

information they contain is obsolete and unnecessary.

List of Subjects

7 CFR Part 1710

Electric power, Electric utilities, Loan programs—energy, Rural areas.

7 CFR Part 1712

Administrative practice and procedure, Electric power, Electric utilities, Guaranteed program, Loan programs—energy, Reporting and recordkeeping requirements, Rural areas.

7 CFR Part 1714

Electric power, Loan programs—energy, Rural areas.

7 CFR Part 1717

Administrative practice and procedure, Electric power, Electric utilities, Intergovernmental relations, Investments, Lien accommodation, Lien subordination, Loan programs—energy, Reporting and recordkeeping requirements, Rural development.

7 CFR Part 1719

Administrative practice and procedure, Electric power, Electric utilities, Guaranteed program, Loan programs—energy, Reporting and recordkeeping requirements, Rural areas.

7 CFR Part 1785

Electric power, Loan programs—energy, Rural areas.

For the reasons set out in the preamble and under the authority of 7 U.S.C. 90 *et seq.*, RUS amends 7 CFR Chapter XVII as follows:

PART 1710—GENERAL AND PRE-LOAN POLICIES AND PROCEDURES COMMON TO INSURED AND GUARANTEED ELECTRIC LOANS

1. The authority citation for part 1710 continues to read as follows:

Authority: 7 U.S.C. 901–950(b); Public Law 99–591, 100 Stat. 3341–16; Public Law 103–354, 108 Stat. 3178.

2. Section 1710.2 is amended by removing the existing definition of “Loan Period” and adding two new definitions in alphabetical order to read as follows:

§ 1710.2 Definitions and rules of construction.

(a) * * *

Fund advance period means the period of time during which the Government may advance loan funds to the borrower. See 7 CFR 1714.56.

* * * * *

Loan period means the period of time during which the facilities included in a loan application will be constructed. It commences with the date shown on page 1, in the block headed “Cost Estimates as of,” of RUS Form 740c, Cost Estimates and Loan Budget for Electric Borrowers, which is the same as the date on the Financial and Statistical Report submitted with the loan application. The loan period may be up to 4 years for distribution borrowers and, except in the case of a loan for new generating and associated transmission facilities, up to 4 years for the transmission facilities and improvements or replacements of generation facilities for power supply borrowers. The loan period for new generating facilities is determined on a case by case basis.

* * * * *

3. Section 1710.7 is amended by removing and reserving paragraph (d)(1)(vi).

4. Section 1710.106 is amended by redesignating paragraph (d) as paragraph (e) and adding new paragraphs (d) and (f) to read as follows:

§ 1710.106 Uses of loan funds.

* * * * *

(d) A distribution borrower may request a loan period of up to 4 years. Except in the case of loans for new generating and associated transmission facilities, a power supply borrower may request a loan period of not more than 4 years for transmission and substation facilities and improvements or replacements of generation facilities. The loan period for new generating facilities is determined on a case by case basis. The loan period for DSM activities will be determined in accordance with § 1710.355. The Administrator may approve a loan period shorter than the period requested by the borrower, if in the Administrator's sole discretion, a loan made for the longer period would fail to meet RUS requirements for loan feasibility and loan security set forth in §§ 1710.112 and 1710.113, respectively.

* * * * *

(f)(1) For borrowers having one or more loans approved on or after October 1, 1991, advances of funds will be made only for the primary budget purposes included in the loan as shown on RUS Form 740c as amended and approved by RUS, or on a construction work plan or a construction work plan amendment approved by RUS. Each advance will be charged to the oldest outstanding note(s) having unadvanced funds for the primary budget purpose for which the request for advances was made,

regardless of whether such notes are associated with loans approved before or after October 1, 1991, unless any conditions on advances under any of these notes have not been met by the borrower.

(2) For borrowers whose most recent loan was approved before October 1, 1991, advances will be made on the oldest outstanding note having unadvanced funds, unless any conditions on advances under such note have not been met by the borrower.

5. Section 1710.110 is amended by revising paragraph (c)(1)(ii) and adding a new paragraph (c)(3) to read as follows:

§ 1710.110 Supplemental financing.

* * * * *

(c) *Supplemental financing required for municipal rate loans*—(1) *Distribution borrowers.*

* * * * *

(ii) All other distribution borrowers must obtain supplemental financing according to their plant revenue ratio (PRR), as defined in § 1710.2, based on the most recent year-end data available on the date of loan approval, as follows:

PRR	Supplemental loan percentage
9.00 and above	10
8.01–8.99	20
8.00 and below	30

* * * * *

(3) *Subsequent loans.* (i) If more than 5 percent of an insured loan made prior to November 1, 1993, or of a municipal rate loan is terminated or rescinded, the amount of supplemental financing required in the borrower's next loan after the rescission for which supplemental financing is required, pursuant to paragraph (a) of this section, will be adjusted to average the actual supplemental financing portion on the terminated or rescinded loan with the supplemental financing portion that would have been required on the new loan according to paragraphs (c)(1) and (2) of this section, in accordance with the formulas set forth in paragraphs (c)(3)(ii) and (iii) of this section.

(ii) If a borrower's supplemental financing requirement as set forth in paragraphs (a), (c)(1), and (c)(2) of this section has not changed between the most recent loan and the loan being considered, then the amount of supplemental financing required for the new loan will be computed as follows:

Supplemental financing amount, new loan = [(A + B) × C] – D

where: