

# Proposed Rules

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This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

## DEPARTMENT OF AGRICULTURE

### Rural Utilities Service

#### 7 CFR Part 1739

RIN 0572-AC30

#### Community Connect Broadband Grant Program

**AGENCY:** Rural Utilities Service, USDA.

**ACTION:** Proposed rule.

**SUMMARY:** The Rural Utilities Service (RUS), a Rural Development agency of the United States Department of Agriculture (USDA), hereinafter referred to as RUS or the Agency, amends its regulations for the Community-Oriented Connectivity Broadband Grant Program (Community Connect Grant Program). The purpose of this regulatory change is to provide the Agency the ability to target limited resources to geographical as well as technological areas of need.

This rule is not applicable to Community Connect grant applications filed for funding prior to the publication of a Notice of Funds Availability (NOFA) under this regulation.

**DATES:** Comments must be submitted on or before January 15, 2013.

**ADDRESSES:** Submit comments by either of the following methods:

- *Federal eRulemaking Portal* at <http://www.regulations.gov>. Follow instructions for submitting comments.

- *Postal Mail/Commercial Delivery:* Please send your comment addressed to Michele Brooks, Director, Program Development and Regulatory Analysis, USDA Rural Development, 1400 Independence Avenue, STOP 1522, Room 5159, Washington, DC 20250-1522.

Additional information about the Agency and its programs is available on the Internet at <http://www.rurdev.usda.gov>.

**FOR FURTHER INFORMATION CONTACT:** Kenneth Kuchno, Director, Broadband Division, USDA Rural Utilities Service, STOP 1599, 1400 Independence Avenue SW., Washington, DC 20250-1599,

Telephone (202) 690-4673, Facsimile (202) 690-4389. Email address: [kenneth.kuchno@wdc.usda.gov](mailto:kenneth.kuchno@wdc.usda.gov).

#### SUPPLEMENTARY INFORMATION:

##### Executive Order 12866

This rule has been determined to be not significant for purposes of Executive Order 12866, and therefore has not been reviewed by the Office of Management and Budget (OMB).

##### Catalog of Federal Domestic Assistance

The Catalog of Federal Domestic Assistance (CFDA) Program number assigned to the Community Connect Grant Program is 10.863. The Catalog is available on the Internet at <http://www.cfda.gov>.

##### Executive Order 12372

This program is not subject to the requirements of Executive Order 12372, "Intergovernmental Review of Federal Programs," as implemented under USDA's regulations at 7 CFR part 3015.

##### Executive Order 12988

This rule has been reviewed under Executive Order 12988, Civil Justice Reform. The Agency has determined that this rule meets the applicable standards provided in section 3 of the Executive Order. In addition, all state and local laws and regulations that are in conflict with this rule will be preempted. No retroactive effect will be given to this rule and, in accordance with section 212(e) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6912(e)), administrative appeal procedures, must be exhausted before an action against the Department or its agencies may be initiated.

##### Executive Order 13132, Federalism

The policies contained in this rule do not have any substantial direct effect on states, on the relationship between the national government and the states, or on the distribution of power and responsibilities among the various levels of government. Nor does this rule impose substantial direct compliance costs on state and local governments. Therefore, consultation with states is not required.

##### Regulatory Flexibility Certification

Pursuant to 5 U.S.C. 553(a)(2), this rule related to grants is exempt from the rulemaking requirements of the Administrative Procedure Act (5 U.S.C.

551 *et seq.*), including the requirement to provide prior notice and an opportunity for public comment. Because this rule is not subject to a requirement to provide prior notice and an opportunity for public comment pursuant to 5 U.S.C. 553, or any other law, the analytical requirements of the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*) are inapplicable.

##### Unfunded Mandates

This rule contains no Federal mandates (under the regulatory provision of Title II of the Unfunded Mandates Reform Act of 1995) for State, local, and tribal governments or the private sector. Therefore, this final rule is not subject to the requirements of sections 202 and 205 of the Unfunded Mandates Reform Act of 1995.

##### Environmental Impact Statement

This rule has been examined under Agency environmental regulations at 7 CFR part 1794. The Administrator has determined that this action is not a major Federal action significantly affecting the environment. Therefore, in accordance with the National Environmental Policy Act of 1969 (42 U.S.C. 4321 *et seq.*), an Environmental Impact Statement or Assessment is not required.

##### Information Collection and Recordkeeping Requirements

This rule contains no new reporting or recordkeeping burdens under OMB control number 0572-0127 that would require approval under the Paperwork Reduction Act of 1995 (44 U.S.C. Chapter 35).

##### Executive Order 13175

Executive Order 13175 imposes requirements on Rural Development in the development of regulatory policies that have tribal implications or preempt tribal laws. Rural Development has determined that this proposed rule does not have a substantial direct effect on one or more Indian tribe(s) or on either the relationship or the distribution of powers and responsibilities between the Federal Government and Indian tribes. Additionally, two of the changes contained in this rule (rural eligibility based on a place recognized by the census or the Rand McNally™ Atlas and priorities for substantially underserved trust areas) in part respond to comments and suggestions the

Agency has received from tribal leaders and personnel through consultation, listening sessions and meetings. Thus, this rule is not subject to the requirements of Executive Order 13175. If a tribe determines that this rule has implications of which Rural Development is not aware and would like to engage in consultation with Rural Development on this rule, please contact Rural Development's Native American Coordinator at (720) 544-2911 or [AIAN@wdc.usda.gov](mailto:AIAN@wdc.usda.gov).

### E-Government Act Compliance

Rural Development is committed to 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.

### Background/Overview

The Rural Utilities Service, a Rural Development agency of the United States Department of Agriculture (the Agency) works to improve the quality of life in rural America by providing investment capital, in the form of loans and grants, for the deployment of rural telecommunications, broadband, electric, water and environmental infrastructure. Financial assistance is provided to rural utilities; municipalities; commercial corporations; limited liability companies; public utility districts; Indian tribes; and cooperative, nonprofit, limited-dividend, or mutual associations. In order to achieve the goal of increasing economic opportunity in rural America, the Agency finances infrastructure that enables access to seamless, nation-wide telecommunications and broadband networks. With access to the same advanced telecommunications networks of its urban counterparts, especially broadband networks designed to accommodate distance learning, telework, e-government and telemedicine, rural America will see improving educational opportunities, health care, economies, safety and security, and ultimately higher employment. Of particular concern to the Agency are communities where broadband service is not available and where population densities are such that the cost of deployment to them is so high that build-out of infrastructure is unlikely. The Agency is committed to helping rural communities gain access to affordable, reliable, advanced communications services, comparable to those available throughout the rest of the United States, to provide a healthy,

safe and prosperous place to live and work.

The Community Connect Grant Program was started as a Pilot Program. After administering the program as a pilot program for two years, the Agency proposed rules for the program and on July 28, 2004, the program was formally implemented. The regulations were amended to clarify, among other things, which rural communities are eligible under the program. The main purpose of this grant program is the construction of broadband facilities in areas where no broadband exists today with a secondary benefit of providing for a community center that provides free broadband service to all critical community facilities in the proposed funded service area for a two year period.

### Discussion of Changes

The new rule addresses several areas to streamline and improve the program for applicants and the Agency, with the goal of bringing broadband to unserved communities. The new rules provide flexibility to address the dynamic broadband needs of rural Americans and enhance the Agency's ability to target funds to areas where they are needed the most. The new rules also seek to make the application process easier for applicants and evaluators. For example, a single concise project summary and map can be used to inform USDA Rural Development State Directors of pending applications within their states as well as the general public. Major changes include:

1. *Proposed Funded Service Territory.* Since its inception, the Community Connect Grant Program only permitted applicants to use grant funds to serve a single community which included a place recognized by the census or the Rand McNally™ Atlas. This approach, while administratively simple did not accommodate some of the most rural communities which are not census designated places or recognized by a commercial Atlas. It also precluded applicants from developing new service territories in a logical and cost effective manner to maximize the benefit of the grant. The new rule will allow applicants to define their proposed funded service area by utilizing the web based RUS mapping tool. By allowing an applicant the ability to define the exact service area, it is important to note that all premises in the service area must be offered service at the Broadband Grant Speed. The NOFA will set the minimum and maximum dollar amounts per application.

2. *Matching Fund Simplification.* The current program requires applicants to

provide a match equal to 15 percent of the requested funding to be used only for eligible grant purposes. The new rule maintains the current program's 15 percent matching requirement but clarifies that the match must be in cash and can also be used to fund operations of the project. This change gives applicants new flexibility on the use of matching funds and is administratively simpler for applicants, reviewers and the Agency. Clarifying that the match must be in cash available at closing, the new rule removes uncertainty related to valuing and qualifying in-kind contributions. Notwithstanding the 15 percent match, all applicants must be able to demonstrate that they have sufficient resources to construct, manage and sustain the project through and beyond completion.

3. *Scoring Simplification.* The current program scores and ranks applications on three criteria: (a) Rurality; (b) economic need; and (c) benefits. The metrics used for economic need (Median Household Income) and rurality (census and Rand McNally™) at times did not fully accommodate situations where there was a high need for assistance. The criteria may not have adequately measured need, for example, in a small community with substantial unemployment and a high cost of living, or in a community that was so small, rural and remote that the community was not recognized as a census designated place; or a community which is small and with very low-income, but in a county which as a whole has a high median household income. The new criteria focuses on ranking completed applications based on the community connectivity benefits of the project to the proposed funded service area. In making a final selection among and between applications with comparable rankings, the Administrator will take into consideration: (a) Service provided to communities in persistent poverty counties; (b) service provided to communities in out-migration communities; (c) the rurality of the proposed funded service area; (d) the speed of service provided by the project; (e) service to substantially underserved trust areas; (f) services provided to persons with disabilities; and (g) any other socio-economic factors that may be described in the NOFA to differentiate and rank applications.

### List of Subjects in 7 CFR 1739

Broadband; Grant programs—Communications; Rural areas; Telecommunications; and Telephone.

For reasons set forth in the preamble, the Rural Utilities Service proposes to

amend Chapter XVII of title 7 of the Code of Federal Regulations by revising part 1739.

1. Revise Part 1739 to read as follows:

**PART 1739—BROADBAND GRANT PROGRAM**

**Subpart A—Community Connect Grant Program**

Secs.

1739.1 Purpose.

1739.2 Funding availability and application dates and submission.

1739.3 Definitions.

1739.4–1739.8 [Reserved]

1739.9 USDA Rural Development State Director notification.

1739.10 Eligible applicant.

1739.11 Eligible Community Connect Competitive Grant Project.

1739.12 Eligible grant purposes.

1739.13 Ineligible grant purposes

1739.14 Matching contributions.

1739.15 Completed application.

1739.16 Review of grant applications.

1739.17 Scoring of applications.

1739.18 Grant documents.

1739.19 Reporting and oversight requirements.

1739.20 Audit requirements.

1739.21 OMB control number.

**Authority:** Title III, Pub. L. 108–199, 118 Stat. 3.

**Subpart A—Community Connect Grant Program**

**§ 1739.1 Purpose.**

(a) The provision of broadband service is vital to the economic development, education, health, and safety of rural Americans. The purpose of the Community Connect Grant Program is to provide financial assistance in the form of grants to eligible applicants that will provide, on a “community-oriented connectivity” basis, broadband service that fosters economic growth and delivers enhanced educational, health care, and public safety benefits. The Agency will give priority to rural areas that have the greatest need for broadband services, based on the criteria contained herein and in the Notice of Funds Availability (hereinafter referred to as NOFA) published in the **Federal Register**.

(b) Grant authority will be used for the deployment of service to all premises in eligible rural areas at the Broadband Grant Speed on a “community-oriented connectivity” basis. In addition to providing service to all premises the “community-oriented connectivity” concept will stimulate practical, everyday uses and applications of broadband by cultivating the deployment of new broadband services that improve economic development and provide enhanced

educational and health care opportunities in rural areas. Such an approach will also give rural communities the opportunity to benefit from the advanced technologies that are necessary to achieve these goals.

**§ 1739.2 Funding availability and application dates and submission.**

(a) The Agency will periodically publish, (usually on an annual basis) in the **Federal Register**, a NOFA that will set forth the total amount of funding available; the maximum and minimum funding for each grant; funding priority; the application submission dates; and the appropriate addresses and agency contact information. The NOFA will also outline and explain the procedures for submission of applications, including electronic submissions. The Agency may publish more than one NOFA should additional funding become available.

(b) Notwithstanding paragraph (a) of this section, the Agency may, in response to a surplus of qualified eligible applications which could not be funded from the previous fiscal year, decline to publish a NOFA for the following fiscal year and fund said applications without further public notice.

**§ 1739.3 Definitions.**

As used in this subpart:

*Agency* or *RUS* shall mean the Rural Utilities Service, which administers the United States Department of Agriculture (USDA) Rural Development Utilities Programs.

*Broadband Service* means any terrestrial technology having the capacity to provide transmission facilities that enable subscribers of the service to originate and receive high-quality voice, data, graphics, and video at the minimum rate of data transmission described in the NOFA. The broadband service speed may be different from the broadband grant speed for the Community Connect program.

*Broadband Grant Speed* means the minimum bandwidth described in the NOFA that an applicant must propose to deliver to every customer in the proposed funded service area in order for the Agency to approve a broadband grant. The Broadband Grant Speed may be different for fixed and mobile broadband services and from the minimum rate of data transmission required to determine the availability of broadband service when qualifying a service area.

*Community Center* means a building within the Proposed Funded Service Area that provides access to the public,

or a section of a public building with at least two (2) Computer Access Points and wireless access, that is used for the purposes of providing free access to and/or instruction in the use of broadband Internet service, and is of the appropriate size to accommodate this purpose. The community center must be open and accessible to area residents before, during, and after normal working hours and on Saturdays or Sunday.

*Computer Access Point* means a new computer terminal with access to service at the Broadband Grant Speed.

*Critical Community Facilities* means the Community Center; any public school, public education center, public library, public medical clinic, public hospital, community college, public university; or law enforcement, fire or ambulance station in the Proposed Funded Service Area.

*Eligible Applicant* shall have the meaning as set forth in § 1739.10.

*Eligible Grant Purposes* shall have the meaning as set forth in § 1739.12.

*Matching Contribution* means the applicant’s qualified contribution to the Project, as outlined in § 1739.14 of this part.

*Project* means the delivery of service at the Broadband Grant Speed financed by the grant and Matching Contribution for the Proposed Funded Service Area.

*Proposed Funded Service Area (PFSA)* means the contiguous geographic area within an eligible Rural Area or eligible Rural Areas, in which the applicant proposes to provide service at the Broadband Grant Speed.

*Rural Area* means any area, as confirmed by the latest decennial census of the Bureau of the Census, which is not located within:

(i) A city, town, or incorporated area that has a population of greater than 20,000 inhabitants; or

(ii) An urbanized area contiguous and adjacent to a city or town that has a population of greater than 50,000 inhabitants. For purposes of the definition of rural area, an urbanized area means a densely populated territory as defined in the latest decennial census of the U.S. Census Bureau.

**§§ 1739.4–1739.8 [Reserved]**

**§ 1735.9 USDA Rural Development State Director notification.**

Applicants shall complete a notification form which will be a public document that the RUS provides to USDA Rural Development State Directors and others in the state(s) of the proposed funded service area. The notification shall include a brief project description and the location of the proposed funded service area.

**§ 1739.10 Eligible applicant.**

To be eligible for a Community Connect competitive grant, the applicant must:

(a) Be legally organized as an incorporated organization, an Indian tribe or tribal organization, as defined in 25 U.S.C. 450b(b) and (c), a state or local unit of government, or other legal entity, including cooperatives or private corporations or limited liability companies organized on a for-profit or not-for-profit basis.

(b) Have the legal capacity and authority to own and operate the broadband facilities as proposed in its application, to enter into contracts and to otherwise comply with applicable federal statutes and regulations.

(c) As required by the Office of Management and Budget (OMB), all applicants for grants must supply a Dun and Bradstreet Data Universal Numbering System (DUNS) number when applying. The Standard Form 424 (SF-424) contains a field for you to use when supplying your DUNS number. Obtaining a DUNS number costs nothing and requires a short telephone call to Dun and Bradstreet. Please see [http://www.grants.gov/applicants/request\\_duns\\_number.jsp](http://www.grants.gov/applicants/request_duns_number.jsp) for more information on how to obtain a DUNS number or how to verify your organization's number.

(d) Register in the System for Award Management (SAM) (formerly Central Contractor Registry (CCR)).

(1) In accordance with 2 CFR part 25, applicants, whether applying electronically or by paper, must be registered in the SAM prior to submitting an application. Applicants may register for the SAM at <https://www.sam.gov/>.

(2) The SAM registration must remain active, with current information, at all times during which an entity has an application under consideration by an agency or has an active Federal Award. To remain registered in the SAM database after the initial registration, the applicant is required to review and update, on an annual basis from the date of initial registration or subsequent updates, its information in the SAM database to ensure it is current, accurate and complete.

**§ 1739.11 Eligible Community Connect Competitive Grant Project.**

To be eligible for a Community Connect competitive grant, the Project must:

(a) Serve a PFSA in which Broadband Service does not currently exist;

(b) Offer service at the Broadband Grant Speed to all residential and business customers within the PFSA;

(c) Offer free service at the Broadband Grant Speed to all Critical Community Facilities located within the PFSA for at least 2 years starting from the time service becomes available to each Critical Community Facility; and

(d) Provide a Community Center with at least two (2) Computer Access Points and wireless access at the Broadband Grant Speed, free of all charges to all users for at least 2 years.

**§ 1739.12 Eligible grant purposes.**

Grant funds may be used to finance the following:

(a) The construction, acquisition, or leasing of facilities, including spectrum, land or buildings, used to deploy service at the Broadband Grant Speed to all residential and business customers located within the Proposed Funded Service Area and all participating Critical Community Facilities, including funding for up to ten Computer Access Points to be used in the Community Center. Leasing costs will only be covered through the advance of funds period included in the award documents;

(b) The improvement, expansion, construction, or acquisition of a Community Center and provision of Computer Access Points. Grant funds for the Community Center will be limited to ten percent of the requested grant amount;

(c) The cost of providing the necessary bandwidth for service free of charge to the Critical Community Facilities for 2 years.

**§ 1739.13 Ineligible grant purposes.**

Operating expenses not specifically permitted in § 1739.12.

**§ 1739.14 Matching contributions.**

(a) At the time of closing of the award, the awardee must contribute or demonstrate available cash reserves in an account(s) of the awardee equal to at least 15% of the grant. Matching contributions must be used solely for the Project and shall not include any financial assistance from federal sources unless there is a federal statutory exception specifically authorizing the federal financial assistance to be considered as such. An applicant must provide evidence of its ability to comply with this requirement in its application.

(b) At the end of every calendar quarter, the award must submit a schedule to RUS that identifies how the match contribution was used to support the project until the total contribution is expended.

**§ 1739.15 Completed application.**

Applications should be prepared in conformance with the provisions of this

part and all applicable USDA regulations, including 7 CFR parts 3015, 3016, and 3019. Applicants must also conform to the requirements of the individual NOFA to be published when funds are available for the program, and are advised to use the Agency's Application Guide for this program, found at the Agency's Web site. The application guide contains instructions and forms, as well as other important information needed to prepare an application and may be updated periodically. Paper copies of the application guide can be requested by contacting the, Director, Broadband Division at the following address: Stop 1599, South Agriculture Building, Room 2868, Washington, DC 20250.

Completed applications must include the following documentation, studies, reports and information, in form and substance satisfactory to the Agency:

(a) *An Application for Federal Assistance*. A completed Standard Form 424;

(b) *An executive summary of the Project*. A general project overview that addresses the following categories:

(1) A description of why the Project is needed;

(2) A description of the applicant;

(3) An explanation of the total Project costs;

(4) A general overview of the broadband telecommunications system to be developed, including the types of equipment, technologies, and facilities to be used;

(5) Documentation describing the procedures used to determine the unavailability of existing Broadband Service; and

(6) A list of the Critical Community Facilities that will take service from the Applicant at the Broadband Grant Speed, and evidence that any remaining Critical Community Facility located in the PFSA has rejected the offer;

(c) *Scoring Criteria Documentation*. A narrative, with documentation where necessary, addressing the elements listed in the scoring criteria of § 1739.17;

(d) *System design*. A system design of the Project that is economical and practical, including a detailed description of the facilities to be funded, technical specifications, data rates, and costs. In addition, a network diagram detailing the proposed system must be provided. The system design must also address the environmental requirements specified in 7 CFR 1794;

(e) *Service Area Demographics*. The following information about the PFSA:

(1) A map, submitted electronically through RUS' web-based Mapping Tool,

which identifies the Rural Area boundaries of the PFSA; and

(2) The total population, number of households, and number of businesses located within the PFSA;

(f) *Scope of work.* A description of the scope of work, which at a minimum must include:

(1) The specific activities and services to be performed under the Project;

(2) Who will carry out the activities and services;

(3) A construction build-out schedule and project milestones, showing the time-frames for accomplishing the Project objectives and activities on a quarterly basis; and

(4) A budget for all capital and administrative expenditures reflecting the line item costs for Eligible Grant Purposes and other sources of funds necessary to complete the Project;

(g) *Community-Oriented Connectivity Plan.* A community-oriented connectivity plan consisting of the following:

(1) A listing of all participating Critical Community Facilities to be connected. The applicant must also provide documentation that it has consulted with the appropriate agent of every Critical Community Facility in the PFSA, and must provide statements from each one as to its willingness to participate, or not to participate, in the proposed Project;

(2) A description of the services the applicant will make available to local residents and businesses; and

(3) A list of any other telecommunications provider (including interexchange carriers, cable television operators, enhanced service providers, wireless service providers and providers of satellite services) that is participating in the delivery of services and a description of the consultations and the anticipated role of such provider in the Project;

(h) *Financial information and sustainability.* A narrative description demonstrating the sustainability of the Project: from the commencement of construction to completion, and beyond the grant period; the sufficiency of resources; how and when the matching requirement is met; and the expertise necessary to undertake and complete the Project. The following financial information is required:

(1) If the applicant is an existing company, it must provide complete copies of audited financial statements, if available, for the two fiscal years preceding the application submission. If audited statements are unavailable, the applicant must submit unaudited financial statements for those fiscal years. Applications from start-up

entities must, at minimum, provide an opening balance sheet dated within 30 days of the application submission date; and

(2) Annual financial projections in the form of balance sheets, income statements, and cash flow statements for a forecast period of five years, which prove the sustainability of the Project for that period and beyond. These projections must be inclusive of the applicant's existing operations and the Project, and must be supported by a detailed narrative that fully explains the methodology and assumptions used to develop the projections, including details on the number of subscribers projected to take the applicant's services. Applicants submitting multiple applications for funding must demonstrate that each Project is feasible and sustainable on its own, funds are available to cover each of the matching requirements and that all Projects for which funding is being requested are financially feasible as a whole;

(i) *Statement of Experience.* A statement of experience which includes information on the owners' and principal employees' relevant work experience that would ensure the success of the Project. The applicant must also provide a written narrative demonstrating its capability and experience, if any, in operating a broadband telecommunications system;

(j) *Legal Authority.* Evidence of the applicant's legal authority and existence, and its ability to enter into a grant agreement with the RUS, and to perform the activities proposed under the grant application;

(k) *Additional Funding.* Evidence that funding agreements have been attained, if the Project requires funding commitment(s) from sources other than the grant. An applicant submitting multiple applications for funding must demonstrate its financial wherewithal to support all applications, if accepted, and that it can simultaneously complete and operate all of the Projects under consideration. Additionally, commitments for outside funding must be explicit that they will be available if all applications are not funded;

(l) *Federal Compliance.* Evidence of compliance with other federal statutes and regulations 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 VI of the Civil Rights Act of 1964;

(2) 7 CFR part 3015—Uniform Federal Assistance Regulations;

(3) 2 CFR part 417—Nonprocurement Debarment and Suspension;

(4) 7 CFR part 3018—New Restrictions on Lobbying;

(5) 2 CFR part 421—Requirements for Drug-Free Workplace (Financial Assistance);

(6) Certification regarding Architectural Barriers;

(7) Certification regarding Flood Hazard Precautions;

(8) An environmental report/questionnaire, in accordance with 7 CFR part 1794;

(9) A certification that grant funds will not be used to duplicate lines, facilities, or systems providing Broadband Service;

(10) Federal Obligation Certification on Delinquent Debt; and

(11) Assurance Regarding Felony Conviction or Tax Delinquent Status for Corporate Applicants.

#### § 1739.16 Review of grant applications.

(a) All applications for grants must be delivered to the Agency at the address and by the date specified in the NOFA (see § 1739.2) to be eligible for funding. The Agency will review each application for conformance with the provisions of this part, and may contact the applicant for clarification of information in the application.

(b) Incomplete applications as of the deadline for submission will not be considered. If an application is determined to be incomplete, the applicant will be notified in writing and the application will be returned with no further action.

(c) If the Agency determines that the Project is technically or financially infeasible or unsustainable, the Agency will notify the applicant, in writing, and the application will be returned with no further action.

(d) Applications conforming with this part will be evaluated competitively by the Agency and will be ranked in accordance with § 1739.17 below. Applications will then be awarded generally in rank order until all grant funds are expended, subject to subparagraphs (e) and (f) below.

(e) In addition to scoring, the Agency may take geographic distribution into consideration when making final award determinations.

(f) An award may be made out of rank order if a higher ranked application would require an award that exceeded available funding or would consume a disproportionate amount of funds available relative to its ranking.

(g) The Agency reserves the right to offer an applicant a lower amount than proposed in the application.

#### § 1739.17 Scoring of applications.

The ranking of the "community-oriented connectivity" benefits of the

Project will be based on documentation in support of the need for services, benefits derived from the proposed services, characteristics of the PFSA, local community involvement in planning and implementation of the Project, and the level of experience of the management team. In ranking applications the Agency will consider the following criteria based on a scale of 100 possible points:

(a) An analysis of the challenges of the following criteria, laid out on a community-wide basis, and how the Project proposes to address these issues (up to 50 point):

- (1) The economic characteristics;
- (2) Educational challenges;
- (3) Health care needs; and
- (4) Public safety issues;

(b) The extent of the Project's planning, development, and support by local residents, institutions, and Critical Community Facilities. Documentation must include evidence of community-wide involvement, as exemplified by community meetings, public forums, and surveys. In addition, applicants should provide evidence of local residents' participation in the Project planning and development (up to 40 points).

(c) The level of experience and past success of operating broadband systems for the management team. (up to 10 points)

(d) In making a final selection among and between applications with comparable rankings and geographic distribution, the Administrator may take into consideration the characteristics of the PFSA. Only information provided in the application will be considered. Applicants should therefore specifically address each of the following criteria to differentiate their applications:

- (i) Persistent poverty counties that will be served within the PFSA;
- (ii) Out-migration Communities that will be served within the PFSA;
- (iii) The rurality of the PFSA;
- (iv) The speed of service provided by the project;
- (v) Substantially underserved trust areas that will be served within the PFSA;
- (vi) Community members with disabilities that will be served within the PFSA; and
- (vi) Any other additional factors that may be outlined in the NOFA.

#### **§ 1739.18 Grant documents.**

The terms and conditions of grants shall be set forth in grant documents prepared by the Agency. The documents shall require the applicant to own all equipment and facilities financed by the grant. Among other matters, the Agency

may prescribe conditions to the advance of funds that address concerns regarding the Project feasibility and sustainability. The Agency may also prescribe terms and conditions applicable to the construction and operation of the Project and the delivery of service at the Broadband Grant Speed to eligible Rural Areas, as well as other terms and conditions applicable to the individual Project. Dividend distributions will not be allowed until all grant funds and matching contributions have been expended.

#### **§ 1739.19 Reporting and oversight requirements.**

(a) A project performance activity report will be required of all recipients on an annual basis until the Project is complete and the funds are expended by the applicant. The reporting period will start with the calendar year the award is made and continue for every calendar year through the term of the award. The report must be submitted by January 31 of the following year if the reporting period. Recipients are to submit an original and one copy of all project performance reports, including, but not limited to, the following:

- (1) A comparison of actual accomplishments to the objectives established for that period;
- (2) A description of any problems, delays, or adverse conditions which have occurred, or are anticipated, and which may affect the attainment of overall Project objectives, prevent the meeting of time schedules or objectives, or preclude the attainment of particular Project work elements during established time periods. This disclosure shall be accompanied by a statement of the action taken or planned to resolve the situation; and
- (3) Objectives and timetable established for the next reporting period.

(b) A final project performance report must be provided by the recipient. It must provide an evaluation of the success of the Project in meeting the objectives of the program. The final report may serve as the last annual report.

(c) The Agency will monitor recipients, as it determines necessary, to assure that Projects are completed in accordance with the approved scope of work and that the grant is expended for Eligible Grant Purposes.

(d) Recipients shall diligently monitor performance to ensure that time schedules are being met, projected work within designated time periods is being accomplished, and other performance objectives are being achieved.

(e) The applicant must have the necessary processes and systems in place to comply with the reporting requirements for first-tier sub-awards and executive compensation under the Federal Funding Accountability and Transparency Act of 2006 in the event the applicant receives funding unless such applicant is exempt from such reporting requirements pursuant to 2 CFR part 170, § 170.110(b). The reporting requirements under the Transparency Act pursuant to 2 CFR part 170 are as follows:

(1) First Tier Sub-Awards of \$25,000 or more in non-Recovery Act funds (unless they are exempt under 2 CFR part 170) must be reported by the Recipient to <http://www.fjrs.gov> no later than the end of the month following the month the obligation was made.

(2) The Total Compensation of the Recipient's Executives (5 most highly compensated executives) must be reported by the Recipient (if the Recipient meets the criteria under 2 CFR part 170) to <http://www.ccr.gov> by the end of the month following the month in which the award was made.

(3) The Total Compensation of the Subrecipient's Executives (5 most highly compensated executives) must be reported by the Subrecipient (if the Subrecipient meets the criteria under 2 CFR part 170) to the Recipient by the end of the month following the month in which the subaward was made.

#### **§ 1739.20 Audit requirements.**

A grant recipient shall provide the Agency with an audit for each year in which a portion of the financial assistance is expended, in accordance with the following:

(a) If the recipient is a for-profit entity, an existing Telecommunications or Electric Borrower with the Agency, or any other entity not covered by the following paragraph, the recipient shall provide an independent audit report in accordance with 7 CFR part 1773, "Policy on Audits of the Agency's Borrowers."

(b) If the recipient is a State or local government, or non-profit organization, the recipient shall provide an audit in accordance with 7 CFR part 3052, "Audits of States, Local Governments, and Non-Profit Organizations."

#### **§ 1739.21 OMB Control Number.**

The information collection requirements in this part are approved by the Office of Management and Budget (OMB) and assigned OMB control number 0572-0127.

Dated: September 21, 2012.

**John Charles Padalino,**

*Acting Administrator, Rural Utilities Service.*

[FR Doc. 2012-27631 Filed 11-15-12; 8:45 am]

BILLING CODE P

## DEPARTMENT OF TRANSPORTATION

### Federal Aviation Administration

#### 14 CFR Part 39

[Docket No. FAA-2012-1163; Directorate Identifier 2011-NM-246-AD]

RIN 2120-AA64

#### Airworthiness Directives; Airbus Airplanes

**AGENCY:** Federal Aviation Administration (FAA), DOT.

**ACTION:** Notice of proposed rulemaking (NPRM).

**SUMMARY:** We propose to supersede an existing airworthiness directive (AD) that applies to all Airbus Model A330-200 and -300 series airplanes; and Model A340-200, -300, -500, and -600 series airplanes. The existing AD currently requires a one-time detailed inspection of both main landing gear (MLG) bogie beams in the region of the bogie stop pad for detection of deformation and damage, and corrective actions if necessary. Since we issued that AD, we have received reports of corroded bogie stop pads, including some with cracking. This proposed AD would add Model A330-200 Freighter series airplanes to the applicability. For certain airplanes, this proposed AD would also add repetitive inspections for damage and corrosion of the sliding piston sub-assembly, with new related investigative and corrective actions. We are proposing this AD to detect and correct deformation or damage under the bogie stop pad of both MLG bogie beams, which could result in a damaged bogie beam and consequent detachment of the beam from the airplane or collapse of the MLG and departure of the airplane from the runway.

**DATES:** We must receive comments on this proposed AD by December 31, 2012.

**ADDRESSES:** You may send comments by any of the following methods:

- *Federal eRulemaking Portal:* Go to <http://www.regulations.gov>. Follow the instructions for submitting comments.

- *Fax:* (202) 493-2251.

- *Mail:* U.S. Department of Transportation, Docket Operations, M-30, West Building Ground Floor, Room W12-140, 1200 New Jersey Avenue SE., Washington, DC 20590.

- *Hand Delivery:* U.S. Department of Transportation, Docket Operations, M-30, West Building Ground Floor, Room W12-140, 1200 New Jersey Avenue SE., Washington, DC, between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays.

For service information identified in this proposed AD, contact Airbus SAS—Airworthiness Office—EAL, 1 Rond Point Maurice Bellonte, 31707 Blagnac Cedex, France; telephone +33 5 61 93 36 96; fax +33 5 61 93 45 80; email [airworthiness.A330-A340@airbus.com](mailto:airworthiness.A330-A340@airbus.com); Internet <http://www.airbus.com>. You may review copies of the referenced service information at the FAA, Transport Airplane Directorate, 1601 Lind Avenue SW., Renton, WA. For information on the availability of this material at the FAA, call 425-227-1221.

#### Examining the AD Docket

You may examine the AD docket on the Internet at <http://www.regulations.gov>; or in person at the Docket Operations office between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. The AD docket contains this proposed AD, the regulatory evaluation, any comments received, and other information. The street address for the Docket Operations office (telephone (800) 647-5527) is in the **ADDRESSES** section. Comments will be available in the AD docket shortly after receipt.

#### FOR FURTHER INFORMATION CONTACT:

Vladimir Ulyanov, Aerospace Engineer, International Branch, ANM-116, Transport Airplane Directorate, FAA, 1601 Lind Avenue SW., Renton, Washington 98057-3356; telephone (425) 227-1138; fax (425) 227-1149.

#### SUPPLEMENTARY INFORMATION:

##### Comments Invited

We invite you to send any written relevant data, views, or arguments about this proposed AD. Send your comments to an address listed under the **ADDRESSES** section. Include “Docket No. FAA-2012-1163; Directorate Identifier 2011-NM-246-AD” at the beginning of your comments. We specifically invite comments on the overall regulatory, economic, environmental, and energy aspects of this proposed AD. We will consider all comments received by the closing date and may amend this proposed AD based on those comments.

We will post all comments we receive, without change, to <http://www.regulations.gov>, including any personal information you provide. We will also post a report summarizing each substantive verbal contact we receive about this proposed AD.

#### Discussion

On January 14, 2010, we issued AD 2010-02-10, Amendment 39-16181 (75 FR 4477, January 28, 2010). That AD required actions intended to address an unsafe condition on Airbus Model A330-200 and -300 series airplanes; and Model A340-200, -300, -500, and -600 series airplanes.

Since we issued AD 2010-02-10, Amendment 39-16181 (75 FR 4477, January 28, 2010), the European Aviation Safety Agency (EASA), which is the Technical Agent for the Member States of the European Community, has issued EASA Airworthiness Directive 2011-0211, dated October 31, 2011 (referred to after this as “the MCAI”), to supersede EASA AD 2008-0223, dated December 15, 2008 (referred to in the existing AD), and correct an unsafe condition for the specified products. The MCAI states:

During a scheduled maintenance inspection on the MLG [main landing gear], the bogie stop pad was found deformed and cracked. Upon removal of the bogie stop pad for replacement, the bogie beam was also found cracked.

Laboratory investigation indicates that an overload event has occurred and no fatigue propagation of the crack was evident.

A second bogie beam crack has subsequently been found on another aeroplane, located under a bogie stop pad which only had superficial paint damage.

This condition, if not detected and corrected, could result in the aeroplane departing the runway or to the bogie detaching from the aeroplane or gear collapses, which would all constitute unsafe conditions at speeds above 30 knots.

As a precautionary measure, EASA AD 2008-0223 [which corresponds to FAA AD 2010-02-10, Amendment 39-16181 (75 FR 4477, January 28, 2010)] required one-time detailed inspections under the bogie stop pad of both MLG bogie beams and, in case deformation or damage is detected, to apply the associated repair.

Numerous bogie stop pad were found corroded and a few cracked as a result of the one-time inspection required by EASA AD 2008-0223 on A330, A340-200, and A340-300 aeroplanes.

For the reasons describe above, this [EASA] AD, which supersedes EASA AD 2008-0223:

- Retains the initial inspection requirement of EASA AD 2008-0223 for A330, A340-200, and A340-300 aeroplanes.
- Introduces a repetitive detailed visual inspection for A330, A340-200, and A340-300 aeroplanes.
- Retains the requirement of EASA AD 2008-0223 for A340-500 and A340-600 aeroplanes, for which further mandatory requirements might follow in future mandatory requirements might follow in future depending on the results of the one-time mandatory inspection in place.

The required actions include repetitive detailed inspections for