National Association of Regulatory Utility Commissioners

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National Rural Utilities Cooperative Finance Corporation

CFC –

- Member-owned finance company formed in 1969
- 974 members, including
  - 838 distribution electric cooperatives
  - 71 generation and transmission cooperatives
- $22.2 billion in loans outstanding as of 2/28/2015
- Provide bi-lateral and syndicated financing to members
  - Construction, debt refinancing, working capital
Rural Telephone Finance Cooperative

**RTFC** –

- Private cooperative lender established in 1987
  - Formed at the request of NTCA and industry leaders
- Lends to RUS eligible rural LECs and their affiliates
- Funded and managed by CFC
- Provides financing for infrastructure, debt refinancing, working capital
- Total loans outstanding peaked in 2001 at $5.3 billion
  - Outstanding loans of $402 million at 2/28/2015
Rural Telephone Finance Cooperative

**History of Trends in RTFC Lending Activity**

- Acquisition financing (1994 – 2001)
Rural Telephone Finance Cooperative

Total Loans Outstanding

in millions

$0 $1,000 $2,000 $3,000 $4,000 $5,000 $6,000

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Changes to the Environment

- Increasing competition
- Revenue reform
- Fast-paced technological advances

Revised Philosophy

- Preservation of the cooperative
- Stable, sustainable outlook versus high risk venture capital
- Lend for core purposes to established, well managed ILECs
Rural Telephone Finance Cooperative

Qualitative Considerations for Lending in Current Environment

- Locally-based and well tested management team
- Diversified operations (broadband) with positive ARPU trend
- Competitive position within market
- Quality of business plan / strategic planning
- Community-focused
Created and Owned by America’s Electric Cooperative Network