

February 6, 2018

SUPPORTING STATEMENT

0572-0118

7 CFR Part 1724 and Part 1738

**Electric Engineering, Architectural Services, and Design Policies and Procedures
and
Rural Broadband Access Loans and Loan Guarantees**

A. JUSTIFICATION

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

This package is submitted under a regular clearance as an extension without change of a currently approved collection. The Rural Utilities Service (RUS), an agency of the United States Department of Agriculture (USDA), requests OMB clearance of the reporting requirements relating to 7 CFR Part 1724, Electric Engineering, Architectural Services, and Design Policies and Procedures and 7 CFR Part 1738, Rural Broadband Access Loans and Loan Guarantees loan programs. USDA Rural Development uses these regulations to administer its loans (direct and guaranteed) that will finance, furnish, and improve electric and telecommunications facilities in rural areas. The Administrator of the Rural Utilities Service is authorized to make the grants under the Rural Electrification Act of 1936 (RE Act), 7 U.S.C. 901 et seq., as amended, in Section 4 (7 U.S.C. 904).

Loans are for a term of up to 35 years, secured by a first mortgage on the borrower's electric or broadband system, and can only be made or guaranteed if there is reasonable assurance the loan and all outstanding loans and obligations of the borrower will be repaid in full within the time agreed. In order to facilitate the programmatic interests of the RE Act, and, in order to assure that all loans made or guaranteed are adequately secured, the agency has established certain standards and specifications for materials, equipment, and construction of electric and broadband systems for materials, equipment, and construction units to help assure appropriate standards and specifications are maintained, loan security is not adversely affected, and loan and loan guarantee funds are used effectively for the intended purposes.

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.

Title 7 CFR 1724 requires each borrower to select a qualified architect to perform certain required architectural services and one or more qualified persons to perform the engineering services involved in the planning, design, and construction management of the system. The agency requires applicants to use specific forms for RUS financed projects.

The contractual forms provide standardized contract agreements between the electric or broadband borrower and the engineering or architectural firm providing services to the borrower. The forms stipulate the parties to the agreement, contain certain information relating to the

approved loan or loan guarantee, and provide detailed contractual obligations and services to be provided and performed relating to construction, project design, construction management, compensation, and related information. The agency's electric and broadband borrowers and their engineering and architectural contractors use this information. The development, preparation, and standardization of forms results in substantial savings to borrowers who would have to develop and prepare their own contractual documents and to the federal government where extensive and costly review by the agency and the Office of General Counsel would be required.

The applicant submits the following information:

RUS 211, "Engineering Service Contract For The Design And Construction Of A Generating Plant." (Cleared under 0572-0118)

For agency financed electric system facilities, this form must be used for all new generating units and repowering of existing units and is submitted with the application for agency approval.

RUS 220, "Architectural Services Contract." (Cleared under 0572-0118)

The electric or broadband borrower selected architect is required to use Form 220 when the agency provides financing. The form provides for the architectural services to be provided related to the design and construction management of the facilities.

RUS 236, "Engineering Service Contract Electric System Design And Construction." (Cleared under 0572-0118)

This form is required for distribution, transmission, substation, and communications and control facilities.

3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g. permitting electronic submission of responses, and the basis for the decision for adopting this means of collection.

RUS is committed to complying with the requirements of the 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. The forms associated with this collection consist of contract forms used by RUS financed borrowers to contract for services; the agency is not a party to these contracts. Rural Development makes these forms available on the USDA eForms website as fillable forms.

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.

The required information is available only from individual agency electric or broadband borrowers and relates to specific engineering and/or architectural projects undertaken by a

borrower for specific dollar amounts as specified in individual contract service agreements. There is no duplication. The contractual agreements and information required in the agreement represent sound financial and management practices and serve not only to protect financial and business interests of electric and broadband borrowers, but also to protect the agency's security interests in the loan to the borrower.

5. If the collection of information impacts small businesses or other small entities (item 5 of OMB Form 83-I), describe any methods used to minimize burden.

All of the telecommunications/broadband borrowers (15 annual respondents) and ninety percent of RUS electric borrowers (approximately 40 annual respondents) meet the Small Business Administration criteria for a small business. The burden placed on small business is minimal when considering the Government's need to protect its security on the loans made to the borrowers. However, Rural Development is continually reviewing the information collected to determine what reductions are possible while still effectively administering 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 use of these forms is required only when a borrower undertakes certain projects, i.e., on an as needed basis. They are required to protect the electric and broadband borrowers financial and business interests as well as protect the Government's loan security interests. Since the forms relate to specific projects, the information cannot be collected less frequently.

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

a. Requiring respondent to reporting information more than quarterly.

There is no requirement to respond more frequently than quarterly.

b. Requiring written response in less than 30 days.

There is no requirement for written responses in less than 30 days.

c. Requiring more than an original and two copies.

There are no requirements for more than an original and two copies.

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

There are no requirements for respondents to retain records for more than 3 years.

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.**

No pledge of confidentiality is required.

- 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 for submission of 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 and request for comments was published in the Federal Register on September 25, 2017, at 82 FR 44555. No public comments were received.

RUS maintains close contact with borrowers through general field representatives (GFRs), field accountants and headquarters staff. GFRs have direct personal contact with borrowers in connection with their responsibilities in fulfillment of RUS requirements, including filling out the various forms. Borrowers may consult RUS' GFRs, field accountants, and headquarters' staff regarding comments or suggestions on procedures, forms, regulations, etc. Suggestions and comments submitted by RUS borrowers over the past several years were incorporated into the final rule.

Additionally, RUS works closely with lending institutions such as the National Rural Utilities Cooperative Finance Corporation and CoBank, a nationwide network of lending institutions and part of the Farm Credit System, which provide supplemental loan funds to borrowers. The agency also works closely with national and statewide associations representing electric borrowers such as: National Rural Electric Cooperative Association; National Association of

Development Organizations; Rural Community Assistance Program; and, American Public Power Association, among others.

The agency contacted three individuals to get their comments concerning the use of these contract forms.

Mike High, PE
Director of Engineering Services
Blue Ridge Energy
1216 Blowing Rock Blvd NE
PO Box 112
Lenoir, NC 28645
Telephone Number: (828) 759-8928
E-mail: mhigh@blueridgeenergy.com

The following is a quote from Mr. Mike High: “We are a distribution electric cooperative so we never use RUS Form 211 for Engineering Services contract for Generating Plant. As far as I know, all architectural services are completed with outside financing, so no RUS funding is used for architectural or building construction services and an RUS Form 220 is not used. We typically use the RUS Form 236 for contract engineering services for transmission and substation design services, and we complete distribution design services in-house.”

Dennis Mabe
Randolph Electric Membership Corporation
Telephone Number: (336) 625-5177
E-mail: dennis.mabe@randolphemc.com

Mr. Mabe stated the RUS Electric contract forms are “fairly easy to use”. He stated that he did not have problems with the forms, although they were sometimes a little restrictive.

David Gross
Union Power Cooperative
Telephone Number: (704) 289-3145 ext 13287
E-mail: david.gross@union-power.com

Mr. Gross stated the following regarding using RUS Electric contract forms: “In general, I am one that places tremendous value in the RUS standard forms that I have used for years. I like the standardization, and the fact that I have a contract document that has been subject to a multitude of reviews, and has stood the test of time.”

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 assurances of confidentiality have been provided to 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.

This information collection does not contain questions of a sensitive nature.

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

This ICP is submitted as a request extension without change of a currently approved collection and the burden hours for the collection is 63 hours. There are an estimated 59 annual respondents and all responses require the time of an engineer to complete the responses. The wage rates for the wage category (Occupational Code 17-2070) is selected from the Department of Labor, Bureau of Labor Statistics, May 2016 National Occupational Employment and Wage Estimates located at https://www.bls.gov/oes/current/oes_nat.htm. The hourly wage is \$46.28 per hour. After calculating employer cost for employee benefits, the total wage rate is \$60.95.¹ A calculation of the cost is shown below and more detailed information concerning total burden hours is shown in the attached spreadsheet.

Regulation	Number of Respondents	Total Annual Responses	Total Man-hours	Wage	Total Costs
7 CFR 1724 And 1738	59	59	63	\$60.95	\$3,840

RUS estimates the cost to be \$3,840 to the respondents to comply with this regulation. The cost is based on 59 borrowers providing contract forms to the agency for approval.

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)

There are no capital or start-up costs associated with this collection.

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

There are no operations and maintenance or purchase of services components associated with this collection.

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

¹ Employer cost for employee benefits for private industry is 31.7%. See; Bureau of Labor Employer Costs for Employee Compensation – June 2017, <https://www.bls.gov/news.release/pdf/eccec.pdf>.

The estimated annualized cost to the federal government is \$4,419. The wage rates used to calculate federal cost are taken from the Office of Personnel Management, 2016 General Schedule Tables at https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2017/DCB_h.pdf. The agency estimates that 100 percent of the time required by the federal government is professional time (Grade 13, Step 5) at \$51.48 per hour. With the addition of the cost of benefits² the hourly was is \$70.14. The agency estimates the professional review time for each submittal is approximately 1.07 hours per response. The total for 59 responses is 63 hours. The agency further estimates that 100 percent of this time is professional time (Grade 13, Step 5).

- Cost to the Federal Government Professional: 63 hours x \$70.14 per hour = \$4,419
- Total cost to the Government: \$4,419

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

This renewal package requests an extension without change of a currently approved collection.

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 not seeking such approval.

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

None requested.

B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

This information collection does not employ statistical methods.

² Cost of total benefits as a percentage of total hourly compensation for federal government employees was calculated by multiplying 36.25% by the hourly OPM wage in accordance with OMB Memorandum M-08 13.