

Rural Utilities Service, USDA

§ 1730.4

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PART 1730—ELECTRIC SYSTEM OPERATIONS AND MAINTENANCE

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APPENDIX A TO SUBPART B TO PART 1730—REVIEW RATING SUMMARY, RUS FORM 300

AUTHORITY: 7 U.S.C. 901 *et seq.*, 1921 *et seq.*, 6941 *et seq.*

SOURCE: 63 FR 3450, Jan. 23, 1998, unless otherwise noted.

Subpart A—General

§ 1730.1 Introduction.

(a) This part contains the policies and procedures of the Rural Utilities Service (RUS) related to electric borrowers' operation and maintenance practices and RUS' review and evaluation of such practices.

(b) The policies and procedures included in this part apply to all electric borrowers (both distribution borrowers and power supply borrowers) and are intended to clarify and implement certain provisions of the security instrument and loan contract between RUS and electric borrowers regarding operations and maintenance. This part is not intended to waive or supersede any provisions of the security instrument and loan contract between RUS and electric borrowers.

(c) The Administrator may waive, for good cause, on a case by case basis, certain requirements and procedures of this part.

§ 1730.2 RUS policy.

It is RUS policy to require that all property of a borrower be operated and maintained properly in accordance with the requirements of each borrower's loan documents. It is also RUS policy to provide financial assistance only to borrowers whose operations and maintenance practices and records are satisfactory or to those who are taking corrective actions expected to make their operations and maintenance practices and records satisfactory to RUS.

§ 1730.3 RUS addresses.

(a) Persons wishing to obtain forms referred to in this part should contact: Program Support and Regulatory Analysis, Rural Utilities Service, U.S. Department of Agriculture, Stop 1522, 1400 Independence Ave., SW., Washington, DC 20250-1522, telephone (202) 720-8674. Borrowers or others may reproduce any of these forms in any number required.

(b) Documents required to be submitted to RUS under this part are to be sent to the office of the borrower's assigned RUS General Field Representative (GFR) or such other office as designated by RUS.

§ 1730.4 Definitions.

Terms used in this part have the meanings set forth in 7 CFR Part 1710.2. References to specific RUS forms and other RUS documents, and to specific sections or lines of such forms and documents, shall include the corresponding forms, documents, sections and lines in any subsequent revisions of these forms and documents. In addition to the terms defined in 7 CFR Part 1710.2, the term *Prudent Utility Practice* has the meaning set forth in Article 1, Section 1.01 of Appendix A to Subpart B of 7 CFR Part 1718—Model Form of Mortgage for Electric Distribution Borrowers, for the purposes of this Part.

§§ 1730.5–1730.19 [Reserved]

Subpart B—Operations and Maintenance Requirements

§ 1730.20 General.

Each distribution borrower and power supply borrower shall operate and maintain its system in compliance with Prudent Utility Practice, in compliance with its loan documents, and in compliance with all applicable laws, regulations and orders, shall maintain its systems in good repair, working order and condition, and shall make all needed repairs, renewals, replacements, alterations, additions, betterments and improvements, in accordance with applicable provisions of the borrower's security instrument. Each borrower is responsible for on-going operations and maintenance programs, for maintaining records of the physical and electrical condition of its electric system and for the quality of services provided to its customers. The borrower is also responsible for all necessary inspections and tests of the component parts of its system, and for maintaining records of such inspections and tests. Each borrower shall budget sufficient resources to operate and maintain its system in accordance with the requirements of this part. For portions of the borrower's system that are not operated by the borrower, if any, the borrower is responsible for ensuring that the operator is operating and maintaining the system properly in accordance with the operating agreement.

§ 1730.21 Inspections and tests.

(a) Each borrower shall conduct all necessary inspections and tests of the component parts of its electric system, and maintain adequate records of such inspections and tests.

(b) The frequency of inspection and testing will be determined by the borrower in conformance with applicable laws, regulations, national standards, and Prudent Utility Practice. The frequency of inspection and testing will be determined giving due consideration to the type of facilities or equipment, manufacturer's recommendations, age, operating environment and hazards to which the facilities are exposed, con-

sequences of failure, and results of previous inspections and tests. The records of such inspections and tests will be retained in accordance with applicable regulatory requirements and Prudent Utility Practice. The retention period should be of a sufficient time period to identify long-term trends. Records must be retained at least until the applicable inspections or tests are repeated.

(c) Inspections of facilities must include a determination of whether the facility complies with the National Electrical Safety Code, National Electrical Code (as applicable), and applicable State or local regulations. Any serious or life-threatening deficiencies shall be promptly repaired, disconnected, or isolated in accordance with applicable codes or regulations. Any other deficiencies found as a result of such inspections and tests are to be recorded and those records are to be maintained until such deficiencies are corrected or for the retention period required by paragraph (b) of this section, whichever is longer.

§ 1730.22 Borrower analysis.

(a) Each borrower shall periodically analyze in writing its operations and maintenance policies, practices, and procedures to determine if they are appropriate and if they are being followed. The records of inspections and tests are also to be reviewed and analyzed to identify any trends which could indicate deterioration in the physical condition or the operational effectiveness of the system or suggest a need for changes in operations or maintenance practices. For portions of the borrower's system that are not operated by the borrower, if any, the borrower's written analysis would also include a review of the operator's performance under the operating agreement.

(b) When a borrower's operations and maintenance policies, practices, and procedures are to be reviewed and evaluated by RUS, the borrower shall:

(1) Conduct the analysis required by paragraph (a) of this section not more than 90 days prior to the scheduled RUS review;

(2) Complete RUS Form 300, Review Rating Summary, and other related

forms, prior to RUS' review and evaluation; and

(3) Make available to RUS the borrower's completed RUS Form 300 (including a written explanation of the basis for each rating) and records related to the operations and maintenance of the borrower's system.

(c) For those facilities not included on the RUS Form 300 (e.g., generating plants), the borrower shall prepare and complete an appropriate supplemental form for such facilities.

§ 1730.23 Review rating summary, RUS Form 300.

RUS Form 300 in Appendix A shall be used when required by this part.

§ 1730.24 RUS review and evaluation.

RUS will initiate and conduct a periodic review and evaluation of the operations and maintenance practices of each borrower for the purpose of assessing loan security and determining borrower compliance with RUS policy as outlined in this part. This review will normally be done at least once every three years. The borrower will make available to RUS the borrower's policies, procedures, and records related to the operations and maintenance of its complete system. Reports made by other inspectors (e.g., other Federal agencies, State inspectors, etc.) will also be made available, as applicable. RUS will not duplicate these other reviews but will use their reports to supplement its own review. RUS may inspect facilities, as well as records, and may also observe construction and maintenance work in the field. Key borrower personnel responsible for the facilities being inspected are to accompany RUS during such inspections, unless otherwise determined by RUS. RUS personnel may prepare an independent summary of the operations and maintenance practices of the borrower. The borrower's management will discuss this review and evaluation with its Board of Directors.

§ 1730.25 Corrective action.

(a) For any items on the RUS Form 300 rated unsatisfactory (i.e., 0 or 1) by the borrower or by RUS, the borrower shall prepare a corrective action plan (CAP) outlining the steps (both short

term and long term) the borrower will take to improve existing conditions and to maintain an acceptable rating. The CAP must include a time schedule and cost estimate for corrective actions, and must be approved by the borrower's Board of Directors. The CAP must be submitted to RUS for approval within 90 days after the completion of RUS' evaluation noted in §1730.24.

(b) The borrower must periodically report to RUS in writing progress under the CAP. This report must be submitted to RUS every six months until all unsatisfactory items are corrected unless RUS prescribes a different reporting schedule.

§ 1730.26 Engineer's certification.

Where provided for in the borrower's loan documents, RUS may require the borrower to provide an "Engineer's Certification" as to the condition of the borrower's system (including, but not limited to, all mortgaged property.) Such certification shall be in form and substance satisfactory to RUS and shall be prepared by a professional engineer satisfactory to RUS. If RUS determines that the Engineer's Certification discloses a need for improvements to the condition of its system or any other operations of the borrower, the borrower shall, upon notification by RUS, promptly undertake to accomplish such improvements.

§§ 1730.27-1730.99 [Reserved]

APPENDIX A TO SUBPART B OF PART 1730—REVIEW RATING SUMMARY, RUS FORM 300

Borrower Designation _____
Date Prepared _____

Ratings on form are:

- 0: Unsatisfactory—no records
- 1: Unsatisfactory—corrective action needed
- 2: Acceptable, but should be improved—see attached recommendations
- 3: Satisfactory—no additional action required at this time
- N/A: Not applicable

PART I—TRANSMISSION and DISTRIBUTION FACILITIES

- 1. Substations (Transmission and Distribution)
 - a. Safety, Clearance, Code Compliance—Rating: _____

- b. Physical Condition: Structure, Major Equipment, Appearance—
Rating: _____
- c. Inspection Records Each Substation—
Rating: _____
- d. Oil Spill Prevention—Rating: _____
- 2. Transmission Lines
 - a. Right-of-Way: Clearing, Erosion, Appearance, Intrusions—
Rating: _____
 - b. Physical Condition: Structure, Conductor, Guying—Rating: _____
 - c. Inspection Program and Records—Rating: _____
- 3. Distribution Lines—Overhead
 - a. Inspection Program and Records—Rating: _____
 - b. Compliance with Safety Codes: Clearances—Rating: _____
Compliance with Safety Codes: Foreign Structures—Rating: _____
Compliance with Safety Codes: Attachments—Rating: _____
 - c. Observed Physical Condition from Field Checking: Right-of-Way—Rating: _____
Observed Physical Condition from Field Checking: Other—Rating: _____
- 4. Distribution—Underground Cable
 - a. Grounding and Corrosion Control—Rating: _____
 - b. Surface Grading, Appearance—
Rating: _____
 - c. Riser Poles: Hazards, Guying, Condition—Rating: _____
- 5. Distribution Line Equipment: Conditions and Records
 - a. Voltage Regulators—Rating: _____
 - b. Sectionalizing Equipment—
Rating: _____
 - c. Distribution Transformers—
Rating: _____
 - d. Pad Mounted Equipment—Safety: Locking, Dead Front, Barriers—Rating: _____
- Pad Mounted Equipment—Appearance: Settlement, Condition—Rating: _____
- e. Kilowatt-hour and Demand Meter Reading and Testing—Rating: _____

PART II—OPERATION AND MAINTENANCE

- 6. Line Maintenance and Work Order Procedures
 - a. Work Planning and Scheduling—
Rating: _____
 - b. Work Backlogs: Right-of-Way Maintenance—Rating: _____
Work Backlogs: Poles—Rating: _____
Work Backlogs: Retirement of Idle Services—Rating: _____
Work Backlogs: Other—Rating: _____
- 7. Service Interruptions
 - a. Average Annual Hours/Consumer by Cause (Complete for each of the previous 5 years)
- 1. Power Supplier _____
- 2. Major Storm _____

- 3. Scheduled _____
- 4. All Other _____
- 5. Total _____
Rating: _____
- b. Emergency Restoration Plan—Rating: _____
- 8. Power Quality
General Freedom from Complaints—Rating: _____
- 9. Loading and Load Balance
 - a. Distribution Transformer Loading—Rating: _____
 - b. Load Control Apparatus—Rating: _____
 - c. Substation and Feeder Loading—Rating: _____
- 10. Maps and Plant Records
 - a. Operating Maps: Accurate and Up-to-Date—Rating: _____
 - b. Circuit Diagrams—Rating: _____
 - c. Staking Sheets—Rating: _____

PART III—ENGINEERING

- 11. System Load Conditions and Losses
 - a. Annual System Losses, _____%—Rating: _____
 - b. Annual Load Factor, _____%—Rating: _____
 - c. Power Factor at Monthly Peak, _____%—Rating: _____
 - d. Ratio of Individual Substation Peak kW to kVA, _____—Rating: _____
- 12. Voltage Conditions
 - a. Voltage Surveys—Rating: _____
 - b. Substation Transformer Output Voltage Spread—Rating: _____
- 13. Load Studies and Planning
 - a. Long Range Engineering Plan—Rating: _____
 - b. Construction Work Plan—Rating: _____
 - c. Sectionalizing Study—Rating: _____
 - d. Load Data for Engineering Studies—Rating: _____
 - e. Load Forecasting Data—Rating: _____

PART IV—OPERATION AND MAINTENANCE BUDGETS

- For Previous 2 Years:
 - Normal Operation—Actual \$ _____
 - Normal Maintenance—Actual \$ _____
 - Total—Actual \$ _____
- For Present Year:
 - Normal Operation—Budget \$ _____
 - Normal Maintenance—Budget \$ _____
 - Total—Budget \$ _____
- For Future 3 Years:
 - Normal Operation—Budget \$ _____
 - Normal Maintenance—Budget \$ _____
 - Additional (Deferred) Maintenance—Budget \$ _____
 - Total—Budget \$ _____
- 14. Budgeting:
 - Adequacy of Budgets For Needed Work—Rating: _____

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15. Date Discussed with Board of Directors

Remarks: _____

EXPLANATORY NOTES

Item No. _____ Comments _____
 Rated by _____ Title _____ Date _____
 Reviewed by _____ Manager _____ Date _____
 Reviewed by _____ RUS GFR _____ Date _____

PART 1735—GENERAL POLICIES, TYPES OF LOANS, LOAN REQUIREMENTS—TELECOMMUNICATIONS PROGRAM

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AUTHORITY: 7 U.S.C. 901 *et seq.*, 1921 *et seq.*, and 6941 *et seq.*

Subpart A—General

§ 1735.1 General statement.

(a) Subparts A through E of this part set forth the general policies, types of loans and loan requirements under the Telephone loan program.
 (b) The standard RUS security documents (see 7 CFR 1744 subpart D or