

SUPPORTING STATEMENT

Rural Development Utilities Programs Specification for Quality Control and Inspection of Timber Products (0572-0076)

NOTE: The revision of this information collection package (ICP) is covered by a proposed rule.

TERMS OF CLEARANCE: OMB approves this collection for three years. USDA must report to OMB on revisions to RUS bulletins that affect respondent burden. Specifically, USDA must notify OMB of changes to the requirement that borrowers submit an annual summary report and reserve stock notices on timber specifications.

AGENCY RESPONSE TO THE TERMS OF CLEARANCE: Rural Development is currently in the process of revising these bulletins to eliminate the requirement of borrowers to send in an annual summary report and reserve stock notices and treaters to send in annual notices. This rulemaking proposes to implement changes to these three bulletins on the following subject matter:

1. All references cited in these bulletins would be updated to the latest edition.
2. The definition “pole broker” would be added to the list of definitions to include as many organizations as possible to provide borrowers a source from which they might purchase wood products.
3. Proposing to allow borrowers six months to notify treating plants about poles not meeting the required preservative retention.
4. In accordance with agency policy on insurance requirements for contractors working for borrowers, the specification would be revised to require manufacturers and inspection agencies to maintain certain limits of liability and errors and omission insurance.
5. All poles would be required to be sterilized during the conditioning or treating cycle. This sterilization should further reduce the number of poles with pre-treatment decay.
6. Purposed to brand independent inspection agency’s identification on the face of the pole.
7. The agency would revise the qualifications for inspectors and quality control personnel. The agency would return to the qualifications from the 1987 edition of the specifications.
8. Provisions would be added to further clarify that wood products, producers and inspection agencies maintain the greatest degree of separation and eliminate any appearance of conflict of interest.

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 and/or Agency, is authorized to make mortgage loans and loan guarantees to finance electric, telecommunications, and water and waste facilities in rural areas. Loan programs are managed in accordance with the Rural Electrification Act (RE Act) of 1936, 7 U.S.C. 901 et seq., as amended.

Rural Development has a tremendous amount of interest in loan security and protection of the Government's interest over the long term life of a loan, which is generally secured by a first mortgage and amortized over a period of up to 35 years. Therefore, the Agency necessarily has a strong interest in the business, financial, and operating aspects of its borrowers. Prior to receiving loan funds, a borrower must enter into a loan contract with the Agency. In accordance with Article V, Section 5.14 of the loan contract, "the borrower shall use design standards, construction standards and lists of acceptable materials in conformance with the regulations."

In order to ensure the security of loan funds, adequate quality control of timber products is vital to loan security on electric power and telecommunications systems where hundreds of thousands of wood poles and crossarms are used. Since the Agency and its borrowers do not have the expertise or manpower to quickly determine imperfections in the wood products or their preservatives treatment, they must obtain the services of an inspection agency to insure that the specifications for wood poles and crossarms are being met. 7 CFR 1728.202 and Bulletin 1728H-702 provide borrowers with policy guidance on the quality control and inspection of timber products.

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.

The Agency maintains bulletins that contain construction standards and specifications for materials and equipment. These standards and specifications apply to systems constructed by electric and telecommunications borrowers in accordance with the loan contract, and contain standard construction units, materials, and equipment units used on electric and telecommunications borrowers' systems. Bulletins 1728F-700, "Specification for Wood Poles, Stubs and Anchor Logs"; 1728H-701, "Specification for Wood Crossarms (Solid and Laminated), Transmission Timbers and Pole Keys"; and 1728H-702, "Specification for Quality Control and Inspection of Timber Products", establish standards for the manufacture and inspection of wood utility poles, crossarms and poles keys.

Use of Inspection Agencies to Inspect Poles

7 CFR 1728.202 provides that the purchaser or the treating company may obtain the services of an inspection agency to perform certain services. This inspection is the industry standard and would normally be performed even if the Agency did not specify it. This requirement is necessary because timber, by nature, is non-uniform. Agency borrowers design their systems based on assumptions about the strength and durability of the poles they purchase. These assumptions are only valid if limitations are imposed on the defects in the wood and if minimum levels of preservation are retained in the wood in its treatment. Since Agency borrowers are generally not experts in wood quality, it is essential that this verification work be contracted to someone who is. Also, treating plants are frequently a great distance from the borrower service area.

Test Reports from Inspectors

7 CFR 1728.202(i) requires that copies of test reports on various preservatives must accompany each charge (a charge being a load of poles treated at the same time in a pressure cylinder). This is the standard operating procedure in the treated wood industry. However, the Agency feels it is important enough to justify requiring it in this specification. Test reports are needed so that the purchaser, the inspector, and the Agency will be able to spot check the general accuracy of the tests.

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.

Currently the agency collects notifications (by paper) on an annual basis from pole treating plants that sell poles to electric and telecommunications borrowers and, the borrowers that purchase these timber products. Once the final regulation is published, the requirement to submit these notifications to the Agency will be eliminated. The Agency will only require that the pole treating plants maintain a copy of the notifications in their office files. The reduction in burden hours is attributed to the elimination of the: (1) Annual Summary of Purchases from Borrowers for 350 hours and (2) Reserve Stock Notices from Treaters for 13 hours.

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 specific to each borrower and/or each treating plant, therefore, there is no duplication of information.

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 25 pole treating companies that submit notifications to the Agency meet the Small Business Administration criteria for a small business. The Agency has made every effort to ensure that burden on these small entities is the minimum necessary to effectively administer the Agency programs.

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.

Rural Development could not conduct the collect information less frequently and continue to ensure that borrower's are using quality timber products.

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 is no requirement to respond more than quarterly.

b. Requiring written responses 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 is no requirement for more than an original and two copies.

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

Record retention requirements are in accordance with 7 CFR 1767.

e. That is not designed to produce valid and reliable results that can be generalized to the universe of study.

This collection does not involve a survey.

f. Requiring use of statistical sampling which has not been reviewed and approved by OMB.

This collection does not involve statistical sampling.

g. Requiring a pledge of confidentiality.

There is no requirement for a pledge of confidentiality.

h. Requiring submission of proprietary trade secrets.

There is no such requirement.

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.

The 60 day notice requesting comments for this information collection is imbedded in the proposed rule.

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

No payments or gifts are provided to respondents.

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

No assurances of confidentiality have been provided.

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 are no questions of a sensitive nature.

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

The burden hours associated with this information collection is estimated to be 40,000 hours with 400 hours of record retention. See separate spreadsheet Form 36. The estimated costs are as follows:

Use of Inspection Agencies to Inspect Poles and Inspection of Reports

This burden consists of the inspection of about 40,000 lots of poles by 25 different inspection agencies (poles are inspected in lots of about 50 poles). A lot of poles takes about 1 hour to inspect, including the time to prepare the accompanying report. It is estimated that it takes 1 minute of record retention time per report.

1 hr X 40,000 responses = 40,000 hours X \$100/hr = \$400,000

.01 hr X 40,000 reports = 400 hours total recordkeeping/25 recordkeepers = 16 hours per recordkeeper

13. Provide an estimate of the total annual cost burden to respondents or recordkeepers 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 and start-up costs associated with this collection.

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

There is no operation, maintenance or purchase of services costs associated with this collection.

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

This proposed rule would eliminate submittals to the Federal government, therefore there would be no cost to the Federal government.

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 to the currently approved information collection and is tied to a proposed rule. There is a decrease of 363 burden hours as a result of the proposed rule

eliminating two data collections: (1) the Annual Summary of Purchases from Borrowers for 350 hours and (2) the Reserve Stock Notices from Treaters for 13 hours.

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

There are no plans to publish 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.

No such approval is sought.

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

There are no exceptions to the certification statement.

B. Collection of Information Employing Statistical Methods.

This information collection does not employ statistical methods.