

103D CONGRESS
1ST SESSION

S. 1167

To amend the Rural Electrification Act of 1936 to restructure the electric and telephone loan programs, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 25 (legislative day, JUNE 22), 1993

Mr. LEAHY, from the Committee on Agriculture, Nutrition, and Forestry, reported the following original bill; which was read twice, considered, read the third time, and passed

A BILL

To amend the Rural Electrification Act of 1936 to restructure the electric and telephone loan programs, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Rural Electrification
5 Loan Restructuring Act of 1993”.

6 **SEC. 2. ELECTRIC AND TELEPHONE LOAN PROGRAMS.**

7 (a) LOAN PROGRAMS UNDER THE RURAL ELEC-
8 TRIFICATION ACT OF 1936.—

1 (1) INSURED LOAN PROGRAMS.—Section 305 of
2 the Rural Electrification Act of 1936 (7 U.S.C. 935)
3 is amended—

4 (A) by striking subsections (b) and (d);

5 (B) by redesignating subsection (c) as sub-
6 section (b); and

7 (C) by inserting after subsection (b) (as so
8 redesignated) the following new subsections:

9 “(c) INSURED ELECTRIC LOANS.—

10 “(1) HARDSHIP LOANS.—

11 “(A) IN GENERAL.—The Administrator
12 shall make insured electric loans, to the extent
13 of qualifying applications for the loans, at an
14 interest rate of 5 percent per year to any appli-
15 cant for a loan who meets each of the following
16 requirements:

17 “(i) The average revenue per kilowatt-
18 hour sold by the applicant is not less than
19 120 percent of the average revenue per kil-
20 owatt-hour sold by all utilities in the State
21 in which the applicant provides service.

22 “(ii) The average residential revenue
23 per kilowatt-hour sold by the applicant is
24 not less than 120 percent of the average
25 residential revenue per kilowatt-hour sold

1 by all utilities in the State in which the
2 applicant provides service.

3 “(iii) The average per capita income
4 of the residents receiving electric service
5 from the applicant is less than the average
6 per capita income of the residents of the
7 State in which the applicant provides serv-
8 ice, or the median household income of the
9 households receiving electric service from
10 the applicant is less than the median
11 household income of the households in the
12 State.

13 “(B) SEVERE HARDSHIP LOANS.—In addi-
14 tion to hardship loans that are made under sub-
15 paragraph (A), the Administrator may make an
16 insured electric loan at an interest rate of 5
17 percent per year to an applicant for a loan if,
18 in the sole discretion of the Administrator, the
19 applicant has experienced a severe hardship.

20 “(C) LIMITATION.—The Administrator
21 may not make a loan under this paragraph to
22 an applicant for the purpose of furnishing or
23 improving electric service to a consumer located
24 in an urban area (as defined by the Bureau of
25 the Census) if the average number of consum-

1 ers per mile of line of the total electric system
2 of the applicant exceeds 17.

3 “(2) MUNICIPAL RATE LOANS.—

4 “(A) IN GENERAL.—The Administrator
5 shall make insured electric loans, to the extent
6 of qualifying applications for the loans, at the
7 interest rate described in subparagraph (B) for
8 the term or terms selected by the applicant pur-
9 suant to subparagraph (C).

10 “(B) INTEREST RATE.—

11 “(i) IN GENERAL.—Subject to clause
12 (ii), the interest rate described in this sub-
13 paragraph on a loan to a qualifying appli-
14 cant shall be—

15 “(I) the interest rate determined
16 by the Administrator to be equal to
17 the current market yield on outstand-
18 ing municipal obligations with remain-
19 ing periods to maturity similar to the
20 term selected by the applicant pursu-
21 ant to subparagraph (C), but not
22 greater than the rate determined
23 under section 307(a)(3)(A) of the
24 Consolidated Farm and Rural Devel-
25 opment Act (7 U.S.C. 1927(a)(3)(A))

1 that is based on the current market
2 yield on outstanding municipal obliga-
3 tions; plus

4 “(II) if the applicant for the loan
5 makes an election pursuant to sub-
6 paragraph (D) to include in the loan
7 agreement the right of the applicant
8 to prepay the loan, a rate equal to the
9 amount by which—

10 “(aa) the interest rate on
11 commercial loans for a similar
12 period that afford the borrower
13 such a right; exceeds

14 “(bb) the interest rate on
15 commercial loans for the period
16 that do not afford the borrower
17 such a right.

18 “(ii) MAXIMUM RATE.—The interest
19 rate described in this subparagraph on a
20 loan to an applicant for the loan shall not
21 exceed 7 percent if—

22 “(I) the average number of con-
23 sumers per mile of line of the total
24 electric system of the applicant is less
25 than 5.50; or

1 “(II)(aa) the average revenue per
2 kilowatt-hour sold by the applicant is
3 more than the average revenue per
4 kilowatt-hour sold by all utilities in
5 the State in which the applicant pro-
6 vides service; and

7 “(bb) the average per capita in-
8 come of the residents receiving electric
9 service from the applicant is less than
10 the average per capita income of the
11 residents of the State in which the ap-
12 plicant provides service, or the median
13 household income of the households
14 receiving electric service from the ap-
15 plicant is less than the median house-
16 hold income of the households in the
17 State.

18 “(iii) EXCEPTION.—Clause (ii) shall
19 not apply to a loan to be made to an appli-
20 cant for the purpose of furnishing or im-
21 proving electric service to consumers lo-
22 cated in an urban area (as defined by the
23 Bureau of the Census) if the average num-
24 ber of consumers per mile of line of the

1 total electric system of the applicant ex-
2 ceeds 17.

3 “(C) LOAN TERM.—

4 “(i) IN GENERAL.—Subject to clause
5 (ii), the applicant for a loan under this
6 paragraph may select the term for which
7 an interest rate shall be determined pursu-
8 ant to subparagraph (B), and, at the end
9 of the term (and any succeeding term se-
10 lected by the applicant under this subpara-
11 graph), may renew the loan for another
12 term selected by the applicant.

13 “(ii) MAXIMUM TERM.—

14 “(I) APPLICANT.—The applicant
15 may not select a term that ends more
16 than 35 years after the beginning of
17 the first term the applicant selects
18 under clause (i).

19 “(II) ADMINISTRATOR.—The Ad-
20 ministrator may prohibit an applicant
21 from selecting a term that would re-
22 sult in the total term of the loan being
23 greater than the expected useful life
24 of the assets being financed.

1 “(D) CALL PROVISION.—The Adminis-
2 trator shall offer any applicant for a loan under
3 this paragraph the option to include in the loan
4 agreement the right of the applicant to prepay
5 the loan on terms consistent with similar provi-
6 sions of commercial loans.

7 “(3) OTHER SOURCE OF CREDIT NOT RE-
8 QUIRED IN CERTAIN CASES.—The Administrator
9 may not require any applicant for a loan made
10 under this subsection who is eligible for a loan under
11 paragraph (1) to obtain a loan from another source
12 as a condition of approving the application for the
13 loan or advancing any amount under the loan.

14 “(d) INSURED TELEPHONE LOANS.—

15 “(1) HARDSHIP LOANS.—

16 “(A) IN GENERAL.—The Administrator
17 shall make insured telephone loans, to the ex-
18 tent of qualifying applications for the loans, at
19 an interest rate of 5 percent per year, to any
20 applicant who meets each of the following re-
21 quirements:

22 “(i) The average number of subscrib-
23 ers per mile of line in the proposed service
24 area of the applicant is not more than 4.

1 “(ii) The applicant is capable of pro-
2 ducing net income or margins, after inter-
3 est payments on the loan applied for, of
4 not less than 100 percent (but not more
5 than 300 percent) of the interest require-
6 ments on all of the outstanding and pro-
7 posed loans of the applicant.

8 “(iii) The Administrator has approved
9 a telecommunications modernization plan
10 for the State under paragraph (3) and, if
11 the plan was developed by telephone bor-
12 rowers under this title, the applicant is a
13 participant in the plan.

14 “(B) AUTHORITY TO WAIVE TIER RE-
15 QUIREMENT.—The Administrator may waive
16 the requirement of subparagraph (A)(ii) in any
17 case in which the Administrator determines
18 (and sets forth the reasons for the waiver in
19 writing) that the requirement would prevent
20 emergency restoration of the telephone system
21 of the applicant or result in severe hardship to
22 the applicant.

23 “(C) EFFECT OF LACK OF FUNDS.—On re-
24 quest of any applicant who is eligible for a loan
25 under this paragraph for which funds are not

1 available, the applicant shall be considered to
2 have applied for a loan under title IV.

3 “(2) COST-OF-MONEY LOANS.—

4 “(A) IN GENERAL.—The Administrator
5 may make insured telephone loans for the ac-
6 quisition, purchase, and installation of tele-
7 phone lines, systems, and facilities (other than
8 buildings used primarily for administrative pur-
9 poses, vehicles not used primarily in construc-
10 tion, and customer premise equipment) related
11 to the furnishing, improvement, or extension of
12 rural telecommunications service, at an interest
13 rate equal to the then current cost of money to
14 the Government of the United States for loans
15 of similar maturity, but not more than 7 per-
16 cent per year, to any applicant for a loan who
17 meets the following requirements:

18 “(i) The average number of subscrib-
19 ers per mile of line in the service area of
20 the applicant is not more than 15.

21 “(ii) The applicant is capable of pro-
22 ducing net income or margins, before in-
23 terest payments on the loan applied for, of
24 not less than 100 percent (but not more
25 than 500 percent) of the interest require-

1 ments on all of the outstanding and pro-
2 posed loans of the applicant.

3 “(iii) The Administrator has approved
4 a telecommunications modernization plan
5 for the State under paragraph (3), and, if
6 the plan was developed by telephone bor-
7 rowers under this title, the applicant is a
8 participant in the plan.

9 “(B) CALL PROVISION.—The Adminis-
10 trator shall offer any applicant for a loan under
11 this paragraph the option to include in the loan
12 agreement the right of the applicant to prepay
13 the loan on terms consistent with similar provi-
14 sions of commercial loans.

15 “(C) CONCURRENT LOAN AUTHORITY.—On
16 request of any applicant for a loan under this
17 paragraph during any fiscal year, the Adminis-
18 trator shall—

19 “(i) consider the application to be for
20 a loan under this paragraph and a loan
21 under section 408; and

22 “(ii) if the applicant is eligible for a
23 loan, make a loan to the applicant under
24 this paragraph in an amount equal to the
25 amount that bears the same ratio to the

1 total amount of loans for which the appli-
2 cant is eligible under this paragraph and
3 under section 408, as the amount made
4 available for loans under this paragraph
5 for the fiscal year bears to the total
6 amount made available for loans under this
7 paragraph and under section 408 for the
8 fiscal year.

9 “(D) EFFECT OF LACK OF FUNDS.—On
10 request of any applicant who is eligible for a
11 loan under this paragraph for which funds are
12 not available, the applicant shall be considered
13 to have applied for a loan guarantee under sec-
14 tion 306.

15 “(3) STATE TELECOMMUNICATIONS MOD-
16 ERNIZATION PLANS.—

17 “(A) APPROVAL.—If, not later than 180
18 days after final regulations are promulgated to
19 carry out this paragraph, the public utility com-
20 mission of any State develops a telecommuni-
21 cations modernization plan that meets the re-
22 quirements of subparagraph (B), the Adminis-
23 trator shall approve the plan for the State. If
24 a State does not develop a plan in accordance
25 with the requirements of the preceding sen-

1 tence, the Administrator shall approve any tele-
2 communications modernization plan for the
3 State that meets the requirements that is devel-
4 oped by a majority of the borrowers of tele-
5 phone loans made under this title who are
6 located in the State.

7 “(B) REQUIREMENTS.—For purposes of
8 subparagraph (A), a telecommunications mod-
9 ernization plan must, at a minimum, meet the
10 following objectives:

11 “(i) The plan must provide for the
12 elimination of party line service.

13 “(ii) The plan must provide for the
14 availability of telecommunications services
15 for improved business, educational, and
16 medical services.

17 “(iii) The plan must encourage and
18 improve computer networks and informa-
19 tion highways for subscribers in rural
20 areas.

21 “(iv) The plan must provide for—

22 “(I) subscribers in rural areas to
23 be able to receive through telephone
24 lines—

25 “(aa) multiple voices;

1 “(bb) video images; and

2 “(cc) data at a rate of at
3 least 1,000,000 bits of informa-
4 tion per second; and

5 “(II) the proper routing of infor-
6 mation to subscribers.

7 “(v) The plan must provide for uni-
8 form deployment schedules to ensure that
9 advanced services are deployed at the same
10 time in rural and nonrural areas.

11 “(vi) The plan must provide for such
12 additional requirements for service stand-
13 ards as may be required by the Adminis-
14 trator.

15 “(C) FINALITY OF APPROVAL.—

16 “(i) IN GENERAL.—A telecommuni-
17 cations modernization plan approved under
18 subparagraph (A) may not subsequently be
19 disapproved. Notwithstanding subsection
20 (c)(1)(A)(iii), subsection (c)(2)(A)(iii), and
21 section 408(b)(4)(C), the Administrator
22 and the Governor of the telephone bank
23 may make a loan to a borrower serving a
24 State that does not have a telecommuni-
25 cation modernization plan approved by the

1 Administrator if the loan is made less than
2 1 year after the Administrator has adopted
3 final regulations implementing subsection
4 (c)(3).”.

5 (2) RURAL TELEPHONE BANK LOAN PRO-
6 GRAM.—Section 408 of such Act (7 U.S.C. 948) is
7 amended—

8 (A) in subsection (a), by striking “, (2)”
9 and all that follows through “408 of this Act,”
10 and inserting “, (2) for the acquisition, pur-
11 chase, and installation of telephone lines, sys-
12 tems, and facilities (other than buildings used
13 primarily for administrative purposes, vehicles
14 not used primarily in construction, and cus-
15 tomer premise equipment) related to the fur-
16 nishing, improvement, or extension of rural tele-
17 communications service,”; and

18 (B) in subsection (b)—

19 (i) by striking paragraph (4) and in-
20 serting the following new paragraph:

21 “(4) The Governor of the telephone bank may
22 make a loan under this section only to an applicant
23 for the loan who meets the following requirements:

1 “(A) The average number of subscribers
2 per mile of line in the service area of the appli-
3 cant is not more than 15.

4 “(B) The applicant is capable of producing
5 net income or margins, after interest payments
6 on the loan applied for, of not less than 100
7 percent (but not more than 500 percent) of the
8 interest requirements on all of the outstanding
9 and proposed loans of the applicant.

10 “(C) The Administrator has approved,
11 under section 305(d)(3), a telecommunications
12 modernization plan for the State in which the
13 applicant is located, and, if the plan was devel-
14 oped by telephone borrowers under title III, the
15 applicant is a participant in the plan.”;

16 (ii) in paragraph (8)—

17 (I) by inserting “(A)” after
18 “(8)”;

19 (II) by striking “if such prepay-
20 ment is not made later than Septem-
21 ber 30, 1988” and inserting “except
22 for any prepayment penalty provided
23 for in a loan agreement entered into
24 before the date of enactment of the

1 Omnibus Budget Reconciliation Act of
2 1993”; and

3 (III) by adding at the end the
4 following new subparagraph:

5 “(B) If a borrower prepays part or all of a loan
6 made under this section, then, notwithstanding sec-
7 tion 407(b), the Governor of the telephone bank
8 shall use the full amount of the prepayment to repay
9 obligations of the telephone bank issued pursuant to
10 section 407(b) before October 1, 1991, to the extent
11 any such obligations are outstanding.”; and

12 (iii) by adding at the end the follow-
13 ing new paragraphs:

14 “(9) On request of any applicant for a loan
15 under this section during any fiscal year, the Gov-
16 ernor of the telephone bank shall—

17 “(A) consider the application to be for a
18 loan under this section and a loan under section
19 305(d)(2); and

20 “(B) if the applicant is eligible for a loan,
21 make a loan to the applicant under this section
22 in an amount equal to the amount that bears
23 the same ratio to the total amount of loans for
24 which the applicant is eligible under this section
25 and under section 305(d)(2), as the amount

1 made available for loans under this section for
2 the fiscal year bears to the total amount made
3 available for loans under this section and under
4 section 305(d)(2) for the fiscal year.

5 “(10) On request of any applicant who is eligi-
6 ble for a loan under this section for which funds are
7 not available, the applicant shall be considered to
8 have applied for a loan under section 305(d)(2).”.

9 (3) FUNDING.—Section 314 of such Act (7
10 U.S.C. 940d) is amended to read as follows:

11 **“SEC. 314. LIMITATIONS ON AUTHORIZATION OF APPRO-**
12 **PRIATIONS.**

13 “(a) DEFINITION OF ADJUSTMENT PERCENTAGE.—
14 As used in this section, the term ‘adjustment percentage’
15 means, with respect to a fiscal year, the percentage (if
16 any) by which—

17 “(1) the average of the Consumer Price Index
18 (as defined in section 1(f)(5) of the Internal Reve-
19 nue Code of 1986) for the 1-year period ending on
20 July 31 of the immediately preceding fiscal year; ex-
21 ceeds

22 “(2) the average of the Consumer Price Index
23 (as so defined) for the 1-year period ending on July
24 31, 1993.

1 “(b) FISCAL YEARS 1994 THROUGH 1998.—In the
2 case of each of fiscal years 1994 through 1998, there are
3 authorized to be appropriated to the Administrator such
4 sums as may be necessary for the cost of loans in the fol-
5 lowing amounts, for the following purposes:

6 “(1) ELECTRIC HARDSHIP LOANS.—For loans
7 under section 305(c)(1)—

8 “(A) for fiscal year 1994, \$125,000,000;
9 and

10 “(B) for each of fiscal years 1995 through
11 1998, \$125,000,000, increased by the adjust-
12 ment percentage for the fiscal year.

13 “(2) ELECTRIC MUNICIPAL RATE LOANS.—For
14 loans under section 305(c)(2)—

15 “(A) for fiscal year 1994, \$600,000,000;
16 and

17 “(B) for each of fiscal years 1995 through
18 1998, \$600,000,000, increased by the adjust-
19 ment percentage for the fiscal year.

20 “(3) TELEPHONE HARDSHIP LOANS.—For
21 loans under section 305(d)(1)—

22 “(A) for fiscal year 1994, \$125,000,000;
23 and

1 “(B) for each of fiscal years 1995 through
2 1998, \$125,000,000, increased by the adjust-
3 ment percentage for the fiscal year.

4 “(4) TELEPHONE COST-OF-MONEY LOANS.—
5 For loans under section 305(d)(2)—

6 “(A) for fiscal year 1994, \$198,000,000;
7 and

8 “(B) for each of fiscal years 1995 through
9 1998, \$198,000,000, increased by the adjust-
10 ment percentage for the fiscal year.

11 “(c) FUNDING LEVELS.—The Administrator shall
12 make insured loans under this title for the purposes, in
13 the amounts, and for the periods of time specified in sub-
14 section (b), as provided in advance in appropriations Acts.

15 “(d) AVAILABILITY OF FUNDS FOR INSURED
16 LOANS.—Amounts made available for loans under section
17 305 are authorized to remain available until expended.”.

18 (4) MISCELLANEOUS AMENDMENTS.—

19 (A) Section 2 of such Act (7 U.S.C. 902)
20 is amended—

21 (i) by inserting “(a)” before “The Ad-
22 ministrators”;

23 (ii) by striking “telephone service in
24 rural areas, as hereinafter provided;” and
25 inserting “electric and telephone service in

1 rural areas, as provided in this Act, and
2 for the purpose of assisting electric bor-
3 rowers to implement demand side manage-
4 ment and energy conservation programs;”;
5 and

6 (iii) by adding at the end the follow-
7 ing new subsection:

8 “(b) Not later than January 1, 1994, the Adminis-
9 trator shall issue interim regulations to implement the au-
10 thority contained in subsection (a) to make loans for the
11 purpose of assisting electric borrowers to implement de-
12 mand side management and energy conservation pro-
13 grams. If the regulations are not issued by January 1,
14 1994, the Administrator shall consider any demand side
15 management program that is approved by a State agency
16 to be eligible for the loans.”.

17 (B) Section 4 of such Act (7 U.S.C. 904)
18 is amended by inserting after “central station
19 service” the following: “and for the furnishing
20 and improving of electric service to persons in
21 rural areas, including by assisting electric bor-
22 rowers to implement demand side management
23 and energy conservation programs”.

24 (C) Section 13 of such Act (7 U.S.C. 913)
25 is amended—

1 (i) by inserting “, except as provided
2 in section 203(b),” before “shall be deemed
3 to mean any area”; and

4 (ii) by striking “city, village, or bor-
5 ough having a population in excess of fif-
6 teen hundred inhabitants” and inserting
7 “urban area, as defined by the Bureau of
8 the Census”.

9 (D) Section 203(b) of such Act (7 U.S.C.
10 924(b)) is amended by striking “one thousand
11 five hundred” and inserting “5,000”.

12 (E) Section 305 of such Act (7 U.S.C.
13 935) (as amended by subsection (a)(1)) is fur-
14 ther amended—

15 (i) by striking “SEC. 305. INSURED
16 LOANS; INTEREST RATES AND LENDING
17 LEVELS.—(a) The” and inserting the fol-
18 lowing:

19 **“SEC. 305. INSURED LOANS; INTEREST RATES AND LEND-
20 ING LEVELS.**

21 **“(a) IN GENERAL.—The”**; and

22 (ii) in subsection (b), by striking “(b)
23 Loans” and inserting “(b) INSURED
24 LOANS.—Loans”.

1 (F) Section 307 of such Act (7 U.S.C.
2 937) is amended by adding at the end the fol-
3 lowing new sentence: “The Administrator may
4 not request any applicant for an electric loan
5 under this Act to apply for and accept a loan
6 in an amount exceeding 30 percent of the credit
7 needs of the applicant.”.

8 (G) Section 406 of such Act (7 U.S.C.
9 946) is amended by adding at the end the fol-
10 lowing new subsection:

11 “(i) The Governor of the telephone bank may invest
12 in obligations of the United States the amounts in the ac-
13 count in the Treasury of the United States numbered
14 12X8139 (known as the ‘RTB Equity Fund’).”.

15 (H) Section 18 of such Act (7 U.S.C. 918)
16 is amended—

17 (i) by inserting “(a) NO CONSIDER-
18 ATION OF BORROWER’S LEVEL OF GEN-
19 ERAL FUNDS.—” before “The Adminis-
20 trator”; and

21 (ii) by adding at the end the following
22 new subsections:

23 “(b) NO LOAN ORIGINATION FEES.—The Adminis-
24 trator and the Governor of the telephone bank may not
25 charge any fee or charge not expressly provided in this

1 Act in connection with any loan made or guaranteed under
2 this Act.

3 “(c) CONSULTANTS.—

4 “(1) IN GENERAL.—To facilitate timely action
5 on applications by borrowers for financial assistance
6 under this Act and for approvals required of the
7 agency pursuant to the terms of outstanding loan or
8 security instruments or otherwise, the Administrator
9 may use consultants funded by the borrower, paid
10 for out of the general funds of the borrower, for fi-
11 nancial, legal, engineering, and other technical ad-
12 vice and services in connection with the review of the
13 application by the Rural Electrification Administra-
14 tion.

15 “(2) CONFLICTS OF INTEREST.—The Adminis-
16 trator shall establish procedures for the selection
17 and the provision of technical services by consultants
18 to ensure that the consultants have no financial or
19 other potential conflicts of interest in the outcome of
20 the application of the borrower.

21 “(3) PAYMENT OF COSTS.—The Administrator
22 may not, without the consent of the borrower, re-
23 quire, as a condition of processing an application for
24 approval, that the borrower agree to pay the costs,

1 fees, and expenses of consultants hired to provide
2 technical or advisory services to the Administrator.

3 “(4) CONTRACTS, GRANTS, AND AGREE-
4 MENTS.—The Administrator may enter into such
5 contracts, grants, or cooperative agreements as are
6 necessary to carry out this section without regard to
7 any requirement for competition, section 3709 of the
8 Revised Statutes (41 U.S.C. 5) and section 3324 of
9 title 31, United States Code.

10 “(5) USE OF CONSULTANTS.—Nothing in this
11 subsection shall limit the authority of the Adminis-
12 trator to retain the services of consultants from
13 funds made available to the Administrator or other-
14 wise.”.

15 (I) Title III of such Act is amended by in-
16 serting after section 306B (7 U.S.C. 936b) the
17 following new sections:

18 **“SEC. 306C. ELIGIBILITY OF DISTRIBUTION BORROWERS**
19 **FOR LOANS, LOAN GUARANTEES, AND LIEN**
20 **ACCOMMODATIONS.**

21 “For the purpose of determining the eligibility of a
22 distribution borrower not in default on the repayment of
23 a loan made or guaranteed under this Act for a loan, loan
24 guarantee, or lien accommodation under this title, a de-

1 fault by a borrower from which the distribution borrower
2 purchases wholesale power shall not—

3 “(1) be considered a default by the distribution
4 borrower;

5 “(2) reduce the eligibility of the distribution
6 borrower for assistance under this Act; or

7 “(3) be the cause, directly or indirectly, of im-
8 posing any requirement or restriction on the bor-
9 rower as a condition of the assistance, except such
10 requirements or restrictions as are necessary to im-
11 plement a debt restructuring agreed on by the power
12 supply borrower and the Government.

13 **“SEC. 306D. ADMINISTRATIVE PROHIBITIONS APPLICABLE**
14 **TO ELECTRIC BORROWERS.**

15 “The Administrator may not require prior approval
16 of, impose any requirement, restriction, or prohibition with
17 respect to the operations of, or deny or delay the granting
18 of a lien accommodation to, any electric borrower under
19 this Act whose net worth exceeds 110 percent of the out-
20 standing principal balance on all loans made or guaran-
21 teed to the borrower by the Administrator.”.

22 (b) EXPANDED ELIGIBILITY FOR LOANS FOR WATER
23 AND WASTE DISPOSAL FACILITIES.—Section 306(a)(1) of
24 the Consolidated Farm and Rural Development Act (7
25 U.S.C. 1926(a)(1)) is amended by inserting after the first

1 sentence the following new sentence: “The Secretary may
2 also make loans to any borrower to whom a loan has been
3 made under the Rural Electrification Act of 1936 (7
4 U.S.C. 901 et seq.), for the conservation, development,
5 use, and control of water, and the installation of drainage
6 or waste disposal facilities, primarily serving farmers,
7 ranchers, farm tenants, farm laborers, rural businesses,
8 and other rural residents.”.

9 (c) RURAL ECONOMIC DEVELOPMENT.—Section 364
10 of the Consolidated Farm and Rural Development Act (7
11 U.S.C. 2006f) is amended by adding at the end the follow-
12 ing new subsection:

13 “(g) RURAL ECONOMIC DEVELOPMENT.—

14 “(1) IN GENERAL.—A borrower of a loan or
15 loan guarantee under the Rural Electrification Act
16 of 1936 (7 U.S.C. 901 et seq.) shall be eligible for
17 assistance under all programs administered by the
18 Rural Development Administration.

19 “(2) PARTICIPATION.—The Administrator of
20 the Rural Development Administration shall encour-
21 age and facilitate the full participation of borrowers
22 referred to in paragraph (1) in programs adminis-
23 tered by the Rural Development Administration.”.

24 (d) REGULATIONS.—Not later than October 1, 1993,
25 interim final rules shall be issued by—

1 (1) the Administrator of the Rural Electrifica-
2 tion Administration in the case of amendments made
3 by this section to programs administered by the
4 Administrator; and

5 (2) the Administrator of the Rural Development
6 Administration in the case of amendments made by
7 this section to programs administered by the Admin-
8 istrator.

9 (e) CONTINGENT EFFECTIVE DATE.—This section
10 and the amendments made by this section shall not be-
11 come effective if section 1202 (as reported by the Commit-
12 tee on the Budget of the Senate) is enacted.

13 ○

S 1167 IS—2

S 1167 IS—3