handling Costs by Facility and Document Type**

Shipping and Handling (Labor) Costs by Facility and Document Type	
Operations Manuals and Emergency Manuals (one 0.5-inch binder) for LNG and LHG facilities.	\$14.83 <sup>60</sup>
Operations Manuals and Emergency Manuals (two 0.5-inch binders) for LNG and LHG facilities.	\$15.38 <sup>61</sup>
Amendments (one or two 5-page amendments) for LNG and LHG facilities.	\$13.49 <sup>62</sup>
Operations Manuals (one 0.5-inch binder) for MTR facilities.	\$17.56 <sup>63</sup>
Operations Manuals (two 0.5-inch binders) for MTR facilities.	\$18.11 <sup>64</sup>
Amendments (one or two 5-page amendments) for MTR facilities.	\$15.88 <sup>65</sup>

The final component of the cost savings estimate to industry is the quantity of manuals and amendments that facilities are sending to the COTP. LNG and LHG facilities are currently required to submit two copies of their Operations Manuals and

<sup>60</sup> \$9.56 + \$5.27 = \$14.83.

<sup>61</sup> \$10.11 + \$5.27 = \$15.38.

<sup>62</sup> \$8.88 + \$4.61 = \$13.49.

<sup>63</sup> \$9.56 + \$8.00 = \$17.56.

<sup>64</sup> \$10.11 + \$8.00 = \$18.11.

<sup>65</sup> \$8.88 + \$7.00 = \$15.88.

Emergency Manuals and amendments to the COTP, and MTR facilities are currently required to send two copies of their Operations Manuals (and amendments).<sup>66</sup> The proposed rulemaking would permit facilities to submit their documents in either print or electronic format. Facility operators submitting electronically would save the cost of assembling and shipping two copies of their documents.

The proposed rulemaking also permits those facility operators submitting printed documents to submit one copy instead of two. Hence, those facilities would save the costs associated with producing and mailing one copy of their manuals. Coast Guard SMEs estimate that 90 percent of LNG and LHG facilities will submit their manuals and amendments electronically, and 75 percent of MTR facilities will submit their manuals and amendments electronically. The reason for this difference is that LNG and LHG facilities are much more likely owned by large multi-national conglomerates than MTR facilities.<sup>67</sup> LNG and LHG facilities are, therefore, more likely to more fully utilize IT systems and more likely to submit their documents electronically.

During the review process of the initially submitted documents, the COTP rejects a portion of the manuals and amendments submitted due to inadequacies in meeting the regulatory requirements put forth in 33 CFR parts 127 for LNG and LHG facilities or part 154 for MTR facilities. Coast Guard SMEs estimate that 30 percent of the total number of all manuals (not amendments) sent by facilities are inadequate and need to be returned for corrections. For amendments, Coast Guard SMEs estimate that the rejection rate is only 15 percent. The reason for the lower rejection rate is that amendments are based on previously approved documents and are shorter, having a lower chance of containing errors. Under the current regulatory regime, facilities send back only one copy. Hence, facility operators choosing to submit their documentation electronically save the costs

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<sup>66</sup> It should be stressed that two copies need to be sent in initially but if copies of manuals or amendments need to be sent in again because they were found inadequate by the Coast Guard, only one copy needs to be sent. This issue is discussed in more detail later in this NPRM.

<sup>67</sup> LNG and LHG facilities cost in the billions to build while MTR, typically, cost much less.

associated with mailing back that single copy. For facility operators mailing in their modified documents in print form, there are no cost savings.

In summary, the cost savings for the private sector come from:

- LNG and LHG facilities printing and mailing fewer printed Operations Manuals and Emergency Manuals (0.5-inch binders) and amendments (5 pages) to the Coast Guard.
- LNG and LHG facilities printing and mailing fewer printed Operations Manuals and Emergency Manuals (0.5-inch binders) and amendments (5 pages) that have to be resubmitted to the Coast Guard.
- LNG and LHG facilities storing fewer printed Operations Manuals and Emergency Manuals (0.5-inch binders) and amendments (5 pages) at marine transfer areas.
- MTR facilities printing and mailing fewer printed Operations Manuals (0.5-inch binders) and amendments (5 pages) to the Coast Guard (assembly and mailing).
- MTR facilities printing and mailing fewer printed Operations Manuals (0.5-inch binders) and amendments that have to be resubmitted to the Coast Guard (assembly and mailing).
- MTR facilities storing fewer printed Operations Manuals (0.5-inch binders) and amendments (5 pages) at marine transfer areas.

We calculated the cost savings with several simple equations. Generally, it is the annual population of facilities multiplied by the number of manuals or amendments per facility multiplied by the facility probability of transitioning to electronic multiplied by the production and shipping costs. The costs savings from the proposed changes are the same each year. Tables 10 through 16 show the annual cost savings to facilities by activity. Table 10 is the cost savings to LNG and LHG facilities from producing fewer Operations Manuals and Emergency Manuals that are mailed to the Coast Guard. We

expect 90 percent of LNG and LHG facilities to convert their Operations Manuals and Emergency Manuals to an electronic format.

The remaining 10 percent of LNG and LHG facilities, which we classified as earlier as traditional, still experience some cost savings since they would only be required to assemble one copy of their manuals to initially mail to the COTP (instead of the current two). As these 10 percent of LNG and LHG facilities will continue to send the same number of “corrected” paper manuals (as under the current regulatory regime) back to the COTP, they will not experience cost savings with respect to these. The cost elements to produce manuals and amendments were previously shown in tables 5 and 6.

The cost savings realized by LNG and LHG facilities are summarized in table 10. A brief summary of the components of that table follows.

The term “Population of Documents Forecast to be Filed” is an annual average of the number of Manuals and Amendments that have been filed over the past 10 years. This was based on MISLE data. A more thorough discussion of these numbers can be found in the “affected population” section of the NPRM. “The Expected Rate of Electronic Documents Production” is the percentage of documents expected to be submitted in electronic format instead of paper. As stated previously, the terms were based on Coast SME input. The 27 percent was derived from the fact that SMEs estimate that 90 percent of manuals will be submitted in electronic format and 30 percent of all Manuals submitted to the Coast Guard are found inadequate for one reason or another.<sup>68</sup> The 14 percent was derived from the 90 percent figure combined with the SME estimate that 15 percent of all amendments submitted are found to not be adequate.

The “Reduction in Paper Documents Needed” column reflects the documents no longer needed as a result of the actions in the first column (compared to current regulatory regime). For example, in the first row, when LNG and LHG facilities submit

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<sup>68</sup>  $90\% \times 30\% = 27\%$ .

their manuals in electronic form, as opposed to paper, they will not need to submit two copies of electronic manuals. As a result, these facilities will experience a cost savings that is equal to the cost of assembling the documents. In the second row, the facilities that continue to submit paper Manuals (instead of electronic) will experience a cost savings from having to submit one document instead of two.<sup>69</sup>

For inadequate documents that are submitted electronically to the COTP, the cost of one paper document is saved as they are required to send only one paper copy.<sup>70</sup>

**Table 10: Annual LNG and LHG Production Cost Savings<sup>71</sup>**

LNG and LHG Production Cost Savings From:	Population of Documents Forecast to be filed	Expected Rate of Electronic Documents Production	Reduction in Documents Needed	Production Costs (each)	Total Production Cost Savings
Manuals submitted Electronically	18	90%	2	\$9.25	\$299.70
Manuals Submitted in the Traditional Paper Form	18	10%	1	\$9.25	\$16.65
Amendments Submitted Electronically	42	90%	2	\$1.60	\$120.96
Amendments Submitted in the Traditional Paper Form	42	10%	1	\$1.60	\$6.72
Inadequate Manuals (submitted electronically)	18	27%	1	\$9.25	\$44.96
Inadequate Amendments (submitted electronically)	42	14%	1	\$1.60	\$9.41

Table 11 presents the cost savings to MTR facilities from producing fewer Operations Manuals. Of MTR facilities, Coast Guard SMEs estimate that 75 percent

<sup>69</sup> The current regulation requires the submission of two documents while the proposed regulation only requires those facilities submitting paper documentation to submit one copy of each document instead of 2.

<sup>70</sup> Facilities still continuing to submit paper documents to address documents that were not initially accepted by the Coast Guard will experience no cost savings as the current regulation currently requires them to submit one copy.

<sup>71</sup> All figures rounded to nearest whole cent.

would convert their Operations Manuals to an electronic format. The remaining 25 percent of MTR facilities would still experience some cost savings since they would only be required to produce and mail in one copy of their manuals (instead of the current two).

With respect to inadequate documents that have been returned to facilities by the COTP, only those facilities that will be sending their documents electronically will experience a cost savings. They will no longer need to a paper version of the corrected document. The traditional facilities that do not make use of electronic submissions will not experience a cost savings as they will have to continue sending in a single copy of their corrected paper Operations Manual or Amendment.

In table 11 it can be seen that the number of Operations Manuals that are forecast to be required annually in the future are 261 and the number of Amendments 442. This was based on MISLE data. A more thorough discussion of these numbers can be found in the “affected population” section of the NPRM. “The Expected Rate of Electronic Documents Production” is the Percentage of documents expected to be submitted in electronic format as opposed to paper. As stated previously the terms were based on Coast Guard SME input. For the manuals this was 75 percent and for the amendments 25 percent.

The 23 percent was derived based on the fact that SMEs estimated that of 30 percent of the manuals submitted electronically would require correction.<sup>72</sup> The 11 percent was derived from the 75 percent figure combined with the SME estimate that 15 percent of all amendments submitted are found to be inadequate.<sup>73</sup>

The “Reduction in Paper Documents Needed” column reflects, analogous to Table 10, the decrease in each type of documents required in paper form. For inadequate documents that are submitted electronically to the COTP, the cost of one paper document

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<sup>72</sup>  $30\% \times 75\% = 23\%$  (rounded to closest whole percentage).

<sup>73</sup>  $15\% \times 75\% = 11\%$  (rounded to closest whole percentage).

is saved as they are required to send only one paper copy.<sup>74</sup>

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<sup>74</sup> Facilities still continuing to submit paper documents to address documents that were not initially accepted by the USCG will experience no cost savings as the current regulation currently requires them to submit one copy.

**Table 11: Annual MTR Production Cost Savings**

MTR Production Cost Savings From:	Population of Documents Forecast to be Filed	Expected Rate of Electronic Documents Production	Reduction in Documents Needed	Production Costs (each)	Total Production Cost Savings
Manuals Submitted Electronically	261	75%	2	\$15.52	\$6,076.08
Manuals Submitted in the Traditional Paper Form	261	25%	1	\$15.52	\$1,012.68
Amendments Submitted Electronically	442	75%	2	\$2.28	\$1,511.64
Amendments Submitted in the Traditional Paper Form	442	25%	1	\$2.28	\$251.94
Inadequate Manuals (submitted electronically)	261	23%	1	\$15.52	\$931.67
Inadequate Amendments (submitted electronically)	442	11%	1	\$2.28	\$110.85

In addition to the cost savings associated with the need to manufacture and assemble less documentation, there will also be a cost savings associated with having to mail fewer documents to the COTP. Tables 12 and 13 capture these savings by facility and document type.

The “Population” column represents the forecast total number of each type of document expected to be submitted to the Coast Guard. The “Expected Rate of Electronic Documents” are the percentage of each type of document that is expected to be submitted in electronic format. The shipping costs are the costs associated with mailing and handling each type of document. The shipping and handling costs are in table 9 and the discussion regarding their calculation immediately precedes that table.

**Table 12: Annual LNG and LHG Shipping Cost Savings**

LNG and LHG Shipping Cost Savings From:	Population of Documents Forecast to be Filed	Expected Rate of Electronic Documents	Shipping Costs (each)	Total Annual Shipping Cost Savings
Manuals Submitted Electronically	18	0.9	\$15.38	\$249.16
Manuals Submitted in the Traditional Paper Form	18	0.1	\$14.83	\$26.69
Amendments Submitted Electronically	42	0.9	\$13.49	\$509.92
Amendments Submitted in the Traditional Paper Form	42	0.1	\$13.49	\$56.66
Inadequate Manuals (submitted electronically)	18	0.27	\$14.83	\$72.07
Inadequate Amendments (submitted electronically)	42	0.14	\$13.49	\$79.32

**Table 13: Annual MTR Shipping Cost Savings**

MTR Shipping Cost Savings From:	Population of Documents per year	Expected Rate of Electronic Documents Production	Shipping Costs (each)	Total Annual Shipping Cost Savings
Manuals Submitted Electronically	261	0.75	\$18.11	\$3,545.03
Manuals Submitted in the Traditional Paper Form	261	0.25	\$17.56	\$1,145.79
Amendments Submitted Electronically	442	0.75	\$15.88	\$5,264.22

Amendments Submitted in the Traditional Paper Form	442	0.25	\$15.88	\$1,754.74
Inadequate Manuals (submitted electronically)	261	0.23	\$17.56	\$1,054.13
Inadequate Amendments (submitted electronically)	442	0.11	\$15.88	\$772.09

Next, in tables 14 and 15, we show the cost savings to facilities from assembling fewer Operations Manuals and Emergency Manuals that are stored at marine transfer areas.<sup>75</sup> Marine transfer areas are those parts of a facility where the products the facility transfers, from vessel to shore or shore to vessel, are transferred. According to Coast Guard SMEs, a facility typically has two marine transfer areas. These cost savings are only for facilities that would save their documentation at these areas in electronic format.<sup>76</sup> Each facility is currently required to keep a copy of their manuals at each marine transfer areas. Facilities currently keep their records at these locations in printed format. The reasons for this are similar to the reasons for mailing printed editions of the Operations Manuals and Emergency Manuals to the Coast Guard: the regulations that established this requirement were originally published before it was commonly accepted practice (or even possible) to access electronic records in a portable fashion.

According to Coast Guard SMEs, LNG and LHG facilities have a 50-percent likelihood of storing their manuals and amendments in electronic format at marine transfer areas, and MTR facilities have a 20-percent likelihood of storing them electronically.

The reason that these percentages are low is that for the adoption of electronic documents at these areas, a facility must be equipped to provide the ability to access electronic documentation at marine transfer areas already.<sup>77</sup> The cost of purchasing the new IT equipment for these purposes greatly offsets the cost savings from using

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<sup>75</sup> LNG and LHG facilities must have Operations Manuals and Emergency Manuals at these locations, and MTR facilities have Operations Manuals only.

<sup>76</sup> This electronic documentation would be accessed via a device such as an electronic tablet.

<sup>77</sup> For example via Wi-Fi or hardwire connection.

electronic documentation, so facilities must already have the necessary IT infrastructure in place to experience the cost savings. As LNG and LHG facilities are typically much more capital intensive and state-of-the-art in terms of IT infrastructure than MTR facilities, they are more likely to use electronic documentation.

As stated previously, the costs to assemble Manuals and amendments, for LNG and LHG facilities, was \$9.25 and \$1.60 (each).<sup>78</sup> As also stated previously, the in-scope population was estimated at 18 for Manuals and 42 amendments for LNG and LHG facilities.<sup>79</sup> Combining these numbers with the fact that there are an average of two marine transfer areas per facility, we end up with the annual production cost savings figures shown in table 14.

**Table 14: Annual LNG and LHG Production Cost Savings**

Marine Transfer Area Cost Savings:	Population of Documents per year	Electronic Document Use at Marine Transfer Areas	Marine Transfer Areas per Facility	Production Costs (each)	Annual Production Costs Savings
Manuals	18	50%	2	\$9.25	\$166.50
Amendments	42	50%	2	\$1.60	\$67.50

As stated previously, the costs to assemble Manuals and amendments, for MTR facilities, was \$15.52 and \$2.28 (each).<sup>80</sup> As also stated previously, the in-scope population was estimated at 261 for Manuals and 442 amendments for MTR facilities.<sup>81</sup> Combining these numbers with the fact that there are an average of two marine transfer areas per facility, we end up with the annual production cost savings figures shown in table 15.

<sup>78</sup> See Tables 5 and 6 and the discussions accompanying them.

<sup>79</sup> See discussion under the “affected population” section of this NPRM.

<sup>80</sup> See Tables 5 and 6 and the discussions accompanying them.

<sup>81</sup> See discussion under the “affected population” section of this NPRM.

**Table 15: Annual MTR Production Cost Savings**

Marine Transfer Area Cost Savings:	Population of Documents per year	Electronic Document Use at Marine Transfer Areas	Marine Transfer Area per Facility	Production Costs (each)	Annual Production Costs Savings
Manuals	261	20%	2	\$15.52	\$1,620.29
Amendments	442	20%	2	\$2.28	\$403.10

Finally, in Tables 16 and 17, we show the labor cost savings to facilities that choose to retain electronic documents instead of printed documents at marine transfer areas. According to Coast Guard SMEs, normally a PIC (or someone with similar background) would perform this duty in an hour, due to the size of the facilities. The closest occupation found to this in the BLS occupational code series was “First Line Supervisors of Production and Operating Workers” (Occupational Code 51-1011), under NAICS 325000 (Chemical Manufacturing).<sup>82</sup> We found the mean wage to be \$35.43.<sup>83</sup> We estimated the loaded rate to be \$53.50.<sup>84, 85</sup>

Using the estimated loaded labor rate of \$53.50 per hour, multiplied by the in-scope populations discussed previously under the “affected population” portion of this

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<sup>82</sup> There is no comparable BLS occupational code under the BLS’s NAICS 483000 (Water Transportation) code 51-1011.

<sup>83</sup> May 2019 National-Industry Specific Occupational Employment and Wage Estimates, NAICS 325000 Chemical Manufacturing, [https://www.bls.gov/oes/2019/may/naics3\\_325000.htm#51-0000](https://www.bls.gov/oes/2019/may/naics3_325000.htm#51-0000), [downloaded September 30, 2020](#).

<sup>84</sup>The loaded rate was estimated by accessing latest available BLS News Release on Employer Costs for Employee Compensation June 2020 (News Release dated September 17, 2020, USDL-20-1736, <https://www.bls.gov/news.release/ecec.htm>, , accessed September 30, 2020). Normally the Coast Guard, to determine benefits, uses all workers in private industry, transportation, and material moving as the basis. Due to the fact that the labor category identified above was First Line Supervisors of Production and Operating Workers, it was thought more appropriate to use the line associated with “production, transportation and material moving, Production” in table 2 instead. LNG, LHG, and MTR facilities would be expected to have benefits packages closer to this line item category than that associated with line item “private industry, transportation and material moving, transportation and moving” as they are closer, in terms of workforce, to a production type environment than a transportation. To calculate the benefits ratio, total compensation in this line item (\$28.70) was divided by “wages and salaries” (\$19.00). This provided a benefits ratio of 1.51.

<sup>85</sup> \$35.43 x 1.51 = \$53.50.

economic analysis (18 manuals for LNG and LHG facilities and 261 for MTR facilities as well as 42 amendments for LNG and LHG facilities and 442 for MTR) and the estimated rate of electronic document use at marine transfer areas discussed previously (50 percent at LNG and LHG facilities and 20 percent at MTR), we derive the annual labor cost savings in tables 16 and 17.

**Table 16: Annual LNG and LHG Labor Cost Savings with Respect to Electronic and Operations Manuals (and Amendments) that would not have to be placed at Marine Transfer Areas**

Labor of storing Manuals and Amendments	Population of Documents per year	Electronic Document Use at Marine Transfer Areas	Labor Costs	Total Annual Labor Cost Savings
Manuals	18	50%	\$53.50	\$481.50
Amendments	42	50%	\$53.50	\$1,123.50

**Table 17: Annual MTR Labor Cost Savings with Respect to Operations Manuals (and Amendments) that would not have to be placed at Marine Transfer Areas**

Labor of storing Manuals and Amendments	Population of Documents per year	Electronic Document Use at Marine Transfer Areas	Labor Costs	Total Annual Labor Cost Savings
Manuals	261	20%	\$53.50	\$2,792.70
Amendments	442	20%	\$53.50	\$4,729.40

Tables 18 and 19 show the total annual cost savings for LNG and LHG and MTR facilities in both nominal and discounted terms. These savings estimates were found by summing the previous tables for the total number of facilities by respective facility type.

**Table 18: Annual Cost Savings for LNG and LHG Facilities on a Nominal Basis and Discounted at 7%**

LNG and LHG Cost Savings	Nominal Terms	7% Discounted Rate
Year 1	\$3,330.92	\$3,113.01
Year 2	\$3,330.92	\$2,909.35
Year 3	\$3,330.92	\$2,719.02

Year 4	\$3,330.92	\$2,541.14
Year 5	\$3,330.92	\$2,374.90
Year 6	\$3,330.92	\$2,219.53
Year 7	\$3,330.92	\$2,074.33
Year 8	\$3,330.92	\$1,938.62
Year 9	\$3,330.92	\$1,811.80
Year 10	\$3,330.92	\$1,693.27
Total	\$33,309.18	\$23,394.97
Annualized		\$3,330.92

**Table 19: Annual Cost Savings for MTR Facilities on a Nominal Basis and Discounted at 7%**

MTR Cost Savings	Nominal Terms	7% Discounted Rate
Year 1	\$32,976.35	\$30,819.02
Year 2	\$32,976.35	\$28,802.82
Year 3	\$32,976.35	\$26,918.52
Year 4	\$32,976.35	\$25,157.50
Year 5	\$32,976.35	\$23,511.68
Year 6	\$32,976.35	\$21,973.53
Year 7	\$32,976.35	\$20,536.01
Year 8	\$32,976.35	\$19,192.53
Year 9	\$32,976.35	\$17,936.95
Year 10	\$32,976.35	\$16,763.50
Total	\$329,763.46	\$231,612.06
Annualized		\$32,976.35

Table 20 shows the total private sector cost savings.

**Table 20: Total Private Sector Cost Savings on a Nominal Basis and Discounted at 7%**

Total Private Sector Cost Savings	Nominal Terms	7% Discounted Rate
Year 1	\$36,307.26	\$33,932.02
Year 2	\$36,307.26	\$31,712.17
Year 3	\$36,307.26	\$29,637.54
Year 4	\$36,307.26	\$27,698.64
Year 5	\$36,307.26	\$25,886.58
Year 6	\$36,307.26	\$24,193.06
Year 7	\$36,307.26	\$22,610.34
Year 8	\$36,307.26	\$21,131.16
Year 9	\$36,307.26	\$19,748.75
Year 10	\$36,307.26	\$18,456.77
Total	\$363,072.64	\$255,007.03
Annualized		\$36,307.26

## 1. Coast Guard Cost Savings

Under current regulations, the COTP examines the Operations Manuals and Emergency Manuals and amendments that are submitted by LNG and LHG facilities, and the Operations Manuals and amendments submitted by MTR facilities. After examining LNG and LHG documentation, the COTP finds the document either adequate or inadequate. If the document is found adequate, the current regulation requires that “the Captain of the Port returns-one copy to the [facility] owner or operator marked ‘Examined by the Coast Guard’”.<sup>86</sup> The same applies to MTR documentation. If the document is found to be adequate, the current regulation requires that “the COTP ... return one copy of the manual marked ‘Examined by the Coast Guard’”.<sup>87</sup> All these copies are currently submitted and returned in printed format.

### *Cost Savings from the Option for the COTP to Return Electronic Documents to Facility Operators if Those Documents Were Electronically Submitted*

This proposed rulemaking would permit the COTP the option of returning these documents to the facilities in either electronic or printed format, depending on the format in which the document was received. If a document was received from a facility in printed format, then it would not be returned to the facility in electronic format. As previously stated, Coast Guard SMEs estimate that 90 percent of LNG and LHG documents would be received in electronic format, and 75 percent for MTR. Thus, this is same the percentage that the COTP would return to the facilities in electronic format.

The cost savings the Coast Guard would experience from returning electronic responses would be the shipping and handling costs saved by not having to mail back the printed editions of the Operations Manuals and Emergency Manuals and amendments. The Coast Guard, like the private sector, would likely use a mailing service such as UPS or FedEx Ground shipping. Since the same packages would be returned to the facilities,

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<sup>86</sup> 33 CFR 127.019(c).

<sup>87</sup> 33 CFR 154.300(e).

the Coast Guard’s mailing costs would likely be the same as the private sector’s. For a 0.5-inch manual, this is estimated to total \$9.56, and for a 5-page amendment, this is estimated to total \$8.88.

Because labor costs differ between the Coast Guard and the private sector, labor-handling costs do also. The type of Coast Guard personnel expected to package documents to return to facilities would be either E-4s or E-5s. According to the latest available Commandant Instruction, the fully loaded hourly rate for an E-4 is \$45.00 and for an E-5 \$54.00.<sup>88</sup> We assume that it takes the same amount of time to pack and prepare a 0.5-inch and a 5-page amendment for shipping as it takes the private sector: 5 minutes, rounded to the closest whole minute, for a 0.5-inch manual and 4 minutes for a 5-page amendment.<sup>89, 90</sup> We estimate labor costs at \$3.60 for an E-4 and \$4.32 for an E-5 to mail a 0.5-inch manual.<sup>91, 92</sup> We estimate that it costs \$3.15 for an E-4 and \$3.78 for an E-5 to mail a 5-page amendment.<sup>93, 94</sup> We take an average of the E-4 and E-5 rates, thus deriving an estimated labor cost of \$3.96 per 0.5-inch amendment and \$3.47 per 5-page amendment.<sup>95</sup> Thus, the total cost to mail a 0.5-inch manual and \$12.35 to mail a 5-page amendment is \$13.52. These costs are summarized in table 21.

**Table 21: Coast Guard Shipping and Handling Costs**

Shipping and Handling Costs			
	Mailing Costs	Handling (Labor Costs)	TOTAL
Manuals	\$9.56	\$3.96	\$13.52
Amendments	\$8.88	\$3.47	\$12.35

In addition to the documents that have been found adequate, there is the issue of those documents that are deemed inadequate by the COTP. The current regulations

<sup>88</sup> Commandant Instruction 7310.1U, dated 27 February 2020, page 2 under the “Hourly Standard Rates for Personnel” section. [https://media.defense.gov/2020/Mar/04/2002258826/-1/-1/0/CI\\_7310\\_1U.PDF](https://media.defense.gov/2020/Mar/04/2002258826/-1/-1/0/CI_7310_1U.PDF)

<sup>89</sup> 5/60=0.08 hours.

<sup>90</sup> 4/60=0.07 hours.

<sup>91</sup> .08 x \$45 = \$3.60.

<sup>92</sup> .08 x \$54 = \$4.32.

<sup>93</sup> .07 x \$45 = \$3.15.

<sup>94</sup> .07 x \$54 = \$3.78.

<sup>95</sup> Both of these figures are rounded to the nearest whole cent.

require the COTP to notify the facility in writing.<sup>96, 97</sup> This notification usually comes in the form of a marked-up copy of the document, showing what needs to be corrected. This proposed rule would provide the COTP the option to respond electronically or in print to either electronic or printed copies from the facility operators.

In summary, the cost savings for the Coast Guard would be produced from the reduced number of printed Operations Manuals and Emergency Manuals and amendments returned to LNG, LHG, and MTR facilities. These savings can be broken out into the labor costs and the shipping costs. Table 22 shows the annual cost saving calculations for the Coast Guard.

**Table 22: Coast Guard Annual Cost Savings from Shipping and Handling Foregone**

Cost Savings to the Coast Guard	Population of Documents per year*	Expected Rate of Electronic Documents Production	Shipping and Handling Costs	Annual Cost Savings
LNG Manuals	18	90%	\$13.52	\$219.02
LNG Amendments	42	90%	\$12.35	\$466.83
MTR Manuals	261	75%	\$13.52	\$2,646.54
MTR Amendments	442	75%	\$12.35	\$4,094.03
* See tables 11 and 12.				

The summary of these calculations for 10 years is in Table 23.

**Table 23: Coast Guard Costs Savings on a Nominal Basis and Discounted at 7%**

Coast Guard Cost Savings	Nominal Terms	7% Discounted Rate
Year 1	\$7,426.42	\$6,940.58
Year 2	\$7,426.42	\$6,486.52
Year 3	\$7,426.42	\$6,062.17
Year 4	\$7,426.42	\$5,665.58
Year 5	\$7,426.42	\$5,294.93
Year 6	\$7,426.42	\$4,948.54
Year 7	\$7,426.42	\$4,624.80
Year 8	\$7,426.42	\$4,322.24
Year 9	\$7,426.42	\$4,039.48
Year 10	\$7,426.42	\$3,775.21

<sup>96</sup> 33 CFR 154.320(a)(1) states: “The COTP will notify the facility operator [of an MTR facility] in writing of any inadequacies”.

<sup>97</sup> 33 CFR 127.019(d) states: “If the COTP finds that the Operations Manual or the Emergency Manual does not meet this part, the Captain of the Port will return the manual with an explanation of why it does not meet this part [to the LNG and LHG facility].”

Total	\$74,264.19	\$52,160.06
Annualized		\$7,426.42

## 2. Summary of Cost Savings

We show the total aggregate cost savings for both the private sector and government, in nominal and discounted terms, in table 24.

**Table 24: Total Costs Savings (Private Sector Plus Government) on a Nominal Basis and Discounted at 7%**

Total Private Sector + Coast Guard Cost Savings	Nominal Terms	7% Discounted Rate
Year 1	\$43,733.68	\$40,872.60
Year 2	\$43,733.68	\$38,198.69
Year 3	\$43,733.68	\$35,699.71
Year 4	\$43,733.68	\$33,364.22
Year 5	\$43,733.68	\$31,181.51
Year 6	\$43,733.68	\$29,141.60
Year 7	\$43,733.68	\$27,235.14
Year 8	\$43,733.68	\$25,453.40
Year 9	\$43,733.68	\$23,788.23
Year 10	\$43,733.68	\$22,231.99
Total	\$437,336.83	\$307,167.09
Annualized		\$43,733.68

Using a perpetual period of analysis, we estimate the total annualized cost savings to both industry and the Coast Guard of the proposed rulemaking to be \$29,406 in 2016 dollars, using a 7-percent discount rate and discounted back to 2016.<sup>98</sup> The anticipated year of the rule's implementation is 2021.

### *B. Small Entities*

The Regulatory Flexibility Act of 1980 (5 U.S.C. 601-612) (RFA) and Executive Order 13272 (Consideration of Small Entities in Agency Rulemaking) requires a review of proposed and final rules to assess their impacts on small entities. An agency must prepare an initial regulatory flexibility analysis unless it determines and certifies that a

<sup>98</sup> Rounded to the nearest whole dollar. We assume that the regulation will be implemented in 2021, hence deflate the 2016 dollar terms to that year.

rule, if promulgated, would not have a significant impact on a substantial number of small entities.

Under the RFA, we have considered whether this proposed rule would have a significant economic impact on a substantial number of small entities. The term “small entities” comprises small businesses, not-for-profit organizations that are independently owned and operated and are not dominant in their fields, and governmental jurisdictions with populations of less than 50,000.

The Coast Guard proposes to allow MTR facilities, and LNG and LHG facilities to submit their Operations Manuals, Emergency Manuals, and amendments in electronic format. These facilities will experience a cost savings. Therefore, we estimate that this proposed rule would provide cost savings to 703 MTR facilities, and 60 LNG and LHG facilities.

This proposed rulemaking would reduce the time and cost burden for regulated LNG, LHG, and MTR facilities to submit Operations Manuals and Emergency Manuals and amendments for the purposes of 33 CFR parts 127, 154 and 156. The proposed rulemaking would enable these facilities to submit the required documentation electronically. This would enable facilities to save time associated with mailing and processing printed manuals. In addition, it would permit facilities to place electronic copies of their manuals and amendments at their marine transfer areas. This would result in a savings to facilities that choose this route because they would not have to print manuals and amendments and place them physically at those locations.

Section 70011 of Title 46 of the U.S.C. authorizes the Secretary of Homeland Security to establish procedures and measures for handling dangerous substances, including oil and hazardous material, to prevent damage to any structure on or in the navigable waters of the United States. Additionally, the FWPCA, as amended and codified in 33 U.S.C. 1321(j)(5), authorizes the President to establish procedures to

prevent discharges of oil and hazardous substances from vessels, onshore facilities, and offshore facilities. The FWPCA functions in 33 U.S.C. 1321(j)(5) have been delegated from the President to the Secretary of DHS by Executive Order 12777 Sec. 2(d)(2), as amended by Executive Order 13286. The authorities in 33 U.S.C. 1321(j)(5) and 46 U.S.C. 70011 have been delegated to the Coast Guard under section II, paragraphs 70 and 73, of DHS Delegation No. 0170.1. This serves as the legal basis of the proposed rulemaking. We have searched for relevant Federal rules that may duplicate, overlap and conflict with the proposed rule but have found none.

We examined the LNG and LHG and MTR facility populations separately, to provide a detailed analysis. With respect to the LNG and LHG population, as stated previously, we estimate that 54 facilities a year would be impacted by the proposed regulation, or 45 percent of the 121 total number of LNG and LHG facilities.<sup>99, 100</sup> A search of the MISLE database revealed a total of 85 unique owners for these 121 LNG and LHG facilities.<sup>101</sup> Of these unique owners, 15 were found to be small businesses, as defined by the SBA “Table of Small Size Standards” .<sup>102</sup> We were unable to find employee or revenue information for 16 entities. Entities for which data was not available were assumed to be small entities. Assuming that the proportion of owners is directly related to the number of impacted owners, 45 percent of the 85 unique owners yielded a total of 38 unique owners who would be affected by the proposed rule.<sup>103</sup> We estimate total nominal cost savings per year for LNG and LHG facilities to be \$3,331 per year, as shown in Table 18.<sup>104</sup> This totals \$86.66 per owner per year.<sup>105</sup> There were no small

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<sup>99</sup> The discussion under the “affected population” section of this NPRM should be referenced.

<sup>100</sup>  $54/121 = 45\%$ .

<sup>101</sup> The search of the MISLE database was conducted mid-December 2020.

<sup>102</sup> As of the latest available SBA “Table of Size Standards” at the time this analysis was performed. That table was effective as of Aug. 19, 2019 and is available at <https://www.sba.gov/document/support--table-size-standards>.

<sup>103</sup> Rounded to nearest whole number.  $85 \times 45\% = 38.25$  (rounded to 38).

<sup>104</sup> Rounded to closest whole dollar.

<sup>105</sup>  $\$3,331/38 = \$86.66$  per impacted owner per year.

LNG and LHG facilities, for which gross sales data existed, for which costs savings exceeded 1 percent of gross revenue.

With respect to the MTR population, as stated previously, we estimate that 527 facilities would be impacted per year.<sup>106</sup> As we found the total number of MTR facilities to be 2,497, the proportion of impacted facilities is 21 percent.<sup>107</sup> A search of the MISLE database found 1,390 unique owners of all MTR facilities.<sup>108</sup> We used Cochran's Formula to reduce 1,390 to a representative sample.<sup>109</sup> Applying this formula, while assuming a 95-percent confidence interval, yields a sample size of 302. We used this sample size on which to base our small business analysis.<sup>110</sup> Of the 302 facilities, 223 were estimated to be small. Of the 223 facilities, 139 were small (in terms of either gross sales or number of employees) according to the definition provided by the SBA. With respect to the remaining 84 facilities, no sales or employee data was available, so we assumed that these facilities were also small.

The estimated number of total impacted unique MTR owners is 292.<sup>111</sup> We estimate the total cost savings, as shown in table 19, to be \$32,976 per year for all MTR facilities per year.<sup>112</sup> Hence, we estimate that the projected cost savings per impacted facility would be \$112.93 per year.<sup>113</sup> Assuming that the proportion of small facilities

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<sup>106</sup> The discussion under the "affected population" section of this regulatory analysis should be referenced.

<sup>107</sup> Rounded to closest whole percentage point ( $527/2,497 = 21.1\%$ ). This assumes that this ratio, based on historical MISLE data over the past 10 years, remains constant over the future.

<sup>108</sup> The search of the MISLE database was conducted in Mid-Dec. 2020.

<sup>109</sup> Cochran's formula is defined as:  $n = (Z^2 \cdot p \cdot q) / e^2$  where n is the sample size number that matches a particular precision (i.e. margin of error) and confidence level. Z is the z-value (1.96 in our case, a number that matches 2 standard deviations), p is the estimated proportion of the population which has the attribute in question (0.5 in our case, as we are looking numbers around a center), q = 1-p and e is the estimated margin of error (0.05, as we are assuming a 95-percent confidence level). The use of this equation yields a corresponding sample size of 385. However, as the population is relatively small (in terms of statistical analysis) 1,390, we need to use a slight modification of this formula. That modification is as follows:  $n = (n_0) / (1 + (n_0 - 1) / N)$ . n<sub>0</sub> is the sample size from our first calculation (385) and N is the sample size (1,390). Thus, we obtain:  $385 / (1 + (385 - 1) / 1390) = 302$ .

<sup>110</sup> We picked the 302, from the 1,390, by assigning the 1,390 a randomly selected number between 0 and 1 using the random number generator in Excel and then picking the first 302 facilities, from highest to lowest, based on the number the random number generator created for each.

<sup>111</sup>  $1,390 \times 21\% = 291.9$ .

<sup>112</sup> Figure rounded to closest whole dollar.

<sup>113</sup>  $\$32,976 / 292 = \$112.93$ .

among the 292 total impacted facilities reflects the ratio of small in the sample derived by the application of Cochran's formula (74 percent), 216 small facilities are estimated to exist.<sup>114, 115</sup> For the 139 small MTR facilities for which gross sales data existed, there were no facilities for which costs savings exceeded 1 percent of gross revenue. Based on the information provided above, the Coast Guard certifies under 5 U.S.C. 605(b) that this proposed rule would not have a significant economic impact on a substantial number of small entities. If you think that your business, organization, or governmental jurisdiction qualifies as a small entity and that this proposed rule would have a significant economic impact on it, please submit a comment to the docket at the address listed in the **ADDRESSES** section of this preamble. In your comment, explain why you think it qualifies and how and to what degree this proposed rule would economically affect it.

*C. Assistance for Small Entities*

Under section 213(a) of the Small Business Regulatory Enforcement Fairness Act of 1996, Public Law 104-121, we want to assist small entities in understanding this proposed rule so that they can better evaluate its effects on them and participate in the rulemaking. If the proposed rule would affect your small business, organization, or governmental jurisdiction and you have questions concerning its provisions or options for compliance, please call or email the person in the **FOR FURTHER INFORMATION CONTACT** section of this proposed rule. The Coast Guard will not retaliate against small entities that question or complain about this proposed rule or any policy or action of the Coast Guard.

Small businesses may send comments on the actions of Federal employees who enforce, or otherwise determine compliance with, Federal regulations to the Small Business and Agriculture Regulatory Enforcement Ombudsman and the Regional Small

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<sup>114</sup>  $223/302=73.8\%$ .

<sup>115</sup>  $292 \times 74\% = 216.08$ .

Business Regulatory Fairness Boards. The Ombudsman evaluates these actions annually and rates each agency's responsiveness to small business. If you wish to comment on actions by employees of the Coast Guard, call 1-888-REG-FAIR (1-888-734-3247).

*D. Collection of Information*

The Paperwork Reduction Act of 1995 (44 U.S.C. 3507(d)) requires the U.S. Coast Guard to consider the impact of paperwork and other information collection burdens imposed on the public. According to the 1995 amendments to the Paperwork Reduction Act (5 CFR 1320.8(b)(2)(vi)), an agency may not collect or sponsor the collection of information, nor may it impose an information collection requirement unless it displays a currently valid OMB control number.

This action contains the proposed amendments to the existing information collection requirements previously approved OMB collections of information. The Coast Guard will submit these proposed information collection amendments to OMB for its review.

Hence, the COI amendments under this proposed rule falls under the same collection of information already required for waterfront facilities handling LNG and LHG described in OMB Control Number 1625-0049, and facilities transferring Oil or Hazardous Materials in Bulk described in OMB Control Number 1625-0093. This proposed rule does not change the content of responses, nor the estimated burden of each response, but because it changes the estimated burden of many of the responses required in those COIs, it proposes to decrease the total annual burden for both of these collections of information.

As defined in 5 CFR 1320.3(c), "collection of information" comprises reporting, recordkeeping, monitoring, posting, labeling, and other similar actions. The title and description of the information collections, a description of those who must collect the information, and an estimate of the total annual burden follow. The estimate covers the

time for reviewing instructions, searching existing sources of data, gathering and maintaining the data needed, and completing and reviewing the collection.

*Title:* Waterfront Facilities Handling Liquefied Natural Gas (LNG) and Liquefied Hazardous Gas (LHG).

*OMB Control Number:* 1625-0049

*Summary of the Collection of Information:* LNG and LHGs present a risk to the public when transferred at waterfront facilities. Title 33 CFR part 127 prescribes safety standards for the design, construction, equipment, operations, maintenance, personnel training, and fire protection at waterfront facilities handling LNG or LHG. The facility operators must submit Operational Manuals and Emergency Manuals and amendments to the Coast Guard.

*Need for Information:* The information in an Operations Manual is used by the Coast Guard to ensure the facility follows proper and safe procedures for handling LNG and LHG and to ensure facility personnel are trained and follow proper and safe procedures for transfer operations. The Emergency Manual is used by the Coast Guard to ensure the facility follows proper procedures in the event of an emergency during transfer operations. These procedures include actions in the event of a release, fire, or other event that requires an emergency shutdown, first aid, or emergency mooring or unmooring of a vessel. Operations Manuals and Emergency Manuals are updated periodically by amendments to ensure they are kept current to reflect changes in procedures, equipment, personnel, and telephone number listings.

*Use of Information:* The Coast Guard uses this information to monitor compliance with the rule.

*Description of the Respondents:* Waterfront Facilities Handling LNG and LHG

*Number of Respondents:* This proposed rule would not have any impact on the number of respondents. Based on the Coast Guard's MISLE database, there are currently

121 LNG and LHG facilities operating in the United States and its territories.<sup>116</sup> The proposed rule would reduce the number of hours spent assembling manuals and amendments, submitting them to the COTP, updating numerous copies of each manual that is amended, and ensuring that the most recent version of the manual with all amendments is available to the PIC.

*Frequency of Response:* The number of responses per year for this proposed rule would vary by participating facilities. The Coast Guard anticipates that each new participant will submit an Operations Manual and Emergency Manual once when the new facility becomes operational. The operator will submit updates, in the form of amendments, to the manual whenever there is a significant change.

The number of responses has increased since the most recently approved COI and this proposed rulemaking. The proposed rulemaking will lead to an increase in the number of annual responses.

The proposed rulemaking does not increase the number of annual responses. The number of responses since the last COI, however, do increase because the population size since that time has increased. The most recently approved COI estimates 3,356 annual responses for all LNG and LHG facilities.<sup>117</sup> Under the current proposed rulemaking, the annual responses are estimated to be 3,502.<sup>118</sup> This difference is due to a change in the populations as opposed to other impacts of the proposed rulemaking.

*Burden of Response:* The burden of response would decrease due to the fact that facility operators would no longer need to print the manuals that will be submitted to the Coast Guard, mail them to the COTP, and place them at the marine transfer areas of the

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<sup>116</sup> In the most current COI, the number of LNG and LHG facilities was 108. The current figure of 121 reflects an increase in this population; it is not due to a change in the proposed rulemaking. The relevant COI is 1625-0049. This can be found in Regulations.Gov (specifically under <https://www.regulations.gov/docket?D=USCG-2019-0353>).

<sup>117</sup> Annual responses are defined as not only the number of Operations Manuals and Emergency Manuals and amendments but also other documentation such as letters of intent and declarations of intent. The full list of documents that constitute responses can be found in the COI (1625-0049).

<sup>118</sup> Ibid.

facilities (for those manuals and amendments that will be kept at marine transfer areas in electronic format).

In the latest available COI, using the new LNG and LHG population of 121 instead of 108, along with the per-response burden hours in that COI, the total burden hours for both LNG and LHG facilities, per year, is 6,768. The hours per response for the development of an Operations or Emergency Manual is 150 hours, and the hours per response for Operations Manual or Emergency Manual amendments is 2 hours.<sup>119</sup> The proposed rulemaking is estimated to reduce the burden hours for Operations Manuals and Emergency Manuals and amendments for facility operators submitting their documents to the COTP and storing their documentation at their marine transfer areas in electronic format. This total time saved time is estimated at 60 hours per year. Thus, the Coast Guard estimates that 60 burden hours would be eliminated per year.

*Estimate of Total Annual Burden:* The proposed rule would decrease the total burden by 60 hours, from 6,768 hours to 6,708.

*Title:* Facilities Transferring Oil or Hazardous Materials in Bulk

*OMB Control Number:* 1625-0093

*Summary of the Collection of Information:* The Operations Manual regulations in 33 CFR 154.300 through 154.325 establish procedures for facilities that transfer oil or hazardous materials, in bulk, to or from a vessel with a capacity of 39.75 cubic meters (250 barrels) or more. The facility operator must submit Operations Manuals and associated amendments to the Coast Guard.

*Need for Information:* The Coast Guard uses the information in an Operations Manual to ensure that facility personnel follow proper and safe procedures for

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<sup>119</sup> The relevant COI is 1625-0049. The 150- and 2-hour figures can be seen in Regulations.Gov (specifically under <https://www.regulations.gov/docket?D=USCG-2019-0353>), in the supporting document “1625-0049\_SS\_r0\_2019\_calcs-sheet\_App-A-to-C”, pages 2-3. In that document, it can be seen that the total hours per response, for both LNG and LHG facilities, is 150 hours for development of Operations Manuals and Emergency Manual Amendments and 2 hours for Operations Manual and Emergency Manual amendments.

transferring oil or hazardous materials and to ensure facility personnel follow proper and safe procedures for dealing with any spills that occur during a transfer. Operations Manuals are updated periodically by amendments to ensure they are kept current to reflect changes in procedures, equipment, personnel, and telephone number listings.

*Use of Information:* The Coast Guard uses this information to monitor compliance with the rule.

*Description of the Respondents:* Facilities transferring oil or hazardous materials in bulk.

*Number of Respondents:* This proposed rule would not have any impact on the number of respondents. Based on the Coast Guard's MISLE database, there are currently 2,497 oil and hazardous material facilities operating in the United States and its territories. The electronic submission opportunity in this proposed rule would reduce the number of hours spent printing the manuals and amendments, mailing them to the Coast Guard, updating numerous copies of each manual following amendment, and ensuring the most recent printed version of the manual, with all amendments, is available to the person in charge of transfer operations.

*Frequency of Response:* The number of responses per year for this proposed rule would vary by participating facilities. The Coast Guard anticipates that each new participant will submit an Operations Manual once when the new facility becomes operational. The operator will submit updates to the Manual whenever there is a significant change. Based on historical information, the Coast Guard expects facilities to submit 261 new Operations Manuals and 442 Operations Manual amendments per year. The number of Letters of Intent Submission are 261, equivalent to the number of Operations Manuals. The current COI assumes that the number of letters of intent equals the number of Operations Manual submissions. These figures are derived from the MISLE database. Hence, the total number of responses are 964 per year.

*Burden of Response:* The proposed rulemaking gives regulated facilities the option of submitting Operations Manuals and associated amendments to the Coast Guard, at their discretion, in either print or electronic format. For those facilities submitting documentation in electronic format, the burden of response would decrease due to eliminating the need to print and mail these manuals. For facility operators placing electronic copies of their documents at their marine transfer areas, costs associated with printing copies and labor time related to placing them there will be saved.

According to the latest COI, 115 hours are required to prepare an Operations Manual; 16 hours are required to prepare an Operations Manual amendment; and 2 hours are required to submit a Letter of Intent.<sup>120</sup> Assuming that there are 261 Operations Manual submissions, 442 Operations Manual amendments submissions, and 261 Letters of Intent, the total annual burden hours associated with the assumptions in that COI are 37,609.<sup>121</sup>

The proposed rulemaking would reduce the burden hours for facilities because it will permit them to submit their documentation in electronic format and permit them to store their documents at their marine transfer areas in electronic format. The estimated burden hours reduced as a result is 528 hours per year.

*Estimate of Total Annual Burden:* The proposed rule would decrease the total burden hours by 528, from 37,609 hours to 37,081 per year.

As required by 44 U.S.C. 3507(d), we will submit a copy of this proposed rule to OMB for its review of the collection of information.

We ask for public comment on the proposed revisions to the existing collection of information to help us determine, among other things—

- How useful the information is;

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<sup>120</sup> OMB Control Number: 1625-0093.

<sup>121</sup> The current COI states that the Letters of Intent submissions equal the number of Operation Manual submissions.

- Whether the information can help us perform our functions better;
- How we can improve the quality, usefulness, and clarity of the information;
- Whether the information is readily available elsewhere;
- How accurate our estimate is of the burden of collection;
- How valid our methods are for determining the burden of collection; and
- How we can minimize the burden of collection.

If you submit comments on the collection of information, submit them to both the OMB and to the docket where indicated under **ADDRESSES**.

You need not respond to a collection of information unless it displays a currently valid control number from OMB. Before the Coast Guard could enforce the collection of information requirements in this proposed rule, OMB would need to approve the Coast Guard's request to collect this information.

*E. Federalism*

A rule has implications for federalism under Executive Order 13132 (Federalism) if it has a substantial direct effect on States, on the relationship between the National Government and the States, or on the distribution of power and responsibilities among the various levels of government. We have analyzed this proposed rule under Executive Order 13132 and have determined that it is consistent with the fundamental federalism principles and preemption requirements described in Executive Order 13132. Our analysis follows.

This proposed rule amends the Operations Manual and Emergency Manual submission procedures and COTP approval process for facilities that transfer LNG, LHG, oil, or hazardous material to or from a vessel in bulk. These proposed changes involve procedural requirements for the Coast Guard's own approval process, safety risk analysis, and appeal process for a facility that transfers LNG, LHG, oil, or hazardous material in bulk. The changes proposed in this NPRM do not conflict with State interests. For

individual States, or their political subdivisions, any requirements for facilities to submit their Operations or Emergency Manuals to them for review or approval would be unaffected by this proposed rule.

Pursuant to 46 U.S.C. 70011(b)(1), Congress has expressly authorized the Coast Guard to establish “procedures, measures and standards for the handling, loading, unloading, storage, stowage and movement on a structure of explosives or other dangerous articles and substances, including oil or hazardous material.” The Coast Guard affirmatively preempts any State rules related to these procedures, measures, and standards (*See United States v. Locke*, 529 U.S. 89, 109-110 (2000)). Therefore, because the States may not regulate within these categories, this proposed rule is consistent with the fundamental federalism principles and preemption requirements described in Executive Order 13132.

The Coast Guard recognizes the key role that State and local governments may have in making regulatory determinations. Additionally, for rules with federalism implications and preemptive effect, Executive Order 13132 specifically directs agencies to consult with State and local governments during the rulemaking process. If you believe this proposed rule would have implications for federalism under Executive Order 13132, please call or email the person listed in the **FOR FURTHER INFORMATION CONTACT** section of this preamble.

*F. Unfunded Mandates*

The Unfunded Mandates Reform Act of 1995, 2 U.S.C. 1531-1538, requires Federal agencies to assess the effects of their discretionary regulatory actions. In particular, the Act addresses actions that may result in the expenditure by a State, local, or tribal government, in the aggregate, or by the private sector of \$100 million (adjusted for inflation) or more in any one year. Although this proposed rule would not result in

such an expenditure, we do discuss the effects of this proposed rule elsewhere in this preamble.

*G. Taking of Private Property*

This proposed rule would not cause a taking of private property or otherwise have taking implications under Executive Order 12630 (Governmental Actions and Interference with Constitutionally Protected Property Rights).

*H. Civil Justice Reform*

This proposed rule meets applicable standards in sections 3(a) and 3(b)(2) of Executive Order 12988, (Civil Justice Reform), to minimize litigation, eliminate ambiguity, and reduce burden.

*I. Protection of Children*

We have analyzed this proposed rule under Executive Order 13045 (Protection of Children from Environmental Health Risks and Safety Risks). This proposed rule is not an economically significant rule and would not create an environmental risk to health or risk to safety that might disproportionately affect children.

*J. Indian Tribal Governments*

This proposed rule does not have tribal implications under Executive Order 13175 (Consultation and Coordination with Indian Tribal Governments), because it would not have a substantial direct effect on one or more Indian tribes, on the relationship between the Federal Government and Indian tribes, or on the distribution of power and responsibilities between the Federal Government and Indian tribes.

*K. Energy Effects*

We have analyzed this proposed rule under Executive Order 13211 (Actions Concerning Regulations That Significantly Affect Energy Supply, Distribution, or Use). We have determined that it is not a “significant energy action” under that order because it

is not a “significant regulatory action” under Executive Order 12866 and is not likely to have a significant adverse effect on the supply, distribution, or use of energy.

*L. Technical Standards*

The National Technology Transfer and Advancement Act, codified as a note to 15 U.S.C. 272, directs agencies to use voluntary consensus standards in their regulatory activities unless the agency provides Congress, through OMB, with an explanation of why using these standards would be inconsistent with applicable law or otherwise impractical. Voluntary consensus standards are technical standards (for example, specifications of materials, performance, design, or operation; test methods; sampling procedures; and related management systems practices) that are developed or adopted by voluntary consensus standards bodies.

This proposed rule does not use technical standards. Therefore, we did not consider the use of voluntary consensus standards.

*M. Environment*

We have analyzed this proposed rule under Department of Homeland Security Management Directive 023-01, Rev. 1, associated implementing instructions and Environmental Planning COMDTINST 5090.1 (series), which guide the Coast Guard in complying with the National Environmental Policy Act of 1969 (42 U.S.C. 4321-4370f), and have made a preliminary determination that this action is one of a category of actions that do not individually or cumulatively have a significant effect on the human environment. A preliminary Record of Environmental Consideration supporting this determination is available in the docket. For instructions on locating the docket, see the **ADDRESSES** section of this preamble.

This proposed rule would be categorically excluded under paragraphs A3 (part d) and L54 of Appendix A, Table 1 of DHS Instruction Manual 023-01-001-01, Rev. 1. Paragraph A3 (part d) pertains to the promulgation of rules, issuance of rulings or

interpretations, and the development and publication of policies, orders, directives, notices, procedures that interpret or amend an existing regulation without changing its environmental effect, and paragraph L54 pertains to regulations which are editorial or procedural. This proposed rule involves allowing facilities that transfer oil, hazardous materials, LNG, or LHG in bulk to submit and maintain the facility Operations Manuals and Emergency Manuals electronically or in print, and would amend the COTP examination procedures for those documents, thus enabling electronic communication between the facility operators and the Coast Guard, which would reduce the time and cost associated with mailing printed manuals. This action is consistent with the Coast Guard's port and waterway security and marine safety missions. We seek any comments or information that may lead to the discovery of a significant environmental impact from this proposed rule.

#### **List of Subjects**

##### **33 CFR Part 127**

Fire prevention, Harbors, Hazardous substances, Natural gas, Reporting and recordkeeping requirements, Security measures.

##### **33 CFR Part 154**

Alaska, Fire prevention, Hazardous substances, Oil pollution, Reporting and recordkeeping requirements.

##### **33 CFR Part 156**

Hazardous substances, Oil pollution, Reporting and recordkeeping requirements, Water pollution control.

For the reasons discussed in the preamble, the Coast Guard proposes to amend 33 CFR parts 127, 154, and 156 as follows:

#### **PART 127—WATERFRONT FACILITIES HANDLING LIQUEFIED NATURAL GAS AND LIQUEFIED HAZARDOUS GAS**

1. The authority citation for part 127 is revised to read as follows:

**Authority:** 46 U.S.C. 70034; 46 U.S.C. Chapter 701; Department of Homeland Security Delegation No. 0170.1.

2. Amend § 127.019 as follows:

- a. Revise paragraphs (a) and (b);
- b. Redesignate paragraphs (c) and (d) as paragraphs (d) and (e);
- c. Add new paragraph (c); and
- d. Revise newly redesignated paragraphs (d) and (e).

The additions and revisions read as follows:

**§ 127.019 Operations Manual and Emergency Manual: Procedures for examination.**

(a) The owner or operator of an active facility must submit an Operations Manual and Emergency Manual in printed or electronic format to the COTP of the zone in which the facility is located.

(b) At least 30 days before transferring LHG or LNG, the owner or operator of a new or an inactive facility must submit an Operations Manual and Emergency Manual in printed or electronic format to the Captain of the Port of the zone in which the facility is located, unless the manuals have been examined and there have been no changes since that examination.

(c) Operations Manuals and Emergency Manuals submitted after **[INSERT DATE 30 DAYS AFTER PUBLICATION OF FINAL RULE]** must include a date, revision date or other identifying information generated by the facility.

(d) If the COTP finds that the Operations Manual meets § 127.305 or § 127.1305 and that the Emergency Manual meets § 127.307 or § 127.1307, the COTP will provide notice to the facility stating each manual has been examined by the Coast Guard. This notice will include the revision date of the manual or other identifying information generated by the facility.

(e) If the COTP finds that the Operations Manual or the Emergency Manual does not meet this part, the COTP will notify the facility with an explanation of why it does not meet this part.

3. In § 127.309, revise the introductory text and paragraph (a) to read as follows:

**§ 127.309 Operations Manual and Emergency Manual: Use.**

The operator must ensure that—

(a) LNG transfer operations are not conducted unless the person in charge of transfer for the waterfront facility handling LNG has in the marine transfer area a readily available printed or electronic copy of the most recently examined Operations Manual and Emergency Manual;

\* \* \* \* \*

4. In §127.1309, revise the introductory text and paragraph (a) to read as follows:

**§ 127.1309 Operations Manual and Emergency Manual: Use.**

The operator must ensure that—

(a) LHG transfer operations are not conducted unless the person in charge of transfer for the waterfront facility handling LHG has a printed or electronic copy of the most recently examined Operations Manual and Emergency Manual readily available in the marine transfer area;

\* \* \* \* \*

**PART 154—FACILITIES TRANSFERRING OIL OR HAZARDOUS MATERIAL  
IN BULK**

5. The authority citation for part 154 is revised to read as follows:

**Authority:** 33 U.S.C. 1321(j)(1)(C), (j)(5), (j)(6), and (m)(2); 46 U.S.C. 70011, 70034; sec. 2, E.O. 12777, 56 FR 54757; Department of Homeland Security Delegation No. 0170.1. Subpart F is also issued under 33 U.S.C. 2735. Vapor control recovery provisions of Subpart P are also issued under 42 U.S.C. 7511b(f)(2).

6. Amend § 154.300 as follows:

a. Revise the introductory text of paragraph (a) and add paragraph (a)(4);

b. In paragraphs (b) and (c), remove the word “shall” and add, in its place, the word “must”; and

c. Revise paragraphs (d), (e), and (f).

The additions and revisions read as follows:

**§ 154.300 Operations manual: General.**

(a) The facility operator of each facility to which this part applies must submit to the COTP of the zone(s) in which the facility operates, with the letter of intent, an Operations Manual in printed or electronic format that:

\* \* \*

(4) After **[INSERT DATE 30 DAYS AFTER PUBLICATION OF FINAL RULE]**, includes a date, revision date, or other identifying information generated by the facility.

\* \* \* \* \*

(d) In determining whether the manual meets the requirements of this part and part 156 of this chapter, the COTP will consider the products transferred and the size, complexity, and capability of the facility.

(e) If the manual meets the requirements of this part and part 156 of this chapter, the COTP will provide notice to the facility stating the manual has been examined by the Coast Guard as described in § 154.325. The notice will include the date, revision date of the manual, or other identifying information generated by the facility.

(f) The facility operator must ensure printed or electronic copies of the most recently examined Operations Manual, including any translations required by paragraph (a)(3) of this section, are readily available for each facility person in charge while conducting a transfer operation.

\* \* \* \* \*

7. Amend § 154.320 as follows:

- a. Revise paragraphs (a), (b)(1) and (2), (c) introductory text, and (c)(1) and (2);
- b. Remove paragraphs (c)(3) and (4); and
- c. Add paragraph (e).

The additions and revisions read as follows:

**§ 154.320 Operations manual: Amendment.**

(a) Using the following procedures, the COTP may require the facility operator to amend the operations manual if the COTP finds that the operations manual does not meet the requirements in this subchapter:

(1) The COTP will notify the facility operator in writing of any inadequacies in the Operations Manual. The facility operator may submit information, views, and arguments regarding the inadequacies identified, and proposals for amending the Manual, in print or electronically, within 45 days from the date of the COTP notice. After considering all relevant material presented, the COTP will notify the facility operator of any amendment required or adopted, or the COTP will rescind the notice. The amendment becomes effective 60 days after the facility operator receives the notice, unless the facility operator petitions the Commandant to review the COTP's notice, in which case its effective date is delayed pending a decision by the Commandant. Petitions to the Commandant must be submitted in writing via the COTP who issued the requirement to amend the Operations Manual.

(2) If the COTP finds that there is a condition requiring immediate action to prevent the discharge or risk of discharge of oil or hazardous material that makes the procedure in paragraph (a)(1) of this section impractical or contrary to the public interest, the COTP may issue an amendment effective on the date the facility operator receives notice of it. In such a case, the COTP will include a brief statement of the reasons for the findings in the notice. The owner or operator may petition the Commandant to review the amendment, but the petition does not delay the amendment.

(b) \* \* \*

(1) Submitting any proposed amendment and reasons for the amendment to the COTP in printed or electronic format not less than 30 days before the requested effective date of the proposed amendment; or

(2) If an immediate amendment is needed, requesting the COTP to examine the amendment immediately.

(c) The COTP will respond to proposed amendments submitted under paragraph (b) of this section by:

(1) Notifying the facility operator that the amendments have been examined by the Coast Guard; or

(2) Notifying the facility operator of any inadequacies in the operations manual or proposed amendments, with an explanation of why the manual or amendments do not meet the requirements of this subchapter.

\* \* \* \* \*

(e) Amendments may be submitted as page replacements or as an entire manual. When an entire manual is submitted, the facility operator must highlight or otherwise annotate the changes that were made since the last version examined by the Coast Guard. A revision date or other identifying information generated by the facility must be included on the page replacements or amended manual.

8. Amend § 154.325 as follows:

- a. Remove paragraph (a);
- b. Redesignate paragraphs (b) through (g) as paragraphs (a) through (f); and
- c. Revise newly redesignated paragraphs (a) through (d).

The revisions read as follows:

**§ 154.325 Operations manual: Procedures for examination.**

(a) Not less than 60 days prior to the first transfer operation, the operator of a new facility must submit, with the letter of intent, an Operations Manual in printed or electronic format to the COTP of the zone(s) in which the facility is located.

(b) After a facility is removed from caretaker status, not less than 30 days prior to the first transfer operation, the operator of that facility must submit an Operations Manual in printed or electronic format to the COTP of the zone in which the facility is located, unless the manual has been previously examined and no changes have been made since the examination.

(c) If the COTP finds that the Operations Manual meets the requirements of this part and part 156 of this chapter, the COTP will provide notice to the facility stating the manual has been examined by the Coast Guard. The notice will include the date, revision date of the manual, or other identifying information generated by the facility.

(d) If the COTP finds that the Operations Manual does not meet the requirements of this part or part 156 of this subchapter, the COTP will notify the facility with an explanation of why the manual does not meet the requirements of this subchapter.

\* \* \* \* \*

## **PART 156—OIL AND HAZARDOUS MATERIAL TRANSFER OPERATIONS**

9. The authority citation for part 156 is revised to read as follows:

**Authority:** 33 U.S.C. 1321(j); 46 U.S.C. 3703, 3703a, 3715, 70011, 70034; E.O. 11735, 3 CFR 1971-1975 Comp., p. 793; Department of Homeland Security Delegation No. 0170.1

10. Revise § 156.120(t)(2) to read as follows:

### **§ 156.120 Requirements for transfer.**

\* \* \* \* \*

(t) \* \* \*

(2) Has readily available in the marine transfer area a printed or electronic copy of the most recently examined facility operations manual or vessel transfer procedures, as appropriate; and

\* \* \* \* \*

Dated: November 9, 2020.

**R. V. Timme,**

*Rear Admiral, U.S. Coast Guard,*

*Assistant Commandant for Prevention Policy.*

[FR Doc. 2020-25192 Filed: 11/25/2020 8:45 am; Publication Date: 11/27/2020]