

SUPPORTING STATEMENT
0572-0118
7 CFR Part 1724 and Part 1738
Electric Engineering, Architectural Services, and Design Policies and Procedures
and
Rural Broadband Access Loans and Loan Guarantees

A. JUSTIFICATION

1. Explain the Circumstances that make the collection of information necessary.

The Rural Utilities Service (RUS), an agency of the United States Department of Agriculture (USDA), is requesting OMB clearance of the reporting requirements relating to 7 CFR Part 1724, Electric Engineering, Architectural Services, and Design Policies and Procedures and Part 1738, Rural Broadband Access Loans and Loan Guarantees loan programs. These regulations are used to administer loans (direct and guaranteed) to finance, furnish, and improve electric and telecommunications facilities in rural areas. The Administrator of the Rural Utilities Service is authorized to make the grants under the Rural Electrification Act of 1936 (RE Act), 7 U.S.C. 901 et seq., as amended, in Section 4 (7 U.S.C. 904). This is an extension of a currently approved information collection package.

Loans are for a term of up to 35 years, secured by a first mortgage on the borrower's electric or broadband system, and can only be made or guaranteed if there is reasonable assurance the loan and all outstanding loans and obligations of the borrower will be repaid in full within the time agreed. In order to facilitate the programmatic interests of the RE Act, and, in order to assure that all loans made or guaranteed are adequately secured, the Agency has established certain standards and specifications for materials, equipment, and construction of electric and broadband systems. The use of standards and specifications for materials, equipment, and construction units help assure that appropriate standards and specifications are maintained, loan security is not adversely affected, and loan and loan guarantee funds are used effectively for the intended purposes.

2. Indicate how, by whom, and for what purpose the information is to be used. Except for a new collection, indicate the actual use the Agency has made of the information received from the current collection.

Title 7 CFR 1724 requires each borrower to select a qualified architect to perform certain required architectural services and one or more qualified persons to perform the engineering services involved in the planning, design, and construction management of the system. The Agency requires applicants to use specific forms for RUS financed projects.

The contractual forms provide standardized contract agreements between the electric or broadband borrower and the engineering or architectural firm providing services to the borrower. The forms stipulate the parties to the agreement, contain certain information relating to the approved loan or loan guarantee, and provide detailed contractual obligations and services to be provided and performed relating to construction, project design, construction management,

compensation, and related information. This information is used by the Agency electric and broadband borrowers and their engineering and architectural contractors. The development, preparation, and standardization of these forms results in substantial savings to the borrowers who would have to develop and prepare their own contractual documents and the Government who would require extensive and costly review by the Agency and the Office of General Counsel.

The applicant will submit the following information:

RUS 211, “Engineering Service Contract For The Design And Construction Of A Generating Plant.” (Cleared under 0572-0118)

For Agency financed electric system facilities, this form must be used for all new generating units and repowering of existing units and is submitted with the application for Agency approval.

RUS 220, “Architectural Services Contract.” (Cleared under 0572-0118)

The electric or broadband borrower selected architect is required to use Form 220 when the Agency provides financing. The form provides for the architectural services to be provided related to the design and construction management of the facilities.

RUS 236, “Engineering Service Contract Electric System Design And Construction.” (Cleared under 0572-0118)

This form is required for distribution, transmission, substation, and communications and control facilities.

3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g. permitting electronic submission of responses, and the basis for the decision for adopting this means of collection.

RUS is committed to complying with the requirements of the E-Government Act. The forms associated with this collection consist of contract forms used by RUS financed borrowers to contract for services; the Agency is not a party to these contracts. Rural Development makes these forms available on the USDA eForms website as fillable forms.

4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Item 2 above. The required information is available only from individual Agency electric or broadband borrowers and relates to specific engineering and/or architectural projects undertaken by a borrower for specific dollar amounts as specified in the individual contract service agreements. There is no duplication.

The contractual agreements and the information required in the agreement represent sound financial and management practices and serve not only to protect the financial and business interests of the electric and broadband borrower, but also to protect the Agency’s security interests in the loan to the borrower.

5. If the collection of information impacts small businesses or other small entities (item 5 of OMB Form 83-1), describe any methods used to minimize burden.

All but a few electric borrowers meet the Small Business Administration criteria for a small business. The telecommunications broadband borrowers that use the Form 220 are all small businesses. The burden placed on small business is minimal when considering the Government's need to protect its security on the loans made to the borrowers. However, Rural Development is continually reviewing the information collected to determine what reductions are possible.

6. Describe the consequences to Federal program or policy activities if the collection is not conducted or conducted less frequently, as well as any technical or legal obstacles to reducing burden.

The use of these forms is required only when a borrower undertakes certain projects, i.e., on an as needed basis. They are required to protect the electric and broadband borrowers financial and business interests as well as protect the Government's loan security interests. Since the forms relate to specific projects, the information cannot be collected less frequently.

7. Explain any special circumstances that would cause an information collection to conduct in a manner:

a. Requiring respondent to reporting information more than quarterly.

There is no requirement to respond more frequently than quarterly.

b. Requiring written response in less than 30 days.

There is no requirement to respond in less than 30 days.

c. Requiring more than an original and two copies.

There are no such requirements.

d. Requiring respondent to retain records for more than 3 years.

Record retention requirements shall be in accordance with 7 CFR 1767.

e. In connection with a statistical survey, that is not designed to produce valid and reliable results that can be generalized to the universe of study.

This collection is not a survey.

f. Requiring the use of a statistical data classification that has not been reviewed and approved by OMB.

This collection does not employ statistical sampling.

- g. Requiring a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use.

There is no requirement of a pledge of confidentiality.

- h. Requiring respondents to submit proprietary trade secret, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.

There are no such requirements.

8. If applicable, identify the date and page number of publication in the Federal Register of the agency's notice soliciting comments on the information collection. Summarize public comments received and describe actions taken by the agency in response to these comments. Describe efforts to consult with persons outside the Agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping, disclosure, reporting format (if any), and on data elements to be recorded, disclosed, or reported.

As required by 5 CFR 1320.8(d), a Notice and request for comments in the Federal Register on September 21, 2011, at 76 FR 58463. No public comments were received.

RUS maintains close contact with borrowers through general field representatives (GFRs), field accountants and headquarters staff. GFRs have direct personal contact with borrowers in connection with their responsibilities in fulfillment of RUS requirements, including filling out the various forms. Borrowers may consult RUS' GFRs, field accountants, and headquarters' staff regarding comments or suggestions on procedures, forms, regulations, etc. Suggestions and comments submitted by RUS borrowers over the past several years were incorporated into the final rule.

Additionally, RUS works closely with lending institutions such as the National Rural Utilities Cooperative Finance Corporation and CoBank, a nationwide network of lending institutions and part of the Farm Credit System, which provide supplemental loan funds to borrowers. The Agency also works closely with national and statewide associations representing electric borrowers such as: National Rural Electric Cooperative Association; National Association of Development Organizations; Rural Community Assistance Program; and, American Public Power Association, among others.

Three individuals were contacted to get their comments concerning the use of these contract forms.

John Twitty, transmission Engineering & Construction Supervisor, PowerSouth energy cooperative, Andalusia, AL, phone number 334 427-3000. Mr. Twitty felt there was no major burden using the forms provided by RUS. His only concern was the length of time allowed for the RUS Administrator's approval.

Angela Torres, Contract Manager with Tri-State Generation and Transmission Associates was also contacted. Ms. Torres' major concern the allowance for minor changes to the contracts. Tri-State would like to fill out the contract electronically and use a program to "redline" these changes as opposed to doing it by hand.

John Bredekamp, of Southern Maryland Electric Cooperative, Hughesville, MD, was the third person contacted. Mr. Bredekamp said that the forms and contracts do not cause a undue burden because they are part of the normal process.

9. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.

Payments or gifts are not provided to respondents.

10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or Agency policy.

This information does not require confidentiality.

11. Provide additional justification for any question of a sensitive nature, such as sexual behavior or attitudes, religious beliefs, and other matters that are commonly considered private.

This information collection includes no questions of a sensitive nature.

12. Provide estimates of the hour burden of the collection of information.

See the attached spreadsheet. The collection is summarized as follows:

Regulation	Number of Respondents	Total Annual Responses	Total Man-hours	Wage Class	Total Costs
7 CFR 1724 And 1738	99	99	104	\$33.95	\$3,530.00

RUS estimates the cost to be \$3,530 to the respondents to comply with this regulation. The cost is based on 99 organizations filing an application and 99 of them receiving a loan.

The Department of Labor, Bureau of Labor Statistics, Standard Occupational Classification wage rates were used as the basis for the cost estimates. The hourly earnings for Professional Engineers and Architects in a non-metropolitan area are \$33.95.

13. Provide an estimate of the total annual cost burden to respondents or record keepers resulting from the collection of information.

- a. Total capital and start-up cost component (annualized over its expected useful life); and

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

b. Total operation and maintenance and purchase of services component.

There are no operations and maintenance or purchase of services components associated with this collection.

14. Provide estimates of annualized cost to the Federal Government.

Professional review time for each submittal is estimated to be approximately 1.05 hours per response, and for 99 responses would total 104 hours. The agency further estimates that 100 percent of this time is professional time (grade 13, step 5).

Cost to the Federal Government

Professional 104 hours x \$48.51 hr. = \$5045

Total cost to the Government

\$5045

15. Explain the reasons for any program changes or adjustments reported in items 13 or 14 of the OMB Form 83-1.

There are no changes.

16. For collection of information whose results will be published, outline plans for tabulation and publication.

There are no plans to publish this information collection.

17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.

The agency seeks approval to not display the expiration date on RUS Form 220 due to the fact that it is cleared in two different packages. RUS will display the expiration date on RUS Forms 211 and 236.

18. Explain each exception to the certification statement identified in item 19 on OMB 83-1.

There are no exceptions requested.

B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

This information collection does not employ statistical methods.