

Slope Electric Cooperative, Inc.

**RESOLUTION NO. 2
RURAL UTILITIES SERVICES PROGRAMS - ELECTRIC**

Slope Electric Cooperative calls upon the Congress and the administration to continue a commitment to a balanced approach to long-term financing for the nation's electric cooperatives including hardship loans (for those systems meeting strict eligibility requirements), municipal rate loans, and Federal Financing Bank and Treasury rate loan guarantees.

While some in this country argue it's time for the Rural Development Utilities lending programs to be eliminated, or that the lending programs be based only on guarantees, Slope Electric opposes such proposals. The need for capital to build new facilities and/or renew existing plant continues at a level that clearly justifies a well-funded loan program. The guarantee program should not become the sole solution to electric cooperative capital needs. While it's enticing to seek guarantees during times of low interest rates, the nation's electric co-ops remember many years when capital costs reached double digit interest rates. Interest rates change with the market; but the primary focus for electric co-ops of serving the high-cost, low-consumer-density areas of this country remains largely unchanged. Nationally, electric cooperatives still serve only about 6.36 customers per mile of line, compared to about 35 customers for the IOU's and about 47 customers for municipal power systems. In North Dakota, cooperatives average 2.5 customers per mile. Slope Electric Cooperative serves 1.31 meters per mile of line.

We would further oppose any effort to eliminate the seven percent cap on Rural Development Utilities municipal rate loans, and would not support the inclusion of any general funds policy that limits a rural electric system's ability to access Rural Development Utilities loan programs.

We also oppose any means testing or move from the once-rural-always-rural test for borrower eligibility.

We wholeheartedly support the current, balanced Rural Development Utilities loan program and urge Congress to fund the program sufficiently.