

**Union Calendar No. 209**

103D CONGRESS  
1ST SESSION

**H. R. 3514**

[Report No. 103-381]

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**A BILL**

To clarify the regulatory oversight exercised by the Rural Electrification Administration with respect to certain electric borrowers.

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NOVEMBER 19, 1993

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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### IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 16, 1993

Mr. DE LA GARZA (for himself and Mr. ROBERTS) introduced the following bill; which was referred to the Committee on Agriculture

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## A BILL

To clarify the regulatory oversight exercised by the Rural Electrification Administration with respect to certain electric borrowers.

1        *Be it enacted by the Senate and House of Representa-*  
2        *tives of the United States of America in Congress assembled,*

1 **SECTION 1. ADMINISTRATIVE PROHIBITIONS APPLICABLE**  
2 **TO CERTAIN ELECTRIC BORROWERS.**

3 Section 306E of the Rural Electrification Act of 1936  
4 is amended to read as follows:

5 **“SEC. 306E. ADMINISTRATIVE PROHIBITIONS APPLICABLE**  
6 **TO CERTAIN ELECTRIC BORROWERS.**

7 “(a) IN GENERAL.—For the purpose of relieving bor-  
8 rowers of unnecessary and burdensome requirements, the  
9 Administrator, guided by the practices of private lenders  
10 with respect to similar credit risks, shall issue regulations,  
11 applicable to any electric borrower under this Act whose  
12 net worth exceeds 110 percent of the outstanding principal  
13 balance on all loans made or guaranteed to the borrower  
14 by the Administrator, to minimize those approval rights,  
15 requirements, restrictions, and prohibitions that the Ad-  
16 ministrator otherwise may establish with respect to the op-  
17 erations of such a borrower.

18 “(b) SUBORDINATION OR SHARING OF LIENS.—At  
19 the request of a private lender providing financing to such  
20 a borrower for a capital investment, the Administrator  
21 shall, expeditiously, either offer to share the government’s  
22 lien on the borrower’s system or offer to subordinate the  
23 government’s lien on that property financed by the private  
24 lender.

25 “(c) ISSUANCE OF REGULATIONS.—In issuing regu-  
26 lations implementing this section, the Administrator may

1 establish requirements, guided by the practices of private  
2 lenders, to ensure that the security for any loan made or  
3 guaranteed under this Act is reasonably adequate.

4 “(d) AUTHORITY OF THE ADMINISTRATOR.—Nothing  
5 in this section limits the authority of the Administrator  
6 to establish terms and conditions with respect to the use  
7 by borrowers of the proceeds of loans made or guaranteed  
8 under this Act or to take any other action specifically au-  
9 thorized by law.”.

10 **SEC. 2. ISSUANCE OF REGULATIONS.**

11 The Administrator of the Rural Electrification Ad-  
12 ministration shall issue interim final regulations imple-  
13 menting this Act not later than 180 days after enactment.  
14 If the regulations are not issued within such period of  
15 time, the Administrator may not, until the Administrator  
16 issues such regulations, require prior approval of, establish  
17 any requirement, restriction, or prohibition, with respect  
18 to the operations of any electric borrower under the Rural  
19 Electrification Act of 1936 whose net worth exceeds 100  
20 percent of the outstanding principal balance on all loans  
21 made or guaranteed to the borrower by the Administrator.