

2012
SUPPORTING STATEMENT

Electric System Construction
Policies and Procedures
7 CFR 1726
(OMB Control Number 0572-0107)

A. Justification

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

This is an extension of a currently approved information collection package.

The Rural Electrification Act of 1936, 7 U.S.C. 901 *et seq.*, as amended, (RE Act) in Sec. 4 (7 U.S.C. 904) authorizes and empowers the Administrator of the Rural Utilities Service (RUS) to make loans in the several States and Territories of the United States for rural electrification and the furnishing and improving of electric energy to persons in rural areas. This section also authorizes and empowers the Administrator of RUS to provide financial assistance to borrowers for purposes provided in the RE Act by guaranteeing loans made by the National Rural Utilities Cooperative Finance Corporation, the Federal Financing Bank, and other lending agencies.

These loans are for a term of up to 35 years and are secured by a first mortgage on the borrower's electric system. In the interest of protecting loan security and accomplishing the statutory objective of a sound program of rural electrification, Section 4 of the RE Act requires RUS to make or guarantee a loan only if there is reasonable assurance that the loan, together with 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 loans made or guaranteed by RUS are adequately secured, RUS, as a secured lender, has established certain standards and specifications for materials, equipment, and the construction of electric systems. The use of standard forms and procurement procedures helps assure RUS that:

- A. Appropriate standards and specifications are maintained;
- B. RUS' loan security is not adversely affected; and
- C. Loan and loan guarantee funds are used effectively and for the intended purposes.

These procedures apply to procurement and construction for all projects which will or may be financed, in whole or in part, with loans made or guaranteed by RUS. These requirements are set forth in the standard form of RUS mortgage.

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 time, effort and financial resources that is necessary to comply with some type of contract by a utility is incurred in the normal course of their business activities (e.g. in compiling and maintaining business records) and, therefore, is usual and customary whether or not the utility is borrowing from another lender or RUS. All Agency engineering requirements and information collections are predicated on sound electric utility business practices. The use of a contract assures that a set of standards and conditions are in conformance with prudent utility and lending practices. The information in this collection is used to implement certain provisions of the RUS standard form of loan documents regarding borrower's purchase of materials and equipment and the construction of its electric system by contract or force account. Individually, each form is inadequate to provide the needed assurance of a sound lending practice; however, their use as a family of documents is in the normal course of doing business and meets prudent and standard business practices. Standardization of forms by RUS results in substantial savings to:

- A. Borrowers: If standard forms were not used, borrowers would need to prepare their own documents at a significant expense; and
- B. Government: If standard forms were not used, each document submitted by a borrower would require extensive and costly review by both RUS and the Office of the General Counsel.

As it is standard industry practice to obtain goods or services using a contract document, the specific burden hours claimed for each form are attributed to the time required to submit a copy of the form to RUS because the necessary resources to comply with the contract by the borrower is incurred as a normal course of conducting business activities. RUS requires the submission of the forms only when the contract is subject to RUS approval. As is customary in industry business practices, RUS also requires that the borrower maintain the contract as parts of its record retention and accounting system as required by 7 CFR Part 1767 (0572-0003).

The specific purposes and uses of each component of this information collection are addressed as follows: (A list may be found at 7 CFR 1726.304)

1. RUS Form 168b, Contractor's Bond [Also used in 0572-0059]

This form is used to provide a surety bond for contracts on RUS Forms 200, 257, 786, 790, & 830.

2. RUS Form 168c, Contractor's Bond (less than \$1 million) [Also used in 0572-

0059]

This form is used to provide a surety bond in lieu of RUS Form 168b, when contractor's surety has accepted a small business administration guarantee.

3. RUS Form 187, Certificate of Completion - Contract Construction

This form is used for the closeout of RUS Forms 200, 257, 786, and 830.

4. RUS Form 198, Equipment Contract

This form is used for equipment purchases.

5. RUS Form 200, Construction Contract - Generating

This form is used for generating plant construction or for the furnishing and installation of major items of equipment.

6. RUS Form 213, Certificate ("Buy American") [Also used in 0572-0059]

This form is used to document compliance with the "Buy American" requirement.

7. RUS Form 224, Waiver and Release of Lien [Also used in 0572-0059]

This form is used by subcontractors to provide a release of lien in connection with the closeout of RUS Forms 198, 200, 257, 786, 790, and 830.

8. RUS Form 231, Certificate of Contractor [Also used in 0572-0059]

This form is used for the closeout of RUS Forms 198, 200, 257, 786, and 830.

9. RUS Form 238, Construction or Equipment Contract Amendment [Also used in 0572-0059]

This form is used to amend contracts except for distribution line construction contracts.

10. RUS Form 254, Construction Inventory

This form is used to document the final construction in connection with the closeout of RUS Form 830.

11. RUS Form 257, Contract to Construct Buildings [Also used in 0572-0059]

This form is used to construct headquarter buildings, generating plant buildings and other structure construction.

12. RUS Form 307, Bid Bond [Also used in 0572-0059]

This form is used to provide a bid bond in RUS Forms 200, 257, 786, 790 and 830.

13. RUS Form 786, Electric System Communications and Control Equipment Contract

This form is used for delivery and installation of equipment for system communications.

14. RUS Form 790, Electric System Construction Contract Non-Site Specific Construction (Notice and Instructions to Bidders)

This form is used for limited distribution construction accounted for under work order procedure.

15. RUS Form 792b, Certificate of Contractor and Indemnity Agreement (Line Extensions)

This form is used in the closeout of RUS Form 790.

16. RUS Form 830, Electric System Construction Contract (labor & material)

This form is used for distribution and/or transmission project construction.

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.

In compliance with the E-Government Act, these forms are available on the USDA Service Center eForms website in a fillable pdf format. RUS borrowers will be able to use the fillable forms. However, the Agency will not allow electronic submission of the forms associated with this collection. RUS is not a party to the contract and has no mechanism to accept electronic signature on one transaction form two separate entities.

In addition, RUS requests clearance to post the RUS Form 254 on its agency website in a Microsoft Excel format. Borrower will have the option of using either the pdf version or the Excel version which will allow them to use formulas for calculation purposes.

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 borrowers and is project specific. Much of the information is collected and analyzed by any prudent business in the course of its operations, and some is prepared by an electric utility as part of a petition to its State Regulatory Authority. Furthermore, RUS requirements are consistent with applicable national and industry standards.

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 Small Business Administration (SBA) has established a table of Small Business Size Standards, which matches the industries described in the North American Industry Classification System (NAICS). According to the small business size standards, 100 percent of all RUS Electric Distribution Borrowers (1,210 respondents) are classified as small businesses. Information to be collected is in a format designed to minimize the paperwork burden on small businesses and other small entities. The information to be collected is the minimum RUS needs to approve loans and grants, monitor borrower performance, and carry out the authorized programs. No unique methods will be used to minimize the burden to small entities.

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.

This information is required only when the borrower undertakes certain projects. There is no way to conduct the collection less frequently.

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 to submit more than an original and two copies.

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

Records will be maintained until the loan fund advance has been audited by RUS in accordance with 7 CFR 1767, which is generally less than a 3-year period.

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

This collection does not employ statistical sampling.

g. Requiring a pledge of confidentiality.

There is no requirement of a pledge of confidentiality.

h. Requiring submission of proprietary trade secrets.

There is no requirement to submit proprietary trade secrets.

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 requesting public comments was published in the Federal Register on October 26, 2011, at 76 FR 66270 (copy attached). No 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 from Electric cooperatives were contacted to obtain their comments concerning the use of these contract forms.

John Twitty, Transmission Engineering & Construction Supervisor
PowerSouth Energy Cooperative
Telephone: 334 427-3000
Mr Twitty felt there was no major burden using the forms provided by RUS.

Angela Torres, Contract Manager
Tri-State Generation and Transmission Associates
Telephone: 303 452-6111
Ms. Torres' major concern was 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 Bredenkamp
Southern Maryland Electric Cooperative

Telephone number 240 528-9810

Mr. Bredenkamp said that the forms and contracts do not cause an undue burden because they are part of the normal process.

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

This information collection consists of 104 hours of burden to the public as shown in the attached spreadsheet. RUS estimates that approximately 25 percent of this time, or about 26 hours, is professional time, and the balance of 78 hours is clerical.

Professional time	26 hours @ \$42.20	=	\$1,097.20
Clerical time	78 hours @ 16.56	=	\$1,291.68
	Total	=	\$2,388.88

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

There are no capital or start-up cost or operations and maintenance and purchase of service components involved with this collection.

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

RUS estimates that the processing of this information uses about 500 hours per year of agency time. The Agency further estimates that approximately 80 percent of this time, or about 400 hours, is professional time, and the balance of 100 hours is clerical time. Attributing an hourly rate of \$48.35 to professional time (grade 13, step 5), and \$20.63 to clerical time (grade 6, step5), the costs to the government are as follows:

Professional time	400 hours @ \$48.35 =	\$19,340
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Clerical time	100 hours @ \$20.63 =	\$ 2,063
	Total	\$21,403

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

This is an extension of a currently approved package. Construction for electrical borrowers has remained constant since the previous collection cycle.

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

RUS does not plan to publish this 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.

The Agency requests approval not to display the expiration date on RUS Forms 168b, 168c, 213, 224, 231, 238, 257, and 307 which are used in another collection package. It is not practical to include an OMB expiration date because of the various expiration dates for each collection package. The remaining forms that are approved in this package, RUS Forms 187, 198, 200, 254, 786, 790, 792b, and 830 will display the expiration date.

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 collection does not employ statistical methods.