

2024
SUPPORTING STATEMENT
OMB Control No. 0572-0151
Rural Energy Savings Program

**Enacted and Funded by the 2018 Consolidated Appropriations Act, Title VII,
Section 741**

A. JUSTIFICATION

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

The Rural Utilities Service (RUS), a Rural Development agency of the United States Department of Agriculture (USDA), provides RESP loans to eligible entities that agree to, in turn, make loans to qualified consumers for energy efficiency measures, including cost effective energy storage and renewable energy systems. These loans are made available under the authority of Section 6407 of the Farm Security and Rural Investment Act of 2002, as amended, (Section 6407). Eligible energy efficiency measures must be for or at a property or properties served by a RESP borrower, using commercially available technologies that would allow qualified consumers to decrease their energy use or costs through cost-effective energy efficiency investments. Loans made by RESP borrowers under this program are repaid through a recurring bill to the qualified consumer for the property or properties for, or at which, the energy efficiencies measures are or will be implemented.

Since its inception in 2016, the Rural Energy Savings Program (RESP or the Program) has evolved. New and clarifying authorities have been added to the program including changes made by the Agriculture Improvement Act of 2018 (2018 Farm Bill) (Public Law 115-334) which reauthorized the implementation of the RESP. Title VI, subtitle C, Section 6303 of the Agriculture Improvement Act of 2018 introduced several amendments to Section 6407 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8107a). The amendments include an increase in the maximum amount RUS eligible borrowers may charge to their qualified consumers, streamlining the accounting requirements, and the use of a recurring bill to the qualified consumer as a repayment mechanism for the RUS borrowers. The governing regulation for this program is 7 CFR 1719.

The collection of information is essential: (1) to the mission of the Agency, (2) to the sustainability of the RESP program, (3) so RUS can establish applicant and project eligibility; and (4) so the Agency can ensure that funds obtained from the Government under the program are used appropriately.

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 collection receives information only from those RUS electric borrowers or eligible entities who submit letters of intent to apply for the Rural Energy Savings Program and those who subsequently are invited to submit applications. Several 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 essential criteria for screening to determine if proposed activities and investment are consistent with the purpose of the statute, determining eligibility, 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 consistent with requirements necessary to determine acceptable qualifications and evaluate applications. Some of the relending projects outlined in applications may vary substantially in complexity and administration and so, the individual respondent's burden may vary as well. The information submitted is used by RUS to determine public interest in the program, determine eligibility of applicants for loans under RESP, and to ensure borrowers use the funds for purposes consistent with goals of RESP.

If an entity is interested in applying for a RESP loan, that entity should visit the RESP webpage, <https://www.rd.usda.gov/programs-services/rural-energy-savings-program>, for instructions on how to apply to the program. Here, the entity will find an overview of the program, the application process, and who to contact for more information. A sample Letter of Intent (described below) and other pertinent materials are also available to assist entities with the application.

Eligible entities 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 are 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:

LETTER OF INTENT AND APPLICATION CONTENT – INCLUDED IN BURDEN ESTIMATE (NON-FORMS)

SAM Registration. To do business with the Federal government, the applicant is required to obtain a Unique Identification Number (UEI) and register in the System for Award Management (SAM). Registration in SAM allows the applicant to complete the Online Representations and Certifications which replaces several paper forms. The registration must be updated annually.

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 UEI; 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; and 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 notifies the eligible entity if it is invited to submit the loan application. Information required in the application is used to determine a borrower’s ability to meet financial obligations and includes analyses and document review by RUS regarding 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.

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

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

Long Range Financial Forecast must be submitted. 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. 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; and 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 must be provided as part of the proposed energy efficiency program. The implementation work plan must be approved by the applicant entity's 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 charged to qualified consumers; and 5) Must address elements identified in the program implementation plan.

Statement of Compliance with Other Federal Requirements. Applicants must provide a statement of compliance indicating compliance with federal statutes as provided in 7 CFR 1719.11; including Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, Lobbying for Grants, Loans, Contracts and Cooperative Agreements (2 CFR part 418) and Federal Debt Delinquency Requirements (7 CFR 1710.26).

Equal Employment Opportunity Employer Report. This form is required by the Department of Labor (DOL) if a company has 100 or more employees and is filed electronically. The data was provided to DOL on the SF-100 prior to being automated. If the borrower applying for a RESP loan has 100 or more employees, they should include a copy of what they provided to the DOL with their application.

AWARD CLOSING, SERVICING and REPORTING – INCLUDED IN BURDEN ESTIMATE

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

Opinion of Counsel. An opinion of counsel must be provided as part of loan closing and must be acceptable to the Administrator. A sample resolution that meets the Agency's requirements will be provided as part of the loan closing instructions.

Performance and Financial Reports. Borrowers must file semiannual reports for the first 10 years of the RESP Loan. Reporting elements will be identified in the loan documents.

Request for Reimbursement or Advance of Funds. Loan funds will be disbursed to the borrower in accordance with the loan agreement. All loan funds will be disbursed either as an advance or as a reimbursement for eligible program costs.

SAM Registration Maintenance. Each applicant (unless an exception, as outlined in 2 CFR 25.110(a) through (d), is approved by the Agency) is required to maintain an active SAM registration with current information at all times during which it has an active Federal award. The Agency uses the SAM site to ensure continued eligibility to receive Federal financial assistance.

BURDEN AND FORMS ACCOUNTED FOR UNDER OTHER OMB CONTROL NUMBERS

RD Form 400-4 Assurance agreement (OMB No. 0575-0018). Assures USDA that the recipient is in compliance with Title VI of the Civil Rights Act of 1964, 7 CFR part 15 and other Agency regulations.

RD Form 400-1 – Equal Opportunity Agreement - (OMB No. 0575-0018)

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, only in electronic form, to the Assistant Administrator via RESP@usda.gov in order to establish a queue. If invited to apply, complete applications must be submitted in paper to the Assistant Administrator. 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.

Information to be collected is in a format designed to minimize the paperwork burden on small businesses and other small entities. The information collected is the minimum needed by the Agency to approve loans and monitor borrower performance. Approximately all of the potentially eligible 17 respondents are considered small businesses according to the U. S. Small Business Administration Table of Small Business Size Standards under the category of (221122) Electric Power Distribution. 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 60-day Notice to request comments on this information collection was published in the Federal Register on October 30, 2023, at 88 FR 74144. No public comments were received.

The Agency works cooperatively with national and/or statewide associations representing RUS electric program borrowers such as: National Rural Electric Cooperative Association; American Public Power Association; Rural Community Assistance Program, National Association of State Energy Officials, among others, and is always ready to provide information concerning the RESP program.

Applicants, borrowers, and any other party interested in the RESP program may contact the headquarters staff at any time with questions, comments, or suggestions about the program. Consultations take place on an individual basis, by telephone, e-mail, regular mail, and during or after any Webinars that RUS has offered or participated in concerning

the RESP Program. RUS maintains a website containing general information about the agency, specific information about the RESP program, administered by the electric program, and a directory of program staff. RUS maintains close contact with borrowers through RUS' general field representatives (GFR), field accountants, and headquarters staff.

The Agency reached out to the following three companies to discuss this information collection and obtain their views:

1. CEO, Northeast Ohio Public Energy Council;
2. CEO, KW Savings Company; and
3. Government Relations Manager, Umatilla Electric Cooperative.

All three respondents were generally satisfied with the level of effort required to submit a RESP loan. All have at least two RESP loans. They believe the process has gotten easier with each loan, due to being more familiar with the process. The one issue that all of the respondents raised was the time it took to finalize the legal documents after the loan was obligated. They would like to see subsequent loans being able to utilize the same loan documentation as the previous loans. The Agency has a streamlining team that looks at ways to improve processes.

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.

The Agency published a Privacy Act of 1974; System of Records in the Federal Register on May 14, 2019 (84 FR 21315). A copy of that document can be found at <https://www.govinfo.gov/content/pkg/FR-2019-05-14/pdf/2019-09874.pdf>.

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.

Table 1, Total Cost of Burden, shown below summarizes the estimated average annual burden associated with the RESP Program. The attached burden worksheet provides details on the estimates on the Burden tab.

Based on average for FY2021, FY2022, and FY2023, RUS received nine (9) letters of intent in response to the notice of funding availability. Based on this, the agency is estimating that nine (9) letters of intent will be submitted, seven (7) will be invited to submit applications and six (6) will continuing through servicing. 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:

Table 1, Total Cost of Burden

Number of respondents:	9 Letters of Intent, 7 applications
Number of Awards and Post Servicing:	7 awards, 6 accepting
Annual responses:	113
Total hours:	849
Cost per hour:	\$65.90
Total annual cost:	\$55,917

Table 2, Estimated Wages, shows the assumptions that the Agency has made concerning the positions and the amount of time that each position will put forth to prepare the letter of intent and application package for a RESP award.

Table 2: Estimated Wages

Position	Occupation Code	Mean Hourly Wage	Benefits (29.4%)	Total Wage Rate	Percent of Time	Weighted Wage Rate
Senior Manager	11-1021	59.07	17.37	76.44	20	15.29
Attorney	23-1011	78.74	23.15	101.89	10	10.19
Electrical Engineer	17-2071	54.83	16.12	70.95	30	21.29
Accountants/Auditors	13-2011	41.70	12.26	53.96	30	16.19
Bookkeeping, Accounting and Auditing Clerks	43-3031	22.81	6.71	29.52	10	2.95
					100	\$65.90

The mean wage rates for the five positions were selected from the Department of Labor, Bureau of Labor Statistics, May 2022 National Occupational Employment and Wage Estimates (http://www.bls.gov/oes/current/oes_stru.htm). Data provided by the Bureau of Labor Statistics, Bureau of Labor Statistics, Employer Costs for Employee Compensation – June 2023 (<https://www.bls.gov/news.release/pdf/ecec.pdf>) was utilized to calculate the total cost of benefits. Benefits as a percentage of total compensation for private industry workers in professional and business services industries is 29.4 percent of total hourly compensation.

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 is \$293,296, which is summarized in Table 3, Total Cost to the Federal Government, below. Costs were calculated based on the estimated amount of time that national office program staff is expected to spend on each review step. The attached burden worksheet provides a Federal Cost tab that details the following:

- Four (4) review steps.
- Staff positions for each review step.
- Hourly Wage rates for each staff position.
- Number of hours required for each staff position.
- Total cost for each staff position, review step and to the Federal Government.

Table 3, Total Cost to the Federal Government

Review Step	Cost of Each	Number of LOIs/Applications	Total Cost
Step 1: Letter of Intent Review	\$1,727.29	9	\$15,545.58
Step 2: Pre-Application	\$17,605.75	7	\$123,240.27
Step 3: Application Review & Loan Approval	\$19,723.16	7	\$138,062.09
Step 4: Post Award	\$2,741.40	6	\$16,448.37
Total Cost to Federal Government			\$293,296.31

The following is a brief explanation of the four review steps:

- *Step 1: Letter of Intent Review* – Agency review of the letter of intent and invitation to submit an application. RUS expects nine letters of intent to be submitted for review.
- *Step 2: Pre-Application* – Agency staff working with applicants to prepare a completed application. RUS expects to invite 7 applicants to submit an application.
- *Step 3: Application Review & Loan Approval* – Agency review of the applications and issuance of Commitment Letters. Agency expects to award 7 awards.
- *Step 4: Post Award* – Agency activities after Commitment Letter has been signed by awardee.

Table 4, Wage Rates for Staff Positions, below provides the staff positions used for the review steps along with each staff positions General Schedule (GS) grade, step and hourly wage.

Table 4: Wage Rates for Staff Positions

Staff Position	Wage Rate	Benefits	Hourly Rate
Policy Advisor (GS 15/ Step 5)	\$84.55	\$30.65	\$115.20
Senior Level Engineer (GS 15/Step 5)	\$84.55	\$30.65	\$115.20
Senior Loan Specialist (GS 13/Step 5)	\$60.83	\$22.05	\$82.88
Engineer (GS 13/Step 5)	\$60.83	\$22.05	\$82.88
General Field Representative (GS 13/Step 5)	\$60.83	\$22.05	\$82.88
Deputy Ass't Admin. (OLOA) (GS 15/Step 5)	\$84.55	\$30.65	\$115.20
Financial Branch Chief (GS 15/Step 5)	\$84.55	\$30.65	\$115.20
Ass't Administrator (SES)	\$87.93	\$31.87	\$119.80
RUS Administrator (ES)	\$90.99	\$32.98	\$123.97

The following was used to determine each salary:

- GS hourly salary was obtained by using Table 2023-DCB (https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2023/DCB_h.pdf) hourly basic rate as of January 2023.
- OPM Senior Executive Service salary was obtained from <https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2023/ES.pdf> and the assumption was made that the Assistant Administrators' salary was equal to a GS-15, Step 7.
- Executive Schedule salary was obtained from Table 2023-EX (<https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2023/EX.pdf>). The assumption was made to use an average of Level III and IV. The based salary of \$189,250 was divided by 52 weeks then divided by 40 hours to estimate an hourly wage.
- Benefits for each position was calculated by using the civilian position full fringe benefit cost factor of 36.25% from the Office of Management and Budget (OMB) Memorandum for the Heads of Executive Departments and Agencies (M-08-13) dated March 11, 2008 (https://www.whitehouse.gov/wp-content/uploads/legacy_drupal_files/omb/memoranda/2008/m08-13.pdf).

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 revision of a currently approved collection. It is expected that there will be a decrease from 1046 burden hours in 2020 to 849 burden hours, as requested for this collection package. This program adjustment is due to the decline in the number of letters of intent submitted since the last information collection package was completed.

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.