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 Safety
- Natural Resources and Environment
- Rural Development

- Food, Nutrition and Consumer Services
- Marketing & Regulatory Programs
- Research, Education and Economics
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

National Office

State Directors

General Field Representatives

Area Directors

Specialists

Architects

Technicians

Native American Coordinators

Program Directors

Engineers
Rural Development Funding Streams

Programs

- Guaranteed Loans
- Direct Loans
- Direct Payments
- Grants
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
Health and financial concerns were major issue
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)
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

GFR Branch 1

GFR Branch 2

GFR Branch 3
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

Assistant 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
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.