



Department of Energy

Washington, DC 20585

February 27, 2018

The Honorable Fred Upton
Chairman
Subcommittee on Energy
Committee on Energy and Commerce
U. S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

On November 2, 2017, Deputy Assistant Secretary for Petroleum Reserves Robert Corbin testified regarding a hearing entitled "The 2017 Hurricane Season: A Review of Emergency Response and Energy Infrastructure Recovery Efforts".

Enclosed are answers to questions submitted by Representatives Bilirakis and you.

If you need any additional information or further assistance, please contact me or Fahiyeh Yusuf, Office of Congressional and Intergovernmental Affairs at (202) 586-5450.

Sincerely,



Marty Dannenfelser
Deputy Assistant Secretary for House Affairs
Congressional and Intergovernmental Affairs

Enclosures

cc: The Honorable Bobby Rush
Ranking Member



QUESTIONS FROM CHAIRMAN UPTON

- Q1. How does the Administration's budget request for a half-liquidation of the SPR fit into the Department's long-term vision for the SPR?
- Q1a. Congress has already directed a drawdown and modernization plan. Is the Department committed to clearing the maintenance backlog and modernizing the SPR?
- A1. The Department is still analyzing the impacts and footprints of a half-liquidation of the SPR. Potential issues we are further analyzing are the possibility of a loss of resilience/redundancy due to site closures and a diminished drawdown rate.
- A1a. Yes, the Department is committed to clearing the maintenance backlog and modernizing the SPR.
- Q2. GAO's testimony stated that DOE contractors studied the feasibility of regional products reserves in the Southwest and West Coast regions to address supply vulnerabilities.
- Q2a. Please provide these studies and any analysis conducted by DOE relating to regional products reserves.
- A2a. The Department currently has no final studies on these topics.
- Q3. The Northeast Gasoline Supply Reserve (NGSR) was established by Secretary Moniz in 2014 with funds obtained by the Department through a test sale of crude oil from the SPR. The NGSR has not been utilized and does not have the statutory authority to operate as a regional products reserve.
- Q3a. Please explain why the NGSR has failed to achieve its intended purpose.
- Q3b. Please provide a full accounting of the cost of the Northeast Gasoline Supply Reserve.
- A3a. The NGSR was created to ease gasoline shortages that may result from sudden and unexpected supply interruptions in the Northeast US following Hurricane Sandy. Since the creation of the NGSR, there has not been a gasoline supply disruption in the Northeast that has met the statutory release criteria. Because the NGSR was administratively established as part of the SPR, it must meet the same statutory requirements and conditions for release that apply to the SPR.

A3b. The total cost of acquiring the government-owned gasoline stored in the NGSR was \$121,906,638.49. The total cost of the commercial leased storage contracts (spanning the period from July 1, 2014 through December 31, 2018) was \$88,298,000. Administrative costs, which include a quality assurance inspection program to ensure product specification as well as support for the Information Technology sales platform, are:

FY 2014 (actual)	\$ 48,000.00
FY 2015 (actual)	\$548,581.98
FY 2016 (actual)	\$615,102.70
FY 2017 (actual)	\$325,050.80
FY 2018 (estimated)	\$325,000.00
FY 2019 (estimated Oct-Dec)	\$ 81,250.00