

December 6, 2022

The Honorable Xochitl Torres Small
Undersecretary for Rural Development
United States Department of Agriculture
1400 Independence Avenue SW
Washington, DC 20228

The Honorable Andrew Berke
Administrator
Rural Utilities Service
1120 20th Street NW
Washington, DC 20036

Dear Undersecretary Torres Small and Administrator Berke:

First, thank you to Undersecretary Torres Small for your recent testimony in front of the U.S. Senate Committee on Agriculture, Nutrition, and Forestry, and congratulations to Administrator Berke on your new role leading the Rural Utilities Service (RUS). I look forward to working together to support our nation's rural communities.

I write to urge you to move swiftly to provide clear implementation guidance and to distribute funds from the recently enacted *Inflation Reduction Act (IRA)*. I am thrilled that Congress secured nearly \$14 billion in the legislation for rural clean energy programs at the United States Department of Agriculture (USDA), including \$9.7 billion in financial assistance to help rural electric cooperatives transition to clean energy (Section 22004), \$1 billion in additional funding for electric loans for renewable energy (Section 22001), and an additional nearly \$2 billion for the Rural Energy for America Program (REAP) (Section 22002). These programs can play a critical role in accelerating deployment of clean energy, cutting greenhouse gas emissions, creating new local economic opportunities, and lowering energy costs for rural families. Rural electric cooperatives, public power companies, agricultural producers, rural small businesses, renewable energy developers, and other entities in Colorado and across the country are poised to put these funds to use. We have no time to waste as rural families struggle with both high energy costs as well as the impacts of climate-fueled disasters like wildfire and drought.

In addition to efficient distribution of funds, USDA should implement these programs in innovative, flexible ways that provide the greatest benefit to rural communities while ensuring maximum uptake of these investments. I also urge you to focus on the needs of disadvantaged and economically distressed communities that lack traditional resources and are struggling to build resiliency and ensure energy reliability and affordability.

With respect to the new Section 22004 program for rural electric cooperatives, RUS should:

- Proactively offer eligible entities the ability to apply for financial support and provide technical assistance, especially for cooperatives with limited capacity to navigate the application process;
- Establish at the outset clear, simple criteria for the evaluation of projects and strategies, provide transparency in the decision-making process for financial support, and ensure accountability for cooperatives to deliver on promised emission reductions;

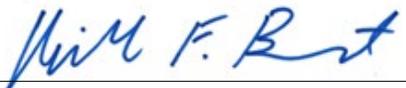
- Consider applications not only for individual project proposals, but also broader strategies that include multiple projects over multiple years;
- Allow for an extensive and creative suite of financing mechanisms that allow cooperatives to maximize benefits, including those that help cooperatives cover the costs of stranded assets;
- Prioritize projects and strategies with the greatest potential to achieve clear and measurable greenhouse gas emission reductions to ensure this program can fully realize its potential to help us meet climate goals;

With respect to additional funds for electric loans (Section 22001), RUS should take the opportunity to build on the previous success of this program to fully leverage the additional resources provided by the IRA. RUS should:

- Establish clear, upfront criteria for the requirements of both new funding and Sec. 317 loans generally, including for project eligibility and the terms for loan forgiveness;
- Allow eligibility for new types of projects, such as distributed and community solar and net metering, not only for projects where the power off-taker is a utility or municipal entity, but also key community facilities such as hospitals, schools, or agricultural processing facilities;
- Consider new ways to make the loan application and underwriting process more efficient, including leveraging third-party advisors for legal counsel, or environmental, economic, or engineering analysis, as is done in other federal loan programs like the Department of Energy's Loan Program Office.

I appreciate your leadership in quickly laying the groundwork to allocate the historic new clean energy funding for rural communities in the IRA, and I stand ready to support you in ensuring these programs can bring the greatest benefit to our rural communities.

Sincerely,



Michael F. Bennet
United States Senator

Cc: Director of the Office of Management and Budget, Shalanda Young