

**§ 1710.301**

future cost levels rather than in constant dollars, with the annual rate of inflation for major items specified; and

(5) A sensitivity analysis may be required by RUS on a case-by-case basis taking into account such factors as the number and type of large power loads, projections of future borrowings and the associated interest, projected loads, projected revenues, and the probable future competitiveness of the borrower. When RUS determines that a sensitivity analysis is necessary for distribution borrowers, the variables to be tested will be determined by the General Field Representative in consultation with the borrower and the regional office. The regional office will consult with the Power Supply Division in the case of generation projects for distribution borrowers. For power supply borrowers, the variables to be tested will be determined by the borrower and the Power Supply Division.

(e) The financial forecast shall use the accrual method, as approved by RUS, for analyzing costs and revenues, and, as applicable, compare the economic results of the various alternatives on a present value basis.

[57 FR 1053, Jan. 9, 1992, as amended at 63 FR 53277, Oct. 5, 1998]

**§ 1710.301 Financial forecasts—distribution borrowers.**

(a) Financial forecasts prepared by distribution borrowers shall cover at least a ten-year period, unless a shorter period is authorized by other RUS regulations.

(b) In addition to the requirements set forth in §1710.300 of this part, financial forecasts prepared by distribution borrowers in support of a loan application shall:

(1) Include expenditures for any maintenance determined to be needed in the current system's operation and maintenance review and evaluation in order to comply with mortgage covenants and prudent utility practice;

(2) Fully explain the basis for the power cost projections used. Generally, the power supplier's most recent forecasted rates shall be used; and

(3) Use RUS Form 325 or computer-generated equivalent reports.

**7 CFR Ch. XVII (1-1-08 Edition)**

**§ 1710.302 Financial forecasts—power supply borrowers.**

(a) The requirements of this section apply only to financial forecasts submitted by power supply borrowers in support of a loan from RUS. The financial forecast prepared by power supply borrowers shall demonstrate the effects that the addition of generation, transmission and any distribution facilities will have on the power supply borrower's sales, costs, and revenues, and on the cost of power to the member distribution systems.

(b) The financial forecast shall cover a period of 10 years. RUS may request projections for a longer period of time if RUS deems necessary.

(c) Financial forecasts prepared in support of loan applications to finance additional generation capacity shall include a power cost study as set forth in §1710.303.

(d) In addition to the requirements set forth in §1710.300, financial forecasts prepared by power supply borrowers shall:

(1) Identify all plans for generation and transmission capital additions and system operating expenses on a year-by-year basis, beginning with the present and running for 10 years, unless a longer period of time has been requested by RUS.

(2) Integrate projections of operation and maintenance expenses associated with existing plant with those of new proposed facilities to determine total costs of system operation as well as the costs of new generation and generation-related facilities;

(3) Provide an in-depth analysis of the regional markets for power if loan feasibility depends to any degree on a borrower's ability to sell surplus power while its system loads grow to meet the planned capacity of a proposed plant;

(4) If not previously submitted, furnish RUS with all material information on operating agreements, ownership agreements, fuel contracts and any other special agreements that affect annual cost projections, as may be required by RUS on a case by case basis; and

(5) Include sensitivity analysis if required by RUS pursuant to §1710.300(d)(5).