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Safety Code and the borrower shall specify any markings required by local safety codes. This is in addition to extruded red stripes required in this section.

(2) Watertight seals shall be applied to all cable ends to prevent the entrance of moisture during transit or storage. Each end of the cable shall be firmly and properly secured to the reel.

(3) Cable shall be placed on shipping reels suitable for protecting it from damage during shipment and handling. Reels shall be covered with a suitable covering to help provide physical protection to the cable.

(4) A durable label shall be securely attached to each reel of cable. The label shall indicate the purchaser's name and address, purchase order number, cable description, reel number, feet of cable on the reel, tare and gross weight of the reel, and beginning and ending sequential footage numbers.

[77 FR 19529, Apr. 2, 2012]

PART 1730—ELECTRIC SYSTEM OPERATIONS AND MAINTENANCE

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AUTHORITY: 7 U.S.C. 901 *et seq.*, 1921 *et seq.*, 6941 *et seq.*

SOURCE: 63 FR 3450, Jan. 23, 1998, unless otherwise noted.

Subpart A—General

§ 1730.1 Introduction.

(a) This part contains the policies and procedures of the Rural Utilities Service (RUS) related to electric borrowers' operation and maintenance practices and RUS' review and evaluation of such practices.

(b) The policies and procedures included in this part apply to all electric borrowers (both distribution borrowers and power supply borrowers) and are intended to clarify and implement certain provisions of the security instrument and loan contract between RUS and electric borrowers regarding operations and maintenance. This part is not intended to waive or supersede any provisions of the security instrument and loan contract between RUS and electric borrowers.

(c) The Administrator may waive, for good cause, on a case by case basis, certain requirements and procedures of this part.

§ 1730.2 RUS policy.

It is RUS policy to require that all property of a borrower be operated and maintained properly in accordance with the requirements of each borrower's loan documents. It is also RUS policy to provide financial assistance only to borrowers whose operations and maintenance practices and records are satisfactory or to those who are taking corrective actions expected to make their operations and maintenance practices and records satisfactory to RUS.

§ 1730.3 RUS addresses.

(a) Persons wishing to obtain forms referred to in this part should contact: Program Support and Regulatory Analysis, Rural Utilities Service, U.S. Department of Agriculture, Stop 1522, 1400 Independence Ave., SW., Washington, DC 20250–1522, telephone (202) 720–8674.

Borrowers or others may reproduce any of these forms in any number required.

(b) Documents required to be submitted to RUS under this part are to be sent to the office of the borrower's assigned RUS General Field Representative (GFR) or such other office as designated by RUS.

§ 1730.4 Definitions.

Terms used in this part have the meanings set forth in 7 CFR Part 1710.2. References to specific RUS forms and other RUS documents, and to specific sections or lines of such forms and documents, shall include the corresponding forms, documents, sections and lines in any subsequent revisions of these forms and documents. In addition to the terms defined in 7 CFR Part 1710.2, the term *Prudent Utility Practice* has the meaning set forth in Article 1, Section 1.01 of Appendix A to Subpart B of 7 CFR Part 1718—Model Form of Mortgage for Electric Distribution Borrowers, for the purposes of this Part.

§§ 1730.5–1730.19 [Reserved]

Subpart B—Operations and Maintenance Requirements

§ 1730.20 General.

Each electric program distribution, transmission and generation borrower (as defined in §1710.2) shall operate and maintain its system in compliance with prudent utility practice, in compliance with its loan documents, and in compliance with all applicable laws, regulations and orders, shall maintain its systems in good repair, working order and condition, and shall make all needed repairs, renewals, replacements, alterations, additions, betterments and improvements, in accordance with applicable provisions of the borrower's security instrument. Each borrower is responsible for on-going operations and maintenance programs, individually or regionally performing a system security Vulnerability and Risk Assessment (VRA), establishing and maintaining an Emergency Restoration Plan (ERP), maintaining records of the physical, cyber and electrical condition and security of its electric system and for the quality of services provided to its customers. The borrower is also responsible for all necessary inspections and tests of the component parts of its system, and for maintaining records of such inspections and tests. Each borrower shall budget sufficient resources to operate and maintain its system and annually exercise its ERP in accordance with the requirements of this part. An actual manmade or natural event on the borrowers system in which a borrower utilizes a significant portion of its ERP shall count as an annual exercise for that calendar year, provided that after conclusion of the event, the borrower verifies accuracy of the emergency points-of-contact (POC) and the associated contact numbers as listed in their ERP. For portions of the borrower's system that are not operated by the borrower, if any, the borrower is responsible for ensuring that the operator is operating and maintaining the system properly in accordance with the operating agreement.

[69 FR 60540, Oct. 12, 2004]

§ 1730.21 Inspections and tests.

(a) Each borrower shall conduct all necessary inspections and tests of the component parts of its electric system, annually exercise its ERP, and maintain records of such inspections and tests. For the purpose of this part, ''Exercise'' means a borrower's Tabletop execution of, or actual implementation of, the ERP to verify the operability of the ERP. Such Exercise may be performed singly by an individual borrower, or as an active participant in a multi-party (to include utilities, government agencies and other participants or combination thereof) Tabletop execution or actual full implementation of the ERP. For the purpose of this part, ''Tabletop'' means a hypothetical emergency response scenario in which participants will identify the policy, communication, resources, data, coordination, and organizational elements associated with an emergency response.

(b) The frequency of inspection and testing will be determined by the borrower in conformance with applicable laws, regulations, national standards, and Prudent Utility Practice. The frequency of inspection and testing will

be determined giving due consideration to the type of facilities or equipment, manufacturer's recommendations, age, operating environment and hazards to which the facilities are exposed, consequences of failure, and results of previous inspections and tests. The records of such inspections and tests will be retained in accordance with applicable regulatory requirements and Prudent Utility Practice. The retention period should be of a sufficient time period to identify long-term trends. Records must be retained at least until the applicable inspections or tests are repeated.

(c) Inspections of facilities must include a determination of whether the facility complies with the National Electrical Safety Code, National Electrical Code (as applicable), and applicable State or local regulations and whether additional security measures are considered necessary to reduce the vulnerability of those facilities which, if damaged or destroyed, would severely impact the reliability and security of the electric power grid, cause significant risk to the safety and health of the public and/or impact the ability to provide service to consumers over an extended period of time. The electric power grid, also known as the transmission grid, consists of a network of electrical lines and related facilities, including certain substations, used to connect distribution facilities to generation facilities, and includes bulk transmission and subtransmission facilities as defined in §1710.2 of this title. Any serious or life-threatening deficiencies shall be promptly repaired, disconnected, or isolated in accordance with applicable codes or regulations. Any other deficiencies found as a result of such inspections and tests are to be recorded and those records are to be maintained until such deficiencies are corrected or for the retention period required by paragraph (b) of this section, whichever is longer.

[63 FR 3450, Jan. 23, 1998, as amended at 69 FR 60540, Oct. 12, 2004]

§ 1730.22 Borrower analysis.

(a) Each borrower shall periodically analyze and document its security, operations and maintenance policies, practices, and procedures to determine if they are appropriate and if they are being followed. The records of inspections and tests are also to be reviewed and analyzed to identify any trends which could indicate deterioration in the physical or cyber condition or the operational effectiveness of the system or suggest a need for changes in security, operations or maintenance policies, practices and procedures. For portions of the borrower's system that are not operated by the borrower, if any, the borrower's written analysis would also include a review of the operator's performance under the operating agreement.

(b) When a borrower's security, operations and maintenance policies, practices, and procedures are to be reviewed and evaluated by RUS, the borrower shall:

(1) Conduct the analysis required by paragraph (a) of this section not more than 90 days prior to the scheduled RUS review;

(2) Complete RUS Form 300, Review Rating Summary, and other related forms, prior to RUS' review and evaluation; and

(3) Make available to RUS the borrower's completed RUS Form 300 (including a written explanation of the basis for each rating) and records related to the operations and maintenance of the borrower's system.

(c) For those facilities not included on the RUS Form 300 (e.g., generating plants), the borrower shall prepare and complete an appropriate supplemental form for such facilities.

[63 FR 3450, Jan. 23, 1998, as amended at 69 FR 60541, Oct. 12, 2004]

§ 1730.23 Review rating summary, RUS Form 300.

The RUS Form 300 is available from RUS and shall be used when required by this part.

[86 FR 36198, July 9, 2021]

§ 1730.24 RUS review and evaluation.

RUS will initiate and conduct a periodic review and evaluation of the operations and maintenance practices of each borrower for the purpose of assessing loan security and determining borrower compliance with RUS policy as outlined in this part. This review

will normally be done at least once every four years for all Borrowers. The borrower will make available to RUS the borrower's policies, procedures, and records related to the operations and maintenance of its complete system. Reports made by other inspectors (*e.g.*, other Federal agencies, State inspectors, etc.) will also be made available, as applicable. RUS will not duplicate these other reviews but will use their reports to supplement its own review. RUS may inspect facilities, as well as records, and may also observe construction and maintenance work in the field. Key borrower personnel responsible for the facilities being inspected are to accompany RUS during such inspections, unless otherwise determined by RUS. RUS personnel may prepare an independent summary of the operations and maintenance practices of the borrower. The borrower's management will discuss this review and evaluation with its Board of Directors.

[89 FR 17276, Mar. 11, 2024]

§ 1730.25 Corrective action.

(a) For any items on the RUS Form 300 rated unsatisfactory (i.e., 0 or 1) by the borrower or by RUS, the borrower shall prepare a corrective action plan (CAP) outlining the steps (both short term and long term) the borrower will take to improve existing conditions and to maintain an acceptable rating. The CAP must include a time schedule and cost estimate for corrective actions, and must be approved by the borrower's Board of Directors. The CAP must be submitted to RUS for approval within 90 days after the completion of RUS' evaluation noted in § 1730.24.

(b) The borrower must periodically report to RUS in writing progress under the CAP. This report must be submitted to RUS every six months until all unsatisfactory items are corrected unless RUS prescribes a different reporting schedule.

§ 1730.26 Certification.

(a) *Engineer's certification.* Where provided for in the borrower's loan documents, RUS may require the borrower to provide an ''Engineer's Certification'' as to the condition of the borrower's system (including, but not limited to, all mortgaged property.) Such certification shall be in form and substance satisfactory to RUS and shall be prepared by a professional engineer satisfactory to RUS. If RUS determines that the Engineer's Certification discloses a need for improvements to the condition of its system or any other operations of the borrower, the borrower shall, upon notification by RUS, promptly undertake to accomplish such improvements.

(b) *Emergency Restoration Plan certification.* The borrower's Manager or Chief Executive Officer shall provide written certification to RUS stating that a VRA has been satisfactorily completed that meets the criteria of § 1730.27 (a), (b), (c), or (d), as applicable and § 1730.27(e)(1) through (e)(8), and that the borrower has an ERP that meets the criteria of § 1730.28 (a), (b), (c), or (d), as applicable, and § 1730.28 (e), (f), and (g). The written certification shall be in letter form. Applicants for new RUS electric loans, loan guarantees or grants shall include the written certification in the application package submitted to RUS. If the self-certification of an ERP and VRA are not received as set forth in this section, approval of the loan, loan guarantees or grants will not be considered until the certifications are received by RUS.

[63 FR 3450, Jan. 23, 1998, as amended at 69 FR 60541, Oct. 12, 2004]

§ 1730.27 Vulnerability and Risk Assessment (VRA).

(a) Each borrower with an approved RUS electric program loan shall perform an initial VRA of its electric system. Additional or periodic VRA's may be necessary if significant changes occur in the borrower's system, and records of such additional assessments shall be maintained by the borrower.

(b) Each applicant that submits an application for an RUS electric program loan or grant shall include with its application package a letter certification that such applicant has performed an initial VRA of its electric system. Additional or periodic VRA's may be necessary if significant changes occur in the borrower's system, and records of such additional assessments shall be maintained by the borrower.

(c) The VRA shall include identifying:

(1) Critical assets or facilities considered necessary for the reliability and security of the electric power grid as described in § 1730.21(c);

(2) Facilities that if damaged or destroyed would cause significant risk to the safety and health of the public;

(3) Critical assets or infrastructure owned or served by the borrower's electric system that are determined, identified and communicated as elements of national security by the consumer, State or Federal government;

(4) External system impacts (interdependency) with loss of identified system components;

(5) Threats to facilities and assets identified in paragraphs (c)(1) through (4) of this section;

(6) Criticality and risk level of the borrower's system;

(7) Critical asset components and elements unique to the RUS borrower's system; and

(8) Other threats, if any, identified by an individual borrower.

[69 FR 60541, Oct. 12, 2004, as amended at 87 FR 73443, Nov. 30, 2022]

§ 1730.28 Emergency Restoration Plan (ERP).

(a) Each borrower shall have a written ERP. The ERP should be developed by the borrower individually or in conjunction with other electric utilities (not all having to be RUS borrowers) through the borrower's unique knowledge of its system, prudent utility practices (which includes development of an ERP) and the borrower's completed VRA. If a joint electric utility ERP is developed, each RUS borrower shall prepare an addendum to meet the requirements of paragraphs (c) through (e) of this section as it relates to its system.

(b) Each applicant that submits an application for an RUS electric program loan or grant shall include with its application package a letter certification that such applicant has a written ERP.

(c) The ERP shall include:

(1) A list of key contact emergency telephone numbers (emergency agencies, borrower management and other key personnel, contractors and equipment suppliers, other utilities, and others that might need to be reached in an emergency);

(2) A list of key utility management and other personnel and identification of a chain of command and delegation of authority and responsibility during an emergency;

(3) Procedures for recovery from loss of power to the headquarters, key offices, and/or operation center facilities;

(4) A Business Continuity Section describing a plan to maintain or re-establish business operations following an event which disrupts business systems (computer, financial, and other business systems);

(5) A section describing a plan to comply with the eligibility requirements to qualify for the FEMA Public Assistance Grant Program; and

(6) Other items, if any, identified by the borrower as essential for inclusion in the ERP.

(d) The ERP must be approved and signed by the borrower's Manager or Chief Executive Officer, and approved by the borrower's Board of Directors.

(e) Copies of the most recent approved ERP must be made readily available to key personnel at all times.

(f) The ERP shall be Exercised at least annually to ensure operability and employee familiarity.

(g) If modifications are made to an existing ERP:

(1) The modified ERP must be prepared in compliance with the provisions of paragraphs (c) through (e) of this section; and

(2) Additional Exercises may be necessary to maintain employee operability and familiarity.

(h) Each borrower shall maintain records of such Exercises.

[69 FR 60541, Oct. 12, 2004, as amended at 76 FR 47056, Aug. 4, 2011; 87 FR 73443, Nov. 30, 2022]

§ 1730.29 Grants and Grantees.

For the purposes of this part, the terms ''borrower'' shall include recipients of RUS electric program grants, and ''applicant'' shall include applicants for such grants. References to

''security documents'' shall, with respect to recipients of RUS electric program grants, include grant agreements and other grant-related documents.

[69 FR 60541, Oct. 12, 2004]

§§ 1730.30–1730.59 [Reserved]

Subpart C—Interconnection of Distributed Resources

SOURCE: 74 FR 32409, July 8, 2009, unless otherwise noted.

§ 1730.60 General.

Each electric program distribution borrower (as defined in §1710.2) is responsible for establishing and maintaining a written standard policy relating to the Interconnection of Distributed Resources (IDR) having an installed capacity of not more than 10 megavolt amperes (MVA) at the point of common coupling.

§ 1730.61 RUS policy.

The Distributed Resource facility must not cause significant degradation of the safety, power quality, or reliability on the borrower's electric power system or other electric power systems interconnected to the borrower's electric power system. The Agency encourages borrowers to consider model policy templates developed by knowledgeable and expert institutions, such as, but not limited to the National Association of Regulatory Utility Commissioners, the Federal Energy Regulatory Commission and the National Rural Electric Cooperative Association. The Agency encourages all related electric borrowers to cooperate in the development of a common Distributed Resource policy.

§ 1730.62 Definitions.

''Distributed resources'' as used in this subpart means sources of electric power that are not directly connected to a bulk power transmission system, having an installed capacity of not more than 10 MVA, connected to the borrower's electric power system through a point of common coupling. Distributed resources include both generators and energy storage technologies.

''Responsible party'' as used in this subpart means the owner, operator or any other person or entity that is accountable to the borrower under the borrower's interconnection policy for Distributed Resources.

§ 1730.63 IDR policy criteria.

(a) *General.* (1) The borrower's IDR policy and procedures shall be readily available to the public and include, but not limited to, a standard application, application process, application fees, and agreement.

(2) All costs to be recovered from the applicant regarding the application process or the actual interconnection and the process to determine the costs are to be clearly explained to the applicant and authorized by the applicant prior to the borrower incurring these costs. The borrower may require separate non-refundable deposits sufficient to insure serious intent by the applicant prior to proceeding either with the application or actual interconnection process.

(3) IDR policies must be approved by the borrower's Board of Directors.

(4) The borrower may establish a new rate classification for customers with Distributed Resources.

(5) IDR policies should be reconsidered and updated periodically in a manner that is consistent with prudent utility practice.

(b) *Technical requirements.* (1) IDR policies must be consistent with prudent electric utility practice.

(2) IDR policies must provide for appropriate electric power system disconnect facilities, as determined by the borrower, which shall include a lockable disconnect and a visible open, that are readily accessible to and operable by authorized personnel at all times.

(3) IDR policies must provide for borrower access to the Distributed Resources facility during normal business hours and all emergency situations.

(c) *Responsible Party obligations.* IDR policies must provide for appropriate Responsible Parties to assume the following risks and responsibilities:

(1) A Responsible Party must agree to maintain appropriate liability insurance as outlined in the borrower's interconnection policy.

(2) A Responsible Party must be responsible for the Distributed Resources compliance with all national, State, local government requirements and electric utility standards for the safety of the public and personnel responsible for utility electric power system operations, maintenance and repair.

(3) A Responsible Party must be responsible for the safe and effective operation and maintenance of the facility.

(4) Only Responsible Parties may apply for interconnection and the Responsible Party must demonstrate that the facility will be capably developed, constructed and operated, maintained, and repaired.

[74 FR 32409, July 8, 2009, as amended at 87 FR 73443, Nov. 30, 2022]

§ 1730.64 Power purchase agreements.

Nothing in this subpart requires the borrower to enter into purchase power arrangements with the owner of the Distributed Resources.

§ 1730.65 Effective dates.

All electric program applicants shall provide a letter of certification executed by the General Manager stating that the borrower meets the requirements of this subpart before such loan may be approved.

[87 FR 73443, Nov. 30, 2022]

§ 1730.66 Administrative waiver.

The Administrator may waive in all or part, for good cause, the requirements and procedures of this subpart.

§§ 1730.67–1730.99 [Reserved]

§ 1730.100 OMB control number.

The information collection requirements in this part are approved by the Office of Management and Budget and assigned OMB control number 0572–0025.

[89 FR 17276, Mar. 11, 2024]

PART 1734—DISTANCE LEARNING AND TELEMEDICINE LOAN AND GRANT PROGRAMS

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