



Committed to the future of rural communities.

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## Rural Utilities Programs

# Providing Rural America With Essential Utility Services

USDA Rural Development works to assure access to affordable, high-quality utility infrastructure for all people in rural America.

Rural Development's Rural Utilities Programs serve a leading role in improving the quality of life in rural America by administering its electric, telecommunications, and water and environmental programs in a service-oriented, forward-looking, and financially responsible manner.

USDA Rural Development also acts as a catalyst for private sector investment in rural areas through its utilities programs. Rural America's ability to succeed in the new century depends, to a large extent, on investments in productivity-enhancing, modern infrastructure. USDA stands ready to help rural America meet the challenges of the future.

### ***Electric Program***

USDA Rural Development's Electric Program makes loans and loan guarantees to finance the construction of electric distribution, transmission and generation facilities, including system improvements and replacements required to furnish and improve electric service in rural areas, and for demand-side management, energy conservation programs, and on-grid and off-grid renewable energy systems.

The Electric Program makes loans to corporations, states, territories and subdivisions and agencies such as municipalities, people's utility districts, and cooperative, nonprofit, limited-dividend, or mutual associations that supply retail electric service to rural areas or that provide for the power supply needs of rural distribution borrowers. The program also provides financial assistance to rural communities having extremely high costs to acquire, construct, extend, upgrade, and otherwise improve energy generation, transmission, or distribution facilities. The Electric Program services approximately 700 active electric borrowers in 46 States.

Most USDA-financed rural electric systems have a two-tiered organizational structure. Retail consumers are members of the distribution cooperative that provides electricity directly to their homes and businesses. Most distribution cooperatives, in turn, are members of power supply cooperatives, also called "generation and transmission" or "G&T" cooperatives, which generate and/or procure electricity and transmit it to the distribution member systems.

The Electric Program offers the following sources of financing assistance: Hardship Loans, Municipal Rate Loans, Treasury Rate Loans, Guaranteed Loans, Renewable Energy Projects (solar, wind, hydropower, biomass, or geothermal), and Assistance to Rural Communities with Extremely High Energy Costs (loans and grant assistance). The primary differences between the programs are the qualifying criteria and the interest rate for each type of financing.

### ***Telecommunications Programs***

Rural Development telecommunications borrowers today provide single-party service to nearly all customers over a digitally switched, state-of-the-art network. By providing a leadership role in financing and telecommunications standards, USDA continues to help build the high-quality information pathways that serve rural America today.

The level of investment required to continue providing the infrastructure needed for rural economic development is higher today than ever before. New information capabilities need advanced technologies, less developed rural areas need better infrastructure, and some areas still have no service at all. USDA Rural Development offers the following sources of financing assistance to telecommunications providers in rural America: Hardship Loans; Cost-of-Money Loans; Rural Telephone Bank (RTB) Loans; and Guaranteed Loans.

### ***Distance Learning and Telemedicine Program***

USDA Rural Development's Telecommunications Program also administers the Distance Learning and Telemedicine (DLT) Program, which is designed specifically to meet the educational and health care needs of rural America. Through loans, grants, and loan and grant combinations, advanced telecommunications technologies provide enhanced learning and health care opportunities for rural residents.

Information about the DLT Program is available from the USDA Rural Development Utilities Programs national office. Each year, there is a window for submitting grant applications that are scored and awarded on a competitive basis. Applications for loans and the loan/grant combinations are accepted throughout the year.

### ***Rural Broadband Access Program***

The Rural Broadband Access Loan and Loan Guarantee (Broadband) Program is designed to provide loans for the costs of construction, improvement and acquisition of facilities and equipment to provide broadband service to eligible rural communities. The program's goal is to ensure that rural consumers benefit from the same quality and range of telecommunications services that are available in urban and suburban communities.

### ***Water and Environmental Programs***

USDA Rural Development's Water and Environmental Programs improve the quality of life and promote economic development in rural America. Direct loans are made to develop drinking water and wastewater systems, including solid waste disposal and storm drainage, in rural areas and in cities and towns with a population of 10,000 or less. Funds are available to public entities, such as municipalities, counties, special-purpose districts, and Indian tribes. In addition, funds may be made available to nonprofit corporations and cooperatives.

Priority is given to public entities, in areas with less than 5,500 people, to restore a deteriorating water supply, or to improve, enlarge, or modify a water facility or an inadequate waste disposal facility. Preference is also given to requests that involve the merging of small facilities and those serving low-income communities.

Applicants must be unable to obtain funds from commercial sources at reasonable rates and terms. The maximum term for all loans is 40 years. However, no repayment period may exceed State statutes (in some States) or the useful life of the facility. Interest rates may be obtained from USDA Rural Development field offices.

Grants are available to applicants where the median household income of the service area is below the State's nonmetropolitan median household income and grant funds are necessary to reduce user rates to a reasonable level. Guaranteed loans may be made for the same purpose as direct loans. They are made and serviced by lenders such as commercial banks. Guarantees do not exceed 90 percent on any loss of interest and principal on the loan. Applications for direct and guaranteed loans and grants funds may be submitted at any time.

***Technical Assistance and Training and Solid Waste Management Grants*** are available to help nonprofit organizations deliver services to rural water and waste disposal systems. Pre-applications may be filed between Oct. 1 and Dec. 31 to compete for that fiscal year's funding.

***The Rural Water Circuit Rider Technical Assistance Program*** is operated under a contract with the National Rural Water Association. Assistance is available to help rural water systems and operational, financial, and managerial needs.

### ***For More Information***

For additional information about any USDA Rural Development Rural Utilities program, call (202) 720-9540 or visit the Rural Utilities home page at: [www.usda.gov/rus/](http://www.usda.gov/rus/)

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