

7 CFR part 1717, Subpart N, Investments, Loans and Guarantees by Electric Borrowers, or 7 CFR Part 1744, Post Loan Policies and Procedures Common to Guaranteed and Insured Loans. The documentation must provide a list of each rural development project the borrower has invested in to date, including the investment amounts;

(7) Submit to the Administrator written identification of the direct loan(s) and/or insured loan(s) for which payments are to be deferred;

(8) Submit to the Administrator a written narrative which contains information regarding the proposed rural development or job creation project such as the manner in which the project will promote community, business, or economic development in rural areas, the nature of the project, its location, the primary beneficiaries, and, if applicable, the number and type of jobs to be created; and

(9) Submit to the Administrator a letter of approval from the state regulatory authority, if applicable, granting its approval for the borrower to defer direct loan payment(s) and/or insured loan payment(s) and invest the amount in a rural development project.

(b) The Administrator reserves the right to determine that special circumstances require additional data from borrowers before acting on a deferment. The Administrator also reserves the right to require, as a condition of approving a loan payment deferment pursuant to this subpart, that the borrower execute and deliver any amendments or supplements to its loan documents that may be necessary or appropriate to achieve the purposes outlined in §1703.300.

(c) The Administrator will decide whether the borrower is eligible for the deferment and will notify the borrower of the decision.

§ 1703.312 RUS review requirements.

Borrowers shall ensure that funds are invested in the rural development project as approved by RUS. The Administrator reserves the right to review the books and copy records of borrowers receiving loan payment deferments as necessary to ensure that the investments in the rural develop-

ment project are in accordance with this subpart and the representations and purposes stated in the borrower's completed application. If an audit discloses that the amount deferred was not used for the purposes stated in the completed application, the borrower shall be required to promptly repay the amount deferred and the benefits of the deferment to the borrower will be recaptured by RUS. The borrower is responsible for ensuring that disbursements and expenditures of funds covering the investment in the rural development project are properly supported with certifications, invoices, contracts, bills of sale, cancelled checks, or any other forms of evidence determined appropriate by the Administrator and that such supporting material is available at the borrower's premises for review by the RUS field accountant, borrower's certified public accountant, the Office of Inspector General, the General Accounting Office and any other accountant conducting an audit of the borrower's financial statements for this rural development program.

§ 1703.313 Compliance with other regulations.

(a) Investments in a rural economic development project made by an electric borrower under this subpart are subject to the provisions of 7 CFR part 1717, Subpart N, Investments, Loans and Guarantees by Electric Borrowers.

(b) Investments in a rural economic development project made by a telephone borrower under this subpart are subject to the provisions of 7 CFR Part 1744, Post Loan Policies and Procedures Common to Guaranteed and Insured Loans.

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AUTHORITY: 5 U.S.C. 301, 7 U.S.C. 901 *et seq.*

SOURCE: 70 FR 5351, Feb. 2, 2005, unless otherwise noted.

Subpart A—General Requirements

§ 1709.1 Purpose.

The purpose of the Rural Utilities Service (RUS) Assistance to High Energy Cost Rural Communities Program is to help local communities meet their energy needs through direct loans and grants for energy facilities in qualifying extremely high energy cost communities, grants and loans to the Denali Commission for extremely high energy cost communities in Alaska, and grants to States to support revolving funds to finance more cost effective means of acquiring fuel in qualifying communities. This subpart sets forth definitions and requirements which are common to all grant and loan programs in this part administered by the RUS Electric Program under section 19 of the Rural Electrification Act of 1936, as amended (RE Act) (7 U.S.C. 918a).

§ 1709.2 [Reserved]

§ 1709.3 Definitions.

Administrator means the Administrator of the Rural Utilities Service (RUS), United States Department of Agriculture (USDA).

Agency means the Rural Utilities Service (RUS), an agency of the United States Department of Agriculture (USDA), or a successor agency.

Census block means the smallest geographic entity for which the U.S. Census Bureau collects and tabulates decennial census information and which are defined by boundaries shown on census maps.

Census designated place (CDP) means a statistical entity recognized by the

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U.S. Census Bureau comprising a dense concentration of population that is not within an incorporated place but is locally identified by a name and which has boundaries defined on census maps.

Electric program means the office within RUS, and its successor organization, that administers rural electrification programs authorized by the Rural Electrification Act of 1936 (RE Act) (7 U.S.C. 901 *et seq.*) and such other programs so identified in USDA regulations.

Extremely high energy costs means community average residential energy costs that are at least 275 percent of one or more home energy cost benchmarks identified by RUS and based on the latest available information on national average residential energy expenditures as reported by the Energy Information Administration (EIA) of the United States Department of Energy.

Financial assistance means a grant, loan, or grant-loan combination issued under this part.

Funding opportunity announcement (FOA) means a publicly available document by which a Federal agency makes known its intentions to award discretionary grants or cooperative agreements, usually as a result of competition for funds. FOA announcements may be known as program announcements, notices of funding availability, solicitations, or other names depending on the agency and type of program. FOA announcements can be found at www.Grants.gov in the Search Grants tab and on the funding agency's or program's website.

Home energy means any energy source or fuel used by a household for purposes other than transportation, including electricity, natural gas, fuel oil, kerosene, liquified petroleum gas (propane), other petroleum products, wood and other biomass fuels, coal, wind and solar energy. Fuels used for subsistence activities in remote rural areas are also included.

High energy cost benchmarks means the criteria established by RUS for eligibility as an extremely high energy cost community. Extremely high energy cost benchmarks are calculated as 275 percent of the relevant national average household energy benchmarks.

Indian Tribe means a Federally recognized tribe as defined under section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b) to include “* * * any Indian tribe, band, nation, or other organized group or community, including any Alaska Native village or regional or village corporation as defined in or established pursuant to the Alaska Native Claims Settlement Act (43 U.S.C. 1601 *et seq.*), that is recognized as eligible for the special programs and services provided by the United States to Indians because of their status as Indians.”

Person means any natural person, firm, corporation, association, or other legal entity, and includes Indian tribes and tribal entities.

State means any of the several States of the United States, and, where provided by law, any Territory of the United States or other area authorized to receive the services and programs of the Rural Utilities Service or the Rural Electrification Act of 1936, as amended.

Target area means the geographic area to be served by the grant.

Target community means the unit or units of local government in which the target area is located.

[70 FR 5351, Feb. 2, 2005, as amended at 83 FR 45032, Sept. 5, 2018]

§ 1709.4 Allocation of available funds among programs.

The Administrator, in his sole discretion, shall allocate available funds among the programs administered under this part and determine the grant application periods under each program. In making fund allocations for each fiscal year, the Administrator may consider the amount of available funds, the nature and amount of unfunded grant applications and prior awards, Agency resources, Agency priorities, and any other pertinent information.

§ 1709.5 Determination of energy cost benchmarks.

(a) The Administrator shall establish, using the most recent data available, and periodically revise, the home energy cost benchmarks and the high energy cost benchmarks used to determine community eligibility for high energy cost grant and loan programs

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and the Denali Commission high energy cost grants and loans. In setting these energy cost benchmarks, the Administrator shall review the latest available information on home energy costs published by the EIA. High energy cost benchmarks will be set at 275 percent of the applicable national average home energy cost benchmark as determined by the Administrator from the published EIA data. Eligibility benchmarks shall be published in each grant announcement.

(b) For use in determining eligibility for High Energy Cost Grants, the Administrator may establish benchmarks for national average annual household expenditures and for national average household per unit energy expenditures for major home energy sources or fuels, including, but not limited to, electricity, natural gas, fuel oil, kerosene, liquified petroleum gas (propane), other petroleum products, wood and other biomass fuels, coal, wind and solar energy.

§ 1709.6 Appeals.

An applicant may appeal a decision by the Assistant Administrator, Electric Program rejecting an application for failure to meet eligibility requirements. Applicants may not appeal rating panel scores or rankings. An appeal must be made, in writing to the Administrator, within 10 days after the applicant is notified of the determination to reject the application. Appeals must state the basis for the appeal and shall be submitted to the Administrator, Rural Utilities Service, U.S. Department of Agriculture, 1400 Independence Ave., SW., STOP 1500, Washington, DC 20250-1500. Thereafter, the Administrator will review the appeal to determine whether to sustain, reverse, or modify the original determination. The Administrator's determination shall be final. A written copy of the Administrator's decision will be furnished promptly to the applicant.

§ 1709.7 Applicant eligibility.

An outstanding judgment obtained against an applicant by the United States in a Federal Court (other than in the United States Tax Court), which has been recorded, shall cause the applicant to be ineligible to receive a

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grant or loan under this part until the judgment is paid in full or otherwise satisfied. RUS financial assistance under this part may not be used to satisfy the judgment.

§ 1709.8 Electronic submission.

Applicants may submit applications and reports electronically if so provided in the applicable grant announcement and grant agreements or if other regulations provide for electronic submission. Any electronic submissions must be in the form prescribed in the applicable grant announcement, grant agreement, or regulation.

§ 1709.9 Grant awards and advance of funds.

The grantee must execute a grant agreement that is acceptable to the Agency. The grantee must sign and return the grant agreement to the Agency, within the time specified, before any grant funds will be advanced.

§ 1709.10 Ineligible grant purposes.

Grant funds under this part may not be used to:

(a) Pay costs of preparing the application package for funding under programs in this part, or for any finders fees or incentives for persons or entities assisting in the preparation or submission of an application.

(b) Fund political activities;

(c) Pay any judgment or debt owed to the United States; or

(d) Pay construction costs of the project incurred prior to the date of grant award except as provided herein. Construction work should not be started and obligations for such work or materials should not be incurred before the grant is approved.

(1) Applicants may request Agency approval for reimbursement of pre-award construction obligations if there are compelling reasons for proceeding with construction before grant approval. Such requests may be approved if the Agency determines that:

(i) Compelling reasons, as determined by the Agency, exist for incurring obligations before grant approval;

(ii) The obligations will be incurred for authorized grant purposes;

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(iii) All environmental requirements applicable to the Agency and the applicant have been met;

(iv) The applicant has the legal authority to incur the obligations at the time proposed, and payment of the debts will remove any basis for any mechanic's, material, or other liens that may attach to the grant financed property; and

(v) The expenditure is incurred no more than 18 months before the date of the Administrator's approval of the grant award.

(2) The Agency may authorize payment of approved pre-award project construction obligations at the time of award approval. The applicant's request and the Agency's authorization for paying such obligations shall be in writing.

§ 1709.11 Award conditions.

In addition to all other grant requirements, all approved applicants will be required to do the following:

(a) Enter into a grant agreement with the Agency in form and substance acceptable to the Agency;

(b) Request advances or reimbursements, as applicable, as provided in the grant agreement; and

(c) Maintain a financial management system that is acceptable to the Agency.

§ 1709.12 Reporting requirements.

To support Agency monitoring of project performance and use of grant funds, Grantees shall file periodic reports, required under 2 CFR part 200, as adopted by USDA through 2 CFR part 400, as provided in this part, and the grant agreement as follows:

(a) A financial status report listing project expenditures by budget category in such form and at such times as provided in the grant agreement.

(b) Project performance reports in such form and at such intervals as provided in the grant agreement. The project performance report shall compare accomplishments to the objectives stated in the proposal and grant agreement. The project performance report should identify all completed tasks with supporting documentation. If the project schedule as approved in the grant agreement is not being met, the

report should discuss the problems or delays that may affect completion of the project. Objectives for the next reporting period should be listed. Compliance with any special condition on the use of award funds should be discussed. Reports are due as provided in the grant agreement.

(c) A final project performance report with supporting documentation in such form and at the time specified in the grant agreement.

(d) Such other reports as the Agency determines are necessary to assure effective grant monitoring as part of the grant agreement or the grant announcement as a condition of the grant award or advances of funds.

[70 FR 5351, Feb. 2, 2005, as amended at 79 FR 76002, Dec. 19, 2014]

§ 1709.13 Grant administration.

The authority to approve administrative actions is vested in the Administrator except as otherwise provided in the RUS delegations of authority. Administration of RUS grants is governed by the provisions of this subpart and subpart B of this part, the terms of the grant agreement and, as applicable, the provisions of 2 CFR part 200, as adopted by USDA through 2 CFR part 400.

[70 FR 5351, Feb. 2, 2005, as amended at 79 FR 76002, Dec. 19, 2014]

§ 1709.14 Inspections.

The grantee will permit periodic inspection of the grant project operations by a representative of the Agency.

§ 1709.15 Grant closeout.

Grant closeout is when all required work is completed, administrative actions relating to the completion of work and expenditure of funds have been accomplished, the final project report has been submitted and found acceptable by RUS and RUS accepts final expenditure information. No monitoring action by RUS of the grantee is required after grant closeout. However, grantees remain responsible in accordance with the terms of the grant agreement for compliance with conditions on property acquired or derived through grant funds.

§ 1709.16 Performance reviews.

Each grant agreement shall include performance criteria and RUS will regularly evaluate the progress and performance of grantee according to such criteria. If the grantee does not comply with or does not meet the performance criteria set out in the grant agreement, the Administrator may require amendment of the grant agreement, or may suspend or terminate the grant pursuant to 7 CFR 2015, subpart N. If the grantee does not comply with or does not meet the performance criteria set out in the grant agreement, the Administrator may require amendment of the grant agreement, or may suspend or terminate the grant pursuant to 2 CFR part 200, as adopted by USDA through 2 CFR part 400.

[70 FR 5351, Feb. 2, 2005, as amended at 79 FR 76002, Dec. 19, 2014]

§ 1709.17 Environmental review.

(a) Grants made under this subpart must comply with the environmental review requirements in accordance with 7 CFR part 1970.

(b) Applicants must address environmental aspects of their projects in the grant application in sufficient detail to allow the Agency to categorize the project for purposes of compliance with environmental review requirements. The grant announcement will establish the form and content of the environmental information required for the application.

(c) Projects that are selected for grant awards by the Administrator will be reviewed by the Agency in accordance with 7 CFR part 1970 prior to final award approval. The Agency may require the selected applicant to submit additional information, as may be required, concerning the proposed project in order to complete the required reviews and to develop any project-specific conditions for the final grant agreement.

[70 FR 5351, Feb. 2, 2005, as amended at 81 FR 11025, Mar. 2, 2016]

§ 1709.18 Civil rights.

This program will be administered in accordance with applicable Federal Civil Rights Law. All grants made under this subpart are subject to the

requirements of title VI of the Civil Rights Act of 1964, which prohibits discrimination on the basis of race, color or national origin. In addition, all grants made under this subpart are subject to the requirements of section 504 of the Rehabilitation Act of 1973, as amended, which prohibits discrimination on the basis of disability; the requirements of the Age Discrimination Act of 1975, which prohibits discrimination on the basis of age; and title III of the Americans with Disabilities Act, which prohibits discrimination on the basis of disability by private entities in places of public accommodations. Grantees are required to comply with certain regulations on nondiscrimination in program services and benefits and on equal employment opportunity including 7 CFR parts 15 and 15b; and 45 CFR part 90, as applicable.

§ 1709.19 Other USDA regulations.

The grant programs under this part are subject to the provisions of other departmental regulations, including but not limited to the following departmental regulations, or their successors, as applicable:

(a) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 CFR part 200, as adopted by USDA through 2 CFR part 400;

(b) Drug-Free Workplace Act of 1998 (41 U.S.C. 8101 *et. seq.*), 2 CFR part 421;

(c) E.O.s 12549 and 12689, Debarment and Suspension, 2 CFR part 180, which is adopted by USDA through 2 CFR part 417;

(d) Byrd Anti-Lobbying Amendment (31 U.S.C. 1352), 2 CFR part 418; and

(e) Subpart F of 2 CFR 200, as adopted by USDA through 2 CFR 400.

[70 FR 5351, Feb. 2, 2005, as amended at 79 FR 76002, Dec. 19, 2014]

§ 1709.20 Member delegate clause.

Each grant agreement under this part shall provide that no member of Congress shall be admitted to any share or part of a grant program or any benefit that may arise there from, but this provision shall not be construed to bar as a contractor under a grant a publicly held corporation whose ownership might include a member of Congress.

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§ 1709.21 Audit requirements.

The grantee shall provide the Agency with an audit for each year, beginning with the year in which a portion of the financial assistance is expended, in accordance with the following:

(a) If the recipient is a for-profit entity, an electric or telecommunications cooperative, or any other entity not covered by the definition of “non-Federal entity” in 2 CFR 200.1, the recipient shall provide an independent audit report in accordance with 7 CFR part 1773 and the grant agreement.

(b) If the recipient is a non-Federal entity, as defined in 2 CFR 200.1, the recipient shall provide an audit in accordance with subpart F of 2 CFR part 200.

[70 FR 5351, Feb. 2, 2005, as amended at 79 FR 76002, Dec. 19, 2014; 88 FR 7561, Feb. 6, 2023]

§ 1709.22 Project changes.

The Grantee shall obtain prior written approval from the Agency for any change to the scope or objectives of the approved grant project.

§§ 1709.23–1709.99 [Reserved]

§ 1709.100 OMB control number.

The information collection requirements in this part are approved by the Office of Management and Budget and assigned OMB control number 0572–0136.

Subpart B—RUS High Energy Cost Grant Program

§ 1709.101 Purpose.

This subpart establishes policies and procedures for the Rural Utilities Service (RUS) High Energy Cost Grant Program under section 19(a)(1) of the Rural Electrification Act of 1936, as amended (7 U.S.C. 918a(a)(1)). The purpose of this grant program is to assure access to adequate and reliable energy services for persons in extremely high energy cost communities by providing financial assistance to acquire, construct, extend, upgrade, and otherwise improve energy generation, transmission, or distribution facilities serving the community.

§ 1709.102 Policy.

(a) All high energy cost grants will be awarded competitively subject to the limited exceptions in 2 CFR 415.1(d).

(b) RUS may give priority consideration to projects that benefit smaller rural communities, communities experiencing economic hardship, projects that extend service to households that lack reliable centralized or commercial energy services, and projects that correct imminent hazards to public safety, welfare, the environment or critical community energy facilities. RUS may also give priority to projects that are coordinated with State rural development initiatives or that serve a Federally-identified Empowerment Zone or Enterprise Community (EZ/EC) or a USDA-identified “Champion Community.” Priority consideration will be provided through the award of additional points under the project selection criteria as specified in the grant announcement.

[70 FR 5351, Feb. 2, 2005, as amended at 79 FR 76002, Dec. 19, 2014]

§§ 1709.103–1709.105 [Reserved]

§ 1709.106 Eligible applicants.

(a) Eligible applicants for grants to fund projects serving eligible extremely high energy cost communities include Persons, States, political subdivisions of States, and other entities organized under the laws of States.

(b) Eligible applicants may be for-profit or non-profit business entities including but not limited to corporations, associations, partnerships, limited liability partnerships (LLPs), cooperatives, trusts, and sole proprietorships.

(c) Eligible government applicants include State and local governments, and agencies and instrumentalities of States and local governments.

(d) Indian tribes, other tribal entities, and Alaska Native Corporations are eligible applicants.

(e) Individuals are also eligible applicants under this program, however the proposed grant project must provide community benefits and not be for the sole benefit of the individual applicant or an individual household.

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(f) As a condition of eligibility, the applicant must demonstrate the capacity:

(1) to enter into a binding grant agreement with the Federal Government at the time of the award approval; and

(2) to carry out the proposed grant project according to its terms.

§ 1709.107 Eligible communities.

(a) An eligible community under this program is one in which the average home energy costs exceed 275 percent of the national average under one or more high energy cost benchmarks established by RUS based on the latest available residential energy information from the Energy Information Administration (EIA) of the United States Department of Energy. RUS will update the national and high energy cost community benchmarks periodically to incorporate any changes in national home energy costs reported by EIA. RUS will publish the high energy cost community benchmark criteria in the grant announcement. Community eligibility will be determined by RUS at the time of application based on the criteria published in the applicable grant announcement.

(b) The Application must include information demonstrating that each community in the grant's proposed target area exceeds one or more of the RUS high energy cost community benchmarks to be eligible for assistance under this program. The smallest area that may be designated as a target area is a Census block according to the most recent decennial Census of the United States (decennial Census).

(c) The target community may include an extremely high cost to serve portion of a larger service area that does not otherwise meet the criteria, provided that the applicant can establish that the costs to serve the smaller target area exceed the benchmark.

(d) In determining the community energy costs, applicants may include additional revenue sources that lower the rates or out of pocket consumer energy costs such as rate averaging, and other Federal, State, or private cost contributions or subsidies.

(e) The applicant may propose a project that will serve high energy cost

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communities across a State or region, but where individual project beneficiaries will be selected at a later time. In such cases, to establish eligibility, the applicant must provide sufficient information in the application to determine that the proposed target area includes eligible high energy cost communities and proposed selection criteria to assure that grant funds are used to serve eligible communities.

[70 FR 5351, Feb. 2, 2005, as amended at 80 FR 9860, Feb. 24, 2015]

§ 1709.108 Supporting data for determining community eligibility.

The application shall include the following:

(a) *Documentation of energy costs.* Documents or references to published or other sources for information or data on home energy expenditures or equivalent measures used to support eligibility, or where such information is unavailable or does not adequately reflect the actual cost of average home energy use in a local community, reasonable estimates of commercial energy costs.

(b) *Served areas.* A comparison of the historical residential energy cost or expenditure information for the local commercial energy provider(s) serving the target community or target area with the benchmark criteria published by the Agency.

(c) *Engineering estimates.* Estimates based on engineering standards may be used in lieu of historical residential energy costs or expenditure information under the following circumstances:

(1) Where historical community energy cost data are unavailable (unserved areas), incomplete or otherwise inadequate;

(2) Where the target area is not connected to central station electric service to a degree comparable with other residential customers in the State or region.

(3) Where historic energy costs do not reflect the costs of providing a necessary upgrade or replacement of energy infrastructure that would have the effect of raising costs above one or more of the Agency benchmarks.

(d) *Independent Agency review.* Information to support high energy cost eligibility is subject to independent review by the Agency. The Agency may

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reject applications that are not based on credible data sources or sound engineering estimates.

§ 1709.109 Eligible projects.

Eligible projects are those that acquire, construct, extend, repair, upgrade or otherwise improve energy generation, transmission or distribution facilities serving communities with extremely high energy costs. All energy generation, transmission and distribution facilities and equipment used to provide or improve electricity, natural gas, home heating fuels, and other energy services to eligible communities are eligible. Projects providing or improving service to communities with extremely high energy costs through on-grid and off-grid renewable energy technologies, energy efficiency, and energy conservation projects and services are eligible. A grant project is eligible if it improves, or maintains energy services, or reduces the costs of providing energy services to eligible communities. Examples of eligible activities include, but are not limited to, the acquisition, construction, replacement, repair, or improvement of:

- (a) Electric generation, transmission, and distribution facilities, equipment, and services serving the eligible community;
- (b) Natural gas distribution or storage facilities and associated equipment and activities serving the eligible community;
- (c) Petroleum product storage and handling facilities serving residential or community use.
- (d) Renewable energy facilities used for on-grid or off-grid electric power generation, water or space heating, or process heating and power for the eligible community;
- (e) Backup up or emergency power generation or energy storage equipment, including distributed generation, to serve the eligible community; and
- (f) Implementation of cost-effective energy efficiency, energy conservation measures that are part of the implementation of a coordinated demand management or energy conservation program for the eligible community, such as, for example, weatherization of residences and community facilities, or acquisition and installation of energy-

efficient or energy saving appliances and devices .

§ 1709.110 Use of grant funds.

(a) *Project development costs.* Grants may be used to fund the costs and activities associated with the development of an eligible energy project. RUS will in no case approve the use of grant funds to be used solely or primarily for project development costs. Eligible project development costs must be reasonable and directly related to the project and may include the following:

(1) Costs of conducting, or hiring a qualified consultant to conduct, a feasibility analysis of the proposed project to help establish the financial and technical sustainability of the project, provided that such costs do not exceed more than 10 percent of total project costs;

(2) Design and engineering costs, including costs of environmental and cultural surveys and consulting services necessary to the project and associated environmental review, siting and permit approvals; and

(3) Fees for legal and other professional services directly related to the project.

(b) *Construction costs.* Grant funds may be used for the reasonable costs of construction activities, including initial construction, installation, expansion, extension, repair, upgrades, and related activities, including the rental or lease of necessary equipment, to provide or improve energy generation, transmission, or distribution facilities or services;

(c) *Acquisitions and purchase.* Grant funds may be used for the acquisition of property, equipment, and materials, including the purchase of equipment, and materials, the acquisition or leasing of real or personal property, equipment, and vehicles associated with and necessary for project development, construction, and operation. Grant funds may be used for the acquisition of new or existing facilities or systems where such action is a cost-effective means to extend or maintain service to an eligible community or reduces the costs of such service for the primary benefit of community residents.

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(d) *Grantee cost contributions.* Grant funds may be applied as matching funds or cost contributions under Federal or other programs where the terms of those programs so allow use of other Federal funds.

§ 1709.111 Limitations on use of grant funds.

(a) *Planning and administrative costs.* Not more than 4 percent of each grant award may be used for the planning and administrative expenses of the applicant that are unrelated to the grant project.

(b) *Unproven technology.* Only projects that utilize technology with a proven operating history, and for which there is an established industry for the design, installation, and service (including spare parts) of the equipment, are eligible for funding. Energy projects utilizing experimental, developmental, or prototype technologies or technology demonstrations are not eligible for grant funds. The determination by RUS that a project relies on unproven technology shall be final.

§ 1709.112 Ineligible grant purposes.

(a) Grant funds may not be used for the costs of preparing the grant application, finders fees, fuel purchases, routine maintenance or other operating costs, or purchase of equipment, structures or real property not directly associated with providing energy services in the target community, or, except as provided in § 1709.11(d), project construction costs incurred prior to the date of the grant award.

(b) In general, grant funds may not be used to support projects that primarily benefit areas outside of eligible target communities. However, grant funds may be used to finance an eligible target community's proportionate share of a larger energy project.

(c) Grant funds may not be used to refinance or repay the applicant's outstanding loans or loan guarantees under the Rural Electrification Act of 1936, as amended.

§ 1709.113 Limitations on grant awards.

(a) The Administrator may establish minimum or maximum amount of funds that may be awarded in a single

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grant application within in any grant cycle in order to distribute available grant funds as broadly as possible. If the Administrator elects to impose a minimum or maximum grant amount, the limitations will be published in the grant announcement.

(b) The Administrator may restrict eligible applicants to a single award of grant funds or to a monetary cap on grant awards within a grant cycle in order to assure that the available grant funds are distributed as broadly as possible. If the Administrator elects to impose a limit or cap on grant awards, the terms will be established in the grant announcement.

§ 1709.114 Application process.

The RUS will request applications for high energy cost grants on a competitive basis by posting a FOA on *www.Grant.gov*. The FOA will establish the amount of funds available, the application package contents and additional requirements, the availability of application materials, high energy cost community eligibility benchmarks, selection criteria and weights, priority considerations, deadlines and procedures for submitting applications. This information will also be made available in the RUS High Energy Cost Grant program application guide and the RUS High Energy Cost Grant program website.

[83 FR 45032, Sept. 5, 2018]

§ 1709.115 Availability of application materials.

Application materials, including copies of the grant announcement and all required forms and certifications will be available by request from the Agency and by such other means as the Agency may determine. In addition, the Agency may make available an application guide and other materials that may be of assistance to prospective applicants.

§ 1709.116 Application package.

The requirements for the application package will be established in the grant announcement. A complete application package will consist of the standard application for federal assistance (SF-424 series), as applicable, a narrative project proposal prepared in

accordance with the grant announcement, an RUS environmental profile, and such other supporting documentation, forms, and certifications as required in the grant announcement and this part.

§ 1709.117 Application requirements.

(a) *Required forms.* The forms required for application and where to obtain them will be specified in the announcement. All required forms must be completed, signed and submitted by a person authorized to submit the proposal on behalf of the applicant. For applications and forms that are submitted electronically, the application must be authenticated as provided in the grant announcement. In the case of grant applications submitted electronically, the applicant may be required to provide signed originals of required forms prior to and as a condition of the grant award.

(b) *Narrative proposal.* Each application must include a narrative proposal describing the proposed project and addressing eligibility and selection criteria. The grant announcement will specify the contents, order, and format for the narrative proposal. The proposal must include all the required elements identified in this subsection. The grant announcement may establish additional required elements that must be addressed in the narrative project proposal.

(1) *Executive summary.* A summary of the proposal should briefly describe the project including target community, goals, tasks to be completed and other relevant information that provides a general overview of the project. The applicant must clearly state the amount of grant funds requested and identify any priority ratings for which the applicant believes it is qualified.

(2) *Applicant eligibility.* The narrative and supporting documentation must describe the applicant and establish its eligibility.

(3) *Community eligibility.* This section must describe the target area and communities to be served by the project and demonstrate eligibility. The applicant must clearly identify the:

(i) Location and population of the areas to be served by the project;

(ii) Population of the local government division to which they belong;

(iii) Identity of local energy providers; and

(iv) Sources of the high energy cost data and estimates used.

(4) *Project eligibility.* The narrative must describe the proposed project in sufficient detail to establish that it is an eligible project.

(5) *Project description.* The project description must:

(i) Describe the project design, materials, and equipment in sufficient detail to support a finding of technical feasibility;

(ii) Identify the major tasks to be performed and a proposed timeline for completion of each task; and

(iii) Identify the location of the project target area and the eligible extremely high energy cost communities to be served.

(6) *Project management.* The applicant must describe how and by whom the project will be managed during construction and operation. The description should address the applicant's organizational structure, key project personnel and the degree to which full time employees, affiliated entities or contractors will be utilized. The applicant must describe the identities, legal relationship, qualifications and experience of those persons that will perform project management functions. If the applicant proposes to use the equipment or design, construction and other services from non-affiliated entities, the applicant must describe how it plans to contract for such equipment or services.

(7) *Budget.* The budget narrative must present a detailed breakdown of all estimated costs and allocate these costs among the listed tasks in the work plan. All project costs, not just grant funds, must be accounted for in the budget. A pro forma operating budget for the first year of operations must also be included. The detailed budget description must be accompanied by SF-424A, "Budget Information—Non-Construction Programs," or SF-424C "Budget Information—Construction Programs," as applicable.

(8) *Project goals and objectives.* The applicant must identify unambiguous measures for expected cost reduction,

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efficiencies or other improvements and the degree to which the incremental benefit will be enjoyed by residents of the eligible community. The description should specifically address how the project will provide or improve energy generation, transmission or distribution services in the target area. The project objectives and proposed evaluation measures will be the basis for project performance measures in the grant agreement.

(9) *Performance measures.* The application must include specific criteria for measuring project performance. These proposed criteria will be used in establishing performance measures incorporated in the grant agreement in the event the proposal receives funding under this subpart. These suggested criteria are not binding on the Agency. Appropriate measures of project performance include expected reductions in home energy costs, avoided cost increases, enhanced reliability, new households served, or economic and social benefits from improvements in energy services.

(10) *Proposal evaluation and selection criteria.* The application must address individually and in narrative form each of the proposal evaluation and selection criteria referenced in the grant announcement.

(11) *Rural development initiatives.* The proposal should describe whether and how the proposed project will support any State rural development initiatives. If the project is in support of a rural development initiative, the application should include confirming documentation from the appropriate rural development agency. The application must identify the extent to which the project is dependent upon or tied to other rural development initiatives, funding and approvals.

(12) *Environmental review requirements.* Grants made under this subpart must comply with the environmental review requirements in accordance with 7 CFR part 1970.

(13) *Regulatory and other required project approvals.* The applicant must identify all regulatory or other approvals required by other Federal, State, local, tribal or private entities (including conditions precedent to financing) that are necessary to carry out the pro-

posed project and an estimated schedule for obtaining the necessary permits and approvals.

[70 FR 5351, Feb. 2, 2005, as amended at 81 FR 11026, Mar. 2, 2016]

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§ 1709.118 Submission of applications.

Unless otherwise provided in the grant announcement, a complete original application package and two copies must be submitted by the application deadline to RUS at the address specified in the applicable announcement. Instructions for submittal of applications electronically will be established in the grant announcement.

§ 1709.119 Review of applications.

(a) RUS will review each application package received to determine whether the applicant is eligible and whether the application is timely, complete, and responsive to the requirements set forth in the grant announcement.

(b) RUS may, at its discretion, contact the applicant to clarify or supplement information in the application needed to determine eligibility, identifying information, and grant requests to allow for informed review. Failure of the applicant to provide such information in response to a written request by the Agency within the time frame established by the Agency may result in rejection of the application.

(c) After consideration of the information submitted, the Assistant Administrator, Electric Program will determine whether an applicant or project is eligible and whether an application is timely, complete, and responsive to the grant announcement and shall notify the applicant in writing. The Assistant Administrator's decision on eligibility may be appealed to the Administrator.

§ 1709.120 Evaluation of applications.

(a) The Agency will establish one or more rating panels to review and rate the grant applications. The panels may include persons not employed by the Agency.

(b) All timely and complete applications that meet the eligibility requirements will be referred to the rating panel. The rating panel will evaluate and rate all referred applications according to the evaluation criteria and

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weights established in the grant announcement. Panel members may make recommendations for conditions on grant awards to promote successful performance of the grant or to assure compliance with other Federal requirements.

(c) After the rating panel has evaluated and scored all proposals, in accordance with the point allocation specified in the grant announcement, the panel will prepare a list of all applications in rank order, together with funding level recommendations and recommendations for conditions, if any.

(d) The list of ranked projects and rating panel recommendations will be forwarded to the Administrator for review and selection.

§ 1709.121 Administrator's review and selection of grant awards.

(a) The final decision to make an award is at the discretion of the Administrator. The Administrator shall make any selections of finalists for grant awards after consideration of the applications, the rankings, comments, and recommendations of the rating panel, and other pertinent information.

(b) Based on consideration of the application materials, ranking panel ratings, comments, and recommendations, and other pertinent information, the Administrator may elect to award less than the full amount of grant requested by an applicant. Applicants will be notified of an offer of a reduced or partial award. If an applicant does not accept the Administrator's offer of a reduced or partial award, the Administrator may reject the application and offer an award to the next highest ranking project.

(c) The projects selected by the Administrator will be funded in rank order to the extent of available funds.

(d) In the event an insufficient number of eligible applications are received in response to a FOA and selected for funding to exhaust the funds available, the Administrator reserves the discretion to reopen the application period and to accept additional applications for consideration under the terms of the FOA. Another FOA regarding the

reopening of an application period will be announced on www.Grants.gov.

[70 FR 5351, Feb. 2, 2005, as amended at 83 FR 45033, Sept. 5, 2018]

§ 1709.122 Consideration of eligible grant applications under later grant announcements.

At the discretion of the Administrator, the grant announcement may provide that all eligible but unfunded proposals submitted under preceding competitive grant announcements may also be considered for funding. This option is provided to reduce the burden on applicants and the Agency. The grant announcement shall indicate how applicants may request reconsideration of previously submitted, but unfunded, applications and how they may supplement their applications.

§ 1709.123 Evaluation criteria and weights.

(a) *Establishing evaluation criteria and weights.* The grant announcement will establish the evaluation criteria and weights to be used in ranking the grant proposals submitted. Unless supplemented in the grant announcement, the criteria listed in this section will be used to evaluate proposals submitted under this program. Additional criteria may be included in the grant announcement. In establishing evaluation criteria and weights, the total points that may be awarded for project design and technical merit criteria shall not be less than 65 percent of the total available points, and the total points awarded for priority criteria shall not be more than 35 percent of the total available points. The distribution of points to be awarded per criterion will be identified in the grant announcement.

(b) *Project design and technical merit.* In reviewing the grant proposal's project design and technical merit, reviewers will consider the soundness of the applicant's approach, the project's technical and financial feasibility, the adequacy of financial and other resources, the capabilities and experience of the applicant and its project management team, the project goals, and identified community needs and benefits. Points will be awarded under the following project elements:

(1) *Comprehensiveness and feasibility.* Reviewers will assess the technical and economic feasibility of the project and how well its goals and objectives address the challenges of the eligible communities. The panel will review the proposed design, construction, equipment and materials for the proposed energy facilities to determine technical feasibility. Reviewers may propose additional conditions on the grant award to assure that the project is technically sound. Budgets will be reviewed for completeness and the strength of non-Federal funding commitments. Points may not be awarded unless sufficient detail is provided to determine whether or not funds are being used for qualified purposes. Reviewers will consider the adequacy of the applicant's budget and resources to carry out the project as proposed. Reviewers will also evaluate how the applicant proposes to manage available resources such as grant funds, income generated from the facilities and any other financing sources to maintain and operate a financially viable project once the grant period has ended. Reviewers must make a finding of operational sustainability for any points to be awarded. Projects for which future grant funding is likely to be required in order to assure ongoing operations will not receive any points.

(2) *Demonstrated experience.* Reviewers will consider whether the applicant or its project team have demonstrated experience in successfully administering and carrying out projects that are comparable to that proposed in the application. The reviewers may assign a higher point score to proposals that develop the internal capacity to provide or improve energy services in the eligible communities over other proposals that rely extensively on temporary outside contractors.

(3) *Community needs.* Reviewers will consider the applicant's assessment of community energy needs to be addressed by the proposed project as well as the severity of physical and economic challenges affecting the target communities. In determining whether one proposal should receive more points than another under this criterion, reviewers will consider the relative burdens placed on the commu-

nities and individual households by extremely high energy costs, the hardships created by limited access to reliable and affordable energy services and the availability of other resources to support or supplement the proposed grant funding.

(4) *Project evaluation and performance measures.* Reviewers will consider the applicant's suggested project evaluation and performance criteria. Reviewers may award higher points to criteria that are quantifiable, directly relevant to project goals, and reflect serious consideration than to more subjective performance criteria that do not incorporate variables that reflect a reduction in energy cost or improvement in service.

(5) *Coordination with rural development initiatives.* Proposals that include documentation confirming coordination with State rural development initiatives may be credited points for this criterion.

(c) *Priority considerations.* Subject to the limitation in paragraph (a) of this section, evaluation points may also be awarded for projects that advance identified priority interests identified in the grant announcement to assist the Agency in selecting among competing projects when the amount of funding requests exceed available funds. The grant announcement may incorporate all or some of the priority criteria listed below, and as discussed in paragraph (a) of this section, the grant announcement may supplement these criteria. The announcement will also specify the points that will be awarded to qualifying applications under these priority criteria.

(1) *Community economic hardship.* Economic hardship points may be awarded where the median household income for the target community is significantly below the State average or where the target community suffers from economic conditions that severely constrain its ability to provide or improve energy facilities serving the community. Applicants must describe in detail and document conditions creating severe community economic hardship in the proposal.

(2) *Rurality.* Priority consideration may be given to proposals that serve

smaller rural communities. Applications will be scored based on the population of the largest incorporated cities, towns or villages or census designated places included within the grant's proposed target area as determined using the population figures from the most recent decennial Census. If the applicable population figure cannot be based on the most recent decennial Census, RD will determine the applicable population figure based on available population data.

(3) *Unserviced energy needs.* Points may be awarded to projects that extend or improve electric or other energy services to eligible communities or areas of eligible communities that do not have reliable centralized or commercial service.

(4) *Imminent hazard.* Additional points may be awarded for projects that correct a condition posing an imminent hazard to public safety, public welfare, the environment, or to a critical community or residential energy facility in immediate danger of failure because of a deteriorated condition, capacity limitation, or damage from a natural disaster or accident.

(5) *Cost sharing.* Projects that evidence significant commitments of funds, contributed property, equipment, or other in kind support for the project may be awarded additional points for this criterion where the aggregate value of these contributions exceed ten percent of total eligible project costs.

[70 FR 5351, Feb. 2, 2005, as amended at 80 FR 9860, Feb. 24, 2015]

§ 1709.124 Grant award procedures.

(a) *Notification of applicants.* The Agency will notify all applicants in writing whether they have been selected for a grant award. Applicants that have been selected as finalists for a competitive grant award will be notified in writing of their selection and advised that the Agency may request additional information in order to complete environmental review requirements in accordance with 7 CFR part 1970, and to meet other pre-award conditions.

(b) *Letter of conditions.* The Agency will notify each applicant selected as a finalist in writing setting out the

amount of grant funds and the terms and conditions under which the grant will be made and requesting that the applicant indicate in writing its intent to accept these conditions.

(c) *Applicant's intent to meet conditions.* Upon reviewing the conditions and requirements in the letter of conditions, the selected applicant must notify the agency in writing within the time period indicated, of its acceptance of the conditions, or if the proposed certain conditions cannot be met, the applicant must so advise the Agency and may propose alternate conditions. The Agency must concur with any changes proposed to the letter of conditions by the applicant before the application will be further processed.

(d) *Grant agreement.* The Agency and the grantee must sign a grant agreement acceptable to the Agency prior to the advance of funds.

[70 FR 5351, Feb. 2, 2005, as amended at 81 FR 11026, Mar. 2, 2016]

§§ 1709.125–1709.200 [Reserved]

Subpart C—Bulk Fuel Revolving Fund Grant Program

§ 1709.201 Purpose.

This subpart establishes policies and procedures for the Rural Utilities Service (RUS) State Bulk Fuel Revolving Fund Grants. The purpose of this grant program is to assist State entities in establishing and supporting a revolving fund to provide a more cost-effective means of purchasing fuel for communities where the fuel cannot be shipped by means of surface transportation.

§ 1709.202 [Reserved]

§ 1709.203 Definitions.

As used in this subpart, the following definitions apply:

Eligible area means any area that is primarily dependent on delivery of fuel by water or air for a significant part of the year and where fuel cannot be shipped routinely by means of surface transportation either because of absolute physical constraints or because surface transportation is not practical or is prohibitively expensive.

Fuel means oil, diesel fuel, gasoline and other petroleum products, coal,

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and any other material that can be burned to make energy.

State entity means a department, agency, or instrumentality of any State.

Surface transportation means transportation by road, rail or pipeline.

§§ 1709.204–1709.206 [Reserved]

§ 1709.207 Eligible applicants.

Eligible applicants are restricted to State entities in existence as of November 9, 2000. Eligible State entities may partner with other entities, including other government agencies, in carrying out the programs funded by this program. Each applicant must demonstrate that it has the authority to enter into a binding agreement with the Federal Government to carry out the grant activities.

§ 1709.208 Use of grant funds.

Grant funds must be used to establish and support a revolving loan fund that facilitates cost effective fuel purchases for persons, communities, and businesses in eligible areas. Where a recipient State entity's existing program is authorized to fund multiple purposes, grant funds may only be used to the extent the recipient fund finances eligible activities.

§ 1709.209 Limitations on use of grant funds.

Not more than 4 percent of the grant award may be used for the planning and administrative expenses of the grantee.

§ 1709.210 Application process.

(a) *Applications.* The Agency will solicit applications on a competitive basis by publication of a grant announcement establishing the amount of funds available, the maximum grant award, the required application materials and where to obtain them, the evaluation and selection criteria and weights, and application deadlines. Unless otherwise specified in the announcement, applicants must file an original application package and two copies. Where provided in the grant announcement, applicants may submit electronic applications.

(b) *Required forms.* The grant application will use the Standard Application for Federal Assistance (SF-424 series or its successor) and other forms as provided in the grant announcement. The required forms must be completed, signed and submitted by a person authorized to submit the proposal on behalf of the applicants. Where provided in the grant announcement, applicants may file electronic versions of the forms in compliance with the instructions in the grant announcement.

(c) *Narrative proposal and required elements.* Each grant application must include a narrative proposal describing the project and addressing the following elements. The form, contents, and order of the narrative proposal will be specified in the grant announcement. Additional elements may be published in the applicable grant announcement.

(1) *Executive summary.* This summary of the proposal must identify the State entity applying for the grant and the key agency contact information (telephone and fax numbers, mailing address and e-mail address). The applicant must clearly state the amount requested in this section. It should briefly describe the program, including the estimated number of potential beneficiaries in eligible areas, their estimated fuel needs, the projects and activities to be financed through the revolving fund and how the projects and activities will improve the cost effectiveness of fuel procured.

(2) *Applicant eligibility.* The application must establish that the applicant is a State entity that was in existence as of November 9, 2000, and has the legal authority to enter into a financial assistance relationship with the Federal Government to carry out the grant activities.

(3) *Assessment of needs and potential beneficiaries.* The application must provide estimates of the number, location and population of potentially eligible areas in the State and their estimated fuel needs and costs. The section must also describe the criteria used to identify eligible areas, including the characteristics that make fuel deliveries by surface transport impossible or impracticable. The description of beneficiary communities should provide a detailed

breakdown of the density profile of the area to be served by eligible projects. Indicate to what extent persons in eligible areas live outside of communities of 2,500 persons or more, communities of 5,000 or more or outside of communities of 20,000 or more. All population estimates should be based on the most recent decennial Census of the United States. If the applicable population estimate cannot be based on the most recent decennial Census, RD will determine the applicable population figure based on available population data. All representations should be supported with exhibits such as maps, summary tables and references to official information sources.

(4) *Project description.* The application must:

(i) Describe the legal structure and staffing of the revolving fund proposal for fuel purchase support.

(ii) Identify the objectives of the project, the proposed criteria for establishing project funding eligibility and how the project is to be staffed, managed and financed.

(iii) Describe how the potential beneficiaries will be informed of the availability of revolving fund benefits to them.

(iv) Explain how the proposed revolving fund program will help provide a more cost-effective means of meeting fuel supply needs in eligible areas, encourage the adoption of financially sustainable energy practices, the adequate planning and investment in bulk fuel facility operations and maintenance and cost-effective investments in energy efficiency.

(v) If the revolving fund program is not yet operational, a proposed implementation schedule and milestones should be provided.

(5) *Demonstrated experience.* The application shall describe past accomplishments and experiences that are relevant to determine whether the applicant is capable of administering the grant project.

(6) *Budget.* The application must include a pro forma operating budget for the proposed fund and a description of all funding sources. The level of detail must be sufficient for reviewers to determine that grant funds will be used only for eligible purposes and to deter-

mine the extent to which the program is entirely dependent on grant funding or whether it has financial support from the State or other sources.

(7) *Performance measures and project evaluation.* The application must provide unambiguous and quantifiable measures that will be used to evaluate the success and cost-effectiveness of the revolving fund in assuring adequate fuel supplies for eligible communities and for assessing the fuel supply projects financed. The grant announcement may establish additional required elements that must be addressed in the narrative proposal of the application package.

[70 FR 5351, Feb. 2, 2005, as amended at 80 FR 9860, Feb. 24, 2015]

§ 1709.211 Submission of applications.

Completed applications must be submitted to RUS at the address specified in the grant announcement on or before the deadline specified in the grant announcement. Instructions for submittal of applications electronically will be established in the grant announcement. Late applications will be rejected.

§ 1709.212 Application review.

The Agency will review all applications to determine whether the applicant is eligible and whether the application is timely, complete and sufficiently responsive to the requirements set forth in the grant announcement to allow for an informed review. Failure to address any of the required evaluation criteria or to submit all required forms will disqualify the proposal. The Agency reserves the right to contact the applicant to clarify information contained in the proposal to resolve issues related to eligibility and the grant request. Applications that are timely, complete, and responsive will be forwarded for further evaluation. Applications that are late, incomplete, or non-responsive will be rejected.

§ 1709.213 Evaluation of applications.

(a) The Agency will establish one or more rating panels to review and rate the grant applications. The panels may include persons not employed by the Agency.

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(b) The rating panel will evaluate and rate all complete applications that meet the eligibility requirements according to the evaluation and selection criteria and weights established in the grant announcement. Panel members may make recommendations for conditions on grant awards to promote successful performance of the grant or to assure compliance with other Federal requirements.

(c) After all proposals have been evaluated and scored, the proposals, the rankings, recommendations, and comments of the rating panel will be forwarded to the Administrator.

§ 1709.214 Administrator's review and selection of grant awards.

(a) The final decision to make a grant award is at the discretion of the Administrator. The Administrator shall consider the applications, the ranking, comments, and recommendations of the rating panel, and any other pertinent information before making a decision about which, if any, applications to approve, the amount of funds awarded, and the order of approval. The Administrator reserves the right not to make any awards from the applications submitted. When the Administrator decides not to make any awards, the Administrator shall document in writing the reason for the decision.

(b) Decisions on grant awards will be made by the Administrator after consideration of the applications, the rankings and recommendations of the rating panel. The Administrator may elect to award less than the full amount of grant requested by an applicant.

(c) The applications selected by the Administrator will be funded in rank order to the extent of available funds.

§ 1709.215 Consideration of unfunded applications under later grant announcements.

The grant announcement may provide that all eligible but unfunded proposals submitted under preceding announcements may also be considered for funding. The announcement shall describe whether and how prior applicants may request reconsideration and supplement their application material.

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§ 1709.216 Evaluation criteria and weights.

Unless supplemented in the grant announcement, the criteria listed in this section will be used to evaluate proposals submitted under this program. The total points available and the distribution of points to be awarded per criterion will be identified in the grant announcement.

(a) *Program Design.* Reviewers will consider the financial viability of the applicant's revolving fund program design, the proposed criteria for establishing eligible projects and borrowers, and how the program will improve the cost effectiveness of bulk fuel purchases in eligible areas. Programs demonstrating a strong design and the ability to improve cost effectiveness will receive more points than applications that are less detailed.

(b) *Assessment of needs.* Reviewers will award more points to programs that serve or give priority to assisting more costly areas than those that serve populations that suffer from less severe physical and economic challenges.

(c) *Program evaluation and performance measures.* Reviewers may award more points to performance measures that are relevant to the project objective and quantifiable than to performance measures that are more subjective and do not incorporate variables that reflect a reduction in fuel cost or improvement in service.

(d) *Demonstrated experience.* Applicants may be awarded points for relevant experience in administering revolving fund or other comparable programs.

(e) *Rurality.* Reviewers may award more points to proposals that give priority in access to funds to communities with low population density or that are located in remote eligible areas than to proposals that serve eligible, but less remote and higher population density communities.

(f) *Cost sharing.* Although cost-sharing is not required under this program, projects that evidence significant funding or contributed property, equipment or other in kind support for the project may be awarded points for this criterion where the aggregate value of these contributions exceed 25 percent of the annual funding operations.

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(g) *Additional priority considerations.* The grant announcement may provide for additional points to be awarded to projects that advance identified Agency priority interests under this program.

§ 1709.217 Grant award.

(a) *Notification of applicants.* The Agency will notify all applicants in writing whether or not they have been selected for a grant award.

(b) *Letter of conditions.* The Agency will notify a selected applicant in writing, setting out the amount of grant approved and the conditions under which the grant will be made.

(c) *Applicant's intent to meet conditions.* Upon reviewing the conditions and requirements in the letter of conditions, the selected applicant must complete, sign and return the Agency's "Letter of Intent to Meet Conditions," or, if certain conditions cannot be met, the applicant may propose alternate conditions to the Agency. The Agency must concur with any changes proposed to the letter of conditions by the applicant before the application will be further processed.

(d) *Grant agreement.* The Agency and the grantee must execute a grant agreement acceptable to the Agency prior to the advance of funds.

§§ 1709.218–1709.300 [Reserved]

Subparts D–F [Reserved]

Subpart G—Recovery of Financial Assistance Used for Unauthorized Purposes

§ 1709.601 Policy.

This subpart prescribes the policies of the Rural Utilities Service (RUS) when it is subsequently determined that the recipient of an Assistance to High Energy Cost Rural Communities program loan or grant was not eligible for all or part of the financial assistance received or that the assistance received was used for unauthorized purposes. It is the policy of the Agency that when assistance under this part has been received by an ineligible recipient or used for unauthorized purposes the Agency shall initiate appropriate actions to recover from the re-

cipient the sum that is determined to be ineligible or used for unauthorized purposes, regardless of amount, unless any applicable statute of limitation has expired. The Agency shall make full use of available authority and procedures, including but not limited to those available under 2 CFR part 200, as adopted by USDA through 2 CFR part 400.

[70 FR 5351, Feb. 2, 2005, as amended at 79 FR 76002, Dec. 19, 2014]

§§ 1709.602–1709.999 [Reserved]

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

Subpart A—General

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