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1ST SESSION

H. R. 3123

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 29 (legislative day, SEPTEMBER 27), 1993

Received

AN ACT

To improve the electric and telephone loan programs carried out under the Rural Electrification Act of 1936, 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”.

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

2 (a) INSURED ELECTRIC AND TELEPHONE LOANS.—

3 (1) IN GENERAL.—Section 305 of the Rural
4 Electrification Act of 1936 (7 U.S.C. 935) is amend-
5 ed—

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

7 (B) by redesignating subsection (c) as sub-
8 section (b); and

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

11 “(c) INSURED ELECTRIC LOANS.—

12 “(1) HARDSHIP LOANS.—

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

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

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

1 residential revenue per kilowatt-hour sold
2 by all utilities in the State in which the ap-
3 plicant provides service.

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

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

21 “(C) LIMITATION.—Except as provided in
22 subparagraph (D), the Administrator may not
23 make a loan under this paragraph to an appli-
24 cant for the purpose of furnishing or improving
25 electric service to a consumer located in an

1 urban area (as defined by the Bureau of the
2 Census) if the average number of consumers
3 per mile of line of the total electric system of
4 the applicant exceeds 17.

5 “(D) EXTREMELY HIGH RATES.—In addi-
6 tion to hardship loans that are made under sub-
7 paragraphs (A) and (B), the Administrator
8 shall make insured electric loans, to the extent
9 of qualifying applications for the loans, at an
10 interest rate of 5 percent per year to any appli-
11 cant for a loan whose residential revenue ex-
12 ceeds 15.0 cents per kilowatt-hour sold. A
13 qualifying application from such an applicant
14 for the purpose of furnishing or improving elec-
15 tric service to a consumer located outside of an
16 urban area shall not be subject to the condi-
17 tions or limitation of subparagraph (A) or
18 (C).”.

19 “(2) MUNICIPAL RATE LOANS.—

20 “(A) IN GENERAL.—The Administrator
21 shall make insured electric loans, to the extent
22 of qualifying applications for the loans, at the
23 interest rate described in subparagraph (B) for
24 the term or terms selected by the applicant pur-
25 suant to subparagraph (C).

1 “(B) INTEREST RATE.—

2 “(i) IN GENERAL.—Subject to clause
3 (ii), the interest rate described in this sub-
4 paragraph on a loan to a qualifying appli-
5 cant shall be—

6 “(I) the interest rate determined
7 by the Administrator to be equal to
8 the current market yield on outstand-
9 ing municipal obligations with remain-
10 ing periods to maturity similar to the
11 term selected by the applicant pursu-
12 ant to subparagraph (C), but not
13 greater than the rate determined
14 under section 307(a)(3)(A) of the
15 Consolidated Farm and Rural Devel-
16 opment Act (7 U.S.C. 1927(a)(3)(A))
17 that is based on the current market
18 yield on outstanding municipal obliga-
19 tions; plus

20 “(II) if the applicant for the loan
21 makes an election pursuant to sub-
22 paragraph (D) to include in the loan
23 agreement the right of the applicant
24 to prepay the loan, a rate equal to the
25 amount by which—

1 “(aa) the interest rate on
2 commercial loans for a similar
3 period that afford the borrower
4 such a right; exceeds

5 “(bb) the interest rate on
6 commercial loans for the period
7 that do not afford the borrower
8 such a right.

9 “(ii) MAXIMUM RATE.—The interest
10 rate described in this subparagraph on a
11 loan to an applicant for the loan shall not
12 exceed 7 percent if—

13 “(I) the average number of con-
14 sumers per mile of line of the total
15 electric system of the applicant is less
16 than 5.50; or

17 “(II)(aa) the average revenue per
18 kilowatt-hour sold by the applicant is
19 more than the average revenue per
20 kilowatt-hour sold by all utilities in
21 the State in which the applicant pro-
22 vides service; and

23 “(bb) the average per capita in-
24 come of the residents receiving electric
25 service from the applicant is less than

1 the average per capita income of the
2 residents of the State in which the ap-
3 plicant provides service, or the median
4 household income of the households
5 receiving electric service from the ap-
6 plicant is less than the median house-
7 hold income of the households in the
8 State.

9 “(iii) EXCEPTION.—Clause (ii) shall
10 not apply to a loan to be made to an appli-
11 cant for the purpose of furnishing or im-
12 proving electric service to consumers lo-
13 cated in an urban area (as defined by the
14 Bureau of the Census) if the average num-
15 ber of consumers per mile of line of the
16 total electric system of the applicant ex-
17 ceeds 17.

18 “(C) LOAN TERM.—

19 “(i) IN GENERAL.—Subject to clause
20 (ii), the applicant for a loan under this
21 paragraph may select the term for which
22 an interest rate shall be determined pursu-
23 ant to subparagraph (B), and, at the end
24 of the term (and any succeeding term se-
25 lected by the applicant under this subpara-

1 graph), may renew the loan for another
2 term selected by the applicant.

3 “(ii) MAXIMUM TERM.—

4 “(I) APPLICANT.—The applicant
5 may not select a term that ends more
6 than 35 years after the beginning of
7 the first term the applicant selects
8 under clause (i).

9 “(II) ADMINISTRATOR.—The Ad-
10 ministrator may prohibit an applicant
11 from selecting a term that would re-
12 sult in the total term of the loan being
13 greater than the expected useful life
14 of the assets being financed.

15 “(D) CALL PROVISION.—The Adminis-
16 trator shall offer any applicant for a loan under
17 this paragraph the option to include in the loan
18 agreement the right of the applicant to prepay
19 the loan on terms consistent with similar provi-
20 sions of commercial loans.

21 “(3) OTHER SOURCE OF CREDIT NOT RE-
22 QUIRED IN CERTAIN CASES.—The Administrator
23 may not require any applicant for a loan made
24 under this subsection who is eligible for a loan under
25 paragraph (1) to obtain a loan from another source

1 as a condition of approving the application for the
2 loan or advancing any amount under the loan.

3 “(d) INSURED TELEPHONE LOANS.—

4 “(1) HARDSHIP LOANS.—

5 “(A) IN GENERAL.—The Administrator
6 shall make insured telephone loans, to the ex-
7 tent of qualifying applications for the loans, at
8 an interest rate of 5 percent per year, to any
9 applicant who meets each of the following re-
10 quirements:

11 “(i) The average number of subscrib-
12 ers per mile of line in the service area of
13 the applicant is not more than 4.

14 “(ii) The applicant is capable of pro-
15 ducing net income or margins before inter-
16 est of not less than 100 percent (but not
17 more than 300 percent) of the interest re-
18 quirements on all of the outstanding and
19 proposed loans of the applicant.

20 “(iii) The Administrator has approved
21 a telecommunications modernization plan
22 for the State under paragraph (3) and, if
23 the plan was developed by telephone bor-
24 rowers under this title, the applicant is a
25 participant in the plan.

1 “(iv) The average number of subscrib-
2 ers per mile of line in the area included in
3 the proposed loan is not more than 17.

4 “(B) AUTHORITY TO WAIVE TIER RE-
5 QUIREMENT.—The Administrator may waive
6 the requirement of subparagraph (A)(ii) in any
7 case in which the Administrator determines
8 (and sets forth the reasons for the waiver in
9 writing) that the requirement would prevent
10 emergency restoration of the telephone system
11 of the applicant or result in severe hardship to
12 the applicant.

13 “(C) EFFECT OF LACK OF FUNDS.—On re-
14 quest of any applicant who is eligible for a loan
15 under this paragraph for which funds are not
16 available, the applicant shall be considered to
17 have applied for a loan under title IV.

18 “(2) COST-OF-MONEY LOANS.—

19 “(A) IN GENERAL.—The Administrator
20 may make insured telephone loans for the ac-
21 quisition, purchase, and installation of tele-
22 phone lines, systems, and facilities (other than
23 buildings used primarily for administrative pur-
24 poses, vehicles not used primarily in construc-
25 tion, and customer premise equipment) related

1 to the furnishing, improvement, or extension of
2 rural telecommunications service, at an interest
3 rate equal to the then current cost of money to
4 the Government of the United States for loans
5 of similar maturity, but not more than 7 per-
6 cent per year, to any applicant for a loan who
7 meets the following requirements:

8 “(i) The average number of subscrib-
9 ers per mile of line in the service area of
10 the applicant is not more than 15, or the
11 applicant is capable of producing net in-
12 come or margins before interest of not less
13 than 100 percent (but not more than 500
14 percent) of the interest requirements on all
15 of the outstanding and proposed loans of
16 the applicant.

17 “(ii) The Administrator has approved
18 a telecommunications modernization plan
19 for the State under paragraph (3) and, if
20 the plan was developed by telephone bor-
21 rowers under this title, the applicant is a
22 participant in the plan.

23 “(B) CONCURRENT LOAN AUTHORITY.—

24 On request of any applicant for a loan under

1 this paragraph during any fiscal year, the Ad-
2 ministrator shall—

3 “(i) consider the application to be for
4 a loan under this paragraph and a loan
5 under section 408; and

6 “(ii) if the applicant is eligible for a
7 loan, make a loan to the applicant under
8 this paragraph in an amount equal to the
9 amount that bears the same ratio to the
10 total amount of loans for which the appli-
11 cant is eligible under this paragraph and
12 under section 408, as the amount made
13 available for loans under this paragraph
14 for the fiscal year bears to the total
15 amount made available for loans under this
16 paragraph and under section 408 for the
17 fiscal year.

18 “(C) EFFECT OF LACK OF FUNDS.—On re-
19 quest of any applicant who is eligible for a loan
20 under this paragraph for which funds are not
21 available, the applicant shall be considered to
22 have applied for a loan guarantee under section
23 306.

24 “(3) STATE TELECOMMUNICATIONS MOD-
25 ERNIZATION PLANS.—

1 “(A) APPROVAL.—If, not later than 1 year
2 after final regulations are promulgated to carry
3 out this paragraph, any State, either by statute
4 or through the public utility commission of the
5 State, develops a telecommunications mod-
6 ernization plan that meets the requirements of
7 subparagraph (B), the Administrator shall ap-
8 prove the plan for the State. If a State does not
9 develop a plan in accordance with the require-
10 ments of the preceding sentence, the Adminis-
11 trator shall approve any telecommunications
12 modernization plan for the State that meets the
13 requirements that is developed by a majority of
14 the borrowers of telephone loans made under
15 this title who are located in the State.

16 “(B) REQUIREMENTS.—For purposes of
17 subparagraph (A), a telecommunications mod-
18 ernization plan must, at a minimum, meet the
19 following objectives:

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

22 “(ii) The plan must provide for the
23 availability of telecommunications services
24 for improved business, educational, and
25 medical services.

1 “(iii) The plan must encourage and
2 improve computer networks and informa-
3 tion highways for subscribers in rural
4 areas.

5 “(iv) The plan must provide for—

6 “(I) subscribers in rural areas to
7 be able to receive through telephone
8 lines—

9 “(aa) conference calling;

10 “(bb) video images; and

11 “(cc) data at a rate of at
12 least 1,000,000 bits of informa-
13 tion per second; and

14 “(II) the proper routing of infor-
15 mation to subscribers.

16 “(v) The plan must provide for uni-
17 form deployment schedules to ensure that
18 advanced services are deployed at the same
19 time in rural and nonrural areas.

20 “(vi) The plan must provide for such
21 additional requirements for service stand-
22 ards as may be required by the Adminis-
23 trator.

24 “(C) FINALITY OF APPROVAL.—A tele-
25 communications modernization plan approved

1 under subparagraph (A) may not subsequently
2 be disapproved. Notwithstanding paragraphs
3 (1)(A)(iii) and (2)(A)(iii), and section
4 408(b)(4)(C), the Administrator and the Gov-
5 ernor of the telephone bank may make a loan
6 to a borrower serving a State that does not
7 have a telecommunication modernization plan
8 approved by the Administrator if the loan is
9 made less than 1 year after the Administrator
10 has adopted final regulations implementing this
11 paragraph.”.

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

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

25 (B) in subsection (b)—

1 (i) by striking paragraph (4) and in-
2 serting the following new paragraph:

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

6 “(A) The average number of subscribers
7 per mile of line in the service area of the appli-
8 cant is not more than 15, or the applicant is ca-
9 pable of producing net income or margins be-
10 fore interest of not less than 100 percent (but
11 not more than 500 percent) of the interest re-
12 quirements on all of the outstanding and pro-
13 posed loans of the applicant.

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

20 (ii) in paragraph (8)—

21 (I) by inserting “(A)” after
22 “(8)”;

23 (II) by striking “if such prepay-
24 ment is not made later than Septem-
25 ber 30, 1988” and inserting “except

1 for any prepayment penalty provided
2 for in a loan agreement entered into
3 before the date of enactment of the
4 Rural Electrification Loan Restruc-
5 turing Act of 1993”; and

6 (III) by adding at the end the
7 following new subparagraph:

8 “(B) If a borrower prepays part or all of a loan
9 made under this section, then, notwithstanding sec-
10 tion 407(b), the Governor of the telephone bank
11 shall—

12 “(i) use the full amount of the prepayment
13 to repay obligations of the telephone bank is-
14 sued pursuant to section 407(b) before October
15 1, 1991, to the extent any such obligations are
16 outstanding; and

17 “(ii) in repaying the obligations, first repay
18 the advances bearing the greatest rate of inter-
19 est.”; and

20 (iii) by adding at the end the follow-
21 ing new paragraphs:

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

1 “(A) consider the application to be for a
2 loan under this section and a loan under section
3 305(d)(2); and

4 “(B) if the applicant is eligible for a loan,
5 make a loan to the applicant under this section
6 in an amount equal to the amount that bears
7 the same ratio to the total amount of loans for
8 which the applicant is eligible under this section
9 and under section 305(d)(2), as the amount
10 made available for loans under this section for
11 the fiscal year bears to the total amount made
12 available for loans under this section and under
13 section 305(d)(2) for the fiscal year.

14 “(10) On request of any applicant who is eligi-
15 ble for a loan under this section for which funds are
16 not available, the applicant shall be considered to
17 have applied for a loan under section 305(d)(2).”;
18 and

19 (C) by adding at the end the following new
20 subsection:

21 “(e) Loans and advances made under this section on
22 or after November 5, 1990, shall bear interest at a rate
23 determined under this section, taking into account all as-
24 sets and liabilities of the telephone bank. This subsection
25 shall not apply to loans obligated before the date of enact-

1 ment of this subsection. Funds are not authorized to be
2 appropriated to carry out this subsection until the funds
3 are appropriated in advance to carry out this subsection.”.

4 (b) FUNDING.—

5 (1) LIMITATIONS ON AUTHORIZATION OF AP-
6 PROPRIATIONS.—Section 314 of such Act (7 U.S.C.
7 940d) is amended to read as follows:

8 **“SEC. 314. LIMITATIONS ON AUTHORIZATION OF APPRO-**
9 **PRIATIONS.**

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

14 “(1) the average of the Consumer Price Index
15 (as defined in section 1(f)(5) of the Internal Reve-
16 nue Code of 1986) for the 1-year period ending on
17 July 31 of the immediately preceding fiscal year;
18 exceeds

19 “(2) the average of the Consumer Price Index
20 (as so defined) for the 1-year period ending on July
21 31, 1993.

22 “(b) FISCAL YEARS 1994 THROUGH 1998.—In the
23 case of each of fiscal years 1994 through 1998, there are
24 authorized to be appropriated to the Administrator such

1 sums as may be necessary for the cost of loans in the
2 following amounts, for the following purposes:

3 “(1) ELECTRIC HARDSHIP LOANS.—For loans
4 under section 305(c)(1)—

5 “(A) for fiscal year 1994, \$125,000,000;
6 and

7 “(B) for each of fiscal years 1995 through
8 1998, \$125,000,000, increased by the adjust-
9 ment percentage for the fiscal year.

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

12 “(A) for fiscal year 1994, \$600,000,000;
13 and

14 “(B) for each of fiscal years 1995 through
15 1998, \$600,000,000, increased by the adjust-
16 ment percentage for the fiscal year.

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

19 “(A) for fiscal year 1994, \$125,000,000;
20 and

21 “(B) for each of fiscal years 1995 through
22 1998, \$125,000,000, increased by the adjust-
23 ment percentage for the fiscal year.

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

1 “(A) for fiscal year 1994, \$198,000,000;
2 and

3 “(B) for each of fiscal years 1995 through
4 1998, \$198,000,000, increased by the adjust-
5 ment percentage for the fiscal year.

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

10 “(d) AVAILABILITY OF FUNDS FOR INSURED
11 LOANS.—Amounts made available for loans under section
12 305 are authorized to remain available until expended.”.

13 (2) RULE OF INTERPRETATION.—Section
14 309(a) of such Act (7 U.S.C. 939(a)) is amended by
15 adding at the end the following new sentence: “The
16 preceding sentence shall not be construed to make
17 section 408(b)(2) or 412 applicable to this title.”.

18 (c) MISCELLANEOUS AMENDMENTS.—

19 (1) LOANS FOR RURAL ELECTRIFICATION.—
20 Section 2 of such Act (7 U.S.C. 902) is amended—

21 (A) by inserting “(a)” before “The Admin-
22 istrator”;

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

1 provided in this Act, and for the purpose of as-
2 sisting electric borrowers to implement demand
3 side management, energy conservation pro-
4 grams, and on-grid and off-grid renewable en-
5 ergy systems;” and

6 (C) by adding at the end the following new
7 subsection:

8 “(b) By January 1, 1994, the Administrator shall
9 issue interim regulations to implement the authority con-
10 tained in subsection (a) to make loans for the purpose of
11 assisting electric borrowers to implement demand side
12 management, energy conservation programs, and on-grid
13 and off-grid renewable energy systems. If the regulations
14 are not issued by January 1, 1994, the Administrator
15 shall consider any demand side management, energy con-
16 servation, or renewable energy program, system, or activ-
17 ity that is approved by a State agency to be eligible for
18 the loans.”.

19 (2) LOANS FOR ELECTRICAL PLANTS AND
20 TRANSMISSION LINES.—Section 4 of such Act (7
21 U.S.C. 904) is amended by inserting after “central
22 station service” the following: “and for the furnish-
23 ing and improving of electric service to persons in
24 rural areas, including by assisting electric borrowers
25 to implement demand side management, energy con-

1 servation programs, and on-grid and off-grid renew-
2 able energy systems”.

3 (3) DEFINITIONS.—Section 13 of such Act (7
4 U.S.C. 913) is amended—

5 (A) by inserting “, except as provided in
6 section 203(b),” before “shall be deemed to
7 mean any area”; and

8 (B) by striking “city, village, or borough
9 having a population in excess of fifteen hundred
10 inhabitants” and inserting “urban area, as de-
11 fined by the Bureau of the Census”.

12 (4) GENERAL PROHIBITIONS.—Section 18 of
13 such Act (7 U.S.C. 918) is amended—

14 (A) by inserting “(a) NO CONSIDERATION
15 OF BORROWER’S LEVEL OF GENERAL
16 FUNDS.—” before “The Administrator”; and

17 (B) by adding at the end the following new
18 subsections:

19 “(b) LOAN ORIGINATION FEES.—The Administrator
20 and the Governor of the telephone bank may not charge
21 any fee or charge not expressly provided in this Act in
22 connection with any loan made or guaranteed under this
23 Act.

24 “(c) CONSULTANTS.—

1 “(1) IN GENERAL.—To facilitate timely action
2 on applications by borrowers for financial assistance
3 under this Act and for approvals required of the
4 Rural Electrification Administration pursuant to the
5 terms of outstanding loan or security instruments or
6 otherwise, the Administrator may use consultants
7 funded by the borrower, paid for out of the general
8 funds of the borrower, for financial, legal, engineer-
9 ing, and other technical advice and services in con-
10 nection with the review of the application by the
11 Rural Electrification Administration.

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

18 “(3) PAYMENT OF COSTS.—The Administrator
19 may not, without the consent of the borrower, re-
20 quire, as a condition of processing an application for
21 approval, that the borrower agree to pay the costs,
22 fees, and expenses of consultants hired to provide
23 technical or advisory services to the Administrator.

24 “(4) CONTRACTS, GRANTS, AND AGREE-
25 MENTS.—The Administrator may enter into such

1 contracts, grants, or cooperative agreements as are
2 necessary to carry out this section.

3 “(5) USE OF CONSULTANTS.—Nothing in this
4 subsection shall limit the authority of the Adminis-
5 trator to retain the services of consultants from
6 funds made available to the Administrator or other-
7 wise.”.

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

12 (6) INSURED LOANS.—Section 305 of such Act
13 (7 U.S.C. 935) (as amended by subsection (a)(1)) is
14 further amended—

15 (A) by striking “SEC. 305. INSURED
16 LOANS; INTEREST RATES AND LENDING LEV-
17 ELS.—(a) The” and inserting the following:

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

20 “(a) IN GENERAL.—The”; and

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

24 (7) ELIGIBILITY OF DISTRIBUTION BORROW-
25 ERS; ADMINISTRATIVE PROHIBITIONS.—Title III of

1 such Act is amended by inserting after section 306B
2 (7 U.S.C. 936b) the following new sections:

3 **“SEC. 306D. ELIGIBILITY OF DISTRIBUTION BORROWERS**
4 **FOR LOANS, LOAN GUARANTEES, AND LIEN**
5 **ACCOMMODATIONS.**

6 “For the purpose of determining the eligibility of a
7 distribution borrower not in default on the repayment of
8 a loan made or guaranteed under this Act for a loan, loan
9 guarantee, or lien accommodation under this title, a de-
10 fault by a borrower from which the distribution borrower
11 purchases wholesale power shall not—

12 “(1) be considered a default by the distribution
13 borrower;

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

16 “(3) be the cause, directly or indirectly, of im-
17 posing any requirement or restriction on the bor-
18 rower as a condition of the assistance, except such
19 requirements or restrictions as are necessary to im-
20 plement a debt restructuring agreed on by the power
21 supply borrower and the Government.

22 **“SEC. 306E. ADMINISTRATIVE PROHIBITIONS APPLICABLE**
23 **TO ELECTRIC BORROWERS.**

24 “The Administrator may not require prior approval
25 of, impose any requirement, restriction, or prohibition with

1 respect to the operations of, or deny or delay the granting
2 of a lien accommodation to, any electric borrower under
3 this Act whose net worth exceeds 110 percent of the out-
4 standing principal balance on all loans made or guaran-
5 teed to the borrower by the Administrator.”.

6 (8) LOANS FROM OTHER CREDIT SOURCES.—
7 Section 307 of such Act (7 U.S.C. 937) is amended
8 by adding at the end the following new sentence:
9 “The Administrator may not request any applicant
10 for an electric loan under this Act to apply for and
11 accept a loan in an amount exceeding 30 percent of
12 the credit needs of the applicant.”.

13 (9) CAPITALIZATION.—Section 406 of such Act
14 (7 U.S.C. 946) is amended by adding at the end the
15 following new subsection:

16 “(i) The Governor of the telephone bank may invest
17 in obligations of the United States the amounts in the ac-
18 count in the Treasury of the United States numbered
19 12X8139 (known as the ‘RTB Equity Fund’).”.

20 (10) REFINANCING OF FFB LOANS.—Section
21 306C of such Act is amended by—

22 (A) inserting before the period at the end
23 of subsection (c)(2) the following: “, except that
24 such rate shall not be greater than 7 percent
25 per year, subject to subsection (d)”; and

1 (B) adding at the end the following new
2 subsection:

3 “(d) MAXIMUM RATE OPTION.—

4 “(1) IN GENERAL.—Except as provided in para-
5 graphs (2), (3), and (4), a borrower of a loan or
6 loan advance, or any portion of the loan or advance,
7 that is refinanced under this section shall have the
8 option of ensuring that the interest rate on such
9 loan, loan advance, or portion thereof does not ex-
10 ceed 7 percent per year.

11 “(2) LIMITATION.—A borrower may not exer-
12 cise the option under paragraph (1) in the case of
13 a loan or loan advance, or portion thereof, if the
14 total amount of such loans for which such option
15 would be exercised exceeds 50 percent of the out-
16 standing principal balance of the loans made to such
17 borrower and guaranteed under section 306.

18 “(3) FEE.—A borrower that exercises the maxi-
19 mum rate option under paragraph (1) shall, at the
20 time of exercising such option, pay a fee equal to 1
21 percent of the outstanding principal balance of such
22 loan or loan advance, or portion thereof, for which
23 such option is exercised. Such fee shall be in addi-
24 tion to the penalties and other payments required
25 under subsection (b).

1 “(4) SUNSET.—The option provided under
2 paragraph (1) shall not be available in the case of
3 any loan or loan advance, or portion thereof, unless
4 a written request to exercise such option is sent to
5 the Administrator not later than 1 year after the ef-
6 fective date of regulations issued to carry out the
7 Rural Electrification Loan Restructuring Act of
8 1993.”.

9 **SEC. 3. EXPANDED ELIGIBILITY FOR LOANS FOR WATER**
10 **AND WASTE DISPOSAL FACILITIES.**

11 Section 306(a)(1) of the Consolidated Farm and
12 Rural Development Act (7 U.S.C. 1926(a)(1)) is amended
13 by inserting after the first sentence the following new sen-
14 tence: “The Secretary may also make loans to any bor-
15 rower to whom a loan has been made under the Rural
16 Electrification Act of 1936 (7 U.S.C. 901 et seq.), for the
17 conservation, development, use, and control of water, and
18 the installation of drainage or waste disposal facilities, pri-
19 marily serving farmers, ranchers, farm tenants, farm la-
20 borers, rural businesses, and other rural residents.”.

21 **SEC. 4. RURAL ECONOMIC DEVELOPMENT.**

22 Section 364 of the Consolidated Farm and Rural De-
23 velopment Act (7 U.S.C. 2006f) is amended by adding at
24 the end the following new subsection:

25 “(g) RURAL ECONOMIC DEVELOPMENT.—

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

6 “(2) PARTICIPATION.—The Administrator of
7 the Rural Development Administration shall encour-
8 age and facilitate the full and equal participation of
9 all entities to participate in programs administered
10 by the Rural Development Administration.”.

11 **SEC. 5. PROHIBITION UNDER RURAL DEVELOPMENT PRO-**
12 **GRAMS.**

13 The Consolidated Farm and Rural Development Act
14 (7 U.S.C. 1921 et seq.) is amended by adding at the end
15 thereof the following new section:

16 **“SEC. 370. PROHIBITION UNDER RURAL DEVELOPMENT**
17 **PROGRAMS.**

18 “(a) PROHIBITION.—Assistance under any rural de-
19 velopment program administered by the Rural Develop-
20 ment Administration, the Farmers Home Administration,
21 the Rural Electrification Administration, or any other
22 agency of the Department of Agriculture shall not be con-
23 ditioned on any requirement that the recipient of such as-
24 sistance accept or receive electric service from any particu-
25 lar utility, supplier, or cooperative.

1 “(b) ENSURING COMPLIANCE.—The Secretary shall
2 establish, by regulation, adequate safeguards to ensure
3 that assistance under such rural development programs is
4 not subject to such a condition. Such safeguards shall in-
5 clude periodic certifications and audits, and appropriate
6 measures and sanctions against any person violating, or
7 attempting to violate, the prohibition in subsection (a).

8 “(c) REGULATIONS.—Not later than 6 months after
9 the enactment of this section, the Secretary shall issue in-
10 terim final regulations to ensure compliance with sub-
11 section (a).”.

12 **SEC. 6. REGULATIONS.**

13 Except as provided in section 2(b) of the Rural Elec-
14 trification Act of 1936 and section 370 of the Consolidated
15 Farm and Rural Development Act, as added by sections
16 2(c)(1)(C) and 5 of this Act, not later than 45 days after
17 the date of enactment of this Act, interim final regulations
18 shall be issued by—

19 (1) the Administrator of the Rural Electrifica-
20 tion Administration to carry out amendments made
21 by this Act to programs administered by the Admin-
22 istrator;

23 (2) the Administrator of the Rural Development
24 Administration to carry out the amendments made

1 by this Act to programs administered by the Admin-
2 istrator; and

3 (3) the Secretary of Agriculture to carry out
4 the amendments made by this Act to programs ad-
5 ministered by the Farmers Home Administration.

Passed the House of Representatives September 28,
1993.

Attest: DONNALD K. ANDERSON,
Clerk.

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