

May 2007

**SUPPORTING STATEMENT
(0572-0136)**

Assistance to High Cost Energy Rural Communities

Revision of a currently approved information collection package.

A. Justification

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

The Rural Utilities Service (RUS), an agency delivering the United States Department of Agriculture's Rural Development Utilities Programs, hereinafter referred to as Rural Development, is authorized by The Rural Electrification Act of 1936 (RE Act) (7 U.S.C. 901 et seq.) as amended in November 2000, to create new grant and loan authority to assist rural communities with extremely high energy costs (Pub. L. 106-472). This amendment authorized the Secretary of the U.S. Department of Agriculture (USDA) through Rural Development to provide competitive grants for energy generation, transmission, or distribution facilities serving communities in which the average residential expenditure for home energy is at least 275 percent of the national average residential expenditure for home energy. Grant funds for the program were appropriated in FY 2001, to FY 2007 with provision for carryover of unobligated funds. The program is being implemented under program regulations i(7 CFR Part 1709) and USDA grant regulations. Competitive grant applications are solicited through a Notice of Funds Availability (NOFA) through publication in the Federal Register and Grants.gov. Application Data: Applicants for high energy cost grants must submit information that demonstrates that the projects meet the eligibility requirements in the statute, regulations, and NOFA and to establish that the proposed projects are technically and economically feasible.

2. Indicate how, by whom, and for what purposes 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.

Information is collected by Rural Development from applicants and grantees who may be any one of the following: persons, States, political subdivisions of States and other entities organized under the laws of States, including for profit and non profit corporations, associations, partnerships, limited liability partnerships (LLPs) cooperatives, trusts, sole proprietorships, State and local governments (including independent state agencies or units of State or local governments), Indian tribes, other tribal entities and Alaska Native Corporations.

Rural Development uses the application information to confirm that the community to be served meets the eligibility requirements set forth in the statute, and that the proposals are consistent with the purposes set forth in the statute. The information is also used to make a competitive evaluation and rank the proposals in order to determine grant awards. Information on grant project expenditures and performance is collected by Rural Development for purposes of grant oversight, approving eligible expenditures and program evaluation. The progress and financial reports are necessary to monitor compliance with the grant agreements, track expenditures of Federal funds, and measure the success of the program.

The information required in the application proposal and from grant recipients is as follows:

FORMS APPROVED UNDER OTHER OMB NUMBERS

Form SF-424, "Application for Federal Assistance" (0348-0043)

This application is used by applicants as a required face sheet for applications for federal funding

Forms SF-424 A, "Budget Information-Non-Construction Programs" (0348-0044) or SF-424 C, "Budget Information – Construction Programs" (0348-0041)

This form must be completed to show the project's anticipated budget breakdown in terms of expense categories and division of Federal and non-Federal sources of funds. Identifying the project's requested funding by expense category is necessary to assure that the expense is necessary for successful conduct of the project, is allowable under applicable Federal cost principles, and is not prohibited under any applicable Federal statute or regulation. Applicants may submit either form, but applicants for projects involving purchase of real property and substantial engineering, equipment, and construction expenses are encouraged to use Form SF-424C.

Forms SF-424 B, "Assurances- Non-Construction Programs" (0348-0040) or SF-424 D, "Assurances – Non Construction Programs" (03482-0042)

This form must be completed by the applicant to provide the Federal government certain assurances of the applicant's legal authority to apply for Federal assistance and financial capability to pay the non-Federal share of project costs. The applicant also assures compliance with various legal and regulatory requirements as described in the form.

Form SF-LLL, "Disclosure of Lobbying Activities" (0348-0046), is required of applicants and is needed to comply with the appropriate statute.

Form SF-269, "Financial Status Report" (0348-0039) or Form SF-269 A "Financial Status Report (Short Form) (0348-0038)," as applicable, to be completed on a semi annual basis

This form is submitted by grant recipients and is used to confirm that funds are being spent in conformity with the budget and work plan.

Form SF-270, "Request for Advance or Reimbursement" (0348-0004), or SF-271 "Outlay Report and Request for Reimbursement for Construction Programs," (0348-0002) as applicable

These forms are used to request draw downs under the grant. The agency stipulates in the grant agreement which form the grantee is to use. Grant projects that involve significant property acquisition, engineering, equipment and construction expenditures use SF-271. All others use SF-270.

Standard Form-272, "Federal Cash Transactions Report" (0348-0003)

This form is used to report on cash received by the Agency for the general management of this Federal Assistance program.

Form RD-1942-46, "Letter of Intent" (0575-0015)

This Letter of Intent is a one page form used by selected applicants to indicate concurrence with the Rural Development proposed project-specific conditions, if any, for the Grant Agreement. The use of the form obviates the need for the applicant to draft a response letter.

ITEMS APPROVED UNDER THIS COLLECTION

Narrative Grant Proposal (55 responses, 15 hours per response, 825 total hours)

All applicants must submit a project proposal containing the elements described in the notice and in the format prescribed. This allows for in depth evaluation as well as for consistency, organization and clarity. The elements of the proposal are:

- (1) Executive Summary. An executive summary is used to establish the grant amount requested and provides a general overview of the project and facilitates easy filing and retrieval of proposals.
- (2) Table of Contents. For ease of locating information, each proposal must contain a detailed Table of Contents.
- (3) Applicant Eligibility. This section used to describe the applicant and establish that the applicant meets the statutory eligibility requirements.
- (4) Community Eligibility. This section used to describe the community to be served by the project and to establish that it meets the statutory eligibility requirements.
- (5) Coordination with State Rural Development Initiatives. This descriptive section addresses statutory directive that funded projects be carried out in coordination with other rural development initiatives. Information is requested on the extent to which the project is dependent upon or tied to other rural development initiatives, funding and approvals

(6) Project Overview. This is the main section of the proposal providing a detailed overview of the proposed project.

(a) Project Design. Provides a narrative description of the proposed project, scope of work, schedule, target communities, facilities, equipment and activities funded. This information should be sufficiently detailed to support a finding of technical feasibility.

(b) Project Management. This narrative section and supporting documentation presents the applicant's capabilities, experience, and project management plans. The information presented is used to support a finding that the combination of the management team's experience, resources, and the project structure will enable successful completion of the project.

(c) Regulatory and Other Approvals. This descriptive section identifies any other regulatory or other approvals required from Federal, State, local, or tribal agencies or by private agencies as a condition of financing that are necessary to carry out the proposed project and an estimated schedule for obtaining the necessary approvals. This information is important to determine the likelihood that a project can be accomplished within the timeframes projected

(d) Benefits of the proposed project. This section identifies how the project will benefit the eligible target area and helps to meet community energy needs. The applicant is asked to include proposed measures to assess the project performance and to monitor project effectiveness. Examples of measures of project success include expected reductions in household or community energy costs, avoided cost increases, enhanced reliability, or economic or social benefits from improvements in energy services available to the target community. Quantitative measures are strongly encouraged. This approach is believed preferable to Rural Development developing performance measures in a vacuum without input from the applicants.

(e) Proposed Project Budget. The construction and operating budgets are requested to confirm the sources and uses of funds and to confirm that project expenses are reasonable and that the proposed budget for construction and operations demonstrates financial sustainability.

Environmental profile. (55 grant applicants per year, 1 hour per response, 55 total hours) This descriptive project information is needed so that the Agency can identify projects that may require additional environmental review before a final grant award can be approved as required under environmental regulations at 7 CFR part 1794. To facilitate submission of this information, the Agency includes a template for use by the applicant in preparing its narrative as part of the Application Guide, but it is not a required form. Applicants may substitute other equivalent environmental reports for the project if all required elements are addressed.

Other information requests included in this package are:

Grant Agreement. (12 new grant awardees per year, 1 hour per response, 12 total hours)
Applicants are expected to enter into a legally binding grant agreement. Because of the diversity of applicants and projects, the standard program grant agreement template must be individually tailored for each grant to include project-specific conditions.

REPORTING REQUIREMENTS:

Performance Reports. (33 active grant projects per year, assumed 4 reports per year per respondent, 2 hours per report, 132 total hours)

Rural Development uses performance reports to confirm that progress is being made toward achieving the stated goals of the project.

Final Report. (12 grant awardees per year, 1 report per year per respondent, 5 hours per response, 60 total hours)

Rural Development will use the final reports to measure the achievements of the High Energy Cost Grant program and to share information on successful projects for other interested communities and the public.

USDA and program regulations require that financial records, supporting documents, statistical records and all other records pertinent to the award will be retained for a period of at least three years after the agreement closing. Records must be retained beyond three years if audit findings have not been resolved which is in keeping with standard business practices. There are an average of 33 active grants projects at present.

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

Rural Development is committed to complying with the requirements of the Government Paperwork Elimination Act (GPEA). Rural Development encourages applicants to submit applications through Grants.gov and has provided this option since 2004. However, we will not require submission by electronic methods since some applicants may prefer hard copy submissions or may not have the required broadband access and/or the technological expertise to do electronically what they would like to do – such as include photos and more comprehensive graphics in the proposal.

At present, most grant performance reports, servicing requests and supporting documents can be submitted electronically via email as the grantee elects. The Rural Development Utilities Programs does not at present have the capability to support and accept electronic submission of requests for advances and reimbursements. We anticipate that the program will be able to use the e-platform developed for Department or Mission-Area grant servicing once that is implemented and we have participated in USDA efforts to identify common grant program needs.

4. Describe efforts to avoid duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Item 2 above.

Rural Development makes every effort to administer programs using standard applications and forms where possible. Rural Development has reviewed all programs to determine where overlapping information requirements may exist. However, other than standard descriptive information about an applicant, the grant project proposals themselves will be significantly different because the use of grant funds will be significantly different. If there is simultaneous participation in more than one program by a grantee, the Rural Development would make every effort to accommodate requests for minimizing duplicate filing requirements. Existing Rural Development borrowers may apply for these grants, but they are only a subset of the universe of eligible applicants. Program regulations provide for prior applicants to use an abbreviated application process to request reconsideration of proposals already on file with Rural Development from a prior round and a number of applicants have successfully taken advantage of this option.

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.

The information to be collected is in a format to minimize the paperwork of individuals and small businesses. The information is the minimum necessary needed by Rural Development to make the determinations required by the legislation.

6. Describe the consequences to Federal programs 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 application and reporting burdens are consistent with the minimum information necessary and appropriate for confirming current eligibility under the statute. Without collecting the listed information, Rural Development cannot be assured that the projects and communities to be served meet the statutory requirements for eligibility, that the proposed projects will deliver the intended benefits, or that the project funds are advanced only for eligible purposes.

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

- a. Requiring respondents to report information more than quarterly.** There are no information collection requirements that require specific reporting on more than a quarterly basis, absent circumstances that might require such reporting in response to a suspension or need to develop a compliance plan under USDA grant regulations. We have not had such circumstances to date.
- b. Requiring written responses in less than 30 days.** There are no requirements for written responses in less than 30 days.
- c. Requiring more than an original and two copies.** We do not request more than one original and two copies of an application. We do request that the agency and grantee execute three originals of final grant agreements and all amendments.
- d. Requiring respondents to retain records for more than 3 years.** Consistent with USDA regulations, there will be no request for respondents to retain records for more than 3 years with the exception that records will be retained beyond 3 years if the grant agreement is extended or if audit findings have not been resolved.
- e. Not utilizing statistical sampling.** Not applicable.
- f. Requiring use of statistical sampling which has not been reviewed and approved by OMB.** Not applicable.
- g. Requiring a pledge of confidentiality.** Not applicable.
- h. Requiring submission of proprietary trade secrets.** Not applicable.

8. 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.

In accordance with 5 CFR 1320.8(d), the Agency published a 60-day notice in the Federal Register on January 11, 2007, 72 FR 1313 requesting comments from interested parties. No public comments were received.

Rural Development also works closely with national and statewide associations representing electric, telecommunications, and water and waste borrowers such as: National Rural Electric Cooperative Association; National Rural Telecom Association; National Telephone Cooperative Association; United States Telephone Association; Western Rural Area Telephone Association; Organization for the Preservation and Advancement of Small Telephone Companies; National Rural Water Association; National Association of Development Organizations; Rural Community Assistance Program; and, American Public Power Association, among others. Rural Development also works with various Federal agencies including the Federal Communications Commission, U. S. Environmental Protection Agency, Department of Justice, as well as State utility regulatory agencies.

Suggestions and comments are always considered by Rural Development and remains committed to pursuing further reductions in both the burdens placed upon our borrowers/customers and the total volume of regulations imposed.

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

There are no payments or gifts to respondents.

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

The regulations and NOFA provide that application materials may be made available to the public under the Freedom of Information Act (5 U.S.C. 552) and USDA's implementing regulations at 7 CFR part 1.

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.

There is no collection information that would be considered sensitive in nature or commonly considered private.

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

Based on experience from three NOFAs, we estimate that on average 55 applications will be submitted annually. It is anticipated that from about 12 new awards will be made annually, and they will then be required to comply with the ongoing reporting requirements. The typical grant term is 3 years and on average 12 grantees will reach closeout each year.

The total estimated annual burden on applicants is 1,228 hours of reporting burden with a cost to the public of \$22,450 determined as follows: [to be updated]

1228 hours X \$33.69 wage class = \$4137.32

13. Provide an estimate of the total annual cost to respondents or recordkeepers resulting from the collection of information:

(a). Total capital and start-up cost component.

There are no capital or startup costs.

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

There are no operation and maintenance or purchase of services costs.

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

Costs to the Federal Government to conduct this program are estimated to be \$60339 based on the following:

Application Receipt and Evaluation

55 responses X 15 hours = 825 hours X \$36.26 (GS 12/5) = \$29914.50

Grant Award Administration

12 responses X 8 hours = 96 hours X 36.26 (GS 12/5) = \$3480.96

12 responses X 1 hours = 12 hours X 43.12 (GS 13/5) = \$517.44

12 responses X 6 hours = 72 hours X 16.50 (GS 5/5) = \$1188

Post Grant Award Monitoring of Active Grants (to be updated)

33 responses X 20 hours = 660 hours X 36.26 (GS 12/5) = \$23931.30

33 responses X 10 hours = 100 hours X 13.07 (GS 5/5) = \$1,307

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

This is a revision of a currently approved information collection package. An increase of 400 hours is attributed to an adjustment of hours based on (1) an increase in the estimated number of annual applications received based on an average of actual

experience and (2) an increase in the average number of active grants that will be submitting reports over those originally estimated.

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

USDA has no plans for tabulation and publication of report information..

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.

Not applicable.

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

There are no exceptions requested