



**National Rural Utilities  
Cooperative Finance Corporation**

SERVICE | INTEGRITY | EXCELLENCE

# National Association of Regulatory Utility Commissioners

**Sheldon Petersen**

**July 14, 2015**





*Created and Owned by America's Electric Cooperative Network*

# 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 NTCNA 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***

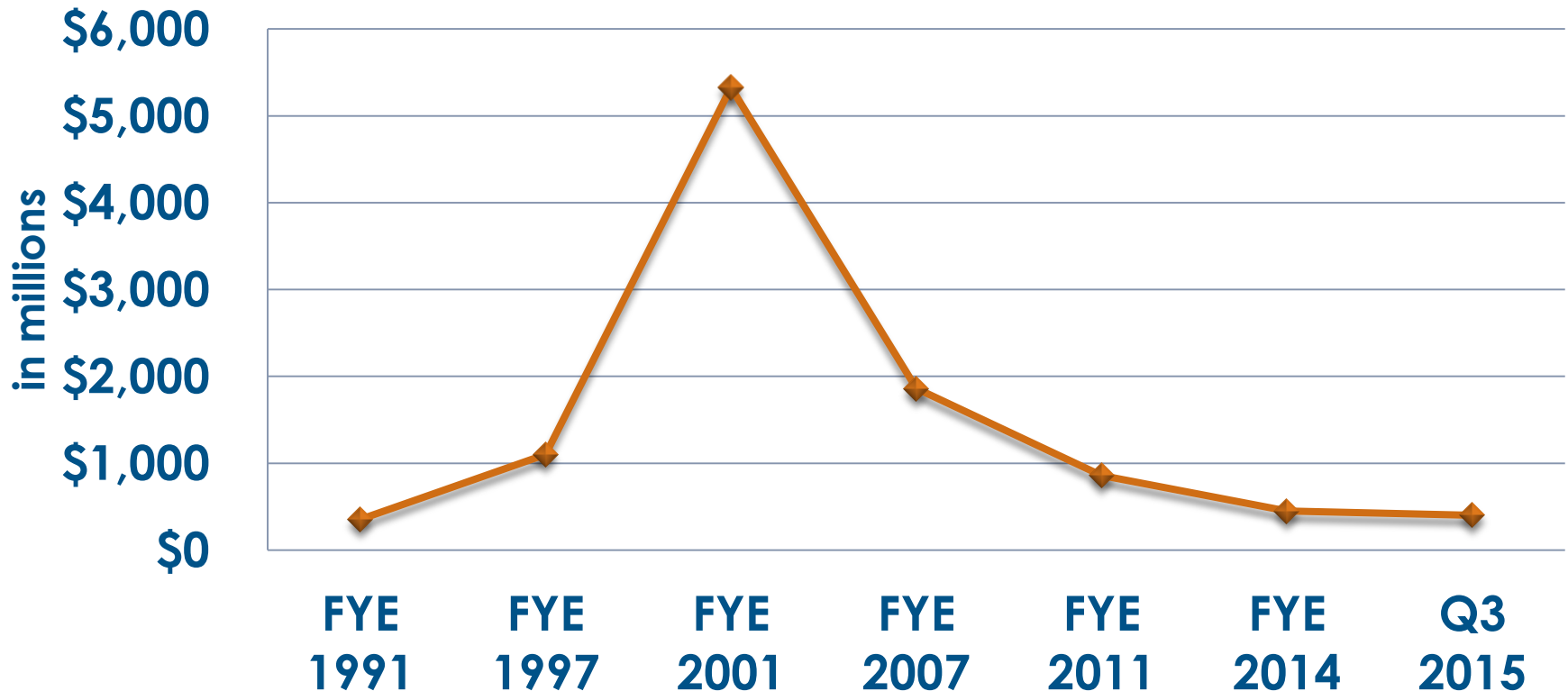
- **POTS and CATV upgrade and expansion (1988 – 1991)**
- **Equal access networks (1990 – 1998)**
- **Cellular telephone service providers (1991 – 1998)**
- **Acquisition financing (1994 – 2001)**



Created and Owned by America's Electric Cooperative Network

# Rural Telephone Finance Cooperative

## Total Loans Outstanding





*Created and Owned by America's Electric Cooperative Network*

# Rural Telephone Finance Cooperative

## 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**



**National Rural Utilities  
Cooperative Finance Corporation**

SERVICE | INTEGRITY | EXCELLENCE

A light blue outline map of the United States, showing state boundaries, is positioned in the background. The text is overlaid on this map.

***Created  
and Owned  
by America's  
Electric Cooperative  
Network***