

under certain circumstances, the implementation of demand side management, energy conservation programs, and on grid and off grid renewable energy systems.

(c) *One hundred percent loan guarantees under section 306.* Both distribution and power supply borrowers are eligible for 100 percent loan guarantees under section 306 of the RE Act for any or all of the purposes set forth in §1710.106, including, under certain circumstances, the implementation of demand side management, energy conservation programs, and on grid and off grid renewable energy systems. (See 7 CFR part 1712). These guarantees are normally used to finance bulk transmission and generation facilities, but they may also be used to finance distribution and subtransmission facilities. If a borrower applies for a section 306 loan guarantee to finance all or a portion of distribution and subtransmission facilities, such request will not affect the borrower's eligibility for an insured loan to finance any remaining portion of said facilities or for any future insured loan to finance other distribution or subtransmission facilities. A section 306 loan guarantee, however, may not be used to guarantee a supplemental loan required by §1710.110.

(d) *One hundred percent loan guarantees under section 306A.* Under section 306A of the RE Act, both distribution and power supply borrowers are eligible under certain conditions to use an existing section 306 guarantee to refinance advances made on or before July 2, 1986 from a loan made by the Federal Financing Bank. (See 7 CFR part 1786.)

(e) *Ninety percent guarantees of private-sector loans under section 311.* Under section 311 of the RE Act, both distribution and power supply borrowers in the state of Alaska are eligible under certain conditions to obtain from RUS a 90 percent guarantee of a private-sector loan to refinance their Federal Financing Bank loans. (See 7 CFR part 1786.)

[57 FR 2832, Jan. 24, 1992, as amended at 58 FR 66264, Dec. 20, 1993; 66 FR 66294, Dec. 26, 2001]

#### § 1710.103 Area coverage.

(a) Borrowers shall make a diligent effort to extend electric service to all

unserved persons within their service area who:

(1) Desire electric service; and

(2) Meet all reasonable requirements established by the borrower as a condition of service.

(b) If economically feasible and reasonable considering the cost of providing such service and/or the effects on all consumers' rates, such service shall be provided, to the maximum extent practicable, at the rates and minimum charges established in the borrower's rate schedules, without the payment by such persons, other than seasonal or temporary consumers, of a contribution in aid of construction. A seasonal consumer is one that demands electric service only during certain seasons of the year. A temporary consumer is a seasonal or year-round consumer that demands electric service over a period of less than five years.

(c) Borrowers may assess contributions in aid of construction provided such assessments are consistent with the policy set forth in this section.

[57 FR 1053, Jan. 9, 1992, as amended at 60 FR 67404, Dec. 29, 1995]

#### § 1710.104 Service to non-RE Act beneficiaries.

(a) To the greatest extent practical, loans are limited to providing and improving electric facilities to serve consumers that are RE Act beneficiaries. When it is determined by the Administrator to be necessary in order to furnish or improve electric service in rural areas, loans may, under certain circumstances, be made to finance electric facilities to serve consumers that are not RE Act beneficiaries.

(b) Loan funds may be approved for facilities to serve non-RE Act beneficiaries only if:

(1) The primary purpose of the loan is to furnish or improve service for RE Act beneficiaries; and

(2) The use of loan funds to serve non-RE Act beneficiaries is necessary and incidental to the primary purpose of the loan.

[57 FR 1053, Jan. 9, 1992; 57 FR 4513, Feb. 5, 1992, as amended at 58 FR 66264, Dec. 20, 1993]