

Rural power co-ops fighting fiscal cuts

BY DICK ANGLESTEIN
HARRISBURG — Rural electric cooperatives — not only in Pennsylvania but throughout the nation — are pulling out all of the stops in a fiscal fight with the Reagan Administration.

Terming the situation a battle for survival for the co-ops and the more than 25 million farm and other rural residents who receive their power through them, officials of the Rural Electric Cooperative Association say that the administration fiscal proposals could be as much as double electric rates.

The Pennsylvania Rural Electric Association held a press briefing in Harrisburg this week on the fiscal controversy which centers on the way in which the electric co-ops borrow money for construction projects.

In essence, the administration wants to get the Federal Govern-

ment out of the business of securing loans for rural electric projects, sending the co-ops into the open money market for the loans, which would carry higher interest rates.

The Federal Government says the proposed change would save considerable money as part of its economic recovery program. The rural electric cooperatives counter that the proposals would be inflationary and not reduce the federal budget and only put an extra financial burden on rural residents.

In Pennsylvania, where some 160,000 rural consumers are served by 14 co-ops largely in the northwestern part of the state, across the northern tier of counties and from the central part of the state down into the southcentral region, the administration's proposals would have the following effects,

according to William F. Matson, general manager of the Pennsylvania Rural Electric Association:

—Electric rates of co-op members could be increased as much as six cents per kilowatt hour, which would more than double bills. (The administration maintains higher costs to co-ops might increase rates one to two cents per kilowatt hour.)

—Over the next 10 years, higher interest costs for construction projects planned in Pennsylvania by the co-ops would total more than \$659 million.

—These higher interest costs would amount to some \$4,174 added to the electric bill of co-op members over the next decade.

In the battle with the administration over the proposals, the National Rural Electric Cooperative Association and its state counterparts, such as the Pennsylvania Rural Electric Association, are engaged in a large-scale communication program with members, who in turn are urged to contact their senators and congressmen.

A variety of pamphlets and articles in newsletters and magazines, including pre-printed

postcards to Senate and House members, have been prepared by the national and state associations.

Financing of cooperative rural electrification projects is accomplished through the Rural Electrification Administration under the U.S. Department of Agriculture.

This financing is essentially done in three different ways.

First, money for distribution systems comes out of a revolving fund. Co-ops are charged interest rates of two or five per cent for loans from this fund. The fund is replenished from the money repaid to the fund by borrowing co-ops.

Second, since only about 70 percent of the distribution project costs comes out of the revolving fund, co-ops must go out on the open money market for the remaining 30 percent.

Third, projects involving the construction of generating and transmission facilities are financed through a loan program guaranteed by the federal government. These loans are secured by co-ops through the Federal Financing Bank in the Treasury Department. Lower interest rates are secured for these loans than could be obtained by

individual co-ops.

The Reagan Administration proposes to eliminate the two percent loans from the revolving fund, reduce the amount of five percent loans and do away with the role of the Federal Financing Bank in securing loans and substitute privately originated loans.

The rural electric cooperatives maintain that since all of the present borrowing is fully financed by the co-ops the changes would not save taxpayers any money.

But administration budget officials contend that the changes would substantially reduce direct federal lending, along with interest subsidy costs.

The cooperatives and the government are at odds on other fiscal figures, too. The co-ops say that their members already pay higher rates for electricity; while the government states they pay lower rates.

The co-ops explain that a continuation of present financing is needed to continue to bring power to rural areas without imposing extra burdens on members. But the government replies that since these rural systems are now largely built, their costs should be fully borne by members.

USDA holds public meetings on economics and statistics

WASHINGTON, D.C. — The U.S. Department of Agriculture will hold public meetings here June 23 and 24 to discuss priorities and possible cuts or redirections in its economics and statistics programs for fiscal years 1982 and 1983 that may be imposed by budget limitations.

Assistant Secretary of Agriculture for Economics William Leshner said he wants recommendations from people who use statistics, research and analyses from USDA's Economics and Statistics Service concerning what areas could be reduced or eliminated based on the relative value of these programs to the public.

The meetings will be held in room 330, 500th 12th St., S.W., from 9 a.m. until 4 p.m. The June 23 meeting will cover the agency's statistical programs and the June 24 meeting will cover its economic analysis and research work.

"The Economics and Statistics Service needs to systematically assess its priorities to maintain the quality of its work in light of rising costs and tighter funding constraints," Leshner said.

"We expect one of the tightest budget years we have ever had," he said. "Recommendations from the public meetings will be important in developing our plans for the next two years."

Meeting participants will each have 10 minutes to comment, or they may submit written responses, which will be accepted through July 3.

Those who want to attend either session, want more information about the current programs or want to submit written comments should contact: Kenneth R. Farrell, administrator, Economics and Statistics Service, USDA, Room 448-GHI Bldg., Washington, D.C., 20250. Phone: 202/447-8104.

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1,500	5'4"	9'0"	7	1,388	486.00
2,000	5'4"	12'0"	7	1,735	593.00
3,000	5'4"	17'11"	7	2,432	800.00
4,000	5'4"	23'10"	7	3,130	1009.00
5,000	8'0"	13'7"	1/4"	4,484	1645.00
6,000	8'0"	16'2"	1/4"	5,123	1800.00
8,000	8'0"	21'6"	1/4"	6,475	2230.00
10,000	8'0"	26'10"	1/4"	7,825	2660.00
10,000	10'0"	17'0"	1/4"	6,956	2405.00
12,000	10'0"	20'6"	1/4"	8,074	2800.00
12,000	10'6"	18'7"	1/4"	7,900	2690.00
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