



United States Department of Agriculture
Rural Development

October 5, 2006

SUBJECT: Coding a Major Development Project In
Construction Work Plans and Loan Applications

TO: All Electric Programs' Distribution Borrowers

FROM: James R. Newby
Assistant Administrator
Electric Programs

A small, handwritten signature in black ink, appearing to be "JRN".

A large, stylized handwritten signature in black ink, likely of James R. Newby, written over the typed name.

The Rural Development Utilities Programs, Electric Programs' publication titled Electric Operations Manual (EOM-4), Guidelines for Implementation of 7 CFR 1711.1, Electric Loans-Advance of Funds, is being revised and changed to Bulletin 1721A-1, Guide Bulletin for the Implementation of Electric Loans-Advance of Funds. Prior to the finalization and publication of the new Bulletin 1721A-1, a decision has been made to issue a change in the procedures of EOM-4. The change in procedures will no longer require separate coding of a proposed distribution line extension to serve a major residential or industrial development, which is defined as having an estimated investment for new service of \$100,000 or more, or will have a demand of 1,000 KW or more. Under the current EOM-4 procedures, a separate code number (Code 103, 104, etc.) is required to identify a line extension to provide new service to a major residential or industrial development in the borrower's Construction Work Plan (CWP), if a distribution borrower requests financing in a loan application on Form 740c.

The Electric Programs has determined that the estimated cost of a line extension to serve a new major residential or industrial development is no longer needed in a separate code, but should be included in the general category of Code 100, identified in the borrower's CWP and loan application, for all the proposed new line extensions expected over the CWP period. Once the general category Code 100 has been established in the CWP, a CWP Amendment is not required to include a line extension to a major residential or industrial development, after the CWP has been approved by the Electric Programs. If additional facilities are needed other than the new line extension to a major residential or industrial development, such as a distribution line conversion, substation, transmission facility, etc., they should be separately coded in the CWP or CWP Amendment. Prior to construction, the facilities required to provide new service to a major residential or industrial development must be properly engineered, reviewed for possible environmental impacts and meet applicable Electric Programs' procedures and regulations.

This change in procedures is expected to simplify the process of obtaining Electric Programs' approval of a proposed line extension to serve a major development, prior to the issuance of Bulletin 1721A-1 and is effective immediately.

If you have any questions regarding these procedures, please contact your General Field Representative.

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