

Rules and Regulations

Federal Register

Vol. 62, No. 35

Friday, February 21, 1997

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DEPARTMENT OF AGRICULTURE

Rural Utilities Service

7 CFR Part 1710

Temporary Loan Processing Procedures for Insured Electric Loans

AGENCY: Rural Utilities Service, USDA.

ACTION: Interim final rule with request for comments.

SUMMARY: The Rural Utilities Service (RUS) is amending its rule to allow RUS to process loans with a loan period of more than 2 years in two parts when applications substantially exceed available funds. RUS amended its rules in 1995 to lengthen the allowable loan period for insured electric loans from 2 years to 4 years. Since borrowers may now apply for loans to cover construction financing needs for a longer period of time, the average loan has become larger. At the same time, loan authority for FY 1997 is less than for 1996. This situation has produced long delays between the time applications are submitted and the time loans can be approved. RUS believes that this is a temporary situation that will disappear as more and more borrowers get on a longer loan application cycle. The rule is intended to reduce processing delays.

DATES: This rule is effective February 21, 1997. Written comments must be received by RUS or bear a postmark or equivalent not later than May 22, 1997.

ADDRESSES: Submit written comments to Sue Arnold, Financial Analyst, U.S. Department of Agriculture, Rural Utilities Service, Room 4032-S, 1400 Independence Avenue, SW, STOP 1522, Washington, DC 20250-1500. RUS requires, in hard copy, a signed original and 3 copies of all comments (7 CFR 1700.30(e)). Comments will be available for public inspection during regular business hours (7 CFR 1.27(b)).

FOR FURTHER INFORMATION CONTACT: Sue Arnold, Financial Analyst, U.S. Department of Agriculture, Rural Utilities Service, Room 4032-S, 1400 Independence Avenue, SW., STOP 1522, Washington, DC 20250-1522. Telephone: 202-720-0736. FAX: 202-720-4120. E-mail: sarnold@rus.usda.gov.

SUPPLEMENTARY INFORMATION: This regulatory action has been determined to be not significant for the purposes of Executive Order 12866, Regulatory Planning and Review, and, therefore has not been reviewed by the Office of Management and Budget (OMB). The Administrator of RUS has determined that a rule relating to the RUS electric loan program is not a rule as defined in the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*) for which RUS published a general notice of proposed rulemaking pursuant to 5 U.S.C. 553(b), or any other law. Therefore, the Regulatory Flexibility Act does not apply to this rule. The Administrator of RUS has determined that this rule will not significantly affect the quality of the human environment as defined by the National Environmental Policy Act of 1969 (42 U.S.C. 4321 *et seq.*). Therefore, this action does not require an environmental impact statement or assessment. This rule is excluded from the scope of Executive Order 12372, Intergovernmental Consultation, which may require consultation with State and local officials. A Notice of Final Rule titled Department Programs and Activities Excluded from Executive Order 12372 (50 FR 47034) exempts RUS electric loans and loan guarantees from coverage under this Order. This rule has been reviewed under Executive Order 12988, Civil Justice Reform. RUS has determined that this rule meets the applicable standards provided in Sec. 3 of the Executive Order.

The program described by this rule is listed in the Catalog of Federal Domestic Assistance Programs under number 10.850 Rural Electrification Loans and Loan Guarantees. This catalog is available on a subscription basis from the Superintendent of Documents, the United States Government Printing Office, Washington, DC 20402-9325.

Information Collection and Recordkeeping Requirements

The recordkeeping and reporting burdens contained in this rule were

approved by the Office of Management and Budget (OMB) pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. Chapter 35, as amended) under control number 0572-0032.

Background

On January 21, 1995, at 60 FR 3726, RUS amended its rules to lengthen the maximum allowable loan period from 2 years to 4 years for most insured loans. The loan period, sometimes referred to as the financing period, means the period of time during which the facilities listed in a loan application will be constructed. The loan period was lengthened in order to reduce administrative costs to borrowers, supplemental lenders, and RUS of submitting and processing multiple applications.

Since borrowers may now apply for loans covering financing needs for a longer period of time, the average loan size has become larger. At the same time, budget authority for FY 1997 is less than for FY 1996. In FY 1996, RUS used all its budget authority for municipal rate loans and hardship rate loans, approving 97 municipal rate loans (a total of \$544,616,858) and 23 hardship rate loans (\$90,577,664). On September 30, 1996, the end of the FY, RUS had a backlog of 106 applications for municipal rate loans (\$709.0 million) and 28 applications for hardship rate loans (\$119.9 million). Additional applications have been received during FY 97. Total budget authority for FY 1997 for municipal rate and hardship rate loans is only \$455,564,561 and \$68,785,578, respectively.

The large difference between loan funds requested for eligible purposes, and loan funds available for lending has caused long delays between the time a loan application is submitted and the time RUS can act on the application. Currently the queue for municipal rate loans is about a year, and the queue for hardship rate loans is approaching 16 months.

In spite of the smaller budget authority, RUS believes that the loan queue will be significantly shortened as more and more borrowers get used to a longer loan application cycle. However, in those years when there is a significant shortfall in available funding, the agency must have the flexibility to manage the limited resources. This interim final rule will give RUS such flexibility, and will

provide borrowers with a degree of financial certainty.

The rule will allow RUS to process applications for loans with a loan period of more than 2 years in two parts during a fiscal year when applications substantially exceed available funds. RUS will notify all electric borrowers in writing before invoking these procedures.

RUS recognizes that the success of the electric program in maintaining high quality electric service at reasonable rates in rural areas depends on the ability of electric borrowers to maintain and improve their electric systems. The temporary procedures in this rule will assist borrowers in the essential task of planning and managing their cash flows.

Concurrent with the publication of this rule, RUS is issuing Bulletin 1710C-1, Temporary Processing Procedures for Insured Electric Loans, a compliance guide to assist borrowers, supplemental lenders, and other interested parties. RUS is mailing the rule and the bulletin to all electric borrowers and to supplemental lenders. RUS believes that the procedures in the bulletin will allow all borrowers to share the limited loan appropriations on a fair and equitable basis.

Because of: (1) The exceptionally large backlog of applications for municipal rate and hardship rate loans, and (2) The urgent need for processing procedures that will allow RUS to advance loan funds during the spring construction season, RUS is putting these procedures into effect immediately for FY 1997. RUS requests comments and suggestions, especially on alternate methods of allocating the limited amount of loan funds.

List of Subjects in 7 CFR Part 1710

Electric power, Electric utilities, Loan programs—energy, Reporting and recordkeeping requirements, Rural areas.

For the reasons set out in the preamble, and under the authority of 7 U.S.C. 901 *et seq.*, RUS amends 7 CFR Part 1710 as follows:

PART 1710—GENERAL AND PRE-LOAN POLICIES AND PROCEDURES COMMON TO INSURED AND GUARANTEED ELECTRIC LOANS

1. The authority citation for part 1710 continues to read as follows:

Authority: 7 U.S.C. 901–950(b); Pub. L. 99–591, 100 Stat. 3341; Pub. L. 103–354, 108 Stat. 3178 (7 U.S.C. 6941 *et seq.*).

2. Section 1710.106 is amended by revising paragraph (e) to read as follows:

§ 1710.106 Uses of loan funds.

* * * * *

(e)(1) If, in the sole discretion of the Administrator, the amount authorized for lending for municipal rate loans, hardship rate loans, and loan guarantees in a fiscal year is substantially less than the total amount eligible for RUS financing, RUS may limit the size of all loans of that type approved during the fiscal year. Depending on the amount of the shortfall between the amount authorized for lending and the loan application inventory on hand for each type of loan, RUS may either reduce the amount on an equal proportion basis for all applicants for that type of loan based on the amount of funds for which the applicant is eligible, or may shorten the loan period for which funding will be approved to less than the maximum of 4 years. All applications for the same type of loan approved during a fiscal year will be treated in the same manner, except that RUS will not limit funding to any borrower requesting an RUS loan or loan guarantee of \$1 million or less.

(2) If RUS limits the amount of loan funds approved for borrowers, the Administrator shall notify all electric borrowers early in the fiscal year of the manner in which funding will be limited. The portion of the loan application that is not funded during that fiscal year may, at the borrower's option, be treated as a second loan application received by RUS at a later date. This date will be determined by RUS in the same manner for all affected loans and will be based on the availability of loan funds. The second loan application shall be considered complete except that the borrower must submit a certification from a duly authorized corporate official stating that funds are still needed for loan purposes specified in the original application and must notify RUS of any changes in its circumstances that materially affects the information contained in the original loan application or the primary support documents. See 7 CFR 1710.401(f).

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Dated: February 13, 1997.

Jill Long Thompson,

Under Secretary, Rural Development.

[FR Doc. 97–4334 Filed 2–20–97; 8:45 am]

BILLING CODE 3410–15–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 23

[Docket No. 139CE, Special Condition 23–ACE–90]

Special Conditions; Beechcraft Model E90 Airplane

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final special conditions; request for comments.

SUMMARY: These special conditions are issued to East Coast Aerospace Engineering, 2601 N. Flagler Dr., W. Palm Beach, FL 33407 for a Supplemental Type Certificate (STC) on Beechcraft Model E90 airplane. This airplane will have novel and unusual design features when compared to the state of technology envisaged in the applicable airworthiness standards. These novel and unusual design features include the installation of electronic displays for which the applicable regulations do not contain adequate or appropriate airworthiness standards for the protection of these systems from the effects of high intensity radiated fields (HIRF). These special conditions contain the additional safety standards that the Administrator considers necessary to establish a level of safety equivalent to the airworthiness standards applicable to these airplanes.

DATES: The effective date of these special conditions is on publication in the Federal Register. Comments must be received on or before March 24, 1997.

ADDRESSES: Comments may be mailed in duplicate to: Federal Aviation Administration, Office of the Assistant Chief Counsel, ACE–7, Attention: Rules Docket Clerk, Docket No. 139CE, Room 1558, 601 East 12th Street, Kansas City, Missouri 64106. All comments must be marked: Docket No. 139CE. Comments may be inspected in the Rules Docket weekdays, except Federal holidays, between 7:30 a.m. and 4:00 p.m.

FOR FURTHER INFORMATION CONTACT: Ervin Dvorak, Aerospace Engineer, Standards Office (ACE–110), Small Airplane Directorate, Aircraft Certification Service, Federal Aviation Administration, 601 East 12th Street, Kansas City, Missouri 64106; telephone (816) 426–6941.

SUPPLEMENTARY INFORMATION:

Comments Invited

Although this action is in the form of a final rule that involves requirements