

2016

**SUPPORTING STATEMENT**  
**OMB Control No. 0572-New**  
**Rural Energy Savings Program**

**Enacted and Funded by H.R. 2029 (Omnibus Appropriations)**  
**December 18, 2015**

**This is a request for emergency clearance pursuant to 5 CFR 1320.13.**

**A. JUSTIFICATION**

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

This information collection requirement stems from passage of section 6407 of the Farm Security and Rural Investment Act of 2002 (Public Law 107-171; 116 Stat. 424 as amended (7 U.S.C. 8107a) which created the Rural Energy Savings Program and the Consolidated Appropriations Act, 2016, Public Law No. 114-113, of December 18, 2015, which provided authorization and funding to provide zero-percent loans to Rural Utilities Service borrowers or other eligible entities to relend to consumers for cost-effective energy efficiency measures. The Consolidated Appropriations Act appropriated \$8,000,000 to remain available until expended to carry out section 6407 of the Farm Security and Rural Investment Act of 2002, provided that Secretary of Agriculture launch the authorized program during the fiscal year 2016 and that the program be carried out through the Rural Utilities Service. In order to obligate funds during fiscal year 2016, the agency will announce the Rural Energy Savings Program (RESP) through a Notice of Funding Availability (NOFA) opening the program to applications so as to comply with the legislative mandate. The NOFA will contain all requirements that applicants will need to comply with. Based on lessons learned from the first year of operating the program, the Agency will determine how to proceed with future rulemaking to codify the program.

The collection of information is essential to the mission of the agency and the use of normal clearance procedures is reasonably likely to prevent the collection and cause the deadline for launch of the program to be missed.

**2. Indicate how, by whom, and for what purpose the information is to be used. Except for a new collection, indicate that the actual use the Agency has made of the information received from the current collection.**

This is a request for approval of an emergency clearance. The collection will receive information only from those RUS electric borrowers or eligible entities who submit letters of intent to apply for the Rural Energy Savings Program or those who subsequently are invited to submit applications. A number of qualified entities will be invited to submit applications for a RESP loan after notifying the agency of their interest.

The information required from the respondents is limited to that which would be essential for screening to determine if proposed activities and investment are consistent with the purpose of the statute, determining eligibility, screening to determine if proposed activities and investment are consistent with purpose of the statute, evaluating the likelihood of fulfilling requirements of a complete application and to make a preliminary assessment of the feasibility of the business model contemplated by the applicant in order to protect the interests of the Government when making the loan. The information collected is similar to that which any prudent lender would need in order to determine qualifications and evaluate applications. Some of the relending projects outlined in applications are expected to vary substantially in complexity and administration and so, the individual respondent's burden may vary as well. The information submitted will be used by RUS to determine public interest in the program and determine eligibility of applicants for loans under RESP and to ensure borrowers use the funds for purposes consistent with goals of RESP.

Eligible entities may apply for RESP loans under a two-step process. Eligible entities interested in applying for RESP loans submit Letters of Intent by electronic mail only. By submitting the Letter of Intent, the eligible entity certifies to RUS that it has the intent to submit a complete loan application. Eligible entities will be queued and, subsequently, invited in writing to proceed with the loan application. Letters of Intent contain the following criteria and the application process is also outlined below:

**Step 1: Letter of Intent** –

**Legal Status** - Tax Identification Number and Legal name and organization status.

Verification of Rural Status - The letter must verify the rural nature of the area to be served by the eligible entity with RESP funds (counties to be served and populations).

**Financial Status** – The letter of intent must contain information concerning the financial status of the entity to determine the applicant's likelihood of meeting financial ratios required to complete the application process including: 1) A Dun and Bradstreet number; 2) Dollar amount of net assets; 3) Whether the entity has been in receivership or bankruptcy within the last three years; and 4) The anticipated loan amount.

**Point of Contact** – Identifying the entity's point of contact.

**Description of the program** including: 1) Service to be provided to residential consumers; 2) service to be provided to small business consumers; 3) Names and credentials of staff or contractors that will implement an energy efficiency program.

**Implementation plan** briefly addressing, marketing strategy, description of method of the relending process to be employed by the entity, a schedule with sources and uses of funds to implement the energy efficiency program, and, description of the processes, procedures, and capabilities to verify the reduction in energy consumption or decrease in energy costs.

**List of eligible energy efficiency measures to be implemented** and a determination whether the proposed energy efficiency plan will be categorically excluded pursuant to Rural Development Environmental Policies and Procedures, 7 CFR 1970.55 and other applicable requirements.

**Step 2: RESP Application** –

After review of the letter of intent, RUS will notify the eligible entity if it is invited to submit the loan application. Information required in the application will be used to determine of a borrower’s ability to meet financial obligations, and will include analyses and document review by RUS of the applicant’s historical, current, and projected costs, revenues, cash flows, assets, and other factors that may be relevant on a case by case basis. RUS recognizes that projects outlined by applicants may vary in size and financial complexity and the RUS Administrator maintains discretion to forego requirements for parts of the following information as required by the conditions among applicants.

The specific items of burden and their uses are as follows:

**Transmittal letter**

The letter is part of the application for a RESP loan and is a formal request by the eligible entity’s General Manager or highest ranking officer requesting a RESP loan.

**Board Resolution**

The entity must submit a resolution from the board of directors or applicable governing body as part of the application package. The resolution must approve and establish the Energy Savings Program that reflects an undertaking that funds collected in excess of the current amortization be redeployed for the Energy Savings Program purposes or used to prepay the RUS RESP loan.

**Environmental Compliance Review**

The applicant must provide a duly executed copy of the Multi-tier Action Environmental Compliance Review for Multi-tier Programs Agreement as required by Rural Development Environmental Policies and Procedures, 7 CFR 1970.55.

**Long Range Financial Forecast**

The financial forecast must be approved by the applicant’s board of directors or applicable governing body and cover a period of 10 years. The forecast must demonstrate that the applicant’s operation is economically viable and the proposed loan is financially feasible. Applicants may utilize but are not required to use the format set forth in RUS Form 325, which may be obtained from the RUS General Field Representative. The financial forecast shall include: 1) Financial goals established for margins, debt service

coverage, equity and levels of general funds to be invested in the program; 2) Pro forma balance sheet and statement of operations projected for each year during the forecast period; 3) Explanation of the assumptions, supporting data, and analysis used in the forecast; 4) Current and projected cash flows; 5) Projections of future borrowings and associated interest and principal expenses; 6) current and projected kW and kWh energy sales (if applicable); 7) Current and projected unit prices of significant variables such as retail and wholesale power prices, average labor costs, and interest (if applicable); 8) Current and projected revenues from sales of services, including sales of electric power (if applicable); 9) Current and projected system operating costs; 10) Current and projected non-operating income and expense; 11) A discussion of historical experience of applicant relative to the entity's market competitiveness; 12) Sensitivity analysis, as required on a case-by-case basis, taking into account number and type of loads (if applicable), projections of future borrowings, projected loads and revenues and probably future competitiveness of the applicant; 13) Itemized budget for activities to be implemented with RESP funds and a discussion on how loan loss reserve will be established.

### **Energy Efficiency Program Implementation Work Plan**

The applicant must provide an implementation work plan (IWP) as part of the proposed energy efficiency program. The IWP must be approved by the applicant entity board of directors or applicable governing body, must comply with Rural Development Environmental Policies and Procedures regulations at 7 CFR 1970, and must contain the following information: 1) Description of the expected implementation schedule for the energy efficiency program; 2) Projections of the expected amount of loans made by the entity to the qualified consumer over the next 10 years; 3) Anticipated amount of special advance required for start-up costs and purposes over the expected schedule to drawdown the funds attributable to such purposes; 4) A description of the schedule and mechanism for funding the loan loss reserve, including how the eligible entity will use revenues from the interest rate changed to qualified consumers; and 5) Must address elements identified in the program implementation plan.

### **Statements of Counsel**

Statements from the applicant's legal counsel are required as part of the application. The statement must identify and certify that proposed collateral is clear to set a perfected lien in order to secure the Federal government's interest. If real property is intended as collateral for the transaction, counsel's statement shall include a listing of real property owned by the applicant, location of real property and a certification that the schedule is complete and adequate to include in a security agreement between the applicant and RUS.

### **Articles of Incorporation and Bylaws**

The applicant's articles of incorporation and bylaws currently in effect are required as part of the RESP application.

## **Statement of Compliance with other Federal Requirements**

Applicants must provide a statement of compliance or, where indicated below, complete a form indicating compliance with federal statutes including, but not limited to the following:

- 1) 7 CFR part 15, subpart A – Nondiscrimination in Federally-Assisted Programs of the Department of Agriculture – Effectuation of Title VII of the Civil Rights Act of 1964.
- 2) RUS Form 266 – Compliance Assurance – (0572-0032). Title VI, Civil Rights Act of 1964, Section 504, Rehabilitation Act of 1973, Age Discrimination Act of 1975.
- 3) Form AD-1049, “Certificate Regarding Drug-Free Workplace Requirements” - (0505-0027).
- 4) SF 100, “Equal Employment Opportunity Employer Report” – (3048-0007).
- 4) Form AD-1047, “Certification Regarding Debarment, Suspension” - (0505-0027)
- 5) Executive Order 13166, “Improving Access to Services for Persons with Limited English Proficiency.”
- 6) 2 CFR part 418, Lobbying for Grants, Loans, Contracts and Cooperative Agreements.
- 7) The Federal Debt Collection Procedure Act, 28 U.S.C. 3201(e) provides that an organization that is indebted to the United States, and has a judgment lien filed against it, is ineligible to receive a Federal loan. RUS regulations concerning Federal debt delinquency requirements are found at 7 CFR 1710.126. Federal Debt Delinquency Requirements.

Prior to loan approval or advance of funds, the applicant must provide the following documents: 1) A report to RUS on federal debt delinquency indicating whether or not the entity is delinquent on any federal debt; and 2) Certification that they have been informed of the collection options of the federal government.

**Review and Acceptance of Condition Letter** – The agency will issue a Condition Letter to an eligibility whose loan application has been approved. The Condition Letter will contain the approved loan amount and will include specific terms and conditions depending on the risk profile of the eligibility and nature of the proposed business model that are necessary to assure that federal government interest is protected. Prior to award, the eligibility must review the Condition Letter and accept terms and conditions.

**Execution of loan agreement -**

The burden includes the time required to review and execute the documents required for loan closing.

**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 E-Government Act, to promote the use of the Internet and other information technologies to provide increased opportunities for citizen access to Government information and services, for other purposes. RUS encourages RESP applicants to use the most advanced technology to prepare the required information and requires that eligible entities submit the Letter of Intent described in response to Question only in electronic form in order to establish a queue. RUS recognizes that computer capabilities may differ among potentially diverse eligible entities and will work to accommodate eligible entities and applicants through the RUS GFR network and headquarters staff. RUS encourages applicants to submit information electronically, however, there may be no feasible alternative other than receiving some of the information in hard copy, in response to the anticipated variance in proposed project complexity.

**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.**

In this collection there is no duplication of information collection because required information is specific to each applicant involved. The information to be requested is that which would be collected and analyzed by any prudent business in the course of its operations. In cases where the necessary information already exists, RUS will accept whenever possible copies of current relevant information an entity may have prepared for another purpose.

**5. If the collection of information impacts small businesses or other small entities (item 5 of OMB Form 82-I), describe any methods used to minimize burden.**

RUS anticipates that the majority of eligible entities may be RUS electric program borrowers who meet the Small Business Administration criteria for small business. RUS will make every effort to ensure the information collected is in the format that will minimize the paperwork burden on small businesses. RUS believes the information requested is the minimum necessary for RUS to meet statutory requirements with respect to both large and small entities. RUS headquarters and field staff will be available to assist eligible entities in preparing documents.

**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 collected only from those entities who submit letters of intent and from the eligible entities who subsequently are invited to submit applications. Information necessary for evaluating the loan applications is required only once for each application. Information that is necessary to monitor loan security and compliance with legislative purposes is required periodically. Less frequent collection would not allow RUS to accomplish the goals of the program.

**7. Explain any special circumstances that would cause an information collection to be conducted in a manner:**

**a. Requiring respondent to report information more than quarterly.**

There is no requirement to respond more than quarterly.

**b. Requiring written response 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 are no requirements to submit more than original and two copies.

**d. Requiring respondent to retain records for more than 3 years.**

There is no such requirement.

**e. In connection with a statistical survey, 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 the use of a statistical data classification that has not been reviewed and approved by OMB.**

This collection does not employ statistical sampling.

**g. Requiring a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use.**

There is no requirement of a pledge of confidentiality.

**h. Requiring respondents to submit proprietary trade secret, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.**

There is no requirement to submit propriety 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 comments is included in the NOFA. Any comments received will be included and addressed when the agency submits the request for regular three-year approval.

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

No assurance of confidentiality is 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.**

This information does not contain questions of a sensitive nature.

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

This is a request for approval of an emergency clearance for a new program. The total estimated hour burden for this collection is estimated to be 1,354 and was derived as follows: Number of respondents: RUS estimates that approximately 20 respondents will submit letters of intent in response to the notice of funding availability and it is estimated that the letters of intent requires 5 hours to prepare. Of the respondents submitting letters of intent, an estimated 12 respondents will be invited to submit applications for funding under the RESP program and that each application submission will require an estimated 104.5 hours to prepare. The components of the information collection package are



described in detail in response to Question 2 and the calculation of hours is shown below and in the spreadsheet included with this information collection package:

Description	No. of Respondents	Total Estimated Annual Responses	Hours per Response	Total Hours
Letter of Intent	20	20	5	100
Transmittal Letter	12	12	1	12
Board Resolution	12	12	1	12
Environmental Compliance Review	12	12	10	120
Energy Efficiency Program Implementation Work Plan (IWP)	12	12	40	480
Long Range Financial Forecast and Board Resolution	12	12	40	480
Certification of proposed collateral clear to set lien	12	12	1	12
Articles of Incorporation and Bylaws	12	12	.50	6
Ex. Order 13166, Limited English Proficiency Compliance	12	12	.25	3
Governmentwide Compliance Requirements for Drug-Free Workplace	12	12	.25	3
Nondiscrimination in Federally Assisted Programs	12	12	.25	3
Equal Employment Opportunity Employer Report	12	12	.25	3
Certification Regarding Debarment, Suspension	12	12	.25	3
Lobbying for Grants, Loans, Contracts	12	12	.25	3
Federal Debt Delinquency Requirements	12	12	.50	6
Review and Acceptance of the RUS Conditions Letter	12	12	8	96
Review and Execution of RESP Loan Agreement	12	12	1	12
Total Hours				1354

Annualized cost to respondents is estimated to be \$72,143. RUS estimates that a Senior Manager will be required to prepare 20 percent of the responses related to this collection; an attorney will be required to prepare 10 percent of the response; an Engineer will be required for 30 percent and Accountant for 30 percent and 10 percent of the response will be prepared by clerical/administrative personnel. The wage rates for the five wage categories are selected from the Department of Labor, Bureau of Labor Statistics, May 2015 National Occupational Employment and Wage Estimates located at [http://www.bls.gov/oes/current/oes\\_stru.htm](http://www.bls.gov/oes/current/oes_stru.htm). The professional category is Senior Manager (Occupation Code 11-1021) at \$46.77 per hour and the legal category is Attorneys (23-1011) \$65.51 per hour; Engineering category is Electrical Engineer (17-2071) \$44.71, Accounting category is Accountants/Auditors (13-2011) \$32.30 and clerical is for Bookkeeping, Accounting, and Auditing Clerks (Occupational Code 43-

3031) at \$17.91 per hour. Data provided by the Bureau of Labor Statistics indicates that employer cost for employee benefits for the private industry was 30.5% of wages. See; Bureau of Labor Statistics Employer Costs for Employee Compensation – June 2015, <http://www.bls.gov/news.release/ecec.nr0.htm>. After calculating employer cost for employee benefits, total wage rates for Senior Manager are \$61.03 per hour; for Attorney the total hourly cost is \$85.49; Electrical Engineer is \$58.35; Accountants/Auditors are \$42.15 per hour; and Bookkeeping, Accounting and Auditing Clerk hourly wage is \$23.27. The calculation for annualized estimated respondent cost is shown below:

Wage Category	Hours Required	Hourly Wage/Benefit	Cost
Senior Manager	271	\$61.03	\$16,539
Attorney/Legal	135.5	\$85.49	\$11,584
Electrical Engineer	406.5	\$58.35	\$23,719
Accountant/Auditor	406.5	\$42.15	\$17,134
Clerk	135.5	\$23.37	\$3,167
Total Respondent Cost			\$72,143

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

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

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

The estimated annualized cost to the Federal Government for collection and evaluation of this information is \$408,197. RUS anticipates that 20 Letters of Intent will be submitted to the agency expressing interest in submitting a RESP application and that 12 eligible entities will be invited through a Letter to Proceed to submit applications. Review of Letters of Intent, pre-application reviews, and application review and loan approval will require the time of the staff positions listed at the wage rates shown in the Table 1. Time required and cost calculation is illustrated in Table 2. Calculation of the total cost to the Federal Government is shown in Table 3.

Table 1-Staff Positions and wage rates:

Staff Position	Wage rate <sup>1</sup>	Benefits <sup>2</sup>	Hourly Rate
Senior Policy Advisor (Schedule C)	\$68.17	\$24.71	\$92.88
Senior Level Engineer (GS 15/Step 5)	\$69.56	\$25.21	\$94.77

<sup>1</sup> Wage rates are selected from the Office of Personnel Management (OPM) General Schedule (GS) Salary Table 2016-DCB and from the Wage Table for Members of the Senior Executive Service (SES) Salary Table No 2016-ES. Executive Schedule salary rates are selected from the OPM Salary Table No. 2016-EX (Rates of Basic Pay for the Executive Schedule).

<sup>2</sup> Cost of total benefits as a percentage of total hourly compensation for Federal Government employees has been calculated by multiplying 36.25% by the hourly OPM wage in accordance with OMB Memorandum M-08 13.

Senior Loan Specialist (GS 13/Step 5)	\$50.04	\$18.14	\$68.18
Consultant (ES 301)	\$62.55	\$22.67	\$85.22
Engineer (GS 13/Step 5)	\$50.04	\$18.14	\$68.18
Ass't Administrator (SES)	\$77.05	\$27.93	\$104.98
General Field Representative (GS 13/Step 5)	\$50.04	\$18.14	\$68.18
Deputy Ass't Admin. (OLOA) (GS 15/Step 5)	\$69.56	\$25.21	\$94.77
Financial Branch Chief (GS 15/Step 5)	\$69.56	\$25.21	\$94.77
RUS Administrator (ES)	\$88.94	\$32.24	\$121.18

Table 2-Time and Cost Calculation:

Letter of Intent Review			
Staff Position	Total Hourly Wage	Hours Required	Cost
Senior Policy Advisor	\$92.88	2	\$185.76
Senior Level Engineer	\$94.77	1	\$94.77
Senior Loan Specialist	\$68.18	6	409.08
Consultant	\$85.22	3	\$255.66
Engineer	\$68.18	4	\$272.72
Ass't Admin. (Electric)	\$104.98	2	\$209.96
Cost Each			\$1,427.95
Step-2 Pre-Application			
Senior Policy Advisor	\$92.88	40	\$3,715.20
Senior Level Engineer	\$94.77	25	\$2,369.26
Senior Loan Specialist	\$68.18	25	\$1,704.50
Consultant	\$85.22	25	\$2,130.50
General Field Representative	\$68.18	64	\$4,363.52
Deputy Ass't Admin (OLOA)	\$94.77	5	\$473.85
Ass't Admin. (Electric)	\$104.98	5	\$524.90
Cost Each			\$15,281.73
Application Review & Loan Approval			
Senior Policy Advisor	\$92.88	15	\$1,393.20
Senior Level Engineer	\$94.77	40	\$3,790.80
Senior Loan Specialist	\$68.18	80	\$5,454.40
Financial Branch Chief	\$94.77	20	\$1,895.40
Consultant	\$85.22	15	\$1,278.30
Deputy Ass't Admin. (OLOA)	\$94.77	10	\$947.70
Ass't Admin. (Electric)	\$104.98	10	\$1,049.80
Ass't Admin. (WEP)	\$104.98	1	\$104.98
Ass't Admin. (TELECOM)	\$104.98	1	\$104.98
Senior Policy Advisor	\$92.88	1	\$92.88
RUS Administrator	\$121.18	2	\$242.36
Cost Each			\$16,354.80

Table 3-Total Cost Calculation:

Stage	Cost of Each	Number of Entities	Total Cost
Letter of Intent Review	\$1,427.95	20	\$28,559.00
Step 2 Pre-Application	\$15,281.73	12	\$183,380.76
Application Review & Loan Approval	\$16,354.80	12	\$196,257.60
Total Cost to Federal Government			\$408,197.36

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

This is a request for emergency approval for a new information collection due to legislative mandate to establish the Rural Energy Savings Programs during FY 2016. Estimates for the numbers of entities submitting letters of intent and those subsequently submitting applications were derived based on outreach with potential borrowers. The estimates of the time required to prepare and submit letters of intent and applications are based program experience on the collections of other programs currently administered by the RUS Electric Program.

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

There are no plans to publish this information collection.

**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 requesting an exemption to not display the OMB expiration date.

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

There are no exceptions requested.

**B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS**

This information collection does not employ statistical methods.