



**Assistant Administrator's
 Corner**

RUS ELECTRIC QUARTERLY NEWSLETTER

Helping improve the economy and life in rural America

Volume I Issue III

The RUS Electric Program continues to search for ways to improve efficiency and effectiveness through its streamlining initiatives. This month, I would like to highlight the G&T indenture process. The RUS indenture team, consisting of both Electric Program staff as well as attorneys from our Office of General Counsel, works closely with the borrower and their counsel in negotiating a mutually beneficial indenture and loan contract. The resulting documentation reduces the number of required approvals, provides a streamlined review and approval process, and allows greater flexibility to the borrower. Please reach out to myself or staff if you have any questions.

- Nivin Elgohary

PROGRAM FUNDING

The President's Budget for fiscal year 2013 has been released. Once again the Administration has recognized the important role RUS borrowers play in maintaining our rural electric infrastructure and providing critical services to rural consumers. The President has proposed a program level of \$6.1 billion for fiscal year 2013.

FISCAL YEAR 2012 LOANS AND GUARANTEES						
	#	FFB	#	Hardship	#	Guaranteed Underwriter
Program Level		\$6,500,000,000		\$100,000,000		\$424,286,000
Approved	33	\$737,933,000	0	\$0	0	\$0

We encourage all who plan to submit a loan application this year to work with your field representative to finalize the submission. Rates are extraordinarily low at this time. The following table offers a look at approximate FFB rates as of June 12, 2012.

APPROXIMATE FFB QUARTERLY RATES (6/12/12)									
3-mo	6-mo	1-yr	2-yr	3-yr	5-yr	7-yr	10-yr	20-yr	30-yr
0.09	0.17	0.20	0.29	0.40	0.72	1.05	1.54	2.09	2.25

Current rates can be seen at any time by following the link below:

http://www.rurdev.usda.gov/UEP_rates.html

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ISSUE HIGHLIGHTS

The High Energy Cost Grant Program (HECG) will announce approximately \$7 million in funding in June. Grants are available to communities with energy costs of 275% or higher than the national average. Once the announcement has been published, applicants will have 30 days to complete and submit their application. For additional information please contact Kristi.kubista-hovis@wdc.usda.gov

RUS Program Eligibility Restrictions Regarding Felony Conviction Or Tax Delinquent Corporations -

Under language included in the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2012, P.L. No. 112-55, corporations that have been convicted of a felony (or had an officer or agency acting on behalf of the corporation convicted of a felony) within the past 24 months or any Corporation that has unpaid federal tax liability are not eligible for Electric Program financing. For additional information, please see the following link: <http://www.rurdev.usda.gov/RUSProgramEligibilityRestrictions.html>

The Department of Energy's (DOE's) Office of Energy Efficiency and Renewable Energy is revising the Energy Conservation Program to allow alternative efficiency and rating methods. These new methods will be used to certify compliance with DOE energy conservation standards for consumer products and commercial and industrial equipment and may impact Electric Program borrowers. For additional information and the ability to comment, please see our homepage: http://www.rurdev.usda.gov/UEP_Homepage.html



"This new SUTA regulation will establish a way for those in underserved Trust Areas to gain access to infrastructure funding by providing the Rural Utilities Services (RUS) with added flexibility that will help tribes located in Trust Areas improve the economy and quality of life for residents in these areas."

-Jonathan Adelstein,
Administrator

CULTURAL TRANSFORMATION

The RUS Cultural Transformation Team has formed a Special Emphasis Month Committee to plan events providing staff the opportunity to learn about different cultures, beliefs, as well as the diverse background of both our staff and our borrowers. The more we understand and appreciate differing cultures and backgrounds, the better we will understand each other and improve working relationships. This will allow us to better serve the diverse cultures, backgrounds and beliefs of our rural borrowers and their memberships.

On July 12, RD will host the first annual Cultural Transformation Day, dedicated to information sharing, employee training, and recognition of our transformative advancements. RD is committed to working collaboratively, cultivating and maintaining job satisfaction, and achieving a work-life balance for better support of customers and families.

RUS ELECTRIC STREAMLINING EFFORTS

The Electric Program's Streamlining Project is gaining momentum. Staff have submitted 62 recommendations to improve efficiency and customer service. Three recommendations have been fully implemented with 11 more approved and being implemented. We will soon be implementing changes to our loan document system that will reduce the number of unneeded copies. While internal procedural changes are the easiest type of streamlining suggestions to implement, many of our processes and procedures are rooted in regulation that will require additional time to update. We are working diligently to make as many efficiency improvements as possible as quickly as we can.

RUS ELECTRIC SUCCESS STORIES

One major challenge facing electric cooperatives is how to help their consumers invest in energy efficiency improvements for their homes and businesses so they can save on their energy bills, while also helping cooperatives avoid the long-term costs and environmental impacts of building new electric infrastructure.

Electric cooperatives across the nation have for years encouraged energy efficiency through rebates to consumers. Some coops across the country provide financing for consumers as well. Other types of assistance range from replacing compact fluorescent light bulbs, to more full-scale home efficiency upgrade assistance. For example:

- The Electric Cooperatives of South Carolina have implemented an energy savings research pilot that is determining if, with a strong, coordinated investment in efficiency, coops can avoid building new power generation.
- Hoosier Energy in Indiana used federal stimulus funds from the U.S. Department of Energy (DOE) to undertake a full-scale home efficiency upgrade assistance program that was so successful the coop received a second grant to extend the program.
- Southern Maryland Electric Cooperative (SMECO) has been recognized by the U.S. Environmental Protection Agency (EPA) as the 2012 ENERGY STAR Partner of the Year Award for its outstanding contributions to reducing greenhouse gas emissions by delivering information and services to its customers to increase energy efficiency. SMECO, which has promoted ENERGY STAR programs for more than 12 years, was honored for its work to increase market share of energy-efficient ENERGY STAR qualified products, services, and homes through comprehensive outreach, education, and marketing programs.

"If we all did the things we are really capable of doing, we would literally as-found ourselves."

- Thomas Alva Edison

PROGRAM DEVELOPMENT AND REGULATORY ACCOUNTING

Every two years RUS, in cooperation with the National Society of Accountants for Cooperatives, presents a seminar with topics of interest to the CPAs who audit the RUS borrowers and grantees as well as the accountants who work for the electric distribution and the generation and transmission cooperatives. The 2012 RUS CPA Seminar will be held August 20 and 21, 2012, at the Gaylord National Resort and Convention Center, located at 201 Waterfront Street, National Harbor, MD 20745. For additional information regarding the hotel and the convention center, please visit www.gaylordnational.com.

The hotel has agreed to offer the Federal per diem room rate for the seminar as well as for three (3) days prior to, and three (3) days following the dates of the seminar. Reservations may be made by calling (301) 935-4000. Be sure to mention the USDA Rural Utilities Service CPA Seminar when making your reservation. You may also reserve your hotel room online by entering A-USDA2 as your group code. Space is limited so please make your reservations early.

The seminar registration fee is \$395 per participant. The registration fee covers attendance at the seminar, all seminar materials, continental breakfast and lunch each day of the seminar, as well as a Monday evening reception. In the past we have hosted the seminar at up to three sites throughout the U.S., however, due to budgetary constraints, this year's seminar will be held at only one location in suburban Washington, DC. We will provide breakout sessions for the traditional electric and telecommunications infrastructure programs, with additional breakout sessions geared toward our power supply borrowers and our broadband borrowers along with their auditors. Each seminar participant will be eligible for up to 16 hours of continuing professional education credit for attending the RUS CPA Seminar. The Seminar Program will be posted on our website as soon as it is finalized.

Whether you are an auditor or an employee of a RUS borrower or grant recipient, we believe that you will find this year's seminar to be very beneficial. Accounting staff remain hard at work developing an outstanding program that will be both timely and informational. For additional information, please contact Ms. Diana Alger at (202) 720-1905 or Ms. Gueck Lim at (202) 720-1922.

CONGRESSIONAL ACTIVITY

The 2008 Farm Bill will expire on September 30, 2012. Proposed 2012 Farm Bill legislation is currently on the Senate floor, where they will be reviewing 80 proposed amendments the week of June 11. The Senate hopes to pass a bill by mid/end of June, then send it to the House for consideration. Of particular interest in the Farm Bill is a new efficiency loan program for RUS borrowers. In other news, the House Agriculture Appropriations subcommittee has drafted the 2013 Appropriations Bill which should reach the floor in June.

GENERAL FIELD REPRESENTATIVES

Dan Bowers, Electric program GFR headquartered in Boise, Idaho, retired September 30, 2011. Idaho and Montana borrowers that were previously served by Dan should contact [Denver Schlaeppli](#). Washington, Oregon, and California borrowers previously served by Dan, should contact [Eric Marchegiani](#). Don Stone's position in Mississippi is also currently vacant. Mississippi is being temporarily covered by [Cliff Burris](#) and Louisiana is being temporarily covered by [Larry McGraw](#).

In April, Tim Bohan, GFR headquartered in Bismarck, North Dakota, joined Under Secretary Dallas Tonsager, North Dakota State Director Jasper Schneider, and EPA's Chief Agricultural Counselor Larry Elworth on a tour of Basin Electric facilities and a meeting with Basin's Board of Directors. Discussions included the impact of compliance to EPA regulations on Basin and its member systems.

“Progress is impossible without change. And those who cannot change their minds cannot change anything.”

- George Bernard Shaw

ENGINEERING & ENVIRONMENTAL NEWS

Electric system engineering planning

Electric system engineering planning is an ongoing process allowing management to assure adequate and reliable service at the lowest cost to its members. Prudent system planning will provide for the orderly development of the electric system to minimize waste or obsolescence of the electric facilities and provide for expansion of the system in a manner such that new investment in facilities is in step with load growth and revenue. In addition, prudent system planning maximizes facility design while incorporating technological advancements in order to improve the quality and reliability of service.

Two of the system engineering planning tools required by the Electric Program are the **long-range engineering plan** (LRP) and the **construction work plan** (CWP). The LRP must look well beyond the present construction requirements and be based on projected load levels, which may require consideration of an increase in capacity of the distribution, substation and transmission facilities. It should also establish the design, construction and materials standards for the long-term. The CWP covers the planning of electric facilities required for a 2 to 4 year construction period and should be closely coordinated with the LRP.

RUS has made available guideline bulletins for use as tools in preparing a LRP (Bulletin 1724D-101A) and a CWP (Bulletin 1724D-101B). These guidelines may be found at http://www.rurdev.usda.gov/RDU_Bulletins_Electric.html

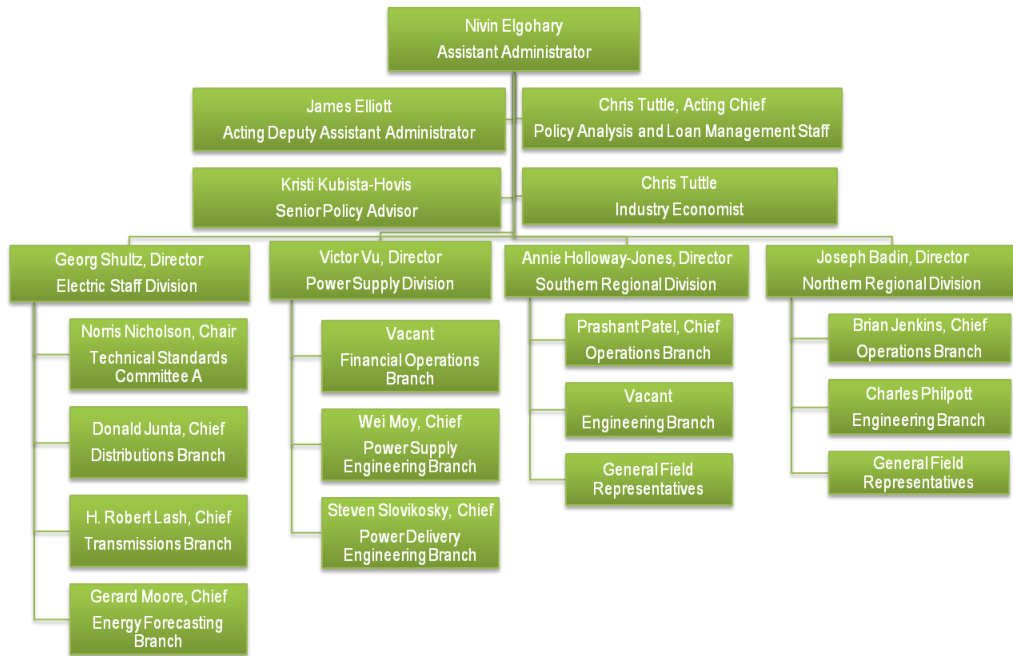
The **load forecast** is another critical planning document. This is one of the primary documents necessary to support a loan application. RUS requires Load Forecasts, in part, to determine loan feasibility. Load Forecasts provide a thorough study of a borrower's electric loads and factors affecting those loads in order to determine the borrower's future requirements for energy and capacity. The load forecast of a power supply borrower includes and integrates the forecasts of its members and demonstrates that G&T's have established an effective coordination with their members. Load Forecasts include historical analysis, projections of kWh sales, load shapes, peak demand by class, load management and conservation, and procedures to verify, validate and update the data within the forecast. Load Forecasts are now including the projections and impact of energy cooperative efficiency programs. Load Forecasts data can also be used to develop long range financial planning, load management and rates and rate design.

News from the Environmental Staff

The Avian Power Line Interaction Committee (APLIC) is currently revising the avian collision manual entitled *“Mitigating Bird Collisions with Power Lines: The State of the Art in 1994.”* The new updated manual entitled *“Reducing Avian Collisions with Power Lines: The State of the Art in 2011”* should be available sometime in late fall 2012. The 2011 edition of this manual provides electric utilities, wildlife agencies, and other stakeholders with guidance for reducing bird collisions with power lines based on the most current information. This is especially important given the need to reduce bird injury and mortality from collisions, comply with bird protection laws, and enhance the reliability of electrical energy delivery.

The APLIC organization began as an ad-hoc group that attempted to address whooping crane collisions with power lines in the Rocky Mountain area; RUS is an active and contributing member of APLIC. APLIC has a number of guidance documents that have been prepared and published by representatives from the electric utilities and several government agencies. For more information on APLIC please visit their website: <http://www.aplic.org/>.

RUS ELECTRIC STAFF ORGANIZATIONAL CHART



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