

OCTOBER 21, 1976

Office of the White House Press Secretary

NOTICE TO THE PRESS

The President has signed H. R. 12207--Rural Electrification Act Amendments. This will amend the Rural Electrification Act of 1936 to increase the authorization of the Rural Electrification and Telephone Revolving Fund and to limit eligibility for special 2 percent financing through the fund.

Under the Rural Electrification Act of 1936, as amended, the Secretary of Agriculture is authorized to provide insured loans from the Rural Electrification and Telephone Revolving Fund to eligible electric and telephone utilities for the purpose of furnishing electric and telephone service to persons in rural areas.

The bill will eliminate the gross revenue per mile test to provide for a more equitable system of allocation. Under the new formula, a telephone utility will normally become eligible for 2 percent financing only if it had an average subscriber density of three or less per mile at the end of the most recent calendar year ending at least six months prior to approval of the loan.

An electric utility will qualify for 2 percent financing if it had at the end of the most recent calendar year ending at least six months prior to approval of the loan, an average customer density of two or less per mile, or an average adjusted plant revenue ratio of over 9.0.

The bill will transfer to the Rural Electrification and Telephone Revolving Fund, an off-budget account, approximately \$455.6 million in unobligated appropriations remaining from the REA direct loan program terminated in fiscal year 1973.

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