

Justification for Change – 0572-0032

This is a submission for approval of a non-material change request based on the upcoming publication of regulations streamlining procedures for Electric Program borrowers, including its loan application requirements, approval of work plans and load forecasts, which will result in a reduction of response time from respondents. The regulation revisions allow RUS to rely on the borrowers' year end filed Financial and Operating Reports unless the borrower has failed to meet applicable financial ratios, as required by its security instrument and loan contract. The agency estimates that the numbers of respondents are reduced by this change, as detailed below, reducing the annualized burden. The regulation revisions remove requirements for borrowers and/or applicants to submit Board of Directors' resolutions approving Long Range Financial Forecasts, Load Forecasts, Construction Workplans, and/or Energy Efficiency Workplans, resulting in a reduction in the response time of 10,497 hours, from 52,130 hours to 41,633.50 annualized estimated hours for this package. Requirements for the approval of a Board of Directors resolution are removed from 7 CFR 1710.255, and from 7 CFR 1710.501 for Energy Efficiency Workplans, Construction Workplans, Load Forecasts and Long Range financial forecasts, reducing response time per for respondents and applicants. Specific changes in regulations and reductions in time and the number of estimated respondents are detailed below:

7 CFR 1710.501(a)(5) Financial and Operating Report: The regulation allows RUS to rely on the borrowers' year-end filed Financial and Operating Report Electric Distribution (formerly known as the RUS Form 7) unless the borrower has failed to meet its applicable financial ratios, as required by its security instrument and loan contract. Only in cases where the borrowers' financial requirements have not been met, will RUS require a current Financial and Operating Report to be submitted with the loan application. RUS estimates that 112 borrowers will submit this report annually, a reduction in the number of respondents from 130 to 112. There is a reduction in burden hours of 36 (from 260 to 224 hours).

7 CFR 1710.501(a)(5) Financial and Operating Report for Power Supply (Generation and Transmission) Borrowers: The revised regulation allows RUS to rely on the borrowers' year-end filed Financial and Operating Report Power Supply (formerly known as the RUS Form 12) unless the borrower has failed to meet its applicable financial ratios, as required by its security instrument and loan contract. Only in cases where the borrowers' financial requirements have not been met, will RUS require a current Financial and Operating Report to be submitted with the loan application. RUS estimates that only 5 Generation and Transmission borrowers will be required to submit the current Financial and Operating Report, a reduction of 15 respondents (from 20 to 5) and the response time remains 2 hours. There is a reduction in burden hours of 30 hours (from 40 hours to 10 hours).

7 CFR 1710.501(c)(1) Long Range Financial Forecast: The requirement for an approval by the respondent's Board of Directors is removed and reduces the response time from 18 to 17.50 hours per respondent. There is a reduction in respondents from 150 to 112 There are 112 respondents and the reduction in burden is 740 hours (from 2,700 to 1,960 hours).

7 CFR 1710.501(c)(2)(i) Load Forecast: The requirement for approval by the respondent's Board of Directors is removed and reduces the response time from 22 hours to 21.50 hours per respondent. There is a reduction in respondents from 150 to 112 respondents and the reduction is 892 hours (from 3,300 hours to 2,408 hours).

7 CFR 1710.501(c)(2)(ii) Construction Work Plan: The requirement for a Board of Directors' resolution approving construction work plans is removed from the regulation and will reduce each respondent response time from 230 hours to 229.50 hours. The number of respondents is reduced from 150 to 112 and the total reduction in burden hours is 8,796 hours (From 34,500 to 25,704).

7 CFR 1710.255 Energy Efficiency Workplan: The requirement for approval by the respondent's Board of Directors resulting in a reduction in burden hours from 4 to 3.5 hours per respondent. There are 5 respondents and the reduction is 2.5 hours (from 20 to 17.5 burden hours).