

**§ 1717.652 Definitions.**

As used in this subpart:

*Borrower* means any organization that has an outstanding loan made or guaranteed by RUS for rural electrification.

*Cash-construction fund-trustee account* means the account described in the Uniform System of Accounts as one to which funds are deposited for financing the construction or purchase of electric facilities.

*Distribution borrower* means a Distribution Borrower as defined in 7 CFR 1710.2.

*Electric system* means all of the borrower's interests in all electric production, transmission, distribution, conservation, load management, general plant and other related facilities, equipment or property and in any mine, well, pipeline, plant, structure or other facility for the development, production, manufacture, storage, fabrication or processing of fossil, nuclear, or other fuel or in any facility or rights with respect to the supply of water, in each case for use, in whole or in major part, in any of the borrower's generating plants, including any interest or participation of the borrower in any such facilities or any rights to the output or capacity thereof, together with all lands, easements, rights-of-way, other works, property, structures, contract rights and other tangible and intangible assets of the borrower in each case used or useful in such electric system.

*Equity* means the Margins and Equities of the borrower as defined in the

Uniform System of Accounts, less regulatory created assets.

*Guarantee* means to undertake collaterally to answer for the payment of another's debt or the performance of another's duty, liability, or obligation, including, without limitation, the obligations of subsidiaries. Some examples of such guarantees include guarantees of payment or collection on a note or other debt instrument (assuring returns on investments); issuing performance bonds or completion bonds; or co-signing leases or other obligations of third parties.

*Invest* means to commit money in order to earn a financial return on assets, including, without limitation, all investments properly recorded on the borrower's books and records in investment accounts as those accounts are used in the Uniform System of Accounts for RUS Borrowers. Borrowers may submit any proposed transaction to RUS for an interpretation of whether the action is an investment for the purposes of this definition.

*Make loans* means to lend out money for temporary use on condition of repayment, usually with interest.

*Mortgaged property* means any asset of the borrower which is pledged in the RUS mortgage.

*Natural gas distribution system* means any system of community infrastructure that distributes natural gas and whose services are available by design to all or a substantial portion of the members of the community.

*Operating DSC* means Operating Debt Service Coverage (ODSC) of the borrower's electric system calculated as:

$$\text{ODSC} = \frac{A + B + C}{D}$$

where:

All amounts are for the same year and are based on the RUS system of accounts;

A=Depreciation and Amortization Expense of the electric system;

B=Interest on Long-term Debt of the electric system, except that Interest on Long-term Debt shall be increased by 1/3 of the amount, if any, by which the rentals of Restricted Property of the electric system ex-

ceed 2 percent of Total Margins and Equities;

C=Patronage Capital & Operating Margins of the electric system (distribution borrowers) or Operating Margins of the electric system (power supply borrowers); and  
D=Debt Service Billed (RUS + other) which equals all interest and principal billed or billable during the calendar year for long-term debt of the electric system plus 1/3 of

the amount, if any, by which the rentals of Restricted Property of the electric system exceed 2 percent of Total Margins and Equities. Unless otherwise indicated, all terms used in defining ODSC and OTIER are as defined in RUS Bulletin 1717B-2 Instructions for the Preparation of the Financial and Statistical Report for Electric Distribution Borrowers, and RUS Bulletin 1717B-3 Instructions for the Preparation of the Operating Report for Power Supply Borrowers and for Distribution Borrowers with Generating Facilities, or the successors to these bulletins.

*Operating TIER* means Operating Times Interest Earned Ratio (OTIER) of the borrower's electric system calculated as:

$$\text{OTIER} = \frac{A + B}{A}$$

where:

All amounts are for the same year and are based on the RUS system of accounts;

A=Interest on Long-term Debt of the electric system, except that Interest on Long-term Debt shall be increased by 1/3 of the amount, if any, by which the rentals of Restricted Property of the electric system exceed 2 percent of Total Margins and Equities; and

B=Patronage Capital & Operating Margins of the electric system (distribution borrowers) or Operating Margins of the electric system (power supply borrowers).

*Own funds* means money belonging to the borrower other than funds on deposit in the cash-construction fund-trustee account.

*Power supply borrower* means a Power Supply Borrower as defined in 7 CFR 1710.2.

*Regulatory created assets* means the sum of the amounts properly recordable in Account 182.2 Unrecovered Plant and Regulatory Study Costs, and Account 182.3 Other Regulatory Assets of the Uniform System of Accounts.

*RUS* means the Rural Utilities Service, an agency of the U.S. Department of Agriculture established pursuant to Section 232 of the Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994 (Pub. L. 103-354, 108 Stat. 3178, 7 U.S.C. 6941 et seq.) and, for purposes of this subpart, includes its predecessor, the Rural Electrification Administration.

*RUS loan contract* means the loan contract between the borrower and RUS.

*RUS mortgage* means any and all instruments creating a lien on or security interest in the borrower's assets in connection with loans or guarantees under the RE Act.

*Solid waste disposal system* means any system of community infrastructure that provides collection and/or disposal of solid waste and whose services are available by design to all or a substantial portion of the members of the community.

*Subsidiary* means a company which is controlled by the borrower through ownership of voting stock, and is further defined in 7 CFR 1767.10.

*Supplemental lender* means a lender that has provided a supplemental source of financing that is secured by the RUS mortgage.

*Telecommunication and other electronic communication system* means any community infrastructure that provides telecommunication or other electronic communication services and whose services are available by design to all or a substantial portion of the members of the community.

*Total assets* means the total assets of the borrower as calculated according to the Uniform System of Accounts, less regulatory created assets.

*Total utility plant* means the sum of the borrower's Electric Plant Accounts and Construction Work in Progress—Electric Accounts, as such terms are used in the Uniform System of Accounts.

*Uniform System of Accounts* means the system of accounts prescribed for RUS borrowers in 7 CFR part 1767.

*Water and waste disposal system* means any system of community infrastructure that supplies water and/or collects and treats waste water and whose services are available by design to all or a substantial portion of the members of the community.

#### § 1717.653 Borrowers in default.

Any borrower not in compliance with all provisions of its mortgage, loan contract, or any other agreements with RUS must, unless the borrower's mortgage, loan contract, or other agreement with RUS specifically provides