

# FmHA begins loan program for fuel plants

WASHINGTON, D.C. — The U.S. Department of Agriculture's Farmers Home Administration has begun a new loan program to encourage the production of synthetic, non-petroleum fuel from biomass materials.

Farmers Home Administration will make loans directly and will guarantee loans by commercial banks and other private lenders for construction, expansion and conversion of plants producing fuel alcohol and other types of biomass

energy, said Secretary of Agriculture Bob Bergland. Bergland said the program's main objective is to cut the nation's dependence on imported petroleum and natural gas. He said the program will assist mostly alcohol fuels, but methane gas and wood-energy projects are also eligible.

Biomass fuel plants financed by Farmers Home Administration, said Bergland, will help meet goals set by President Carter and the Energy Security Act — production of

at least 500 million gallons of fuel alcohol or the equivalent by the end of 1981 and 920 million gallons by the end of 1982.

"The new program as presently funded should result in 260 million gallons of additional fuel alcohol production capacity," Bergland said, "and this will roughly equal the 264 million gallons of production capacity which will result from distillery construction already assisted with loan guarantees from USDA's existing programs."

Taken together, this 524 million gallons of distillery capacity for fuel alcohol will exceed the nation's goal of 500 million gallons by the end of 1981 and will represent about 56 percent of the production goal of 920 million gallons by the end of 1982, said Bergland.

Farmers Home Administration will finance biomass fuel plants under Title II of the Energy Security Act of 1980, also called the "Biomass Energy and Alcohol Fuels Act of 1980."

The act became law this summer. Farmers Home proposed regulations for its lending under the act, then held public hearings and invited written comments on regulations.

Final regulations for the Farmers Home loans and loan guarantees were published in the Federal

Register on October 30, and applications could be submitted beginning on that date.

The law and regulations provide that Farmers Home will make "insured" direct loans of \$1 million or less per project for small-scale plants capable of producing less than one million gallons per year of alcohol fuel or the equivalent in other forms of biomass energy.

Farmers Home will guarantee loans by commercial banks and other private lenders for intermediate-scale plants capable of producing more than one million but less than 15 million gallons of alcohol fuel or the equivalent per year.

In most cases, projects capable of producing 15 million gallons or more per year will not be eligible for Farmers Home financing but may be eligible for financing by the U.S. Department of Energy.

Exceptions are plants owned by cooperatives or using wood or wood wastes or residues as feedstocks, which may be eligible for financing by either Farmers Home or the Department of Energy. Plants using municipal or aquatic wastes as feedstocks will be eligible for financing by the Department of Energy only, regardless of size.

Farmers Home will give priority in its loans and loan

guarantees to projects using non-petroleum fuel for primary heat in the production process.

The USDA credit agency will make and guarantee loans only for construction of new plants or conversion or expansion of existing plants — not for operating expenses.

Farmers Home will make or guarantee loans for up to

30 years or the useful life of a project — whichever is less. Insured loans will be made at interest rates set by a formula which reflects the cost of money to the government. Guaranteed loans will be made at interest rates agreed upon by borrowers and lenders.

Details may be obtained at local offices of the Farmers Home Administration.

## Delaware ag student wins AZ scholarship

BEL AIRE, Md. — Michael Liberati, a student in the University of Delaware's College of Agricultural Sciences, has received a National Alpha Zeta Foundation Scholarship for the 1980-1981 academic year.

Nominated by his home chapter, Liberati was one of 30 students across the country to receive such awards this year from the honorary agricultural fraternity.

An active member of the Delaware chapter, last year he won the local group's George Worrlow award, which is given annually to the junior with the most involvement in AZ.

A senior with a double major in agricultural engineering and plant science, he is a candidate for a degree with distinction. For his thesis he is doing research in the college's water quality laboratory on cadmium, one of the heavy metals present in sewage sludge.

This work is part of a



Michael Liberati

federally funded regional project aimed at finding a way to bind heavy metals in sludge to the soil so that they are unavailable for plant uptake.

Liberati, a native of Bel Aire, Md., hopes to study environmental science and engineering in graduate school and then get a job dealing with environmental water quality control.



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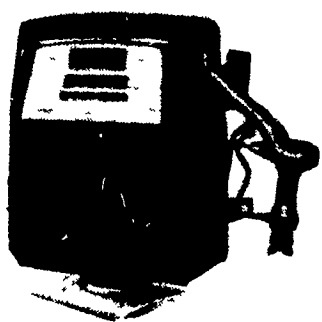
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