

**2014**  
**SUPPORTING STATEMENT**  
**(0572-0076)**

**RUS Specification for Quality Control and Inspection of Timber Products**

In this renewal submission, the agency continues to address previous Terms of Clearance, by validating estimates of burden taking into account changes in the sector and new regulations. After the agency consulted with subject matter experts concerning industry trends in the use of timber products, it was concluded that the use of timber products in the electric industry has declined and subsequent burden reduced by almost 50 percent, from 40,400 to 20,333 hours.

**A. Justification**

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

The Rural Utilities Service (RUS) is a credit agency of the U.S. Department of Agriculture. It makes 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.

RUS has a tremendous amount of interest in loan security and in 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, RUS necessarily has a strong interest in the business, financial, and operating aspects of its borrowers. Prior to receiving loan funds, RUS borrowers must enter into a loan contract with RUS. 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 RUS Regulations."

In order to ensure the security of loan funds, adequate quality control of timber products is vital to loan security on electric power systems where hundreds of thousands of wood poles and crossarms are used. Since RUS 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 RUS Bulletin 1728H-702 provide RUS 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.**

When RUS approves an applicant's request for financial assistance and provides funds, a contractual agreement results between the borrower and RUS. Among the contractual provisions contained in the contract are requirements that the borrower construct the system in accordance with RUS accepted specifications, including the quality control specifications for wood poles and stubs for use in borrowers' distribution poles. RUS quality control standards for wood poles follow closely with industry standards. There are several professional organizations that contribute to the formulation of wood product standards, including but not limited to: The American National Standards Institute, American Society for Testing and Materials, American Wood Protection Association (AWPA), Southern Pine Inspection Bureau and West Coast Lumber Inspection Bureau. Standards for wood products are published in the American Wood Protection Association Book of Standards. RUS requires that borrower obtain confirmation from their selected contractor that the wood poles meet the specifications of RUS Bulletin 1728F-700 and RUS communicates the details of the standards for wood products through the publication of RUS Bulletin 1728F-700, which is available online, to the public and available in hard copy. RUS General Field Representatives and RUS headquarters staff are available to discuss and answer questions about the standards from the public or borrowers. RUS will use the following required information to verify acceptability of poles and crossarms purchased by RUS borrowers. RUS cross-references borrowers and treating plants so that if, during an inspection trip by an RUS staff member, a plant is in violation of the specifications, RUS can quickly determine which borrowers purchased from the plant and take appropriate action to correct the violation.

#### Use of Inspection Agencies to Inspect Poles

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

#### 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 and as such, required in this specification. Test reports are necessary so that the purchaser, the inspector, and RUS 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.**

RUS encourages borrowers and inspectors, 7 CFR 1728.202(g)(4), to utilize information technologies to transmit the reports electronically when a review of inspection reports is requested. This may include scanning the reports to files and sending the files to RUS as email attachments or faxing the reports to RUS.

Inspectors often use their own internal forms to collect the information manually as these forms often double as checklists. RUS does not require the use of a standardized form to collect the data.

Detailed guidance on specifications and inspection requirements of wood components for electric and telephone lines is provided in 7 CFR Part 1728.201, 7 CFR 1728.202 and in Bulletin 1728F-700. Electric Program General Field Representatives and the RUS Headquarters staff are available to provide additional guidance and/or answer questions from borrowers and the public.

**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 of services since the poles are only inspected once. The information collected in the inspection reports is unique to that particular group of wood poles inspected and not available from sources other than the inspection reports.

**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 but 10 percent of the electric borrowers meet the Small Business Administration criteria for a small business. RUS has made every effort to ensure that the burden on these small entities is the minimum necessary to effectively administer agency programs and meet statutory requirements and safety standards with respect to both large and small entities. The inspection requirements are standard throughout the industry and are the minimum necessary to attain the objectives set out in Item 2.

**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.**

RUS establishes standards based upon those set forth by national standardizing groups, engineering societies, and electrical safety codes to the greatest extent practical. RUS requires the inspection of poles and crossarms to help ensure the quality of material received by borrowers. Without the requirement to obtain inspection reports and make them available to RUS upon request, the agency would not be able to ensure compliance

with safety standards by the borrowers and organizations receiving financial assistance from RUS.

**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.
- 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 of proprietary trade secrets.

There are no special circumstances. The collection of information is consistent with the guidelines in 5 CFR 1320.6.

**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 1320.9(d), a notice and request for comment was published in the Federal Register on April 16, 2014, at 79 FR 21436. Three public comments were received in response to the notice. One comment was a general statement against forest logging. The second statement was a positive comment from a pole producer stating that the information collection was an integral part of the Quality Assurance Program, was not burdensome and that the inspection requirement assures production of wood poles meeting industry safety standards. The third comment was a letter signed by the representatives of two industry-trade associations, the Southern Pressure Treaters' Association and the Treated Wood Council. The third comment pointed out that the information requested is consistent with industry standards set forth in American Wood Protection Association Book of Standards, therefore, other than the information already required, additional information is not necessary

After the publication of the 60-day notice on April 16, 2014, the agency recalculated the estimate of burden hours and reduced the burden hour estimate by almost 50 percent. A correction was published in the Federal Register on May 27, 2014, stating the revised estimate of the burden hours and reducing the estimated burden hours from 40,000 to 20,000. To support the 50 percent reduction in burden hours, the program interviewed representatives from entities conducting inspection on the majority of the wood poles utilized by RUS borrowers. The agency developed the accurate estimate with the input of these entities and with the assistance of James Carter, Executive Vice President for WQC, Inc., 708 East Main Street, Lexington, SC 29072; Phone (803) 359-2218; Fax: (803) 359-2352. Mr. Carter confirmed that the number of alternative materials for electric pole production has increased and, therefore, fewer wood poles are produced. The adjustment resulted in a reduction in the number of wood poles inspected from the reported two million to one million. As the wood poles are inspected in lots of 50 and each inspection requires one hour, the hour burden was reduced from 40,000 to 20,000. The record keeping burden, estimated as 1 minute per report is 333 hours. The total estimated hour burden is 20,333.

The following individuals were consulted to obtain their views on the availability of data, clarity of instruction, frequency of collection and recordkeeping, and other concerns or comments:

James Carter  
Executive Vice President

WQC, Inc.  
708 East Main Street  
Lexington, SC 29072  
Telephone: (803) 359-2218  
Fax: (803) 359-2352

Mr. Carter provided information and assisted the agency in the correction of the estimate of burden hours. Mr. Carter stated that the RUS requirement calling for inspection of all utility poles purchased by cooperative borrowers as well as the further requirement for maintaining pole inspection and treating records represents a long-time common practice throughout the wood treating industry. Mr. Carter stated that these records are a valuable tool that pole producers can and do use to address potential in-house quality control and production process issues. Mr. Carter also stated that the records may also prove to be extremely helpful in resolving any product quality or performance issues that may arise with utility customers from time to time. Mr. Carter stated that the information is readily available and that the information would be collected and catalogued by producers even if RUS didn't have this requirement in place.

Jim Hickman  
Technical Director  
Langdale Forest Products Co.  
P.O. Box 1088  
Valdosta, GA 31603-1088  
Telephone: (229) 333-2501  
Fax: (229) 333-2570

Mr. Hickman provided information that assisted the agency estimate the accurate burden hours, confirming that the utilization of alternative materials for pole production resulted in a reduction in the number of wood poles inspected. Mr. Hickman stated that the requirement to retain a copy of internal inspection reports for preservative treated wood poles for at least a year is a standard industry practice. Mr. Hickman maintains that his company, Langdale Forest Products, voluntarily maintains their records for several decades, as any pole failure due to decay or insect damage would require over a year of in-service utilization.

Les Lonning  
Sr. Manager Technical Services  
McFarland Cascade  
P.O. Box 1496  
Tacoma, WA 98401-1496

Mr. Lonning stated that the gathering and storing the information is an integral part of the Quality Assurance Program for RUS and is also a normal part of business operations for his company. Mr. Lonning stated his company would conduct the quality control even if it was not a RUS requirement. Mr. Lonning stated the collection was not burdensome and is required so that poles and crossarms meet longevity and safety requirements necessary in the industry.

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

There are no payment or gift 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 agency estimate for burden hours associated with this information collection is revised and reduced from 40,400 to 20,333 hours and the estimated annual cost is \$2,042,531. The burden consists of the inspection of about 20,000 lots of poles by 25 different inspection agencies (poles are inspected in lots of about 50 poles). A lot of poles requires about 1 hour to inspect, including the time to prepare the accompanying report. Record keeping, estimated at one minute per report, is 333 hours.

The Bureau of Labor Statistics, median hourly wage rate for Log Graders and Scalers (Occupation Code 45-4023; Log Graders and Scalers, \$15.90 per hour) is used in the wage cost calculation. The Occupation Code can be located at [http://www.bls.gov/oes/current/oes\\_nat.htm#45-0000](http://www.bls.gov/oes/current/oes_nat.htm#45-0000). With the addition of \$3.94 benefit costs, the total hourly wage is \$19.84. Overhead, including travel, lab analysis costs/fees, printing/copying and supplies total \$82 per hour. The respondent cost for inspection is \$101.84.

The agency estimates that it requires 1 minute of recordkeeper time for each of the 20,000 reports or 333 hours of recordkeeping time. The average recordkeeper time for each of the 25 respondents is 13.3 hours. As referenced in response to Question 15, recordkeeper hours were reduced because of a reduction in the number of inspections.

The median hourly wage for a recordkeeping file clerk (Occupation Code 43-4071) is \$13.79 per hour and with the addition of \$3.42 benefits, the hourly wage is \$17.21. The respondent cost for recordkeeping is \$5,731.

The cost calculation is shown in the table below:

Cost categories	Hourly cost estimate	Estimate of inspections/hours	Sub total
Wage (Code 45-4023)	\$19.84	20,000	\$396,800
Travel	25.00	20,000	500,000
Lab/Analysis	45.00	2,000	900,000
Printing/Copy/Supplies	12.00	2,000	240,000
Recordkeeping	17.21	333	5,731
		<b>TOTAL</b>	<b>\$0</b>

Historical data provided by the Bureau of Labor Statistics, Employer Cost for Employee Compensation Supplemental Tables Historical Data December 2006-September 2013 is utilized to calculate the total cost of benefits. Benefits as a percentage of total compensation for Private trade, transportation and utilities industry workers were 24.81% of total hourly compensation. See, <http://www.bls.gov/ncs/ect/sp/ecsuhst.pdf>, Supplemental Table 6 at Page 91.

**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 are no operation and maintenance or purchase of services costs association with this collection.

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

There is no cost to the Federal Government involved in these requirements.

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

The burden hours for this collection are reduced from 40,400 to 20,333, a reduction of 20,067 hours. RUS electric program engineers consulted industry contacts and, with the assistance and input of Jim Carter, Executive Vice President of WQC, Inc., reevaluated the number of wood pole lots inspected for RUS borrowers. Wood poles have a life span of 35 to 50 years, are treated with potentially hazardous chemicals, and may require retreatment of chemicals to maintain effectiveness. Alternative materials, including steel, concrete, fiberglass and fiberglass composites, have been developed to make poles with a lifespan of 75 to 100 years that do not require chemical treatment and retreatment. In most cases the poles from alternative materials are preferred to conventional wood products. The program concluded that a reduction in the number of burden hours was necessary due to the reduction in the use of wood poles by RUS electric borrowers. RUS electric borrowers currently use an estimated 1,000,000 wood poles annually and the poles are inspected in lots of 50. There are an estimated 20,000 inspections, each requiring 1 hour of time.

Records: The estimate of annual recordkeeper hours was decreased from 400 to 333 because of the reduction in number of reports. The agency estimates that each inspection requires one minute for recordkeeping, i.e. 20,000 minutes. Total estimated recordkeeper hours is 333.25. There are 25 recordkeepers and the burden for each recordkeeper is 13.33.

**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.