

**2014 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, 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). The 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 2013, with provision for carryover of unobligated funds. The program is implemented under program regulations (7 CFR Part 1709) and USDA grant regulations. Competitive grant applications are solicited through a Notice of Funds Availability (NOFA) published in the Federal Register and Grants.gov. Applicants for high energy cost grants and bulk fuel grants submit information that demonstrates that the projects meet 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 RUS from applicants and grantees who may be 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.

RUS utilizes the application information to confirm that the community to be served meets eligibility requirements set forth in the statute, and that the proposals are consistent

with 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 RUS 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” (4040-0004)

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” (4040-0006) or SF-424 C, "Budget Information – Construction Programs" (4040-0008)

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” (4040-0007) or SF-424 D, "Assurances – Non Construction Programs" (4040-0009)

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 AD-3031, “Assurance Regarding Felony Conviction or Tax Delinquent Status for Corporate Applicants” (0505-0025)

This form must be completed by grant recipients and is used to confirm that the recipient does not have tax delinquency and has not been convicted of a felony criminal violation.

Form SF-LLL, “Disclosure of Lobbying Activities” (4040-0013)

The form is required of applicants and is needed to comply with the appropriate statute concerning lobbying activity by applicant.

Form SF-425, “Financial Status Report” (4040-0014) or Form SF-425 A “Financial Status Report Attachment (4040-0014)” 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” (4040-0012), or SF-271 “Outlay Report and Request for Reimbursement for Construction Programs.” (4040-0011) 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 involving significant property acquisition, engineering, equipment and construction expenditures use SF-271. All others use SF-270.

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

Grant Application. An estimated 60 grant applications are received annually; approximately 55 applicants submit applications for high energy cost grant and 5 submit grant applications for the bulk fuel. Each application is estimated to require 10 hours for the respondent to complete. (60 grant applications annually, 10 hours per response, 600 total hours.) All applicants must submit an application containing the elements described in the notice of funding availability. Elements of the application are:

High Energy Cost Grant. The grant proposal contains the following the following topics:

(1) Executive Summary. A 1 page narrative summary identifying the applicant, project, and specifying the amount of grant funds requested. The summary includes a brief description of the project and communities to be served.

(2) Project Needs. (2 pages) describes the needs of the community and the benefits of the project to the community. To the extent possible, grant funds will be directed to the smallest communities with low incomes. Communities deemed economic hardship communities should be identified. Projects focused on correcting an imminent hazard as defined in the Notice of Funding Availability (NOFA) should be described in detail.

(3) Project Description. (5 pages) This section includes a description including a proposed scope of work and proposed schedules for task completion. The section should be sufficiently detailed to support a finding of technical feasibility and must be consistent with standards and requirements for projects financed with loans as set forth in RUS’s Electric Program Regulations and Bulletins.

(4) Project Goals and Objectives and Project Performance Measures. (2 pages). This section identifies how the project addresses energy needs of the community and should outline appropriate measures of project success. This section should include quantitative estimates of cost or energy savings and other benefits that may derive from the project, providing documentation or references to support statements of cost-effectiveness.

(5) Project Management. (8 pages) This section gives a description of the applicant's capabilities and of project management plans and should be divided into sections on 1) Management Plan and Schedule, 2) Project Reporting Plan, 3) Relevant Organizational Experience, and 4) key staff experience.

(6) Regulatory and Other Approvals. (2 pages) This section must identify regulatory approvals required by other Federal, State, local, or Tribal agencies, or necessary approvals by private entities as a condition of financing. Prior to the obligation of funds, applicants will also be required to gather information to comply with the National Environmental Policy Act of 1969 (NEPA) and the National Historic Preservation Act (NHPA).

(7) Rural Development Initiatives. (1 page) This narrative should describe how the proposed project will support State rural development initiatives and should include confirming documentation from the relevant rural development agency. The applicant must also clarify that they are in a rural community of less than 20,000 people or are receiving matching funds.

(8) Proposed Project Budget. (4 pages) Applicants submit a proposed budget for the grant program on the SF-424A, "Budget Information – Non Construction Programs" or SF-424C, "Budget Information – Construction Programs," as applicants. Applicants should supplement the budget summary form with more detailed information describing the basis for cost estimates and itemizing major proposed project cost components. Planned administrative expenses of the project sponsor must be documented and applicant must identify other Federal or non-Federal contributions that will be used to support the proposed project.

Bulk Fuel Grant Proposal. The bulk fuel grant proposal addresses the following:

(1) Executive Summary. A one page narrative summary that identifies the State entity applying for the grant, specifies the amount of funds requested and provides brief description of the proposed program.

(2) Project Needs. (2 pages) A narrative describing the needs of the community and the criteria used to identify eligible areas, including characteristics making fuel deliveries difficult or impracticable. Communities deemed an economic hardship community or facing an imminent hazard should be identified and supporting documentation provided.

(3) Project Description. (5 pages) This section addresses the legal structure of the revolving fund proposal for fuel purchase support, objectives of the project with proposed funding eligibility and proposed management and financing. The section should address the topic of notification of potential beneficiaries and implementation schedule.

(4) Project Goals, Objectives, and Performance Measures (2 pages) The applicant briefly identifies how the project addresses energy needs of the community and describes plans to measure and monitor program effectiveness.

(5) Project Management (6 pages) The applicant provides a narrative describing: a0 Management Plan and Schedule; b) Project Reporting Plan, and; c) Relative Organizational Experience of the organization.

(6) Rural Development Initiatives (1 page) The applicant describes whether and how the proposed project supports any State rural development initiative. The applicant should clarify the extent to which a project is dependent upon or tied to other rural development initiatives, funding and approvals and should include confirming documentation from the appropriate rural development agency.

(7) Proposed Plan Budget (4 pages) In addition to the proposed budget submitted on SF 424A, the applicant should supplement the budget summary form with more detailed information describing the basis for cost estimates.

(8) Supplementary Material (5 pages) Only letters of support may be submitted as supplementary material.

Environmental Profile. (60 grant applicants per year, 1 hour per response, 60 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 detailed instructions for use by the applicant in preparing its narrative as part of the Application Guide.

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. (40 active grant projects per year, 4 reports per year per respondent, 2 hours per report and 320 total hours) RUS 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) RUS uses 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. As indicated above, an average of 40 active grant projects currently comply with reporting requirements associated with this collection.

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 meeting the requirements of the E-Government Act, which requires Government agencies in general to provide the public the option of submitting information or transacting business electronically to the maximum extent possible. Grant applications can be submitted through Grants.gov. RUS encourages applicants to submit applications through Grants.gov and has provided this option since 2004. RUS does 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 electronically submit specific photos and more comprehensive graphics related to the proposal. At present, grant performance reports, servicing requests and supporting documents can be submitted electronically via email as the grantee elects.

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.

RUS administers programs using standard applications and forms where possible and has reviewed programs to determine where overlapping information requirements may exist. However, other than standard descriptive information about an applicant, the grant project proposals and applications for grant funding are significantly different because the proposed use of grant funds may be significantly different from proposals for RUS loan programs. If there is simultaneous participation in more than one program by a grantee, RUS makes accommodations for minimizing duplicate filing requirements.

Existing RUS borrowers may apply for these grants, but they are 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 RUS from a prior round of funding 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.

Applicants for High Energy Cost Grants and the grantees complying with reporting requirements are small entities, including for profit and not for profit corporations, state and local governments, Indian tribes, other tribal entities and Alaska Native Corporations. RUS is conscious of the needs of small entities and the information to be collected is in a format to minimize the paperwork of the entities referenced above and is the minimum necessary to make the required determinations about grant applications required by the regulations. RUS makes every effort to ensure that the burden on small entities applying for High Energy Cost Grants is the minimum necessary to effectively administer the grant program.

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 for the High Energy Cost Program are consistent with the minimum information necessary and appropriate for confirming current eligibility and evaluating the proposal under the regulation. Without collecting the listed information, RUS would be unable to determine the eligibility of the applicant and cannot be assured that the projects and communities to be served meet the statutory requirements for eligibility. The listed information is necessary to be sure that the proposed projects will deliver the intended benefits and 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 requiring specific information on more than a quarterly basis, other than circumstances associated with a suspension or need to develop a compliance plan under USDA grant regulations. USDA has not had such a circumstance to date requiring more frequent reporting.

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. RUS does not request more than one original and two copies of an application. We do request that the Agency and the grantee execute three originals of the final grant agreement and all amendments to the grant agreement.

d. Requiring respondents to retain records for more than 3 years. Consistent with USDA regulations, RUS does not request that respondents 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 remain unresolved.

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 November 19, 2013 78 FR 69366 requesting comments from interested parties. The Agency received one public comment of a general nature by email. There was no reply to the sender as the comment is general and does not address the specific topic of the Paperwork ICP (High Energy Cost Grant Program) nor does the comment refer to the information collected in this package.

The Agency conducted a consultation with persons familiar with this collection pursuant to 5 CFR 1320(d) to solicit comment concerning the necessity of the collection, the accuracy of the Agency's estimate of the burden, and to gain information to enhance the clarity of the information to be collected. The following three grant awardees applied for and received grant awards under the High Energy Cost Grant Program and were consulted to obtain their views on the availability of data, the clarity of instruction, the frequency of collection and recordkeeping requirements and other concerns:

Kathy Lane
Mohegan Plantation Power District
P.O. Box 127
Mohegan, Maine 04852
Tel: (207) 594-9209

Ms. Lane stated she approved of the page number limitation on the application guide as the limitation helped shorten the time required to submit it. She felt that the content requested was straightforward and the categories were applicable. Ms. Lane liked the examples that were provided in the application guide. Ms. Lane said that the RUS High Energy Cost Grant application process was clear but she also noted the SAM (System for Award Management) registration system, could be improved upon.

Misty Fitzpatrick
City Administrator
City of Coffman Cove
P.O. Box 18135
Coffman Cove, Alaska 99918
Tel: (907) 329-2233

Ms. Fitzpatrick found the HEKG application user friendly and straightforward compared to other grants that the City of Coffman Cove has applied for. The estimates of time required to complete the application and to comply with reporting requirements was accurate and requested information was necessary to evaluate eligibility for grant program and integrity of proposed grant project.

Steve Gilbert
Alaska Village Electric Cooperative
4831 Eagle Street
Anchorage, Alaska 99503
Tel: (907) 656-5531

Mr. Gilbert stated that the HEKG application process was reasonable straightforward and that the Alaska Village Electric Cooperative has had experience with Federal grants in the past. Mr. Gilbert stated the application was fairly intensive, but conceded he thought the information requested was necessary and had practical utility.

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. No assurance of confidentiality has been provided to the respondents.

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 of 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 agency experience from past NOFAs, the agency estimates that an average of 60 applications are submitted annually. Approximately 55 of the grant applications are for high energy cost grants and 5 applications are for bulk fuel and estimated respondent time is the same for high energy cost applications and bulk fuel applications. It is anticipated that, from the 60 applications, approximately 12 awards will be made annually and the awardees have been accounted for among the 60 initial applications. The grantees will then be required to comply with the ongoing reporting requirements and 40 of the respondents are previous awardees complying with ongoing reporting. The typical grant term is 3 years and, on average, 12 grantees will reach closeout each year. The agency estimates that there are a total of 100 annual respondents with 344 annual responses and 1,172 burden hours. See separate spreadsheet (RUS Form 36) for detailed breakout of the burden.

The total cost to respondents is estimated to be \$68,468. The estimated wage rate of \$45.15 is based on information provided by the Bureau of Labor Statistics, median hourly wage for Management Occupations (Occupation Code 11-0000) found at http://www.bls.gov/oes/current/oes_nat.htm#11-0000. With the addition cost of benefits in the amount of \$13.27 per hour, the total hourly wage is \$58.42. The calculation of estimated cost of labor for the hours required to comply with this information collection is illustrated in the following chart:

Estimated Annual Respondents	Total Annual Responses	Total Hour Burden	Hourly Wage/Benefit	Total Respondent Cost
100	344	1,172	\$58.42	\$68,468

Historical data provided by the Bureau of Labor Statistics, [Employer Cost for Employee Compensation Supplemental Tables Historical Data December 2006-September 2012](http://www.bls.gov/oes/current/oes_nat.htm#11-0000) is utilized to calculate the total cost of benefits. Benefits as a percentage of total compensation for Private sector trade, transportation and utilities workers were 29.4% of total hourly compensation. See, <http://www.bls.gov/ncs/ect/sp/ecsupt.pdf>, Page 91.

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:

Agency staff is required to receive and review grant applications and to evaluate grant proposals. Agency staff reviews and ranks eligible project application proposals based upon the requirements set forth in the Notice of Funding Availability and the regulations at 7 CFR Part 1709. Agency staff then makes recommendations based upon an evaluation of the project technical and economic feasibility and grant awardees are selected. After grants are awarded and funded, agency staff uses performance reports to administer the grant award and to confirm that progress is being made to achieve the stated goals of the project.

The annual cost to the Federal Government to administer the activities of this program is estimated to be \$83,601. The costs estimate includes the total cost of staff time and the addition of overhead costs such as printing, publication of NOFAs, travel, etc. Hourly cost of staff time includes various salary grades based upon the tasks involved in receipt and evaluation, award and grant administration, and/or monitoring and closeout. Estimated hours necessary for tasks can be summarized as follows:

- Application Receipt, Review, and Evaluation

GS 12/5 - 60 applications at 10 hours = 600 hours

- Grant Award and Administration

GS 5/5 – 12 grantees at 6 hours = 72

GS 12/5 – 12 grantees at 8 hours = 96 hours

GS 13/5 – 12 grantees at 1 hour = 12 hours

- Post Grant Monitoring and Recordkeeping

GS 5/5 – 40 grantees at 10 hours = 400

GS 12/5 – 40 grantees at 20 hours = 800

The total annualized cost to the Federal Government is illustrated in the following chart:

Federal Pay Grade	Hourly Wage Rates Required to Administer Program	Total Hours Required	Total Wage Cost	Cost of 18% Overhead Cost	Total Costs
GS 5/Step 5	\$18.69	472	\$8,822	\$1,588	\$10,410
GS 12/Step 5	\$41.07	1496	\$61,441	\$11,059	\$72,500

GS 13/Step 5	\$48.83	12	\$586	\$105	\$691
Total Annualized Federal Cost					\$83,601

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 previously approved collection to reduce burden hours by 312, from 1,484 to 1,172 hours. An adjustment reduction of 12 hours was necessary to correctly account for hours associated with form RD 1942-46 which is approved under OMB 0575-0015. Also, the agency program recently conducted research in order to provide an accurate estimate for per response time based on current application guidelines that call for a limit on application pages and supplemental materials. The revision is a program change by the agency to account for the reduced number of hours required to write and submit grant applications. In total, a downward adjustment of 312 respondent hours is warranted based on current information about the application requirements and to subtract burden hours accounted for under another control number. See the separate spreadsheet (RUS Form 36) for complete breakdown of the burden hours.

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