

As Prepared for Delivery

Speech to the NREDA 2009 Annual Conference

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Destin, FL

Introduction

Good morning everyone. Greetings from the Obama Administration, Secretary Vilsack, and the Department of Agriculture. Thank you for the introduction and for coming out so early this morning. I'm so glad I had the opportunity to be here with so many friendly faces. I'm actually the third person from Rural Development's national office to be in Florida this week. The other two were in Orlando. Since I'm kicking off the closing day, I'll try and set a good example and not speak too long. I'll leave room for questions at the end.

This conference is taking place at an excellent time time, especially with President Obama's focus on assisting and promoting small business opportunities. He understands the work you do and the importance of economic development. As mentioned, I'm the Under Secretary for Rural Development and we're the voice of rural issues for the Obama Administration. We've been working with rural areas since the Franklin Roosevelt Administration, when the Rural Electrification Act of 1936 was signed. Roosevelt understood the huge modernizing impact that creating an electric grid would have on the lives of rural Americans, many of whom live in this area. Well, that was a long time ago; and today we need to look again at the role electric utilities can have on our communities.

Secretary Vilsack has established energy conservation as a central theme and a top priority for our Department. USDA is looking at all aspects of its programs, services, and actions to improve both the conservation of energy as well as development and promotion of new energy opportunities. The conference theme is “Positioning Rural America for Success,” so it is important to focus on a few areas areas that we can work in a partnership effort to make a major impact, home retrofitting and economic development.

Blue Bonnet Example

Blue Bonnet Electric, a conference sponsor, is a great example of what I’m talking about. As one of the largest electric cooperatives in Texas - not only do they offer substantive information about the areas they serve in Southeast Texas, but they offer presentations and tips on energy savings, sponsor scholarships and internships for students. They engage their customers and are respected members of their communities.

Recovery through Retrofit

They recognize that the way we communicate with our consumers or constituents is changing. As evidence by the rise of Twitter or Facebook, people want two-way interaction. They want to feel they’re being heard. The public and this Administration have clearly indicated that we need to rethink where our energy comes from. This is an opportunity for rural electrics to be leaders and to teach customers about the importance of energy efficiency. USDA would like to work with you in a partnership initiative called, “Recovery through Retrofit.” The concept is articulated in a report we released

last month with Vice President Biden's office and the White House Council on Environmental Quality. It's not new legislation and does not require additional funding. It's a strategy to encourage Americans to retrofit their homes to make them more energy efficient.

Background

The nearly 130 million homes in this country are responsible for more than 20 percent of our nation's carbon dioxide emissions, but through energy efficiency home improvements, retrofitting techniques and technologies, we can reduce energy use by up to 40 percent and lower home greenhouse gas emissions by up to 160 million metric tons annually by 2020. Improvements could save up to \$21 billion each year. The ultimate goals are to create good green jobs, reduce energy bills and boost the American economy.

There is a clear set of Federal actions outlined in the report: develop a standard home energy performance measure and associated energy label; expand energy efficiency mortgages and support for municipal and state retrofitting; and mobilize a new workforce with the skills and credentials to deliver home improvements.

Existing Programs

How does rural America fit into the retrofit plan? We already have programs and authorities through the Rural Utilities Service. We have direct loans for efficiency initiatives through the Electric Loan Program. We provide opportunities for customers to reduce demand through installing energy conservation measures. We also have High

Energy Cost Grants to improve energy generation, transmission and distribution facilities in communities with home energy costs exceeding 275% of the national average.

An electric cooperative in Alabama was awarded a \$1 million High Energy Cost Grant to assist low income home owners with energy efficiency improvements. They've upgraded more than 125 mobile homes and in many cases reduced energy bills in half. They were just recently awarded a second grant to continue their efforts and two other cooperatives in Kentucky and Georgia have been awarded grants for this purpose.

"On-bill financing" is also a great initial step. Electric cooperatives create an incentive program to provide interest-free financing options for commercial and taxpayer-funded customers through their utility bills. It's a no debt obligation for customers to retrofit their homes because it's based on future energy savings.

Think about how you can be involved. We can do more with home energy efficiency through the rural electric cooperative community than other partnerships we have because you're uniquely spread throughout the country and vary widely in size.

Economic Development

You have innovative business models and give us an opportunity to learn valuable lessons about where and how our programs can be most successful. With over 45 million customers and over 1,000 members – electric cooperatives have a huge capacity to affect economic development.

Of the programs we have, which directly work toward stimulating economic development, I specifically point out three: our Rural Business Enterprise Grants, Rural Economic Development Loans and Grants and the Intermediary Relending Program. The first program provides funds for small and emerging rural businesses for distance learning networks, and employment related adult education programs. The Rural Economic Development Loans and Grants provide zero-interest loans and grants to our Electric and Telephone borrowers for development and job creation projects. Under the Intermediary Relending Program, 30 year loans are provided at one percent interest to local organizations to establish revolving loan funds.

A great example is in South Dakota. Twenty-one electric cooperatives, who are stakeholders in their local economies, have formed an economic and community development fund to provide electricity to consumer-owners, but also to stimulate economic growth through business development and expansion. We support them through our Intermediary Relending Program and our Rural Economic Development Loan and Grant Program. The fund allows small cooperatives to share capital, common credit policies, materials, processes and personnel to serve eastern South Dakota and western Minnesota, about 500,000 people. It's governed by a board of directors, which set policy and serve as the loan review committee. By pooling over \$1.9 million from their members, the fund has attracted over \$25 million in public and private investment in loan capital.

This type of collaboration maximizes the fund's ability to leverage resources and expand its impact on the region. To date it has collaborated with over 100 banks, 20 development corporations/loan funds and 15 government programs to achieve over \$315 million in total project investment in the region. Over 13 years, it has assisted 194 projects to create and retain over 6,000 jobs and support community development initiatives. This is what aggressive rural electrics can do for economic development.

Conclusion

Throughout our portfolio, we have over 100 programs. I just highlighted a few, but want you to remember that Recovery through Retrofit and our economic development programs can position rural America for success. Many Rural Electric Cooperatives have already been recognized by the Federal Energy Regulatory Commission as industry leaders in energy efficiency and demand side management practices. Everything on Recovery through Retrofit is available on the White House Web site.

We'll use our funds to support businesses, but Secretary Vilsack, USDA and I need you to see what economic development opportunities there are in your communities. You are leaders and I challenge you to consider the role that you can play. This conference is just the type of collaboration we need to create a strong rural America.

We're here to help and our state and field offices should be resources for you. We've got over 450 of them, so I hope you'll get to know your local USDA Rural Development staff and be out partners. All of our information is on our Web site (rurdev.usda.gov)

Thank you.