

2016
SUPPORTING STATEMENT
(0572-0123)
7 CFR Part 1721, Extensions of Payments of Principal and Interest

A. Justification

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

This collection of information describes procedures borrowers must follow to request extensions of principal and interest. Authority for these extensions is contained in Section 12 of the Rural Electrification Act of 1936 (RE Act), as amended. Eligible purposes include financial hardship, energy resource conservation (ERC) loans, renewable energy projects, distributed generation projects, and contributions-in-aid of construction. These procedures are codified at 7 CFR 1721, subpart B.

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 required information will be submitted by existing RUS borrowers in order to request an extension of principal and interest. The following will be submitted for each type of deferment:

(a) Deferments for financial hardship. A Borrower requesting a Section 12 deferment because of financial hardship must submit the following:

(1) A summary of the financial position of the Borrower, based on the latest information available (usually less than 60 days old.)

(2) A copy of the board resolution requesting an extension due to financial hardship.

(3) A 10-year financial forecast of revenues and expenses on a cash basis, by year, for the period of the extension and 5 years beyond to establish that the remaining payments can be made as rescheduled.

(4) A listing of notes or portions of notes to be extended, the effective date for the beginning of the extension, and the length of the extension.

(5) A narrative description of the nature and cause of the hardship and the strategy that will be instituted to mitigate or eliminate the effects of the hardship.

(b) Deferments for energy resource conservation loans. A Borrower requesting principal deferments for an ERC loan program should submit the following information:

(1) A letter from the Borrower's General Manager requesting an extension of principal payments for the purpose of offering an ERC loan program to its members and outlining the details of the program.

(2) A copy of the board resolution establishing the ERC loan program.

(c) Deferments for renewable energy projects. A Borrower requesting principal deferments for its renewable energy project should submit the following information:

(1) A letter from the Borrower's General Manager requesting an extension of principal payments for the purpose of offering a renewable energy project program to its members and outlining the details of the program.

(2) A copy of the board resolution establishing the renewable energy project loan program.

(d) Deferment for distributed generation projects. A Borrower requesting principal deferments for distributed generation projects must submit the following information:

(1) A letter from the Borrower's General Manager requesting an extension of principal payments for the purpose of financing distributed generation projects and describing the details of the project.

(2) A copy of the board resolution establishing the distributed generation projects program.

(e) Deferments for contribution-in-aid of construction.

(1) A letter from the Borrower's General Manager requesting an extension of principal payments for the purpose of offering a contribution-in-aid of construction and outlining the details of the program.

(2) A copy of the board resolution establishing the contribution-in-aid of construction loan program.

(3) A summary of the calculations used to determine the average cost per residential consumer.

For all deferments, the borrower will complete a legal agreement and associated materials. Completion time for this action has been included with each of the types of deferments.

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.

Borrowers use their own software to prepare letters, board resolutions, and supporting analysis. There is not a standard format to be used to prepare the various documentation required.

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 as the required information is specific to each borrower and each loan.

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% 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 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.

The collection of information occurs only when an extension of payments of principal and interest is requested by the borrower; therefore, the collection could not be performed less frequently. Moreover, collections are made to provide needed benefits to borrowers while also maintaining the integrity of RUS loans and their repayment of taxpayers' monies.

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 for a response 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.

There is no such requirements.

- 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 requirement for submission of 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 to request public comments was published on October 5, 2015 at 80 FR 60116. No negative comments were received. A copy of the Notice is attached.

The following individuals have been consulted to obtain their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping, etc.:

Lynn Heatherly
Blue Ridge Electric Membership Corporation
P.O. Box 112
Lenoir, NC 28645-0112
828-759-8931

The borrower stated they found the information they need readily available. The instructions are clear of what is needed to request an extension for each different purpose.

Phillip E. Mabry
Pee Dee Electric Membership Corporation
575 U.S. Hwy 52 South
Wadesboro, NC 28170-6467
704-694-7603

The borrower stated they found the information they need readily available. The borrower stated they had no difficulty in following directions regarding the ERC Extension process.

Joel Stevens
York Electric Cooperative, Inc.
P.O. Box 150
York, SC 29745-0150
803-818-5266

Overall the borrower believes that the collection of information requested is necessary and not too burdensome and materials such as CFR and Website are very accessible.

In addition to the individuals listed above, the Agency periodically reviews its procedures to determine if any paperwork requirements can be eliminated without lessening the Government's security of the Agency's loans portfolio. Agency staff, including General Field Representatives (GFRs), Field Accountants (FAs), often discuss paperwork requirement issues with our borrowers, national trade organizations, and supplemental lenders at various meetings, conferences, etc. RUS GFRs and FAs have direct personal contact with borrowers in connection with their responsibilities in the fulfillment of RD requirements.

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

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

There has been no decision, nor is any expected, to provide 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.

No assurance of confidentiality has been provided to the respondents. Information submitted to RD by borrowers is covered by the provisions of the Freedom of Information Act (5 U.S.C. 552).

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 involved with this collection.

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

The *total burden* for this collection is estimated to be 296 hours for 29 respondents and 58 responses. The *total cost* to the public is estimated to be \$8,437.58. A breakdown of the hours and cost associated with this package are as follows:

Financial hardship loans

| Respondents | Responses per Respondent | Total Annual Responses | Hours Per Response | Burden Hours |
|-------------|--------------------------|------------------------|--------------------|--------------|
| 2 | 2 | 4 | 20 | 80 |

The wage figures used is from the "May 2014 Occupational Employment and Wage Estimates" at http://www.bls.gov/oes/current/oes_nat.htm/

For 'professional' time an hourly wage of \$50.51 for 'Managers, All Other (11-9199)' is used. For 'Clerical' time an hourly wage of \$15.16 for 'Office and Administrative Support Workers, All Other (43-9199)' is used.

The Agency estimates this loan extension cost to the respondents to comply with this regulation to be \$3,399.08. This is based on an estimate of a maximum of 2 application(s) under this program annually.

The estimated cost to the public is estimated as follows:

Management Staff \$50.51 x 10 hours x 29.4% benefits (148.50) = \$
653.60

| | | | |
|---------------------------|---|---|-------------|
| Clerical Support | \$15.16 x 10 hours x 29.4% benefits (44.57) | = | \$ 196.17 |
| Number of Responses | | | \$ 849.77 |
| Cost to the Public | | = | <u>x</u> 4 |
| | | | \$ 3,399.08 |

Energy resource conservation (ERC) loans

| Respondents | Responses per Respondent | Total Annual Responses | Hours per Response | Burden Hours |
|-------------|--------------------------|------------------------|--------------------|--------------|
| 24 | 2 | 48 | 4 | 192 |

The Agency estimates this loan extension cost to the respondents to comply with this regulation to be \$10,140.80. This is based on an estimate of a maximum of 40 application(s) under this program annually.

The estimated cost to the public has been computed as follows:

| | | | |
|---------------------------|--|---|-------------|
| Management Staff | \$50.51 x 2 hours x 29.4% benefits (29.70) | = | \$ 130.70 |
| Clerical Support | \$15.16 x 2 hours x 29.4% benefits (8.91) | = | \$ 39.23 |
| Number of Responses | | | \$ 169.95 |
| Cost to the Public | | = | <u>x</u> 24 |
| | | | \$ 4,078.80 |

Renewable energy projects

| Respondents | Responses per Respondent | Total Annual Responses | Hours per Response | Burden Hours |
|-------------|--------------------------|------------------------|--------------------|--------------|
| 1 | 2 | 2 | 4 | 8 |

The Agency estimates this loan extension cost to the respondents to comply with this regulation to be \$339.90. This is based on an estimate of a maximum of 1 application(s) under this program annually.

The estimated cost to the public has been computed as follows:

| | | | |
|---------------------|--|---|-----------------|
| Management Staff | \$50.51 x 2 hours x 29.4% benefits (29.70) | = | \$ 130.72 |
| Clerical Support | \$1516 x 2 hours x 29.4% benefits (8.91) | = | <u>\$ 39.23</u> |
| | | | \$ 169.95 |
| Number of Responses | | = | <u>x 2</u> |
| Cost to the Public | | = | \$ 339.90 |

Distributed generation projects:

| Respondents | Responses per Respondent | Total Annual Responses | Hours per Response | Burden Hours |
|-------------|--------------------------|------------------------|--------------------|--------------|
| 1 | 2 | 2 | 4 | 8 |

The Agency estimates this loan extension cost to the respondents to comply with this regulation to be \$339.90. This is based on an estimate of a maximum of 1 application(s) under this program annually.

The estimated cost to the public has been computed as follows:

| | | | |
|---------------------|--|---|-----------------|
| Management Staff | \$50.51 x 2 hours x 29.4% benefits (29.70) | = | \$ 130.72 |
| Clerical Support | \$15.16 x 2 hours x 29.4% benefits (8.91) | = | <u>\$ 39.23</u> |
| | | | \$ 169.95 |
| Number of Responses | | = | <u>x 2</u> |
| Cost to the Public | | = | \$ 339.90 |

Contribution-in-aid of construction

| Respondents | Responses per Respondent | Total Annual Responses | Hours per Response | Burden Hours |
|-------------|--------------------------|------------------------|--------------------|--------------|
| 1 | 2 | 2 | 4 | 8 |

The Agency estimates this loan extension cost to the respondents to comply with this regulation to be \$339.90. This is based on an estimate of a maximum of 1 application(s) under this program annually.

The estimated cost to the public has been computed as follows:

| | | | |
|---------------------|--|---|-----------------|
| Management Staff | \$50.51 x 2 hours x 29.4% benefits (29.70) | = | \$ 130.72 |
| Clerical Support | \$15.16 x 2 hours x 29.4% benefits (8.91) | = | <u>\$ 39.23</u> |
| | | | \$ 169.95 |
| Number of Responses | | = | <u>x 2</u> |
| Cost to the Public | | = | \$ 339.90 |

13. Provide an estimate of the total annual cost burden to respondents or record keepers 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 involved with this collection.

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

There is no operation and maintenance and/or purchase of services components involved with this collection.

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

The *cost to the Federal Government* to collect and evaluate this information is estimated to be \$34,749.11 based on the following calculations:

Financial hardship:

| | | |
|-------------------|---|-------------|
| Professional time | \$49.32 x 24 hours x 36.25% benefits (429.08) = | \$ 1,612.76 |
| Clerical time | \$21.04 x 3 hours x 36.25% benefits (22.88) = | \$ 86.00 |
| | Total per application | \$ 1,698.76 |
| | Number of annual applications | <u>x</u> 2 |
| | Estimate of Cost to Government | \$ 3,397.52 |

Professional wage estimated at GS 13, step 5 (rounded up)

Clerical wage estimated at GS 6, step 5 (rounded up)

Energy resource conservation (ERC) loans:

| | | |
|-------------------|---|-------------|
| Professional time | \$49.32 x 16 hours x 36.25% benefits (286.05) = | \$ 1,075.17 |
| Clerical time | \$21.04 x 3 hours x 36.25% benefits (22.88) = | \$ 86.00 |
| | Total per application | \$ 1,161.17 |
| | Number of annual applications | <u>x</u> 24 |
| | Estimate of Cost to Government | \$27,868.08 |

Professional wage estimated at GS 13, step 5 (rounded up)

Clerical wage estimated at GS 6, step 5 (rounded up)

Renewable energy projects:

| | | |
|-------------------|---|-----------------|
| Professional time | \$49.32 x 16 hours x 36.25% benefits (286.05) = | \$ 1,075.17 |
| Clerical time | \$21.04 x 3 hours x 36.25% benefits (22.88) = | <u>\$ 86.00</u> |
| | Total per application | \$ 1,161.17 |
| | Number of annual applications | <u>x 1</u> |
| | Estimate of Cost to Government | \$ 1,161.17 |

Professional wage estimated at GS 13, step 5 (rounded up)
Clerical wage estimated at GS 6, step 5 (rounded up)

Distributed generation projects:

| | | |
|-------------------|---|-----------------|
| Professional time | \$49.32 x 16 hours x 36.25% benefits (286.05) = | \$ 1,075.17 |
| Clerical time | \$21.04 x 3 hours x 36.25% benefits (22.88) = | <u>\$ 86.00</u> |
| | Total per application | \$ 1,161.17 |
| | Number of annual applications | <u>x 1</u> |
| | Estimate of Cost to Government | \$ 1,161.17 |

Professional wage estimated at GS 13, step 5 (rounded up)
Clerical wage estimated at GS 6, step 5 (rounded up)

Contributions-in-aid of construction:

| | | |
|-------------------|--|-----------------|
| Professional time | \$49.32 x 16 hours x 36.25% benefits (286.05)= | \$ 1,075.17 |
| Clerical time | \$21.04 x 3 hours x 36.25% benefits (22.88) = | <u>\$ 86.00</u> |
| | Total per application | \$ 1,161.17 |
| | Number of annual applications | <u>x 1</u> |
| | Estimate of Cost to Government | \$ 1,161.17 |

Professional wage estimated at GS 13, step 5 (rounded up)
Clerical wage estimated at GS 6, step 5 (rounded up)

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

There was a decrease of 128 burden hours from the previous collection of 424 burden hours to 296 for this collection cycle. The decrease in hours is attributed to a reduction in Requests for Deferment of Energy Resource Conservation loans from 40 respondents in the previous collection to 24 respondents for this collection.

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

There are no plans for publication of information collected.

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 is not seeking such approval.

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

There are no exceptions to the certification statement involved with this collection request.

B. Collection of Information Employing Statistical Methods.

This collection does not involve a survey. Thus, this collection does not employ statistical methods.