

RUS Electric Loan Program Supports Co-op Infrastructure

Key Findings

- Cooperatives use financing from the Department of Agriculture's RUS Electric Loan program to deliver affordable, reliable electric service to 42 million people in rural America.
- Electric cooperatives reliably repay these loans with interest to the Treasury, so they contribute to deficit reduction. Electric loans made in fiscal year 2019 netted \$219M to the U.S. Treasury.
- NRECA supports continuing the authorized RUS electric loan level at \$5.5 billion for fiscal year 2021. Electric co-ops also support continued funding for the RUS Guaranteed Underwriter and Rural Economic Development Loan and Grant programs.

RUS Electric Loans Finance Secure, Reliable Electric Infrastructure

Consumer-owned electric cooperatives maintain nearly half the nation's electric distribution lines, which cover 56 percent of America's land mass while serving one in eight U.S. business and residential electric consumers. Cooperatives meet that challenge in part by using RUS loans to help finance infrastructure that provides affordable, reliable electric service. Repayment of these loans also contributes to deficit reduction because of interest paid to the U.S. Treasury. Electric loans made in fiscal year 2019 netted \$219M to the U.S. Treasury.

For FY 2021, NRECA supports continuing the authorized loan level at \$5.5 billion for RUS electric program loans. The program has operated at this level since FY 2017. Last year, 239 House members signed a bipartisan letter supporting the RUS loan program. A companion letter in the Senate was signed by 51 senators.

Another critical RUS program is the Guaranteed Underwriter Program, which allows qualified private lenders to provide guaranteed financing to electric cooperatives. Congress approved a loan level of \$750 million for FY 2020 for those loans. NRECA supports a \$750 billion loan level for FY 2021.

In addition, electric cooperatives support the Rural Economic Development Loan and Grant program, which enables electric co-ops to invest in economic development projects in the local communities they serve. NRECA strongly supports continuing the program at a funding level of \$50 million for loans and \$10 million for grants.

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