Public Law 103-129
103d Congress

An Act

Nov. 1, 1993
[H.R. 3123]

To improve the electric and telephone loan programs carried out under the Rural Electrification Act of 1936, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Rural Electrification Loan Restructuring Act of 1993.
7 USC 901 note.

SECTION 1. SHORT TITLE.

This Act may be cited as the "Rural Electrification Loan Restructuring Act of 1993".

SEC. 2. ELECTRIC AND TELEPHONE LOAN PROGRAMS.

(a) INSURED ELECTRIC AND TELEPHONE LOANS.—

(1) IN GENERAL.—Section 305 of the Rural Electrification Act of 1936 (7 U.S.C. 935) is amended—

(A) by striking subsections (b) and (d);

(B) by redesignating subsection (c) as subsection (b); and

(C) by inserting after subsection (b) (as so redesignated) the following new subsections:

"(c) INSURED ELECTRIC LOANS.—

"(1) HARDSHIP LOANS.—

"(A) IN GENERAL.—The Administrator shall make insured electric loans, to the extent of qualifying applications for the loans, at an interest rate of 5 percent per year to any applicant for a loan who meets each of the following requirements:

"(i) The average revenue per kilowatt-hour sold by the applicant is not less than 120 percent of the average revenue per kilowatt-hour sold by all utilities in the State in which the applicant provides service.

"(ii) The average residential revenue per kilowatt-hour sold by the applicant is not less than 120 percent of the average residential revenue per kilowatt-hour sold by all utilities in the State in which the applicant provides service.

"(iii) The average per capita income of the residents receiving electric service from the applicant is less than the average per capita income of the residents of the State in which the applicant provides service, or the median household income of the households receiving electric service from the applicant is less than the median household income of the households in the State.

"(B) SEVERE HARDSHIP LOANS.—In addition to hardship loans that are made under subparagraph (A), the Adminis-

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trator may make an insured electric loan at an interest rate of 5 percent per year to an applicant for a loan if, in the sole discretion of the Administrator, the applicant has experienced a severe hardship.

"(C) LIMITATION.—Except as provided in subparagraph (D), the Administrator may not make a loan under this paragraph to an applicant for the purpose of furnishing or improving electric service to a consumer located in an urban area (as defined by the Bureau of the Census) if the average number of consumers per mile of line of the total electric system of the applicant exceeds 17.

"(D) EXTREMELY HIGH RATES.—In addition to hardship loans that are made under subparagraphs (A) and (B), the Administrator shall make insured electric loans, to the extent of qualifying applications for the loans, at an interest rate of 5 percent per year to any applicant for a loan whose residential revenue exceeds 15.0 cents per kilowatt-hour sold. A qualifying application from such an applicant for the purpose of furnishing or improving electric service to a consumer located outside of an urbanized area shall not be subject to the conditions or limitation of subparagraph (A) or (C).

"(2) MUNICIPAL RATE LOANS.—

"(A) IN GENERAL.—The Administrator shall make insured electric loans, to the extent of qualifying applications for the loans, at the interest rate described in subparagraph (B) for the term or terms selected by the applicant pursuant to subparagraph (C).

"(B) INTEREST RATE.—

"(i) IN GENERAL.—Subject to clause (ii), the interest rate described in this subparagraph on a loan to a qualifying applicant shall be—

"(I) the interest rate determined by the Administrator to be equal to the current market yield on outstanding municipal obligations with remaining periods to maturity similar to the term selected by the applicant pursuant to subparagraph (C), but not greater than the rate determined under section 307(a)(3)(A) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1927(a)(3)(A)) that is based on the current market yield on outstanding municipal obligations; plus

"(II) if the applicant for the loan makes an election pursuant to subparagraph (D) to include in the loan agreement the right of the applicant to prepay the loan, a rate equal to the amount by which—

"(aa) the interest rate on commercial loans for a similar period that afford the borrower such a right; exceeds

"(bb) the interest rate on commercial loans for the period that do not afford the borrower such a right.

"(ii) MAXIMUM RATE.—The interest rate described in this subparagraph on a loan to an applicant for the loan shall not exceed 7 percent if—

"(I) the average number of consumers per mile of line of the total electric system of the applicant is less than 5.50; or

"(II)(aa) the average revenue per kilowatt-hour sold by the applicant is more than the average revenue per kilowatt-hour sold by all utilities in the State in which the applicant provides service; and

"(bb) the average per capita income of the residents receiving electric service from the applicant is less than the average per capita income of the residents of the State in which the applicant provides service, or the median household income of the households receiving electric service from the applicant is less than the median household income of the households in the State.

"(iii) EXCEPTION.—Clause (ii) shall not apply to a loan to be made to an applicant for the purpose of furnishing or improving electric service to consumers located in an urban area (as defined by the Bureau of the Census) if the average number of consumers per mile of line of the total electric system of the applicant exceeds 17.

"(C) LOAN TERM.—

"(i) IN GENERAL.—Subject to clause (ii), the applicant for a loan under this paragraph may select the term for which an interest rate shall be determined pursuant to subparagraph (B), and, at the end of the term (and any succeeding term selected by the applicant under this subparagraph), may renew the loan for another term selected by the applicant.

"(ii) MAXIMUM TERM.—

"(I) APPLICANT.—The applicant may not select a term that ends more than 35 years after the beginning of the first term the applicant selects under clause (i).

"(II) ADMINISTRATOR.—The Administrator may prohibit an applicant from selecting a term that would result in the total term of the loan being greater than the expected useful life of the assets being financed.

"(D) CALL PROVISION.—The Administrator shall offer any applicant for a loan under this paragraph the option to include in the loan agreement the right of the applicant to prepay the loan on terms consistent with similar provisions of commercial loans.

"(3) OTHER SOURCE OF CREDIT NOT REQUIRED IN CERTAIN CASES.—The Administrator may not require any applicant for a loan made under this subsection who is eligible for a loan under paragraph (1) to obtain a loan from another source as a condition of approving the application for the loan or advancing any amount under the loan.

"(d) INSURED TELEPHONE LOANS.—

"(1) HARDSHIP LOANS.—

"(A) IN GENERAL.—The Administrator shall make insured telephone loans, to the extent of qualifying applications for the loans, at an interest rate of 5 percent per

year, to any applicant who meets each of the following requirements:

"(i) The average number of subscribers per mile of line in the service area of the applicant is not more than 4.

"(ii) The applicant is capable of producing net income or margins before interest of not less than 100 percent (but not more than 300 percent) of the interest requirements on all of the outstanding and proposed loans of the applicant.

"(iii) The Administrator has approved a telecommunications modernization plan for the State under paragraph (3) and, if the plan was developed by telephone borrowers under this title, the applicant is a participant in the plan.

"(iv) The average number of subscribers per mile of line in the area included in the proposed loan is not more than 17.

"(B) AUTHORITY TO WAIVE TIER REQUIREMENT.—The Administrator may waive the requirement of subparagraph (A)(ii) in any case in which the Administrator determines (and sets forth the reasons for the waiver in writing) that the requirement would prevent emergency restoration of the telephone system of the applicant or result in severe hardship to the applicant.

"(C) EFFECT OF LACK OF FUNDS.—On request of any applicant who is eligible for a loan under this paragraph for which funds are not available, the applicant shall be considered to have applied for a loan under title IV.

"(2) COST-OF-MONEY LOANS.—

"(A) IN GENERAL.—The Administrator may make insured telephone loans for the acquisition, purchase, and installation of telephone lines, systems, and facilities (other than buildings used primarily for administrative purposes, vehicles not used primarily in construction, and customer premise equipment) related to the furnishing, improvement, or extension of rural telecommunications service, at an interest rate equal to the then current cost of money to the Government of the United States for loans of similar maturity, but not more than 7 percent per year, to any applicant for a loan who meets the following requirements:

"(i) The average number of subscribers per mile of line in the service area of the applicant is not more than 15, or the applicant is capable of producing net income or margins before interest of not less than 100 percent (but not more than 500 percent) of the interest requirements on all of the outstanding and proposed loans of the applicant.

"(ii) The Administrator has approved a telecommunications modernization plan for the State under paragraph (3) and, if the plan was developed by telephone borrowers under this title, the applicant is a participant in the plan.

"(B) CONCURRENT LOAN AUTHORITY.—On request of any applicant for a loan under this paragraph during any fiscal year, the Administrator shall—

"(i) consider the application to be for a loan under this paragraph and a loan under section 408; and

"(ii) if the applicant is eligible for a loan, make a loan to the applicant under this paragraph in an amount equal to the amount that bears the same ratio to the total amount of loans for which the applicant is eligible under this paragraph and under section 408, as the amount made available for loans under this paragraph for the fiscal year bears to the total amount made available for loans under this paragraph and under section 408 for the fiscal year.

"(C) EFFECT OF LACK OF FUNDS.—On request of any applicant who is eligible for a loan under this paragraph for which funds are not available, the applicant shall be considered to have applied for a loan guarantee under section 306.

"(3) STATE TELECOMMUNICATIONS MODERNIZATION PLANS.—

"(A) APPROVAL.—If, not later than 1 year after final regulations are promulgated to carry out this paragraph, any State, either by statute or through the public utility commission of the State, develops a telecommunications modernization plan that meets the requirements of subparagraph (B), the Administrator shall approve the plan for the State. If a State does not develop a plan in accordance with the requirements of the preceding sentence, the Administrator shall approve any telecommunications modernization plan for the State that meets the requirements that is developed by a majority of the borrowers of telephone loans made under this title who are located in the State.

"(B) REQUIREMENTS.—For purposes of subparagraph (A), a telecommunications modernization plan must, at a minimum, meet the following objectives:

"(i) The plan must provide for the elimination of party line service.

"(ii) The plan must provide for the availability of telecommunications services for improved business, educational, and medical services.

"(iii) The plan must encourage and improve computer networks and information highways for subscribers in rural areas.

"(iv) The plan must provide for—

"(I) subscribers in rural areas to be able to receive through telephone lines—

"(aa) conference calling;

"(bb) video images; and

"(cc) data at a rate of at least 1,000,000 bits of information per second; and

"(II) the proper routing of information to subscribers.

"(v) The plan must provide for uniform deployment schedules to ensure that advanced services are deployed at the same time in rural and nonrural areas.

"(vi) The plan must provide for such additional requirements for service standards as may be required by the Administrator.

"(C) FINALITY OF APPROVAL.—A telecommunications modernization plan approved under subparagraph (A) may not subsequently be disapproved. Notwithstanding paragraphs (1)(A)(iii) and (2)(A)(iii), and section 408(b)(4)(C), the Administrator and the Governor of the telephone bank may make a loan to a borrower serving a State that does not have a telecommunication modernization plan approved by the Administrator if the loan is made less than 1 year after the Administrator has adopted final regulations implementing this paragraph.".

(2) RURAL TELEPHONE BANK LOAN PROGRAM.—Section 408 of such Act (7 U.S.C. 948) is amended—

(A) in subsection (a), by striking ", (2)" and all that follows through "408 of this Act," and inserting ", (2) for the acquisition, purchase, and installation of telephone lines, systems, and facilities (other than buildings used primarily for administrative purposes, vehicles not used primarily in construction, and customer premise equipment) related to the furnishing, improvement, or extension of rural telecommunications service,";

(B) in subsection (b)—

(i) by striking paragraph (4) and inserting the following new paragraph:

"(4) The Governor of the telephone bank may make a loan under this section only to an applicant for the loan who meets the following requirements:

"(A) The average number of subscribers per mile of line in the service area of the applicant is not more than 15, or the applicant is capable of producing net income or margins before interest of not less than 100 percent (but not more than 500 percent) of the interest requirements on all of the outstanding and proposed loans of the applicant.

"(B) The Administrator has approved, under section 305(d)(3), a telecommunications modernization plan for the State in which the applicant is located and, if the plan was developed by telephone borrowers under title III, the applicant is a participant in the plan.";

(ii) in paragraph (8)—

(I) by inserting "(A)" after "(8)";

(II) by striking "if such prepayment is not made later than September 30, 1988" and inserting "except for any prepayment penalty provided for in a loan agreement entered into before the date of enactment of the Rural Electrification Loan Restructuring Act of 1993"; and

(III) by adding at the end the following new subparagraph:

"(B) If a borrower prepays part or all of a loan made under this section, then, notwithstanding section 407(b), the Governor of the telephone bank shall—

"(i) use the full amount of the prepayment to repay obligations of the telephone bank issued pursuant to section 407(b) before October 1, 1991, to the extent any such obligations are outstanding; and

"(ii) in repaying the obligations, first repay the advances bearing the greatest rate of interest."; and

(iii) by adding at the end the following new paragraphs:

"(9) On request of any applicant for a loan under this section during any fiscal year, the Governor of the telephone bank shall—

"(A) consider the application to be for a loan under this section and a loan under section 305(d)(2); and

"(B) if the applicant is eligible for a loan, make a loan to the applicant under this section in an amount equal to the amount that bears the same ratio to the total amount of loans for which the applicant is eligible under this section and under section 305(d)(2), as the amount made available for loans under this section for the fiscal year bears to the total amount made available for loans under this section and under section 305(d)(2) for the fiscal year.

"(10) On request of any applicant who is eligible for a loan under this section for which funds are not available, the applicant shall be considered to have applied for a loan under section 305(d)(2).";; and

(C) by adding at the end the following new subsection:

"(e) Loans and advances made under this section on or after November 5, 1990, shall bear interest at a rate determined under this section, taking into account all assets and liabilities of the telephone bank. This subsection shall not apply to loans obligated before the date of enactment of this subsection. Funds are not authorized to be appropriated to carry out this subsection until the funds are appropriated in advance to carry out this subsection.".

(b) FUNDING.—

(1) LIMITATIONS ON AUTHORIZATION OF APPROPRIATIONS.—Section 314 of such Act (7 U.S.C. 940d) is amended to read as follows:

"SEC. 314. LIMITATIONS ON AUTHORIZATION OF APPROPRIATIONS.

"(a) DEFINITION OF ADJUSTMENT PERCENTAGE.—As used in this section, the term 'adjustment percentage' means, with respect to a fiscal year, the percentage (if any) by which—

"(1) the average of the Consumer Price Index (as defined in section 1(f)(5) of the Internal Revenue Code of 1986) for the 1-year period ending on July 31 of the immediately preceding fiscal year; exceeds

"(2) the average of the Consumer Price Index (as so defined) for the 1-year period ending on July 31, 1993.

"(b) FISCAL YEARS 1994 THROUGH 1998.—In the case of each of fiscal years 1994 through 1998, there are authorized to be appropriated to the Administrator such sums as may be necessary for the cost of loans in the following amounts, for the following purposes:

"(1) ELECTRIC HARDSHIP LOANS.—For loans under section 305(c)(1)—

"(A) for fiscal year 1994, $125,000,000; and

"(B) for each of fiscal years 1995 through 1998, $125,000,000, increased by the adjustment percentage for the fiscal year.

"(2) ELECTRIC MUNICIPAL RATE LOANS.—For loans under section 305(c)(2)—

"(A) for fiscal year 1994, $600,000,000; and

"(B) for each of fiscal years 1995 through 1998, $600,000,000, increased by the adjustment percentage for the fiscal year.

"(3) TELEPHONE HARDSHIP LOANS.—For loans under section 305(d)(1)—

"(A) for fiscal year 1994, $125,000,000; and

"(B) for each of fiscal years 1995 through 1998, $125,000,000, increased by the adjustment percentage for the fiscal year.

"(4) TELEPHONE COST-OF-MONEY LOANS.—For loans under section 305(d)(2)—

"(A) for fiscal year 1994, $198,000,000; and

"(B) for each of fiscal years 1995 through 1998, $198,000,000, increased by the adjustment percentage for the fiscal year.

"(c) FUNDING LEVELS.—The Administrator shall make insured loans under this title for the purposes, in the amounts, and for the periods of time specified in subsection (b), as provided in advance in appropriations Acts.

"(d) AVAILABILITY OF FUNDS FOR INSURED LOANS.—Amounts made available for loans under section 305 are authorized to remain available until expended.".

(2) RULE OF INTERPRETATION.—Section 309(a) of such Act (7 U.S.C. 939(a)) is amended by adding at the end the following new sentence: "The preceding sentence shall not be construed to make section 408(b)(2) or 412 applicable to this title.".

(c) MISCELLANEOUS AMENDMENTS.—

(1) LOANS FOR RURAL ELECTRIFICATION.—Section 2 of such Act (7 U.S.C. 902) is amended—

(A) by inserting "(a)" before "The Administrator";

(B) by striking "telephone service in rural areas, as hereinafter provided;" and inserting "electric and telephone service in rural areas, as provided in this Act, and for the purpose of assisting electric borrowers to implement demand side management, energy conservation programs, and on-grid and off-grid renewable energy systems;"; and

(C) by adding at the end the following new subsection:

"(b) By January 1, 1994, the Administrator shall issue interim regulations to implement the authority contained in subsection (a) to make loans for the purpose of assisting electric borrowers to implement demand side management, energy conservation programs, and on-grid and off-grid renewable energy systems. If the regulations are not issued by January 1, 1994, the Administrator shall consider any demand side management, energy conservation, or renewable energy program, system, or activity that is approved by a State agency to be eligible for the loans.". Regulations.

(2) LOANS FOR ELECTRICAL PLANTS AND TRANSMISSION LINES.—Section 4 of such Act (7 U.S.C. 904) is amended by inserting after "central station service" the following: "and 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".

(3) DEFINITIONS.—Section 13 of such Act (7 U.S.C. 913) is amended—

(A) by inserting ", except as provided in section 203(b)," before "shall be deemed to mean any area"; and

(B) by striking "city, village, or borough having a population in excess of fifteen hundred inhabitants" and inserting "urban area, as defined by the Bureau of the Census".

(4) GENERAL PROHIBITIONS.—Section 18 of such Act (7 U.S.C. 918) is amended—

(A) by inserting "(a) NO CONSIDERATION OF BORROWER'S LEVEL OF GENERAL FUNDS.—" before "The Administrator"; and

(B) by adding at the end the following new subsections:

"(b) LOAN ORIGINATION FEES.—The Administrator 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 Administrator 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 Administrator 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 Administrator 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 Administrator.

"(4) CONTRACTS, GRANTS, AND AGREEMENTS.—The Administrator 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 Administrator to retain the services of consultants from funds made available to the Administrator or otherwise.".

(5) DEFINITION OF RURAL AREA.—Section 203(b) of such Act (7 U.S.C. 924(b)) is amended by striking "one thousand five hundred" and inserting "5,000".

(6) INSURED LOANS.—Section 305 of such Act (7 U.S.C. 935) (as amended by subsection (a)(1)) is further amended—

(A) by striking "SEC. 305. INSURED LOANS; INTEREST RATES AND LENDING LEVELS.—(a) The" and inserting the following:

"SEC. 305. INSURED LOANS; INTEREST RATES AND LENDING LEVELS.

"(a) IN GENERAL.—The"; and

(B) in subsection (b), by striking "(b) Loans" and inserting "(b) INSURED LOANS.—Loans".

(7) ELIGIBILITY OF DISTRIBUTION BORROWERS; ADMINISTRATIVE PROHIBITIONS.—Title III of such Act is amended by inserting after section 306B (7 U.S.C. 936b) the following new sections:

"SEC. 306D. ELIGIBILITY OF DISTRIBUTION BORROWERS FOR LOANS, LOAN GUARANTEES, AND LIEN ACCOMMODATIONS. 7 USC 936d.

"For the purpose of determining the eligibility of a distribution borrower not in default on the repayment of a loan made or guaranteed under this Act for a loan, loan guarantee, or lien accommodation under this title, a default by a borrower from which the distribution borrower purchases wholesale power shall not—

"(1) be considered a default by the distribution borrower;

"(2) reduce the eligibility of the distribution borrower for assistance under this Act; or

"(3) be the cause, directly or indirectly, of imposing any requirement or restriction on the borrower as a condition of the assistance, except such requirements or restrictions as are necessary to implement a debt restructuring agreed on by the power supply borrower and the Government.

"SEC. 306E. ADMINISTRATIVE PROHIBITIONS APPLICABLE TO ELECTRIC BORROWERS. 7 USC 936e.

"The Administrator may not require prior approval of, impose any requirement, restriction, or prohibition with respect to the operations of, or deny or delay the granting of a lien accommodation to, any electric borrower under this Act whose net worth exceeds 110 percent of the outstanding principal balance on all loans made or guaranteed to the borrower by the Administrator.".

(8) LOANS FROM OTHER CREDIT SOURCES.—Section 307 of such Act (7 U.S.C. 937) is amended by adding at the end the following new sentence: "The Administrator may not request any applicant for an electric loan under this Act to apply for and accept a loan in an amount exceeding 30 percent of the credit needs of the applicant.".

(9) CAPITALIZATION.—Section 406 of such Act (7 U.S.C. 946) is amended by adding at the end the following new subsection:

"(i) The Governor of the telephone bank may invest in obligations of the United States the amounts in the account in the Treasury of the United States numbered 12X8139 (known as the 'RTB Equity Fund').".

(10) REFINANCING OF FFB LOANS.—Section 306C of such Act is amended by— 7 USC 936c.

(A) inserting before the period at the end of subsection (c)(2) the following: ", except that such rate shall not be greater than 7 percent per year, subject to subsection (d)"; and

(B) adding at the end the following new subsection:

"(d) MAXIMUM RATE OPTION.—

"(1) IN GENERAL.—Except as provided in paragraphs (2), (3), and (4), a borrower of a loan or loan advance, or any portion of the loan or advance, that is refinanced under this section shall have the option of ensuring that the interest rate on such loan, loan advance, or portion thereof does not exceed 7 percent per year.

"(2) LIMITATION.—A borrower may not exercise the option under paragraph (1) in the case of a loan or loan advance, or portion thereof, if the total amount of such loans for which such option would be exercised exceeds 50 percent of the outstanding principal balance of the loans made to such borrower and guaranteed under section 306.

"(3) FEE.—A borrower that exercises the maximum rate option under paragraph (1) shall, at the time of exercising such option, pay a fee equal to 1 percent of the outstanding principal balance of such loan or loan advance, or portion thereof, for which such option is exercised. Such fee shall be in addition to the penalties and other payments required under subsection (b).

"(4) SUNSET.—The option provided under paragraph (1) shall not be available in the case of any loan or loan advance, or portion thereof, unless a written request to exercise such option is sent to the Administrator not later than 1 year after the effective date of regulations issued to carry out the Rural Electrification Loan Restructuring Act of 1993.".

SEC. 3. EXPANDED ELIGIBILITY FOR LOANS FOR WATER AND WASTE DISPOSAL FACILITIES.

Section 306(a)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(1)) is amended by inserting after the first sentence the following new sentence: "The Secretary may also make loans to any borrower to whom a loan has been made under the Rural Electrification Act of 1936 (7 U.S.C. 901 et seq.), for the conservation, development, use, and control of water, and the installation of drainage or waste disposal facilities, primarily serving farmers, ranchers, farm tenants, farm laborers, rural businesses, and other rural residents.".

SEC. 4. RURAL ECONOMIC DEVELOPMENT.

Section 364 of the Consolidated Farm and Rural Development Act (7 U.S.C. 2006f) is amended by adding at the end the following new subsection:

"(g) RURAL ECONOMIC DEVELOPMENT.—

"(1) IN GENERAL.—A borrower of a loan or loan guarantee under the Rural Electrification Act of 1936 (7 U.S.C. 901 et seq.) shall be eligible for assistance under all programs administered by the Rural Development Administration.

"(2) PARTICIPATION.—The Administrator of the Rural Development Administration shall encourage and facilitate the full and equal participation of all entities to participate in programs administered by the Rural Development Administration.".

SEC. 5. PROHIBITION UNDER RURAL DEVELOPMENT PROGRAMS.

The Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) is amended by adding at the end thereof the following new section:

7 USC 2008e.

"SEC. 370. PROHIBITION UNDER RURAL DEVELOPMENT PROGRAMS.

"(a) PROHIBITION.—Assistance under any rural development program administered by the Rural Development Administration, the Farmers Home Administration, the Rural Electrification Administration, or any other agency of the Department of Agriculture shall not be conditioned on any requirement that the recipient of such assistance accept or receive electric service from any particular utility, supplier, or cooperative.

Regulations.

"(b) ENSURING COMPLIANCE.—The Secretary shall establish, by regulation, adequate safeguards to ensure that assistance under such rural development programs is not subject to such a condition. Such safeguards shall include periodic certifications and audits,

and appropriate measures and sanctions against any person violating, or attempting to violate, the prohibition in subsection (a).

"(c) REGULATIONS.—Not later than 6 months after the enactment of this section, the Secretary shall issue interim final regulations to ensure compliance with subsection (a).".

SEC. 6. REGULATIONS.

7 USC 901 note.

Except as provided in section 2(b) of the Rural Electrification Act of 1936 and section 370 of the Consolidated Farm and Rural Development Act, as added by sections 2(c)(1)(C) and 5 of this Act, not later than 45 days after the date of enactment of this Act, interim final regulations shall be issued by—

(1) the Administrator of the Rural Electrification Administration to carry out the amendments made by this Act to programs administered by the Administrator;

(2) the Administrator of the Rural Development Administration to carry out the amendments made by this Act to programs administered by the Administrator; and

(3) the Secretary of Agriculture to carry out the amendments made by this Act to programs administered by the Farmers Home Administration.

Approved November 1, 1993.

LEGISLATIVE HISTORY—H.R. 3123 (S. 1167):

CONGRESSIONAL RECORD, Vol. 139 (1993):
June 24, S. 1167 considered and passed Senate.
Sept. 28, H.R. 3123 considered and passed House.
Oct. 4, considered and passed Senate.
WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 29 (1993):
Nov. 1, Presidential statement.