

Rural Electrification Act of 1936

With Amendments as Approved through December 31, 2000

[U.S. Code, Title 7, Chap. 31]

AN ACT

To provide for rural electrification, and for other purposes.

TITLE I-Rural Electrification

SEC. 4. LOANS BY SECRETARY OF AGRICULTURE FOR ELECTRICAL PLANTS AND TRANSMISSION LINES, PREFERENCES; CONSENT OF STATE AUTHORITIES.-- The Secretary is authorized and empowered, from the sums hereinbefore authorized, to make loans for rural electrification to persons, corporations, States, Territories, and subdivisions and agencies thereof, municipalities, peoples' utility districts and cooperative, nonprofit, or limited-dividend associations, organized under the laws of any State or Territory of the United States, for the purpose of financing the construction and operation of generating plants, electric transmission and distribution lines or systems for the furnishing and improving of electric service to persons in rural areas, including by assisting electric borrowers to implement demand side management, energy conservation programs, and on-grid and off-grid renewable energy systems, and loans, from funds available under section 3 of this Act, to cooperative associations and municipalities for the purpose of enabling said cooperative associations, and municipalities to the extent that such indebtedness was incurred with respect to electric transmission and distribution lines or systems or portions thereof serving persons in rural areas, to discharge or refinance long-term debts owed by them to the Tennessee Valley Authority on account of loans made or credit extended under the terms of the Tennessee Valley Authority Act of 1933, as amended: Provided, That the Secretary, in making such loans, shall give preference to States, Territories, and subdivisions and agencies thereof, municipalities, peoples' utility districts, and cooperative, nonprofit, or limited-dividend associations, the projects of which comply with the requirements of this Act. Such loans shall be on such terms and conditions relating to the expenditure of the moneys loaned and the security therefor as the Secretary shall determine and may be made payable in whole or in part out of the income, except that no loan for the construction, operation, or enlargement of any generating plant shall be made unless the consent of the State authority having jurisdiction in the premises is first obtained. Loans under this section shall not be made unless the Secretary finds and certifies that in his judgment the security therefor is reasonably adequate and such loan will be repaid within the time agreed.

[May 20 1936, ch. 432, Title I, §4, 49 Stat. 1365; Sept. 21, 1944, ch. 412, Title V, §§502(a), 503, 58 Stat. 739; Dec. 23, 1944, ch. 725, 58 Stat. 925; June 29, 1948, Ch. 703, 62 Stat. 1070; Oct. 28, 1949, ch. 776, §§2, 4(e), 63 Stat. 948; June 15, 1955, ch. 139, §2, 69 Stat. 132; Nov. 1, 1993, Public Law 103-129, §2(c)(2), 107 Stat. 1363; Oct. 13, 1994, Public Law 103-354, Title II, Subtitle C, §235(a)(13), 108 Stat. 3221; Apr. 4, 1996, Public Law 104-127, Title VII, §773, 104 Stat. 1149; 7 U.S.C. 904.]

SEC. 18. GENERAL PROHIBITIONS.--

(a) NO CONSIDERATION OF BORROWER'S LEVEL OF GENERAL FUNDS.--The Secretary and the Governor of the telephone bank shall not deny or reduce any loan or loan advance under this Act based on a borrower's level of general funds.

(b) LOAN ORIGINATION FEES.--The Secretary and the Governor of the telephone bank may not charge any fee or charge not expressly provided in this Act in connection with any loan made or guaranteed under this Act.

(c) CONSULTANTS.--

(1) IN GENERAL.--To facilitate timely action on applications by borrowers for financial assistance under this Act and for approvals required of the Rural Electrification Administration pursuant to the terms of outstanding loan or security instruments or otherwise, the Secretary may use consultants funded by the borrower, paid for out of the general funds of the borrower, for financial, legal, engineering, and other technical advice and services in connection with the review of the application by the Rural Electrification Administration.

(2) CONFLICTS OF INTEREST.--The Secretary shall establish procedures for the selection and the provision of technical services by consultants to ensure that the consultants have no financial or other conflicts of interest in the outcome of the application of the borrower.

(3) PAYMENT OF COSTS.--The Secretary may not, without the consent of the borrower, require, as a condition of processing an application for approval, that the borrower agree to pay the costs, fees, and expenses of consultants hired to provide technical or advisory services to the Secretary.

(4) CONTRACTS, GRANTS, AND AGREEMENTS.--The Secretary may enter into such contracts, grants, or cooperative agreements as are necessary to carry out this section.

(5) USE OF CONSULTANTS.--Nothing in this subsection shall limit the authority of the Secretary to retain the services of consultants from funds made available to the Secretary or otherwise.

[Nov. 28, 1990, Public Law 101-624, Title XXIII, Subtitle F, ch. 1 §2353, 104 Stat. 4039; Nov. 1, 1993, Public Law 103-129, §2(c)(4), 107 Stat. 1364; Oct. 13, 1994, Public Law 103-354, Title II, Subtitle C, §235(a)(13), 108 Stat. 3221; 7 U.S.C. 918.]

SEC. 201. LOANS FOR RURAL TELEPHONE SERVICE.--From such sums as are from time to time made available by the Congress to the Secretary for such purpose, pursuant to section 3 of this Act, the Secretary is authorized and empowered to make loans to persons now providing or who may hereafter provide telephone service in rural areas, to public bodies now providing telephone service in rural areas and to cooperative, nonprofit, limited dividend, or mutual associations. Except as otherwise provided by this title, such loans shall be made under the same terms and conditions as are provided in section 4 of this Act, for the purpose of financing the improvement, expansion, construction, acquisition, and operation of telephone lines, facilities or systems to furnish and improve telephone service in rural areas: Provided, however, That the Secretary, in making such loans, shall give preference to persons providing telephone service in rural areas, to public bodies now providing telephone service in rural areas and to cooperative, nonprofit, limited dividend, or mutual associations: And, That for a period of one year from and after the effective date of this title applications for loans received by the Secretary from persons who on the effective date of this title are engaged in the operation of existing telephone service in rural areas shall be considered and acted upon before action is taken upon any application received from any other person for any loan to finance the furnishing or improvement of telephone service to substantially the same subscribers. The Secretary in making such loans shall, insofar as possible, obtain assurance that the telephone service to be

furnished or improved thereby will be made available to the widest practical number of rural users. When it is determined by the Secretary to be necessary in order to furnish or improve telephone service in rural areas, such loans may be made for the improvement, expansion, construction, acquisition, and operation of telephone lines, facilities, or systems without regard to their geographical location. The Secretary is further authorized and empowered to make loans for the purpose of refinancing outstanding indebtedness of persons furnishing telephone service in rural areas: Provided, That such refinancing shall be determined by the Secretary to be necessary in order to furnish and improve telephone service in rural areas: And provided further, That such refinancing shall constitute not more than 40 per centum of any loan made under this title. Loans under this section shall not be made unless the Secretary finds and certifies that in his judgement the security therefore is reasonably adequate and such loan will be repaid within the time agreed, nor shall such loan be made in any State which now has or may hereafter have a State regulatory body having authority to regulate telephone service and to require certificates of convenience and necessity to the applicant unless such certificate from such agency is first obtained. In a State in which there is no such agency or regulatory body legally authorized to issue such certificates to the applicant, no loan shall be made under this section unless the Secretary shall determine (and set forth his reasons therefore in writing) that no duplication of lines, facilities, or systems, providing reasonably adequate services will result therefrom.

[Oct. 28, 1949, ch. 776, §5, 63 Stat. 948; May 7, 1971, Public Law 92-12, §3(b), 85 Stat. 37; Oct. 13, 1994, Public Law 103-354, Title II, Subtitle C, §235(a)(13), 108 Stat. 3221; 7 U.S.C. 922.]