

§ 1710.116

regulatory authority approval of depreciation rates for rate making purposes, the depreciation rates used for the purposes of this paragraph shall be the rates currently approved by the state authority or rates for which the borrower plans to seek state authority approval, provided that these rates are deemed appropriate by RUS. In other states, if the rates proposed by the borrower are not deemed appropriate by RUS, RUS will base expected useful life on the depreciation rates listed in Bulletin 183-1, or its successor, revising such rates as necessary to reflect current industry practice (for availability of bulletins, see §1710.5.). Final maturities for loans for the implementation of programs for demand side management and energy resource conservation and on and off grid renewable energy sources not owned by the borrower will be determined by RUS. Due to the uncertainty of predictions over an extended period of time, RUS may add up to 2 years to the composite average useful life of the facilities in order to determine final maturity.

(c) [Reserved]

(d) The Administrator may approve a repayment period longer than the expected useful life of the facilities financed, up to 35 years, if a longer final maturity is required to ensure repayment of the loan and loan security is adequate.

(e) The final maturity of a loan established pursuant to the provisions of this section shall not be extended as a result of extending loan payments under section 12(a) of the RE Act.

[58 FR 66265, Dec. 20, 1993, as amended at 60 FR 3731, Jan. 19, 1995]

§ 1710.116 [Reserved]

§ 1710.117 Environmental considerations.

Borrowers are required to comply with 7 CFR part 1794, which sets forth applicable requirements of the National Environmental Policy Act (NEPA), as amended (42 U.S.C. 4321 *et seq.*); the Council on Environmental Quality Regulations for Implementing the Procedural Provisions of NEPA (40 CFR parts 1500-1508); and certain other statutes, regulations and orders. Borrowers must also comply with any

7 CFR Ch. XVII (1-1-03 Edition)

other applicable Federal or state environmental laws and regulations.

§ 1710.118 [Reserved]

§ 1710.119 Loan processing priorities.

(a) Generally loans are processed in chronological order based on the date the complete application is received in the Regional office.

(b) The Administrator may give priority to processing loans that are required to meet the following needs:

(1) To restore electric service following a major storm or other catastrophe;

(2) To bring existing electric facilities into compliance with any environmental requirements imposed by Federal or state law that were not in effect at the time the facilities were originally constructed;

(3) To finance the capital needs of borrowers that are the result of a merger, consolidation, or a transfer of a system substantially in its entirety, provided that the merger, consolidation, or transfer has either been approved by RUS or does not need RUS approval pursuant to the borrower's loan documents (See 7 CFR 1717.154); or

(4) To correct serious safety problems, other than those resulting from borrower mismanagement or negligence.

(c) The Administrator may also change the normal order of processing loan applications when it is necessary to ensure that all loan authority for the fiscal year is utilized.

[57 FR 1053, Jan. 9, 1992, as amended at 61 FR 66871, Dec. 19, 1996]

§ 1710.120 Construction standards and contracting.

Borrowers shall follow all RUS requirements regarding construction work plans, construction standards, approved materials, construction and related contracts, inspection procedures, and bidding procedures.

§ 1710.121 Insurance requirements.

Borrowers are required to comply with certain requirements with respect to insurance and fidelity coverage as set forth in 7 CFR part 1788.