



DEPARTMENT OF AGRICULTURE

Rural Utilities Service

7 CFR Parts 1753 and 1755

RIN 0572-AC29

New Equipment Contract for Telecommunications and Broadband Borrowers

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, is proposing to amend the telecommunications standards and specifications for material, equipment and construction regulations by streamlining and replacing Equipment Specific Contracts, RUS Forms 397, 398, 525, 545, and the associated documents (Forms 231, 396, 396a, 397b, 397c, 397d, 397f, 397g, 397h, 517, 525a, 744, 752a, 754, and addenda) with a new Equipment Contract, RUS Form 395 and the associated close-out documents (Forms 395a, 395b, 395c and 395d). The proposed rule includes conforming changes to reflect the use of the new contract, administrative updates, and addresses the discontinuance of the requirement for RUS borrowers to use the Informational Publication (I.P.) 344-2, "List of Material Acceptable for Use on Telecommunications Systems of RUS Borrowers." The intended effect is to streamline the contractual process for RUS borrowers and expedite the approval process of equipment during the development of RUS funded construction projects.

DATE: Comments, electronic and/or paper, must be submitted on or before ([INSERT DATE 60 DAYS FROM DATE OF PUBLICATION IN THE FEDERAL REGISTER]). Late comments will not be considered.

ADDRESSES: Submit comments by either of the following methods:

- Federal Rulemaking Portal at <http://www.regulations.gov> . Follow instructions for submitting comments.
- Postal Mail/Commercial Delivery: Please send your comments addressed to Michele L. Brooks, Director, Program Development and Regulatory Analysis, Rural Utilities Service, U.S. Department of Agriculture, 1400 Independence Avenue, STOP 1522, Room 5162, Washington, D.C. 20250-1522.

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

FOR FURTHER INFORMATION CONTACT: Norberto Esteves, Chief, Technical Staff Branch , Rural Utilities Service, Telecommunications Program, U.S. Department of Agriculture, STOP 1550, 1400 Independence Ave., SW, Washington, DC 20250-1550, Telephone number: (202) 720-0699.

SUPPLEMENTARY INFORMATION:

Executive Order 12866

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

Executive Order 12988

This proposed rule has been reviewed under Executive Order 12988, Civil Justice Reform. The Agency has determined that this proposed 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 12372

This proposed rule is not subject to the requirements of Executive Order 12372, “Intergovernmental Review”, as implemented under USDA’s regulations at 7 CFR part 3015.

Regulatory Flexibility Act Certification

RUS has determined that this proposed rule will not have a significant economic impact on a substantial number of small entities, as defined in the Regulatory Flexibility Act (5 U.S.C. §§ 601 *et seq.*). RUS provides loans to borrowers at interest rates and on terms that are more favorable than those generally available from the private sector. RUS borrowers, as a result of obtaining federal financing, receive economic benefits that exceed any direct economic costs associated with complying with RUS regulations and requirements.

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 action 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.

Catalog of Federal Domestic Assistance

The Catalog of Federal Domestic Assistance (CFDA) number assigned to this program is 10.851. The Catalog is available on the Internet at <http://www.cfda.gov>.

Unfunded Mandates

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

E-Government Act Compliance

RUS 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.

Executive Order 13132, Federalism

The policies contained in this proposed 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 proposed rule impose substantial direct compliance costs on state and local governments. Therefore, consultation with the states is not required.

Executive Order 13175, Consultation and Coordination with Indian Tribal Governments

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 tribes(s) or on either the relationship or the distribution of powers and responsibilities between the Federal Government and Indian tribes. 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

Information Collection and Recordkeeping Requirements

In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. chapter 35), RUS invites comments on this information collection for which RUS intends to request approval from the Office of Management and Budget (OMB).

Comments on this notice must be received by **(INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER.)**

Comments are invited on (a) whether the collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility; (b) the accuracy of the agency's estimate of burden including the validity of the methodology and assumption used; (c) ways to enhance the quality, utility and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques on other forms of information technology.

Comments may be sent to Michele Brooks, Director, Program Development and Regulatory Analysis, Rural Utilities Service, U.S. Department of Agriculture, 1400 Independence Ave., SW., Stop 1522, Room 5159 South Building, Washington, DC 20250-1522, Fax: (202) 720-8435.

Title: Form 395, Equipment Contract & Associated Forms

OMB Control Number: 0572-NEW.

Type of Request: Approval of a new collection.

Abstract: In order to ensure that RUS loans are adequately secured as required by the Rural Electrification Act of 1936 (RE Act) (7 U.S.C. §§ 901 *et seq.*), the Agency has established certain standardized forms for materials, equipment and construction of electric and telecommunications systems. The use of standard forms, construction contracts, and procurement procedures helps to ensure that appropriate standards and specifications are

maintained by the borrower, the Agency's loan security is not adversely affected, and the loan and loan guarantee funds are used effectively and for the intended purposes.

The new Equipment Contract, RUS Form 395 and the associated close-out documents (Forms 395a, 395b, 395c and 395d) will replace the current Equipment Specific Contracts, RUS Forms 397, 398, 525, 545, and the associated documents (Forms 231, 396, 396a, 397b, 397c, 397d, 397f, 397g, 397h, 517, 525a, 744, 752a, 754, and addenda). Contract terms and obligations in the RUS's new Equipment Contract, RUS Form 395, reflects present RUS and private sector practices, as well as changes in technology, services and equipment. The new RUS forms will streamline the contractual process for the RUS Borrower and expedite the approval process of equipment during the duration of the project.

The specific purposes and uses of the proposed new contract forms are as follows:

1) New Contract Form

- *RUS Form 395, Equipment Contract.*

This form will be used for equipment purchases.

2) New Associated Forms with RUS Form 395

- *RUS Form 395a, Certificate of Completion (Equipment Contract Including Installation).*

This form will be used for the closeout of RUS Form 395 when the contract includes installation.

- *RUS Form 395b, Certificate of Completion (Equipment Contract Not Including Installation).*

This form will be used to amend contracts except for distribution line construction contracts.

- *RUS Form 395c, Certificate of Contractor and Indemnity Agreement.*

This form will be used in the closeout of RUS Form 395.

- *RUS Form 395d, Results of Acceptance Tests.*

This is a suggestive form to be used to report results of acceptance testing of equipment for purposes of closing out the contract.

Estimate of Burden: Public reporting burden for this collection of information is estimated to average .25 hours per response.

Estimated Number of Respondents: 284

Estimated Number of Total Annual Responses per Respondents: 284

Estimated Total Annual Burden on Respondents: 71 hours

Copies of this information collection can be obtained from Michele L. Brooks, Director, Program Development and Regulatory Analysis, at (202) 690-1078.

All responses to this information collection and recordkeeping notice will be summarized and included in the request for OMB approval. All comments will also become a matter of public record.

Background

Rural Development is a mission area within the U.S. Department of Agriculture comprising the Rural Housing Service, Rural Business/Cooperative Service, and Rural Utilities Service. Rural Development's mission is to increase economic opportunity and improve the quality of life for all rural Americans. Rural Development meets its mission by providing loans, loan guarantees, grants and technical assistance through more than 40 programs aimed at creating and improving housing, businesses and infrastructure throughout rural America.

The Rural Utilities Service (RUS) loan, loan guarantee and grant programs act as a catalyst for economic and community development. By financing improvements to rural electric, water and waste, and telecom and broadband infrastructure, RUS also plays a big role in improving other measures of quality of life in rural America, including public health and safety, environmental protection, conservation and cultural and historic preservation.

The purpose of this undertaking is to improve customer service to the Agency's rural borrowers. Divestiture, competition, legislation and regulations have changed business practices in the telecommunications industry. Over the past three years, RUS has undertaken a comprehensive review of its Telecommunications Program contracts. Traditional telecommunications borrowers, as well as broadband borrowers, benefit from the new RUS Form 395 because most of the revisions are a result of the changes the telecommunications industry has experienced as it has transitioned from narrowband to broadband. The new RUS Form 395 can assist both types of borrowers with the purchase of equipment specifically designed to meet or exceed a typical narrowband or broadband system.

In order to continue to facilitate the programmatic interest of the Rural Electrification Act of 1936 (the "RE Act"), as amended (7 U.S.C. § 901 *et seq.*), that loans and loans guaranteed by RUS are adequately secured, RUS has established certain standardized forms for materials, equipment and construction of electric and telecommunications systems. The use of standard forms, construction contracts, and procurement procedures helps to assure that appropriate standards and specifications are maintained by the borrower in order not to adversely affect RUS's loan security and that loan and loan guarantee funds are effectively used for intended purpose(s).

Contract terms and obligations in the new RUS Form 395, Equipment Contract reflects present RUS and private sector practices, as well as changes in technology, services and equipment. The new RUS Form 395, Equipment Contract and associated close-out documents (Forms 395a, 395b, 395c and 395d) will replace the current Equipment Specific Contracts, RUS Forms 397, 398, 525, 545, and the associated documents (Forms 231, 396, 396a, 397b, 397c, 397d, 397f, 397g, 397h, 517, 525a, 744, 752a, 754, and addenda). The new RUS forms will streamline the contracting process for the RUS Borrower and expedite the approval process of equipment during the duration of the project.

This proposed rule will also remove references to Informational Publication (I.P.) 344–2, “List of Material Acceptable for Use on Telecommunications Systems of RUS Borrowers” (List of Materials) from the Telecommunications Program regulations. Historically, the List of Materials has been a useful tool in assuring product quality and reliability of equipment used in the development of RUS funded construction projects. One method for a product not having field-deployment experience in a commercial setting to be placed on the list was a “field trial”. The “field trials” process, as well as maintaining the List of Materials was a labor intensive product-by-product review by Agency staff. Since the start of the Agency’s Telecommunications Program in 1949, technology has changed dramatically. The telecommunications equipment supply sector is very different, and far more complex and diverse, today than it was over 60 years ago. Product life cycles have accelerated, innovations abound and new suppliers have entered the market. The Agency has undertaken a fundamentally new approach to advancing state-of-the-art telecommunications technologies, while maintaining a consistent commitment to high quality rural service and the efficient use of taxpayer dollars. In this new technology environment, RUS must operate efficiently and effectively under current

budgetary constraints. Maintaining the List of Materials, which includes a product-by-product review, simply cannot be sustained under our current budget and with our limited staff. RUS, therefore, has discontinued accepting applications as well as publishing the List of Materials as of May 23, 2011. Field trials are no longer needed and have been discontinued as well.

However, in order to protect RUS's loan security and compliance with continuing Buy America statutory mandates, the Agency has transitioned from a listing process to an approach which ensures that construction financed by RUS meets applicable industry standards. This new approach is incorporated into the review of individual projects and the approval of loan advances. The intended effect is to streamline the contractual process for RUS borrowers and expedite the approval process of equipment during the development of RUS funded construction projects.

List of Subjects in 7 CFR Parts 1753 and 1755

7 CFR Part 1753

Communications equipment; Loan programs-Telecommunications; Reporting and recordkeeping requirements; Rural areas; and Telephone.

7 CFR Part 1755

Loan programs-Telecommunications; Reporting and recordkeeping requirements; Rural areas; and Telecommunications.

For the 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 proposing to amend parts 1753 and 1755.

PART 1753 – TELECOMMUNICATIONS SYSTEM CONSTRUCTION POLICIES AND PROCEDURES

1. The authority citation for part 1753 continues to read as follows:

Authority: 5 U.S.C. 501, 7 U.S.C. 901 *et seq.*

Subpart A—General

2. In §1753.2, remove the definition of the RTB.

3. Amend §1753.6 by revising paragraph (a) to read as follows:

§ 1753.6 Standards, specifications, and general requirements.

(a) Materials, equipment, and construction financed with loan funds must meet the standards and specifications established by RUS 7 CFR part 1755 which lists the RUS Bulletins containing the standards and specifications for telephone facilities.

* * * * *

- 4. Amend §1753.7 by:
 - a. Revising paragraph (c),
 - b. Removing paragraph (f)(4).

The revision reads as follows:

§ 1753.7 Plans and specifications (P&S).

* * * * *

(c) The appropriate standards and specifications listed in 7 CFR part 1755 shall be included in the P&S. When RUS has not prepared standards and specifications, the borrower shall use all appropriate project specific engineering requirements and specifications prepared by the borrower's engineer. The specifications prepared by the borrower's engineer and based on appropriate project specific engineering requirements shall be subject to review and approval by RUS for all major construction, including major projects which would be exempted from RUS approval under paragraph (e) of this section.

* * * * *

- 5. Amend §1753.9 by revising paragraphs (a) and (c) to read as follows:

§ 1753.9 Subcontracts.

(a) RUS construction contract Forms 257, 395, and 515, contain provisions for subcontracting. Reference should be made to the individual contracts for the amounts and conditions under which a contractor may subcontract work under the contract.

* * * * *

(c) As stated in contract Forms 257, 395, and 515, the contractor shall bear full responsibility for the acts and omissions of the subcontractor and is not relieved of any obligations to the borrower and to the Government under the contract.

* * * * *

Subpart B-Engineering Services

6. Amend §1753.18 by revising paragraph (c) to read as follows:

§ 1753.18 Engineer and architect contract closeout certifications.

* * * * *

(c) A statement that construction used was in accordance with specifications published by RUS covering the construction which were in effect when the contract was executed, or in the absence of such specifications, that it meets other applicable specifications and standards and that it meets all applicable national and local code requirements as to strength and safety.

* * * * *

Subpart E—Purchase and Installation of Central Office Equipment

7. Amend §1753.36 by revising paragraphs (b), (c), (e), and (g) to read as follows:

§ 1753.36 General.

* * * * *

(b) Terms used in this subpart are defined in §1753.2 and RUS Contract Form 395.

(c) Borrowers shall use RUS Contract Form 395, Equipment Contract and associated RUS Form 395a, Equipment Contract Certificate of Completion (Including Installation), when the firm supplying the equipment will install it and RUS Contract Form 395, Equipment Contract

and associated RUS Form 395b, Equipment Contract Certificate of Completion (Not Including Installation) when the supplier of the equipment will not be installing it. In either case the appropriate specifications shall be included in the contract.

* * * * *

(e) The borrower shall take sealed competitive bids for all central office equipment to be purchased under RUS Contract Form 395 using the procedure set forth in Sec. 1753.38(a), unless RUS approval to negotiate is obtained.

* * * * *

(g) Materials and equipment must meet the standards and general specifications approved by RUS.

* * * * *

8. Amend §1753.37 by revising paragraphs (a) and (b) to read as follows:

§ 1753.37 Plans and specifications (P&S).

(a) General. (1) Prior to the preparation of P&S, the borrower shall review with the GFR the current and future requirements for central office equipment.

(2) The P&S shall specify the delivery and completion time required for each exchange.

(3) P&S for equipment to be provided under a Form 395 contract without installation shall require the supplier to provide specific installation information and a detailed bonding and grounding plan to be utilized by the engineer, borrower, and others responsible for the installation of the equipment.

(b) Preparation of P&S. The P&S shall include RUS Contract Form 395, Notice and Instructions to Bidders, specifications for the required equipment for each exchange, provision for spare parts, and all other pertinent data needed by the bidder to complete its proposal.

* * * * *

9. Amend §1753.38 by:

a. Revising paragraphs (a)(1)(i), (a)(1)(iii), (a)(2)(i)(J), (a)(2)(v)

b. Revising (b)(10),

c. Removing paragraph (c) and redesignating paragraphs (d), (e), and (f), paragraph (d) as newly designated paragraphs (c), paragraph (e) as newly designated paragraph (d) and (f) as newly designated paragraph (e); and

d. Revising newly redesignated paragraphs (d)(3) and (d)(5).

The revisions read as follows:

§ 1753.38 Procurement procedures.

(a) * * *

(1) * * *

(i) After RUS approval of the specifications and equipment requirements (required only for projects expected to exceed \$500,000 or 25% of the loan, whichever is less), the borrower shall send "Notice and Instructions to Bidders" to suppliers with central office equipment.

* * * * *

(iii) RUS Contract Form 395 shall be used, except that the "Notice" shall state that prior to the bid opening a technical session will be conducted with each supplier to resolve any questions

related to the technical proposal submitted by the supplier. The suppliers' technical proposals should be requested for presentation 30 days in advance of the bid opening to enable sufficient time to make the technical evaluation.

* * * * *

(2) * * *

(i) * * *

(J) Some types of equipment contain software. Equipment Contract (RUS Form 395) indicates whether the equipment contains software and whether the software contract stipulations are applicable.

* * * * *

(v) After evaluation of the technical proposals and RUS approval of the changes to P&S (required only for projects that are expected to exceed \$500,000 or 25% of the loan, whichever is less), sealed bids shall be solicited from only those bidders whose technical proposals meet P&S requirements. When fewer than three bidders are adjudged qualified by the borrower to bid, RUS approval must be obtained to proceed. Generally, RUS will grant such approval only if the borrower can demonstrate to the satisfaction of RUS that a good faith effort was made to obtain at least three competitive bids.

* * * * *

(b) * * *

(10) Installation of the central office equipment and materials provided under RUS Contract Form 395 may be made in accordance with subpart I, if applicable, or by an approved Force Account Proposal (FAP).

* * * * *

(d) * * *

(3) If RUS approval was required by paragraph (d)(2) of this section, upon RUS approval the purchase may be made using RUS Contract Form 395, or when applicable, the procedures contained in subpart I of this part.

* * * * *

(5) Installation of the central office equipment and materials procured by RUS Contract Form 395 without installation may be made in accordance with subpart I, if applicable, or by an approved FAP.

* * * * *

10. Revise §1753.39 to read as follows:

§ 1753.39 Closeout documents.

Closeout of RUS Contract Form 395 Equipment Contract (including or not including installation) shall be conducted as follows:

(a) Contract amendments. Amendments that must be submitted to RUS for approval, as required by 7 CFR 1753.11, shall be submitted promptly. All other amendments may be submitted to RUS with the engineer's contract closeout certification.

(b) Acceptance tests. The borrower will perform acceptance tests as part of the partial closeout and final closeout of RUS Contract Form 395 that will demonstrate compliance with the requirements as specified by the borrower's engineer in the Performance Requirements. Other tests demonstrating compliance will be acceptable.

(c) Grounding system audit. A grounding system audit shall be performed and found acceptable for equipment provided under RUS Contract Form 395, Equipment Contract (including or not including installation), prior to placing a central office or remote switching terminal into full service operation. The audits are to be conducted in accordance with the requirements specified by the borrower's engineer in the Performance Requirements. The audits shall be performed by the contractor and borrower when using the Form 395 with equipment installation and by the borrower when using the Form 395 without equipment installation.

(d) Partial Closeout Procedure. Under conditions set forth in RUS Contract Form 395, a contractor may, when approved by the borrower, receive payment in full for central offices and their respective associated remote switching terminals upon completion of the installation without awaiting completion of the project. The contractor is to receive such payment, according to procedures contained in the applicable sections of RUS Contract Form 395. In addition to complying with the appropriate partial closeout procedure contained in RUS Contract Form 395, the borrower shall:

- (1) Obtain from the engineer a certification of partial closeout; and
- (2) Submit one copy of the summary to RUS with an FRS.

(e) Final contract closeout procedure. The documents required for the final closeout of the equipment contract, RUS Contract Form 395 with or without installation, are listed in the following table, which also indicates the number of copies and their distribution. The procedure to be followed is as follows:

Documents REQUIRED to Close Out RUS Form 395 – EQUIPMENT CONTRACTS					
RUS Form No.	Description	No. of Copies prepared by		Distribution	
		Seller	Engineer	Buyer	Seller
213	Certificate (Buy American)	1		1	
238	Construction or Equipment Contract Amendment (If not previously submitted, send to RUS for approval)		3 sent to RUS	1 from RUS	1 from RUS
395a	Certificate of Completion for Equipment Contract (Including Installation)		2	1	1
395b	Certificate of Completion for Equipment Contract (Not Including Installation)		2	1	1
395c	Certificate of Contractor and Indemnity Agreement (Use only for installation contracts)	1		1	
None	Report in writing, including all measurements, any acceptance test report and other information required under Part II of the applicable specifications (Form 395d may be used)		1	1	
None	Set of maintenance recommendations for all equipment furnished under the contract	1		1	

(f) Once RUS approval has been obtained for any required amendments, the borrower shall obtain certifications from the engineer that the project and all required documentation are

satisfactory and complete. The requirements for the final contract certification are contained in §1753.18.

(g) Once these certifications have been received, final payment shall be made according to the payment terms of the contract. Copies of the certifications shall be submitted with the FRS, requesting the remaining funds on the contract.

Subpart F-Outside Plant Major Construction by Contract

11. Amend §1753.47 by revising paragraphs (a)(2) and (b)(5) to read as follows:

§ 1753.47 Plans and specifications (P&S).

(a) * * *

(2) The standard RUS specifications required for construction of outside plant facilities are:

(i) RUS Form 515a (Bulletin 1753F-150)—Specifications and Drawings for Construction of Direct Buried Plant.

(ii) RUS Form 515b (Bulletin 1753F-151)—Specification and Drawings for Construction of Underground Plant.

(iii) RUS Form 515c (Bulletin 1753F-152)—Specifications and Drawings for Construction of Aerial Plant.

(iv) RUS Form 515d (Bulletin 1753F-153)—Specification and Drawings for Service Installation at Customer Access Locations.

(b) * * *

(5) RUS Contract Form 787, “Supplement A to Construction Contract, RUS Contract Form 515,” when the borrower proposes to provide any materials to the contractor. The borrower shall not order materials for a contractor without RUS approval. In such cases the borrower must

attach Form 787 and a “List of Owner's Materials on Hand” and/or a “List of Materials Ordered by Owner but Not Delivered” to contract Form 515 (See §1753.48(f) of this part). Any materials furnished under Supplement A shall be in compliance with the RUS Buy American requirement unless special RUS approval has been received by the borrower to use non-domestic materials.

* * * * *

Subpart H – Purchase and Installation of Special Equipment

12. Revise §1753.66 to read as follows:

§ 1753.66 General.

(a) This subpart implements and explains the provisions of the Loan Documents setting forth the requirements and the procedures to be followed by borrowers in purchasing and installing special equipment financed with loan funds.

(b) Terms used in this subpart are defined in §1753.2 and RUS Form 395.

(c) Borrowers must obtain RUS review and approval of the LD for their telephone systems. Applications of equipment not included in an approved LD must conform to the modernization plan as required by 7 CFR part 1751, subpart B, and must be submitted to RUS for review and approval.

(d) RUS Form 395 and applicable specifications shall be used for the purchase of special equipment for major construction on a furnish-and-install basis, as well as on a furnish-only basis.

(e) The procedures provided in subpart I, if applicable, or a FAP approved by RUS may be used for the installation of special equipment purchased with a Form 395 contract not including installation.

(f) For special equipment purchases for minor construction, the borrower may at its option use the Methods of Minor Construction procedures contained in subpart I or the purchase procedures contained in this subpart H.

(g) Some types of special equipment contain software. Equipment Contract (RUS Form 395) indicates whether the equipment contains software and whether the software contract stipulations are applicable.

13. Revise §1753.to reads as follows:

§ 1753.67 Contracts and specifications.

(a) Equipment Contract, RUS Form 395 shall be used to purchase equipment on a furnish-and-install basis, as well as on a furnish-only basis.

(b) The equipment specifications must accompany the equipment contract form and each specification consists of performance specifications, installation requirements (if applicable), and application engineering requirements.

14. Amend §1753.68:

a. In paragraph (a)(1)(iv) by removing the term “Form 398 Contract” and adding in its place “Form 395 without installation” ;

b. In paragraph (a)(8) by removing the term “Form 397” and adding in its place “Form 395”;

c. By revising paragraph (a)(9);

d. In paragraph (d)(1) by removing the term “Form 397” and adding in its place “Form 395 with installation” ;

e. In paragraph (d)(2) by removing the term “Form 398” and adding in its place “Form 395 without installation” and redesignate paragraph (d)(2)(i) as (d)(2);

f. In paragraph (d)(3)(i) by removing the phrase “special equipment contract” and adding in its place the phrase “equipment contract”;

g. By revising the table in paragraph (d)(3)(i).

The revisions read as follows:

§ 1753.68 Purchasing special equipment.

(a)* * *

(9) The specifications for the various applications of equipment is prepared by the RUS borrower’s engineer and based on generally accepted engineering considerations and practices found in the Telecommunications Industry.

* * * * *

Documents REQUIRED to Close Out RUS Form 395 – EQUIPMENT CONTRACTS					
RUS Form No.	Description	No. of Copies prepared by		Distribution	
		Seller	Engineer	Buyer	Seller
213	Certificate (Buy American)	1		1	
238	Construction or Equipment Contract Amendment (If not previously submitted, send to RUS for approval).		3 sent to RUS	1 sent to RUS	1 from RUS
395a	Certificate of Completion for Equipment Contract (Including Installation).		2	1	1
395b	Certificate of Completion for Equipment Contract (Not Including Installation).		2	1	1
395c	Certificate of Contractor and Indemnity Agreement (Use only for installation contracts).			1	
None	Report in writing, including all measurements, any acceptance test report and other information required under Part II of the applicable specifications. (Form 395d may be used.)		1	1	
None	Set of maintenance recommendations for all equipment furnished under the contract	1		1	

* * * * *

Subpart I – Minor Construction

15. Amend §1753.80 by:

a. In paragraph (b)(3) by removing the phrase “special equipment” and adding in its place “equipment”; and

b. By revising paragraph (d)(2).

The revision reads as follows:

§1753.80 Minor construction procedure.

* * * * *

(d) * * *

(2) All standard RUS procedures are followed, including the application of RUS construction practices (See §1753.6).

* * * * *

Subpart J – Construction Certification Program

§ 1753.93 [Amended]

16. In § 1753.93, remove paragraphs (b)(7) and (b)(8) and redesignate paragraphs (b)(9) as newly designated paragraph (b)(7), (b)(10) as newly designated paragraph (b)(8), (b)(11) as newly designated paragraph (b)(9), (b)(12) as newly designated paragraph (b)(10), and (b)(13) as newly designated paragraph (b)(11).

§ 1753.96 [Amended]

17. Amend the Certification Addendum in § 1753.96 by removing the words “or Rural Telephone Bank,” from the second sentence.

**PART 1755—TELECOMMUNICATIONS POLICIES ON SPECIFICATIONS,
ACCEPTABLE MATERIALS, AND STANDARD CONTRACT FORMS**

18. The authority citation for part 1755 continues to read as follows:

Authority: 7 U.S.C. § 901 et seq., 1921 et seq., 6941 et seq.

§1755.3 [Removed and Reserved]

19. Remove and reserve § 1755.3

20. Amend § 1755.30 by:

- a. Revising paragraphs (c)(25) through (45); and
- b. Removing paragraphs (c)(46) through paragraphs (56).

The revisions read as follows:

§ 1755.30 List of telecommunications standard contract forms.

* * * * *

(c) * * *

(25) RUS Form 395, [EFFECTIVE DATE OF FINAL RULE], Equipment Contract.

(26) RUS Form 395a, [EFFECTIVE DATE OF FINAL RULE], Equipment Contract
Certificate of Completion (Including Installation).

(27) RUS Form 395b, [EFFECTIVE DATE OF FINAL RULE], Equipment Contract
Certificate of Completion (Not Including Installation).

(28) RUS Form 395c, [EFFECTIVE DATE OF FINAL RULE], Certificate of Contractor and Indemnity Agreement.

(29) RUS Form 395d, [EFFECTIVE DATE OF FINAL RULE], Results of Acceptance Tests.

(30) RUS Form 506, issued 3-97, Statement of Engineering Fee—Telecommunications.

(31) RUS Form 515, issued September 17, 2001, Telecommunications Systems Construction Contract (Labor and Materials).

(32) RUS Form 526, issued 8-66, Construction Contract Amendment.

(33) RUS Form 527, issued 3-71, Statement of Construction, Telephone System “Outside Plant”.

(34) RUS Form 553, issued 5-67, Check List for Review of Plans and Specifications.

(35) RUS Form 724, issued 10-63, Final Inventory, Telephone Construction Contract.

(36) RUS Form 724a, issued 4-61, Final Inventory, Telephone Construction—Telephone Construction Contract (Labor and Materials), columns 1-8.

(37) RUS Form 724b, issued 3-61, Final Inventory, Telephone Construction Contract (Labor and Materials), columns 9-14.

(38) RUS Form 771, issued 10-75, Summary of Work Orders (Inspected by RUS Field Engineer).

(39) RUS Form 771a, issued 10–75, Summary of Work Orders (Inspected by Licensed Engineer or Borrower's Staff Engineer).

(40) RUS Form 773, issued 12–90, Miscellaneous Construction Work and Maintenance Services Contract.

(41) RUS Form 787, issued 8–63, Supplement A to Construction Contract.

(42) RUS Form 817, issued 6–60, Final Inventory, Telephone Force Account Construction.

(43) RUS Form 817a, issued 6–60, Final Inventory, Telephone Force Account Construction, columns 1–8.

(44) RUS Form 817b, issued 6–60, Final Inventory, Telephone Force Account Construction, Columns 9–14.

(45) RUS Form 835, issued 3–66, Preloan Engineering Service Contract, Telephone System Design.

§ 1755.97 [Amended]

21. Amend §1755.97 by removing paragraphs (b)(1), (b)(2), (b)(4), (b)(6),and (b)(7) and redesignate (b)(3) as newly designated paragraph (b)(1), (b)(5) as newly designated paragraph (b)(2), (b)(8) as newly designated paragraph (b)(3), (b)(9) as newly designated paragraph (b)(4), (b)(10) as newly designated paragraph (b)(5), (b)(11) as newly designated paragraph (b)(6), (b)(12) as newly designated paragraph (b)(7), (b)(13) as newly designated paragraph (b)(8), (b)(14) as newly designated paragraph (b)(9), (b)(15) as newly designated paragraph (b)(10), (b)(16) as newly designated paragraph (b)(11), (b)(17) as newly designated paragraph (b)(12).

22. Amend §1755.200:

- a. In paragraph (b)(1) by removing the word “accepted” and adding in its place “compliant”;
- b. In paragraph (c)(8)(i) by removing the word “accepted” and adding in its place “compliant”;
- c. In paragraph (c)(9) by removing the word “acceptance” and adding in its place “compliance”;
- d. In paragraph (c)(14)(i) and (c)(14)(ii) by removing the word “accepted” and adding in its place “compliant”;
- e. In paragraph (d)(7) by removing the word “accepted” and adding in its place “compliant”;
- f. In paragraph (e)(6)(ii) by removing the word “accepted” and adding in its place “compliant”;
- g. In paragraphs (g)(2)(i) and (g)(2)(ii)(A) by removing the word “accepted” and adding in its place “compliant”;
- h. By revising paragraph (g)(3), and
- i. In paragraphs (g)(4)(i) and (ii) by removing the word “accepted” and adding in its place “compliant,”.

The revisions read as follows:

§ 1755.200 RUS standard for spicing copper and fiber optic cables.

* * * * *

(g) * * *

(3) Buried service wire shield bond connections. Buried service wire shields shall be connected to the pedestal bonding and grounding system. Typical buried service wire installations are shown in Figures 17 and 18. In addition to the methods referenced in Figures 17 and 18, the shields of buried service wires may also be connected to the pedestal bonding and grounding system using buried service wire bonding harnesses. When those harnesses are used they shall be installed in accordance with the manufacturer's instructions. Figures 17 and 18 are as follows:

* * * * *

23. Amend §1755.390 by:

- a. Removing paragraphs (a)(4) and (a)(5) and redesignate paragraphs (a)(6) as newly designated paragraph (a)(4) and (a)(7) as the new paragraph (a)(5);;
- b. By revising paragraph (f)(3)
- c. By revising paragraph (h)(3)
- d. Removing paragraphs (p) and (q) and redesignate paragraphs (r) as newly designated paragraph (p) and (s) as newly designated paragraph (q);
- e. Revising newly redesignated paragraphs (q)(8) and (q)(9); and
- f. Removing Appendix A.

The revisions read as follows:

§1755.390 RUS specification for filled telephone cables.

* * * * *

(f) * * *

(3) The individual cable manufacturer must demonstrate that the filling compound selected for use is suitable for its intended application. The filling compound must be applied to the cable in such a manner that the cable components will not be degraded.

* * * * *

(h) * * *

(3) The individual cable manufacturer must demonstrate that the flooding compound selected for use is acceptable for the application.

* * * * *

(q) * * *

(8) When cable manufactured to the requirements of this section is shipped, both ends must be equipped with end caps acceptable to owner.

(9) When preconnectorized cables are shipped, the splicing modules must be protected to prevent damage during shipment and handling. The protection method must be acceptable to owner prior to its use.

* * * * *

24. Amend §1755.397 by:

a. Removing paragraph (b)(4) and redesignate paragraphs (b)(5) as newly designated paragraph (b)(4), (b)(6) as newly designated paragraph (b)(5), (b)(7) as newly designated paragraph (b)(6);

b. Revising newly redesignated paragraph (b)(5) by removing the word “accepted” and adding in its place “compliant”;

c. Revising paragraph (j)(1)(ii);

d. Revising paragraph (k)(10)(vii) by removing the word “accepted” and adding in its place “compliant”;

e. Removing paragraph (k)(10)(viii); and

f. Revising paragraph (q)(8)(ii).

The revisions read as follows:

§1755.397 RUS performance specification for line concentrators.

* * * * *

(j) * * *

(1) * * *

(ii) Equipment must pass laboratory tests, simulating a hostile electrical environment, before being placed in the field for the purpose of obtaining field experience. There are five basic types of laboratory tests which must be applied to exposed terminals in an effort to determine if the equipment will survive. Figure 2 of this section, Summary of Electrical Requirements and Tests, identifies the tests and their application as follows:

* * * * *

(q) * * *

(8) * * *

(ii) In the event that the measured data or operational tests show that equipment fails to meet the requirements of this section, the deficiencies are to be resolved as set forth in RUS Contract Form 395, Equipment Contract. (Copies are available from RUS, room 0174, U.S. Department of Agriculture, Washington, DC 20250–1500.) The reports of the bidder and the owner shall be

detailed as to deficiencies, causes, corrective action necessary, corrective action to be taken, completion time, etc.

* * * * *

25. In § 1755.501 remove the definitions for “RUS accepted (material and equipment)” and “RUS technically accepted (material and equipment)”.

26. Amend § 1755.503 by revising paragraph (l) to read as follows:

§ 1755.503 General

* * * * *

(l) All materials such as service wires and cables, ground rods, ground rod clamps, etc., used in service entrance installations shall be RUS compliant. Borrowers shall require contractors to obtain the borrower's approval before non-domestic materials are to be used in service entrance installations. Borrowers shall also ensure that the cost of the non-domestic materials are at least 6 percent less than the cost of equivalent domestic materials, as specified in “Buy American” Requirement of the Rural Electrification Act of 1936, as amended (7 U.S.C. 903 note). Materials used in service entrance installations shall be of a suitable quality for their intended application as determined by the RUS borrower or the engineer delegated by the RUS borrower.

* * * * *

27. Amend § 1755.505 by:

- a. In paragraph (a) by removing the word “accepted” and adding in its place “compliant”;
- b. Revising paragraph (b); and

c. Revising paragraph (f)(12).

The revisions read as follows:

§1755.505 Buried services.

* * * * *

(b) Buried services of six or more pairs shall be RUS compliant 22 AWG filled buried cable conforming to the requirements of §1755.390, RUS specification for filled telephone cables.

* * * * *

(f) * * *

(12) If the NID, BET, or fused primary station protector must be mounted inside (not recommended by RUS), the service entrance into the building shall be installed in accordance with section 800–12(c) of ANSI/NFPA 70–1999, NEC ®. After pulling-in the wire or cable, the free space around the cable or wire shall be carefully sealed both outside and inside with a duct sealer that is RUS compliant.

* * * * *

28. Amend § 1755.506 by revising paragraph (a) to read as follows:

§ 1755.506 Aerial wire services.

(a) Aerial services of one through six pairs shall consist of Service Entrance Aerial (SEA) assembly units, in accordance with RUS Bulletin 1753F–153 (RUS Form 515d), Specifications and Drawings for Service Installations at Customer Access Locations. The wire used for aerial services shall conform to the requirements of §§1755.700 through 1755.704, RUS specification for aerial service wires, and shall be RUS compliant. Copies of RUS Bulletin 1753F–153 are

available upon request from RUS/USDA, 1400 Independence Avenue, SW., STOP 1522, Washington, DC 20250-1522, FAX (202) 720-4120.

* * * * *

29. Amend §1755.507 by:

- a. Revising paragraph (a) by removing the phrase “RUS accepted or RUS technically accepted” and adding in its place “RUS compliant”; and
- b. Revising paragraph (c)(12).

The revisions read as follows:

§1755.507 Aerial cable services.

* * * * *

(c) * * *

(12) For the cable entrance, holes shall be bored slightly larger in diameter than the cable and shall slope upward from outside to inside. A duct sealer having RUS compliance shall be applied to both ends of the hole after the cable is pulled in.

* * * * *

30. Amend § 1755.508 by:

- a. Revising paragraph (c) by removing the phrase “RUS accepted or RUS technically accepted” and adding in its place “RUS compliant”;
- b. Revising paragraph (d) by removing the phrase “RUS accepted or RUS technically accepted” and adding in its place “RUS compliant”;

- c. Revising paragraph (e) by removing the phrase “RUS accepted or RUS technically accepted” and adding in its place “RUS compliant”;
- d. Revising paragraph (x) by removing the phrase “RUS accepted or RUS technically accepted” and adding in its place “RUS compliant”;
- e. Revising paragraph (aa) by removing the phrase “RUS accepted or RUS technically accepted” and adding in its place “RUS compliant”;
- f. Revising paragraph (dd)(4) by removing the phrase “RUS accepted or RUS technically accepted” and adding in its place “RUS compliant”;
- g. Revising paragraph (ee)(1) by removing the phrase “RUS accepted or RUS technically accepted” and adding in its place “RUS compliant”; and
- h. Revising paragraph (ee)(2) by removing the phrase “RUS accepted or RUS technically accepted” and adding in its place “RUS compliant”.

31. Amend §1755.510 by removing paragraph (b) and redesignating paragraph (c) as newly designated paragraph (b).

32. Amend § 1755.522 by:

- a. Removing paragraphs (a)(10) and (a)(11) and redesignate paragraph (a)(12) as newly designated paragraph (a)(10);
- b. Revising paragraph (c)(1) by removing the phrase “RUS accepted system” and adding in its place “RUS compliant system”;
- c. Revising paragraph (d)(4) by removing the phrase “RUS accepted supplier” and adding in its place “RUS compliant supplier”;

- d. Revising paragraph (e)(10) by removing the word “RUS” and adding in its place “owner”;
- e. Revising paragraph (f)(6)(iii) by removing the word “accepted” and adding in its place “compliant”;
- f. Revising paragraphs (s)(5) and (s)(5)(ii)(A);
- g. Revising paragraphs (t)(6) and (t)(11);
- h. Revising paragraph (y)(5)(iv), and
- i. Revising Appendix D (8.2),

The revisions read as follows:

§ 1755.522 RUS general specification for digital stored program controlled central office equipment.

* * * * *

(s) * * *

(5) *Ringling generators.* Regardless of whether the ringling is generated on an ancillary basis or is generated integrally to the switching system, the ringling equipment shall meet the requirements of this section.

* * * * *

(ii) * * *

(A) The ringling generators shall have an output voltage which approximates a sine wave and, as a minimum, shall be suitable for ringling straight-line ringers. Although not a requirement, decimonic, synchrononic, or harmonic ringling may also be specified in appendix A of this section.

* * * * *

(t) * * *

(6) If specified in appendix A of this section, each protector group shall be furnished with a factory assembled tip cable for splicing to the entrance cable; the tip cable to be 20 feet (610 cm) in length unless otherwise specified. Factory assembled tip cable shall be #22 gauge. Tip cable requirements are provided in RUS Bulletin 345–87, PE-87, RUS Specification for Terminating (TIP) Cable. Cables having other kinds of insulation and jackets which have equivalent resistance to fire and which produce less smoke and toxic fumes may be used if specifically approved by owner.

* * * * *

(t)(11) Main frame protector makes and types shall be capable of easy removal.

* * * * *

(y) * * *

(5) * * *

(iv) Appendix D of this section shall be the principal single-point grounding system audit guideline document. A supplemental checklist may be prepared and provided by the switching system supplier which recognizes unique grounding requirements related to their particular switching system. The scope of this supplier checklist is to be confined to unique and specific switching system requirements only. Supplier supplemental grounding checklist must have prior approval of owner.

* * * * *

APPENDIX D to 7 CFR 1755.522 – ACCEPTANCE CHECKLIST –SINGLEPOINT
GROUNDING SYSTEM

* * * * *

8.2 Incoming cable pairs terminated on MDF protector assemblies should be protected with protector modules. These modules should contain white coded carbon blocks or orange coded gas tube arrestors. (Refer to RUS TE&CM 810, Item 7.4.)

* * * * *

33. Amend §1755.701 by:

a. Revising paragraph (e); and

b. Revising paragraph (f) by removing the word “RUS” and adding in its place “owner”

The revision reads as follows:

§1755.701 Scope

* * * * *

(e) All wires sold to RUS borrowers for projects involving RUS loan funds under §§1755.700 through 1755.704 must be RUS compliant. For wires manufactured to the specification of §§1755.700 through 1755.704, all design changes to a compliant design must be submitted for acceptance by the RUS borrower’s engineer.

* * * * *

34. Amend §1755.702 by revising paragraph (b)(2) to read as follows:

§1755.702 Copper coated steel reinforced (CCSR) aerial service wire.

* * * * *

(b) * * *

(2) The raw materials shall be RUS compliant prior to their use.

* * * * *

35. Amend § 1755.703 by:

a. Revising paragraphs (b)(6) and (e)(2) to read as follows:

§ 1755.703 Nonmetallic reinforced (NMR) aerial service wire.

* * * * *

(b) * * *

(6) Repairs to the conductor insulation during manufacture are permissible. The method of repair shall be RUS compliant prior to its use. The repaired insulation shall comply with the requirement specified in ANSI/ICEA S-89-648-1993, paragraph 3.2.3.3.

* * * * *

(e) * * *

(2) The jacket raw materials shall be RUS compliant prior to their use.

* * * * *

§1755.704 [Removed and Reserved]

36. Remove and reserve § 1755.704;

37. Amend § 1755.860 by:

a. Revising paragraphs (a)(3) and (a)(4);

b. Revising paragraphs (b)(3), (b)(7)(i), and (b)(8);

c. Removing paragraphs (b)(5)(iv) and (b)(12);

d. Revising paragraphs (c)(4) and (c)(5);

e. Revising paragraph (e)(6);

f. Revising paragraph (h)(3);

g. Revising paragraphs (l)(4) and (l)(8);

h. Removing paragraphs (o), (p), (q), and redesignate paragraph (r) as newly designated paragraph (o);

i. Revising paragraphs (r)(3) and (r)(7) by removing the term “RUS” and adding in its place “the purchaser”.

j. Removing APPENDIX A to §1755.860 – QUALIFICATION TEST METHODS and redesignate APPENDICES B as newly designated APPENDIX A -to §1755.860—Sheath Slitting Cord Qualification and APPENDIX C as newly designated APPENDIX B —Thermal Reel Wrap Qualification; and

k. Revising new APPENDIX B to §1755.860(III)(8).

The revisions read as follows:

§ 1755.860 RUS specification for filled buried wires.

(a) * * *

(3) All wires sold to RUS borrowers for projects involving RUS loan funds under this section must be RUS compliant. For wires manufactured to the specification of this section, all design changes to a compliant design must be accepted by the RUS borrower’s engineer.

(4) Materials, manufacturing techniques, or wire designs not specifically addressed by this section may be allowed if RUS compliant. Justification for acceptance of modified materials, manufacturing techniques, or wire designs must be provided to substantiate product utility and long term stability and endurance.

* * * * *

(b) * * *

(3) Joints made in conductors during the manufacturing process may be brazed, using a silver alloy solder and nonacid flux, or they may be welded using either an electrical or cold welding technique. In joints made in uninsulated conductors, the two conductor ends must be butted.

Splices made in insulated conductors need not be butted but may be joined in a manner acceptable to the RUS borrower's engineer.

* * * * *

(7) * * *

(i) All insulated conductors must be continuously tested for insulation faults during the twinning operation with the method of test acceptable to the RUS borrower's engineer. The length count and number of faults must be recorded. The information must be retained for a period of 6 months and be available for review by the RUS borrower's engineer when requested.

* * * * *

(8) Repairs to the conductor insulation during manufacturing are permissible. The method of repair must be accepted by the RUS borrower's engineer prior to its use. The repaired insulation must be capable of meeting the relevant electrical requirements of this section.

* * * * *

(c) * * *

(4) Positive identification of the tip and ring conductors of each pair by marking each conductor of a pair with the color of its mate is permissible. The method of marking must be accepted by the RUS borrower's engineers prior to its use.

(5) Other methods of providing positive identification of the tip and ring conductors of each pair may be employed if accepted by the RUS borrower's engineers prior to its use.

* * * * *

(e) * * *

(6) The individual wire manufacturer must have satisfactory performance results that the filling compound selected for use is suitable for its intended application. The filling compound

must be compatible with the wire components when tested in accordance with ASTM D 4568–86 at a temperature of 80 °C.

* * * * *

(h) * * *

(3) The individual wire manufacturer must have satisfactory performance results that the flooding compound selected for use is acceptable for the application.

* * * * *

(l) * * *

(4) An alternative method of marking may be used if accepted by the RUS borrower's engineer prior to its use.

* * * * *

(8) The method of marking must be by means of suitable surface markings producing a clear, distinguishable, contrasting marking acceptable to the RUS borrower's engineer. Where direct or transverse printing is employed, the characters should be indented to produce greater durability of marking. Any other method of length marking must be acceptable to the RUS borrower's engineer as producing a marker suitable for the field. Size, shape and spacing of numbers, durability, and overall legibility of the marker will be considered in acceptance of the method.

* * * * *

Appendix B to §1755.860 - THERMAL REEL WRAP QUALIFICATION

* * * * *

(III) * * *

(8) For the thermal reel wrap to be RUS compliant, the temperature differences between the jacket with the thermal reel wrap and the jacket without the reel wrap must be greater than or equal to 17 °C.

* * * * *

38. Amend § 1755.870 by:

a. Removing paragraphs (a)(3) and (a)(4) and redesignate paragraphs (a)(5) as newly designated paragraph (a)(3), (a)(6) as newly designated paragraph (a)(4), (a)(7) as newly designated paragraph (a)(5), (a)(8) as newly designated paragraph (a)(6);;

b. Revising paragraph (b)(2) by removing the term “RUS” and adding in its place “the RUS borrower’s engineer”;

c. Removing paragraph (b)(5)(v);

d. Revising paragraph (b)(8)(iv) by removing the term “RUS” and adding in its place “the end user”;

e. Revising paragraph (b)(9) by adding the words “the RUS borrower’s engineer” after the term RUS;

f. Removing paragraph (b)(13);

g. Revising paragraphs (c)(4) and (c)(5) by removing the term “RUS” and adding in its place “the RUS borrower’s engineer”;

h. Revising paragraph (f)(8)(ii) by removing the term “RUS” and adding in its place “the RUS borrower’s engineer”;

i. Revising paragraphs (k)(4) and (k)(8) by removing all references to the term “RUS” and replacing with the phrase “the RUS borrower’s engineer”;

j. Revising paragraph (l)(2),

k. Removing paragraphs (m) and (n) and redesignate paragraphs (o) as newly designated paragraph (m) and (p) as newly designated paragraph (n);

l. Revising paragraphs (o)(2), (o)(3), (o)(5), and (o)(8) by removing the term “RUS” and adding in its place “the RUS borrower’s engineer”; and

m. Removing APPENDIX A.

The revision reads as follows:

§ 1755.870 RUS specification for terminating cables.

* * * * *

(1) * * *

(2) The splicing modules shall meet the requirements of RUS Bulletin 345–54, PE–52, RUS Specification for Telephone Cable Splicing Connectors (Incorporated by Reference at §1755.97), and be RUS compliant prior to their use.

* * * * *

39. Amend §1755.890 by:

a. Revising paragraph (a)(4),

b. Revising paragraph (a)(5) by removing the term “RUS” and adding in its place “the RUS borrower’s engineer”;

c. Revising paragraphs (b)(7)(i) and (b)(8) by removing the term “RUS” and adding in its place “the RUS borrower’s engineer”;

d. Revising paragraphs (c)(3) and (c)(4) by removing the term “RUS” and adding in its place “the RUS borrower’s engineer”;

e. Revising paragraph (f)(3) by removing the term “RUS” and adding in its place “the RUS borrower’s engineer”;

f. Revising paragraph (h)(3) by removing the term “RUS” and adding in its place “the RUS borrower’s engineer”;

g. Revising paragraph (i)(5) by removing the term “RUS” and adding in its place “the RUS borrower’s engineer”;

h. Revising paragraph (o)(2),

i. Removing paragraph (p);

k. Removing paragraph (q);

l. Revising paragraphs (s)(8) and (s)(9) and

m. Removing APPENDIX A.

The revisions read as follows:

§ 1755.890 RUS specification for filled telephone cables with expanded insulation.

(a) * * *

(4) All cables sold to RUS borrowers for projects involving RUS loan funds under this section must be accepted by the RUS borrower’s engineer. For cables manufactured to the specification of this section, all design changes to an accepted design must be submitted for acceptance. The RUS borrower’s engineer will be the sole authority on what constitutes a design change.

* * * * *

(o) * * *

(2) The splicing modules must meet the requirements of RUS Bulletin 345–54, PE-52, RUS Specification for Telephone Cable Splicing Connectors (Incorporated by Reference at §1755.97), and be RUS compliant prior to their use.

* * * * *

(s) * * *

(8) When cable manufactured to the requirements of this specification is shipped, both ends must be equipped with end caps acceptable to the RUS borrower’s engineer.

(9) When preconnectorized cables are shipped, the splicing modules must be protected to prevent damage during shipment and handling. The protection method must be acceptable to the RUS borrower’s engineer prior to its use.

* * * * *

40. Amend §1755.900 by:

a. Removing paragraph (b)(1) and redesignate paragraphs (b)(2) as newly designated paragraph (b)(1), (b)(3) as newly designated paragraph (b)(2), (b)(4) as newly designated paragraph (b)(3), (b)(5) as newly designated paragraph (b)(4), (b)(6) as newly designated paragraph (b)(5), (b)(7) as newly designated paragraph (b)(6), (b)(8) as newly designated paragraph (b)(7), (b)(9) as newly designated paragraph (b)(8), (b)(10) as newly designated paragraph (b)(9), (b)(11) as newly designated paragraph (b)(10), (b)(12) as newly designated paragraph (b)(11), (b)(13) as newly designated paragraph (b)(12), (b)(14) as newly designated paragraph (b)(13), (b)(16) as newly designated paragraph (b)(14), (b)(17) as newly designated paragraph (b)(15), (b)(18) as newly designated paragraph (b)(16), (b)(19) as newly designated paragraph (b)(17), (b)(20) as newly designated paragraph (b)(18), (b)(21) as newly designated

paragraph (b)(19), (b)(22) as newly designated paragraph (b)(20), (b)(23) as newly designated paragraph (b)(21), (b)(24) as newly designated paragraph (b)(22), (b)(25) as newly designated paragraph (b)(23), (b)(26) as newly designated paragraph (b)(24), (b)(27) as newly designated paragraph (b)(25), (b)(28) as newly designated paragraph (b)(26), (b)(29) as newly designated paragraph (b)(27), (b)(30) as newly designated paragraph (b)(28), (b)(31) as newly designated paragraph (b)(29), (b)(32) as newly designated paragraph (b)(30);

41. Amend §1755.902 by:

a. Revising paragraph (a)(8) by removing the word “Agency” and adding in its place “RUS borrower’s engineer”;

b. Revising paragraph (a)(9):

c. Revising paragraph (h)(3) by removing the word “Agency” and adding in its place “RUS borrower’s engineer”;

d. Revising paragraph (i)(3) by removing the word “Agency” and adding in its place “RUS borrower’s engineer”;

e. Revising paragraph (s)(2),

f. Removing paragraph (t);

g. Removing paragraph (u); and

h. Removing Appendix to § 1755.902 .

The revisions read as follows:

§1755.902 Minimum performance specification for fiber optic cable

* * * * *

(a) * * *

(9) All cables sold to RUS telecommunications borrowers for projects involving RUS loan funds must be accepted by the RUS borrower's engineer.

* * * * *

(s) * * *

(2) All connectors must be accepted by the RUS borrower's engineer prior to their use.

* * * * *

42. Amend §1755.903 by:

a. Revising paragraphs (a)(4) and (a)(9);

b. Revising paragraph (g)(3) by removing the word "Agency" and adding in its place "RUS borrower's engineer";

c. Revising paragraph (q)(2),

d. Removing paragraph (r); and

e. Removing paragraph (s).

The revisions read as follows:

§1755.903 Fiber optic service entrance cables

(a) * * *

(4) Optical cable designs not specifically addressed by this section may be allowed.

Justification for acceptance of a modified design must be provided to substantiate product utility and long term stability and endurance.

* * * * *

(9) All cables sold to RUS Telecommunications borrowers must be RUS compliant for projects involving RUS loan funds. All design changes to Agency compliant designs must be submitted to the RUS borrower's engineer for compliance. Optical cable designs not specifically addressed by this section may be allowed, if accepted by the RUS borrower's engineer. Justification for acceptance of a modified design must be provided to substantiate product utility and long term stability and endurance.

* * * * *

(q) * * *

(2) All connectors must be accepted by the RUS borrower's engineer prior to their use.

* * * * *

43. Amend §1755.910 by:

- a. Revising paragraph (a)(3);
- b. Removing paragraph (c)(3);
- c. Revising paragraphs (d)(1)(ii) and (d)(2)(vi);
- d. Revising paragraphs (d)(3)(xx) and (d)(3)(xxvii) by removing the word "accepted" and adding in its place "compliant",
- e. Revising paragraphs (d)(4)(iv), (d)(5)(iii) and (d)(5)(x) by removing the word "RUS" and adding in its place "the RUS borrower's engineer",
- f. Revising paragraphs (d)(6)(v) by removing the word "acceptance" and adding in its place "compliance"; and
- e. Revising paragraphs (e)(3)(xii)(A)(1), (e)(3)(xii)(B)(1), (e)(4)((viii)(A) and (e)(6)(v).

The revisions read as follows:

§1755.910 RUS specification for outside plant housings and serving area interface system.

(a) * * *

(3) The test procedures described in this section are required by RUS to demonstrate the functional reliability of the product. However, other standard or unique test procedures may serve the same function. In such cases, the RUS borrower's engineer shall evaluate the test procedures and results on an individual basis.

* * * * *

(d) * * *

(1) * * *

(ii) Housings shall be of sufficient size to permit easily managed installation, operational, testing, and maintenance operations. The general shape of outside plant housings is usually comparable to that of a rectangular column or cylinder, with the shape of any particular housing being left to the manufacturer's discretion.

(2) * * *

(vi) Note 1: Additional sizes of splice cabinets shall be considered by the RUS borrower on a case-by-case basis.

* * * * *

(e) * * *

(3) * * *

(xii)(A)(1) Note: The procedures for housings with larger surface area will be evaluated by the RUS borrower's engineer on a case-by-case basis.

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(B)(1) Note: The procedures for housings with larger surface areas will be evaluated by the RUS borrower's engineer on a case-by-case basis

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(4)* * *

(viii) * * *

(A) Note: Test procedures for housings with larger doors will be evaluated by the RUS borrower's engineer on a case-by-case basis.

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(6) * * *

(v) Secondary finish evaluation. Evidence of secondary protection shall be required for RUS compliance. Typical secondary protection is galvanizing per ASTM A 526/A 526M-90 for steel surfaces.

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