



United States
Department of
Agriculture

Rural Development

A photograph of a rural landscape under a clear blue sky. In the foreground is a vast, golden-yellow cornfield. In the middle ground, there is a large, weathered wooden barn with a dark roof, several white cylindrical silos, and a small white house. A tall, white water tower with a red top stands prominently. The background is filled with lush green trees.

Rural Development's Rural Utilities Service (RUS) Electric Programs

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United States Department of Agriculture (USDA)

Seven Mission Areas

Secretary Tom Vilsack

Farm & Foreign Agriculture Services

Food, Nutrition and Consumer Services

Food Safety

Marketing & Regulatory Programs

Natural Resources and Environment

Research, Education and Economics

Rural Development

Rural Development's Mission

To assist rural communities in creating prosperity so they are self-sustaining and economically thriving through investments that create ladders of opportunity, build regional resilience and support the growth of emerging markets.



Rural Development Program Areas

Rural Utilities Service

- Electric Program
- Water & Environmental Programs
- Telecommunications and Broadband Programs

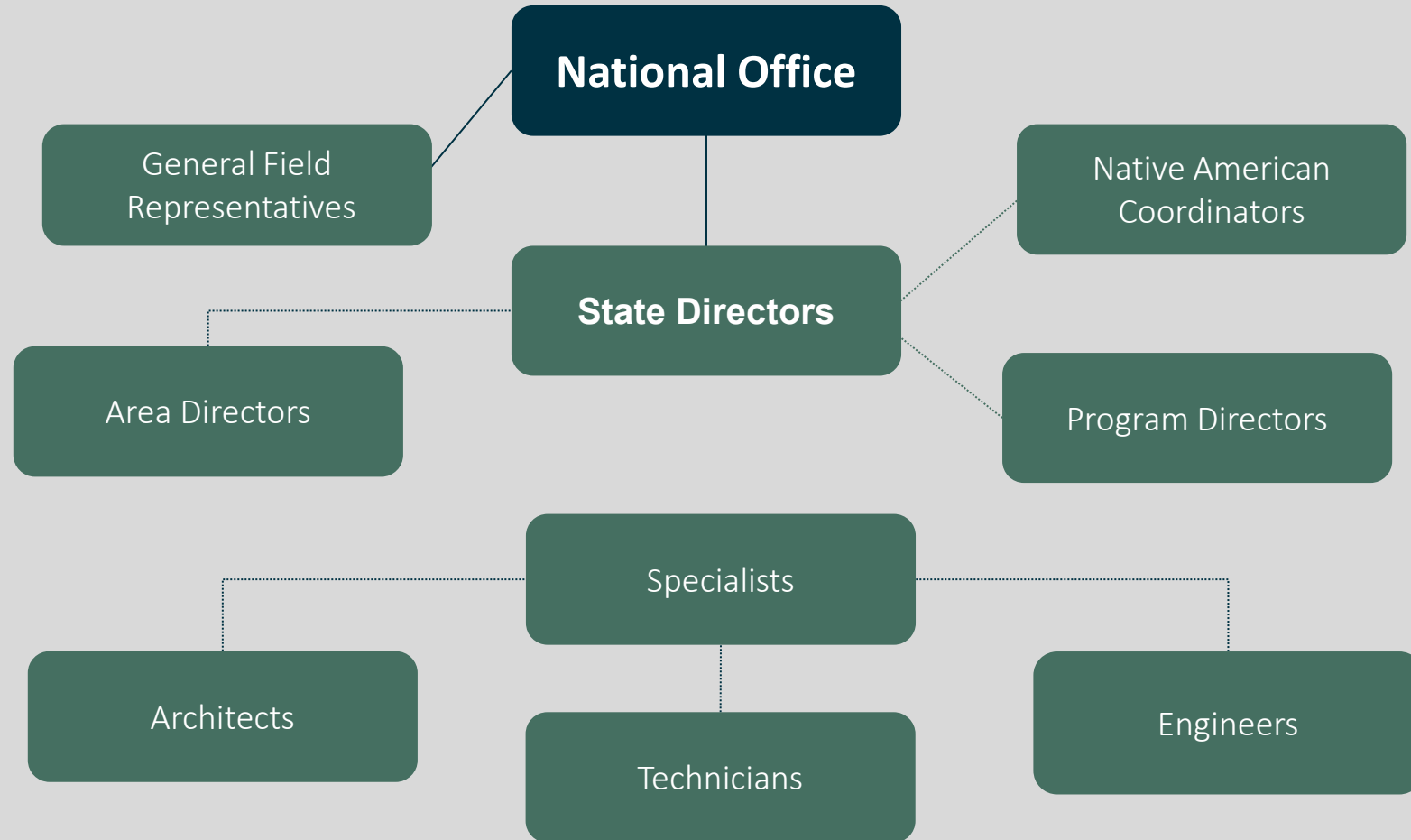
Rural Housing & Community Facilities

- Homeownership Loans
- Home Repair Loans & Grants
- Mutual Self-Help Technical Assistance Grants
- Multi-Family Housing Loans
- Farm Labor Housing Loans & Grants
- Housing Preservation Grants
- Community Facilities Loans & Grants

Rural Business & Cooperative Service

- Business and Industry Guaranteed Loans
- Intermediary Relending Program
- Rural Business Development Grants
- Rural Energy for America Program
- Value Added Producer Grants
- Cooperative Development Assistance

USDA Rural Development



Rural Development Funding Streams

A diagram illustrating the components of Rural Development Funding Streams. At the top is a dark blue circle labeled 'Programs'. Below it are four light gray circles arranged horizontally, each containing a funding stream: 'Guaranteed Loans', 'Direct Loans', 'Direct Payments', and 'Grants'. The background of the slide shows a rural landscape with a cornfield in the foreground, a house, and several large metal grain silos.

Programs

Guaranteed
Loans

Direct
Loans

Direct
Payments

Grants

Utilities Programs



History

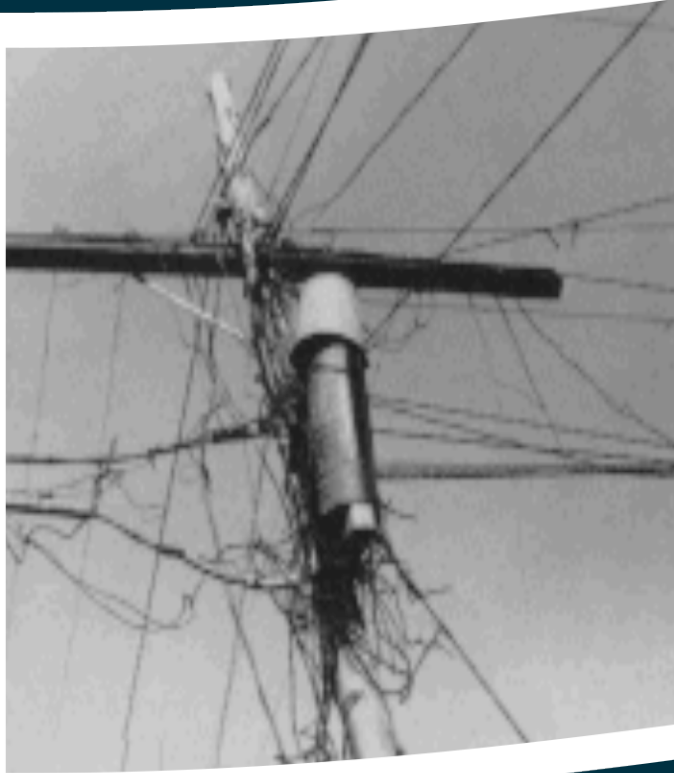
The USDA Rural Utilities Service evolved from the Rural Electrification Administration (REA) formed as part of the Federal Government's "New Deal" programs during the Great Depression, designed to help the neediest in America.

Rural America Before Federal Programs



Labor intensive way of life

Rural America Before Federal Programs

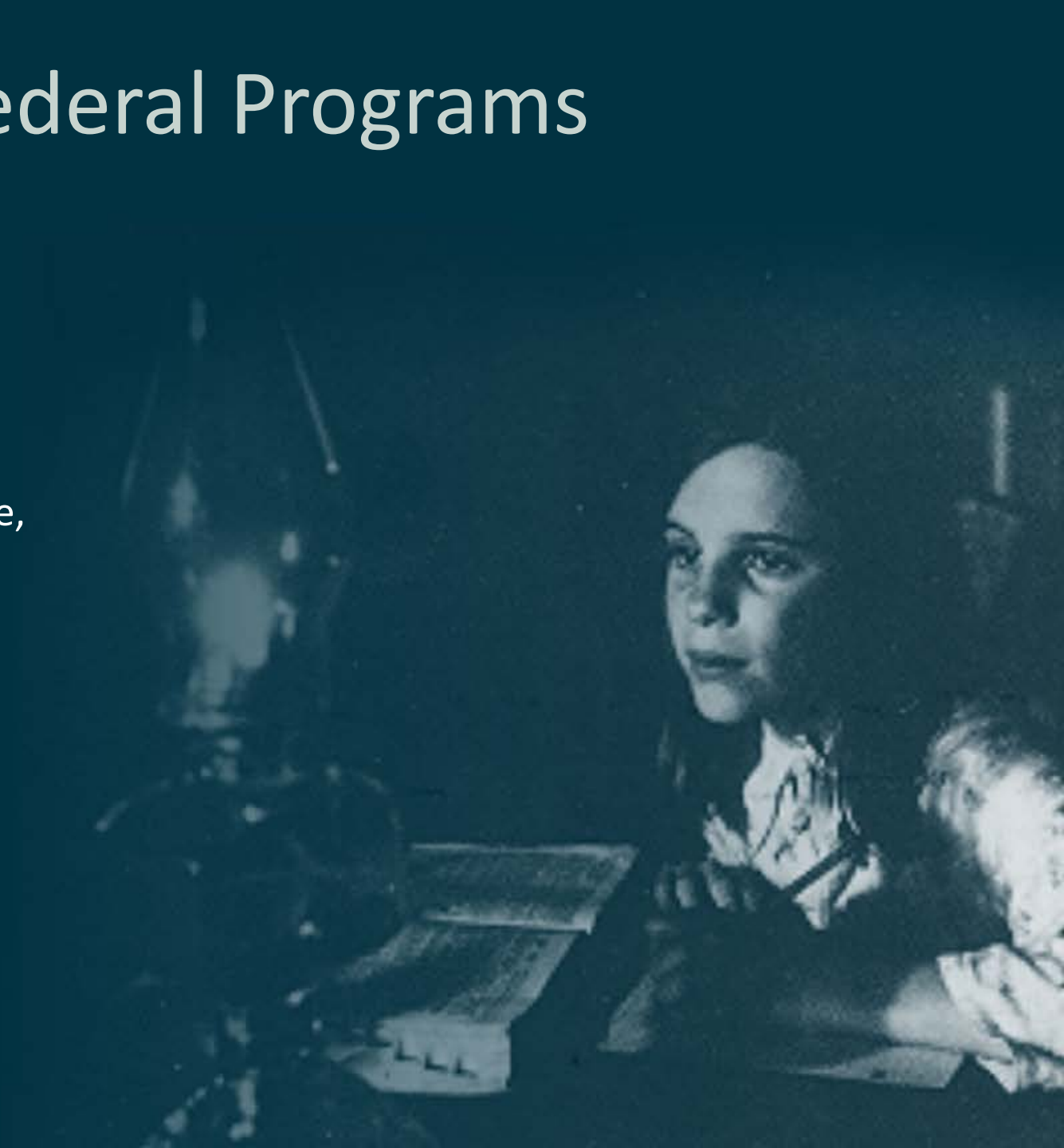


Health and financial concerns were major issue

Rural America Before Federal Programs

Private utilities were unwilling to serve rural areas

- No industry or large loads for electric, telephone, or sanitary water service in rural areas
- Low return on investment due to low population density
- Cost of basic service often exceeded a farm family's annual income



Utilities Programs

✓ Equal Access to Essential Services

✓ A Cleaner Environment

✓ Infrastructure for Growth



Electric Program
(1935)

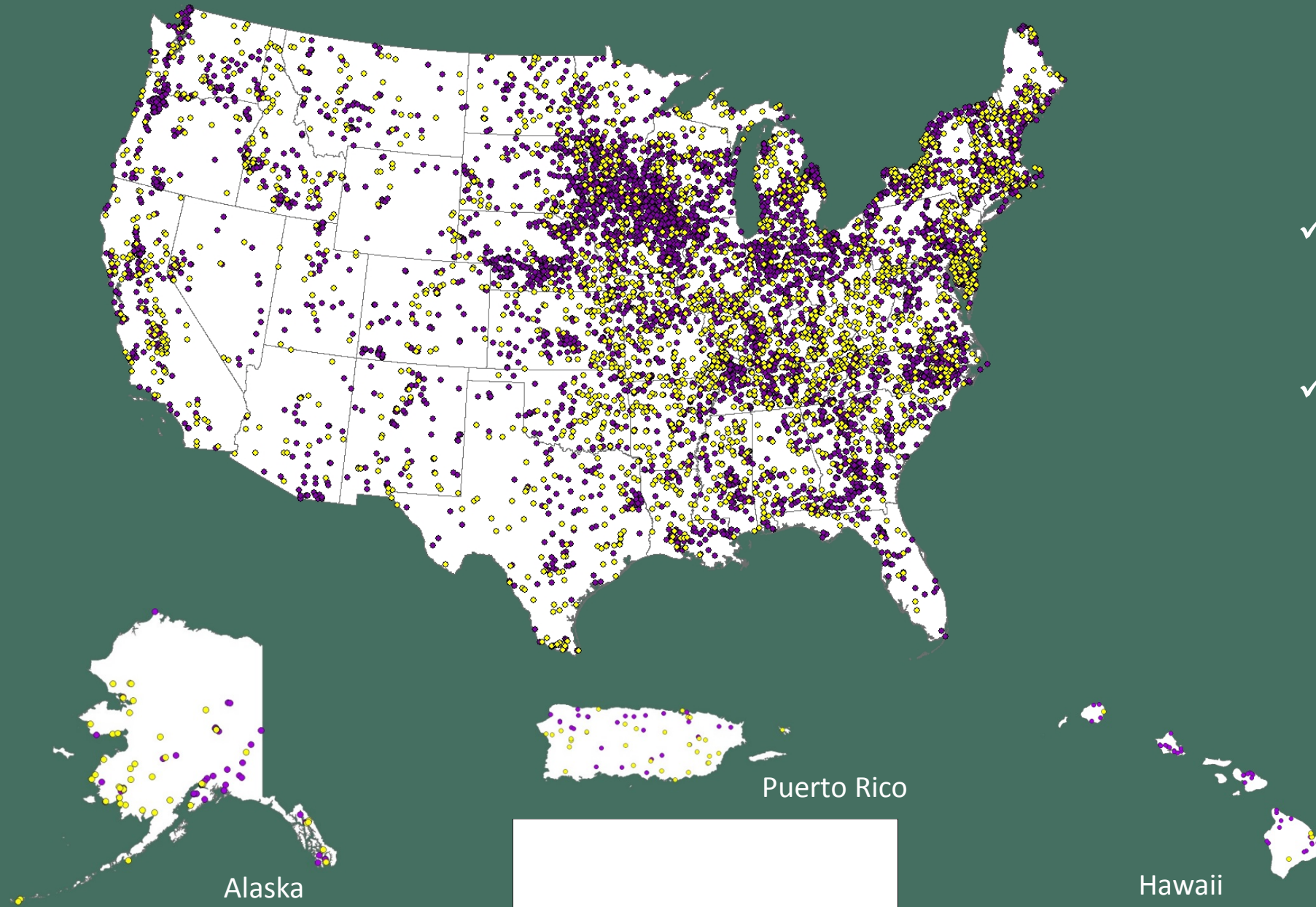


Telecommunications Program
(1949)



Water and Environmental Programs
(1937)

Rural Utilities Service Borrowers & Grantees



- ✓ Infrastructure for 80% of the nation's land mass
- ✓ Enhancing the lives of 25% of the population

The Electric Programs

Principles

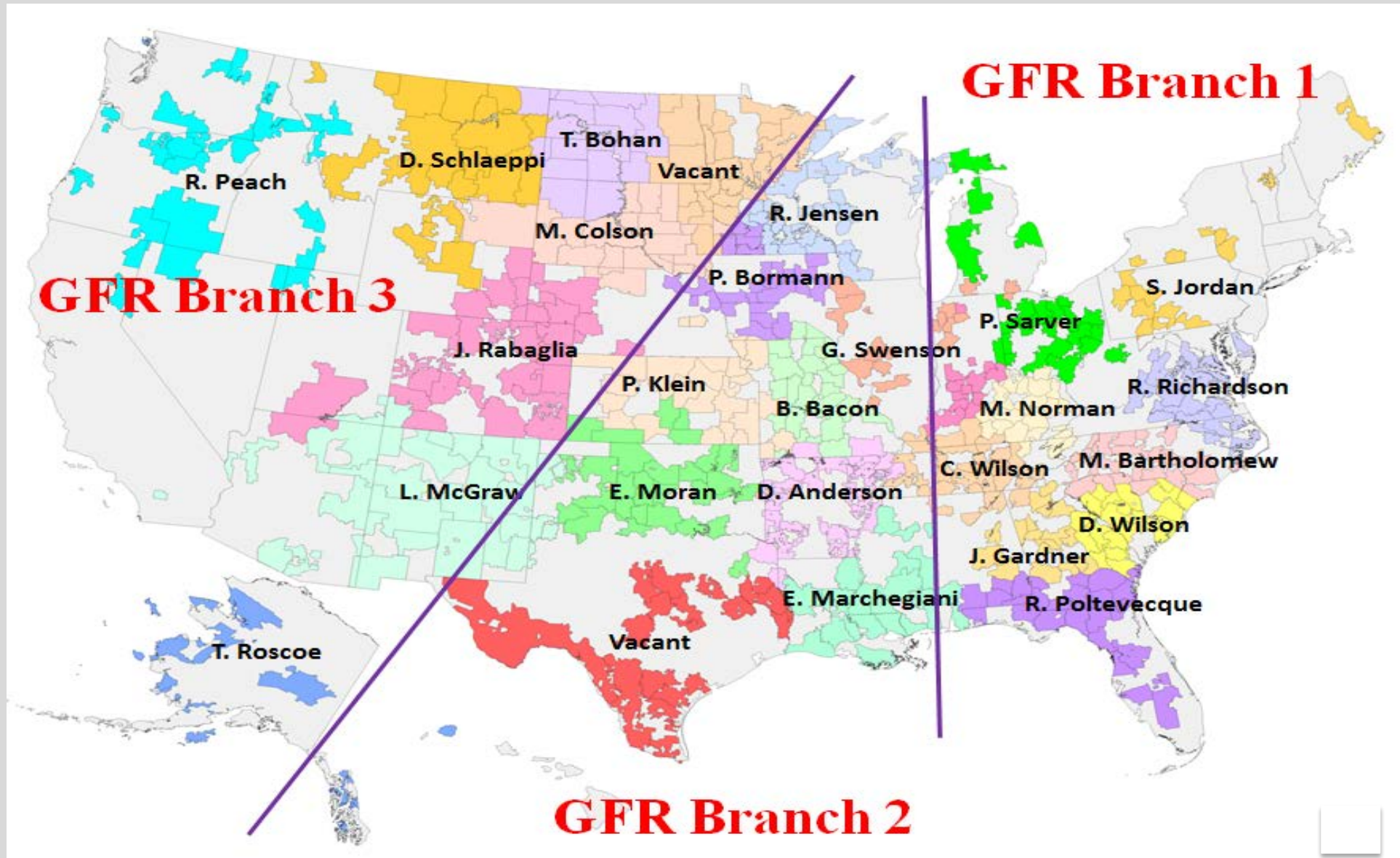
- ✓ Low interest funding;
 - ✓ Treasury rate plus 1/8%
- ✓ Loans for up to 35 years
- ✓ Area coverage;
- ✓ Cooperative principles –
“owned by those we serve”;
- ✓ Standardized “rural” engineering; and
- ✓ Environmental Assessment and review requirements



Office of Loan Origination and Approval

- **Financial Operations Branch** is responsible for reviewing, processing, and approving the financial or operational aspects of loan and grant applications to include feasibility and security findings, pro-forma financial analysis, competition analysis, financing structures, special conditions.
- **Engineering Branch** is responsible for reviewing, processing and approving the engineering aspects of loan and grant applications to include construction work plan, environmental review and approval.
- **General Field Representative Teams** are responsible for the field activities to include assisting with the development of loan applications, general oversight of the projects, outreach.

Electric Program GFR Assignments



The Electric Programs

In the United States, Electric Cooperatives:

- Provide retail electric power to **42 million nationwide**
- Service over **13% of the nation's meters**
- Own **42% of total distribution miles**
- Deliver **11% of the total kWh sold** in the U.S. each year
- Generate nearly **5% of total electricity produced**
- Sales - **57% residential and 43% commercial and industrial**
- According to the National Academy of Engineering, **Electrification had the Number 1 engineering impact of the 20th Century**

Source: www.nreca.coop

The Electric Programs

Renewable Energy

- Loans for eligible Renewable technologies include: Wind, Biomass, Solar and Geothermal
 - The technology must be commercially available, and
 - The funds must be spent on furnishing or improving electric service to persons in rural areas
- Loans are not limited to Rural Electric Cooperatives
- No waiting in line behind traditional Fossil Fuel Projects

Energy Efficiency and Conservation Loan Program

- Loans for weatherization of homes, heating, ventilation and air conditioning, ground source heat pumps and lighting
- Utility might relend funds to consumer for Energy Efficiency upgrades
- Utility may charge a 1.5 percent interest rate to the consumer for the Energy Efficiency loan
- Loans to RUS borrowers may have terms up to 30 years

Assistance to High Energy Cost Rural Communities

Section 19 of the Rural Electrification Act of 1936, as amended (7 U.S.C. 918a) authorizes three programs to help rural areas challenged by high cost energy costs and lack of adequate energy infrastructure:

- USDA Rural Development High Energy Cost Grants and Loans;
- Denali Commission High Energy Cost Grants and Loans; and
- State Bulk Fuel Revolving Fund Grants

SUTA – Substantially Under-served Trust Areas

Provisions of SUTA:

- Definition – a community in “trust land” with respect to which the Secretary determines has a high need for benefits of an eligible program.
- **Authorities:**
 - **Make loans or loan guarantees with interest rates as low as 2%**
 - **Waive non-duplication restrictions and/or credit support requirements**
 - **Give the highest priority**
 - **Loans must be feasible**

The Electric Programs

Financing electric infrastructure in Rural America

- 2,497 loans outstanding representing \$43 Billion in principal
- Financing electric service to more than 90% of the Nation's persistent poverty counties that include out-migration or having other economic hardships

for over 80 years!



It takes a partnership of willing community
leaders, residents, bankers, visionaries

AND

USDA Rural Development to revitalize our rural
communities. The possibilities are endless.



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For additional information, please visit: www.rd.usda.gov