

2012

Supporting Statement
OMB Control No. 0572 – 0104
State Telecommunications Modernization Plan
(Modernization Plan)

RUS maintains that a 1-hour placeholder is needed because although it is not anticipated that the Agency will receive many new or revised plans, the option remains for States to do so. Additionally, there are a handful of State's that currently do not have RUS borrowers, and, in the event that an entity in one of these States' would want to borrow from RUS, the requirement for the State to file a modernization plan would have to be met.

A. JUSTIFICATION

1. Circumstances that make this collection of information necessary.

The Rural Electrification Loan Restructuring Act (RELRA, P.L. 103-129), November 1, 1993, amended the Rural Electrification Act of 1936, 7 U.S.C. 901 *et seq.* (the RE Act). RELRA required that a State Telecommunications Modernization Plan (Modernization Plan or Plan), covering at a minimum the Rural Utilities Service (RUS) borrowers in a State, be prepared in a State or RUS could not make hardship or concurrent cost-of-money and/or Rural Telephone Bank (RTB) loans for construction in that State. The Modernization Plan must meet all of the statutory requirements of RELRA (Part 1751, Subpart B, 1751). RUS' policy is that every State have a Modernization Plan which provides for the improvement of the State's telecommunications network.

A Modernization Plan is defined in Part 1751, Subpart B, 1751.100, as "A State plan, which has been approved by RUS, for improving the telecommunications network of those Telecommunications Providers covered by the plan. A Modernization Plan must conform to the provisions of Subpart B." At this time, statutory authority for State PUCs to create an initial Modernization Plan has expired and that responsibility belongs to a majority of RUS telephone borrowers in the State. However, if a State PUC was the developer of a Modernization Plan, that State retains the ability to amend the Plan.

In addition to RELRA's requiring RUS to develop a regulation detailing the requirements for a Modernization Plan, RELRA [Section 2(3)(B) State Telecommunications Modernization Plans—Requirements] also outlined the minimum requirements for a Plan:

- (1) The Plan must provide for the elimination of party line service.
- (2) The Plan must provide for the availability of telecommunications services for improved business, educational, and medical services.
- (3) The Plan must encourage computer networks and information highways for subscribers in rural areas.
- (4) The Plan must provide for:

- (i) Subscribers in rural areas to be able to receive through telephone lines:
 - (a) Conference calling; (b) Video images; and (c) Data at a rate of 1 million bits of information per second; and
 - (ii) The proper routing of information to subscribers.
- (5) The Plan must provide for uniform deployment schedules to ensure that advanced services are deployed at the same time in rural and nonrural areas.
- (6) The Plan must provide for the additional requirements for service standards as may be required by the Administrator.

The requirements for 1 megabit/second and video images mean the capacity of an ordinary telephone circuit, the local loop, must be increased by several orders of magnitude. The other requirements in the law are more easily met. Therefore, improving the loop has been RUS' focus in preparing Modernization Plan requirements and objectives.

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 information collected will be a State Telecommunications Modernization Plan which is a State plan that has been approved by RUS for improving the public switched telecommunications network of those telecommunications providers covered by the plan. RELRA requires RUS to review Modernization Plans and approve them if they comply with the minimum requirements as found in RUS' regulation Part 1751, Subpart B, prepared by the Agency in response to RELRA. Each State's Modernization Plan shall be a strategic development proposal for modernizing the telecommunications network of the Telecommunication Providers covered by the Modernization Plan. Requirements fall into three categories by timeframe (7 CFR 1751.106(i)(j)(k)—short term (5 years), medium term (10 years), and long term (15 years). RELRA requirements are implemented over a 15 year period.

To obtain RUS approval of a proposed Modernization Plan, the Plan Developer must submit the following to RUS (1751.104):

- (1) A written request for RUS approval of the proposed Modernization Plan signed by an authorized representative of the Plan Developer and;
- (2) Three copies of the proposed Modernization Plan.

Modernization Plans will be reviewed by the RUS telecommunications program staff to ensure that it complies with the requirements of then regulation. If the proposed Modernization Plan does comply, RUS will approve it and notify the developer of the approval. If not, RUS will make specific written comments and suggestions for modifying the proposed Modernization Plan so that it will comply with the requirements of the regulation.

If the information is not collected, RUS' authority to make loans under the Rural Electrification Act (RE Act) is restricted.

RELRA removed RUS' authority to make any but guaranteed loans for telephone plant in States without a Modernization Plan after one year from the date of publication of the regulation or to borrower's that do not participate in the plan.

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 eGovernment Act of 2002. RUS has evaluated this collection of information and determined that it will not develop an electronic submission solution for this interaction. The requirements for the State Telecommunications Plan have existed for many years and most states have developed their plan and filed them with RUS. The information and format of the plan differs from State to State and the documents that are submitted to RUS are normally certified by the plan developer which includes certifying with the official seal of the plan developer. Although RUS does not anticipate on receiving many new or revised plans, the option remains for States to do so. Additionally, there are a handful of State's that currently do not have RUS borrowers, and, in the event that an entity in one of these States' would want to borrow from RUS, the requirement for the State to file a modernization plan would have to be met.

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.

There is no duplication because the required information (mandated by the Rural Electrification Loan Restructuring Act—RELRA) for a State Telecommunications Modernization Plan is specific to each State. There is no duplication as the Modernization Plan for improving the telecommunications network is a new requirement in accordance with RELRA provisions.

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 of the telephone borrowers meet the Small Business Administration criteria for a small business. RUS has made every effort to ensure that the burden on the small entities is the minimum necessary to effectively administer the agency programs.

RUS continually reviews the information collected to determine what reductions are possible in order to minimize the burden on all of the agency's program participants. No requirements other than those mandated by RELRA have been include in the regulation. The detail of a Modernization Plan will vary according to a particular State plan developer.

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.

If the information were not collected, RUS would not be in compliance with the Rural Electrification Loan Restructuring Act. The information will generally be collected once; however, the regulation allows for amendments, to a State's Modernization Plan due to changes in technology, standards, regulation, and the economy which might warrant a request to amend an approved plan.

7. Explain any special circumstances that would cause an information collection to be conducted other than those specified in 5 CFR 1320.5(d)(2).

- a. Requiring respondents to report information more than quarterly.
- b. Requiring written responses in less than 30 days.
- c. Requiring more than an original and two copies.
- d. Requiring respondents to retain records for more than 3 years.
- e. That is not designed to produce valid and reliable results that can be generalized to the universe of study.
- f. Requiring use of statistical sampling which has not been reviewed and approved by OMB.
- g. Requiring a pledge of confidentiality.
- h. Requiring submission on proprietary trade secrets.

There are no special circumstances with regard to the above statements (a–h) that would cause an information collection to be conducted other than those specified in 5 CFR 1320.5(d)(2).

8 a. Identify agency's notice in the Federal Register and summarize public comments received.

As required by 5 CFR 1320.8(d), a Notice to request comments was published on May 4, 2012 in 77 FR 26487. No comments were received.

b. Describe efforts to consult with persons outside the agency.

RUS maintains close contact with borrowers through RUS' general field representatives (GFR), field accountants, and a headquarters' staff. GFRs have direct personal contact with the borrower in connection with the fulfillment of RUS requirements. GFRs pass on any substantive comments to the headquarters staff. Borrowers may consult with RUS' GFRs, field accountants, and the headquarters' staff at any time regarding comments or suggestions on procedures, forms, regulations, etc. Consultations take place on an individual basis, by telephone, e-mail, regular mail, fax, and at various meetings and conferences attended jointly by RUS staff and borrowers. RUS staff is readily available to the Agency's customers.

RUS works closely with lending institutions such as the National Rural Utilities Cooperative Finance Corporation and CoBank, a national wide network of lending institutions and part of the Farm Credit System, which provides supplemental loan funds to borrowers.

The Agency also works closely with national and/or statewide associations representing RUS' electric, telecommunications, and water and waste program borrowers such as: National Rural Electric Cooperative Association; National Rural Telecom Association; National Telephone Cooperative Association, United States 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. Additionally, the RUS works closely with various Federal agencies including the National Association of Regulatory Utility Commissions, Federal Energy Regulatory Commission, Department of Energy, U.S. Department of Environmental Protection, Federal Communications Commission, Department of Justice, Treasury Department, and others as appropriate. In addition, RUS works with various State regulatory agencies.

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

RUS also has a website containing general information about the agency, specific information about the three major programs (electric, telecommunications, and water and waste) administered by the Agency; a directory of various program staff and how to communicate with them; many Agency regulations, forms, and bulletins; and, links to other relevant sites.

9. Payment of gifts to respondents

Payments or gifts are not provided to respondents.

10. Assurance of confidentiality

The information collection does not require confidentiality. Information submitted to RUS by borrowers is covered by provisions of the Freedom of Information Act (5 U.S.C. 552).

11. Questions of a sensitive nature.

The information collection includes no questions of a sensitive nature.

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

Based on the number of State Telecommunications Modernization Plans received to date, RUS projects only one Modernization Plan submittal per year. Also, based on prior experience RUS is able to project the following cost to respondents to prepare a Plan:

<u>Number Of Respondents</u>	<u>Number of Responses/ Respondent</u>	<u>Total Annual Responses</u>	<u>Hours per Response</u>	<u>Total Hours</u>
1	1	1	350	350

Cost to respondents

Professional	1 response	X 300 hrs	X	\$ 54.83/hr	= \$ 16,449.00
Clerical	1 response	X 50 hrs	X	\$ 20.44/hr	= \$ 1,022.00
<u>Total Cost to Respondents</u>					<u>= \$ 17,471.00</u>

The 'cost to the public' wage figures used are from the "May 2011 Occupational Employment and Wage Estimates" at http://www.bls.gov/oes/oes_dl.htm. National 4-digit NAICS Industry-Specific estimates are used. The table (spreadsheet) is nat4d_M2011_dl.xlsx from the zip file oesm11in4.zip. The industry used is Wired Telecommunications Carriers (517100). For 'professional' time an hourly wage of \$54.83 for 'Managers, All Other (11-9199)' is used. For 'Clerical' time an hourly wage of \$20.44 for 'Office and Administrative Support Workers, All Other (43-9799)' is used.

13. Provide an estimate of burden of collection of information.

- (a) Total capital and start-up cost component (annualized over its expected useful life); and,
 (b) Total operation and maintenance and purchase of services component.

There are no capital and start-costs or operation and maintenance costs associated with the collection.

14. Annualized cost to the Federal Government.

The cost to the Federal government is estimated to be \$1,656.80. Costs are based on experience and calculated at a rate of \$48.35/hr (GS – 13/5) for professional time and \$20.63/hr (GS-6/5) for clerical time.

Cost to the Federal Government

Professional	1 response	X 30 hours	X	\$48.35/hr	= \$1,450.50
Clerical	1 responses	X 10 hours	X	\$20.63/hr	= \$ 206.30

Total Cost to the Government = \$1,656.80

15. Change in burden

This is an extension of a previously approved collection of information. There is no change to this collection package.

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

The results of this collection of information are not intended for publication.

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.

It is requested for approval of nondisplay of the expiration date on this information collection. There are no prescribed forms or format requirements for submitting this information.

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

This information collection includes no exceptions to Item 19.

B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS.

This information collection does not employ statistical methods.