

by the plan. A Modernization Plan must conform to the provisions of this subpart.

New facilities. Facilities which are wholly or partially constructed or reconstructed after a short- or medium-term requirements start date, as appropriate. This does not include connections or capacity extensions within the wired capacity of existing plant such as adding line cards to existing equipment.

Plan Developer. The entity creating the Modernization Plan for the State, which may be the State PUC, the State legislature, or a numeric majority of the RUS Borrowers within the State. When this part refers to the PUC as the Plan Developer, this includes the State legislature.

PUC (Public Utilities Commission). The public utilities commission, public service commission or other State body with such jurisdiction over rates, service areas or other aspects of the services and operation of providers of telecommunications services as vested in the commission or other body authority, to the extent provided by the State, to guide development of telecommunications services in the State. When this part refers to the PUC as the Plan Developer, this includes the State legislature.

RE Act. The Rural Electrification Act of 1936, as amended (7 U.S.C. 901 *et seq.*).

REA. The Rural Electrification Administration, formerly an agency of the United States Department of Agriculture and predecessor agency to RUS with respect to administering certain electric and telephone loan programs.

RELRA. The Rural Electrification Loan Restructuring Act of 1993 (107 Stat. 1356).

RUS. The Rural Utilities Service, an agency of the United States Department of Agriculture established pursuant to Section 232 of the Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994 (Pub. L. 103-354, 108 Stat. 3178 (7 U.S.C. 6941 *et seq.*)), successor to REA with respect to administering certain electric and telephone programs. See 7 CFR 1700.1.

RUS cost-of-money loan. A loan made under section 305(d)(2) of the RE Act bearing interest as determined under 7 CFR 1735.31(c). RUS cost-of-money loans are made concurrently with RTB loans.

RUS hardship loan. A loan made by RUS under section 305(d)(1) of the RE Act bearing interest at a rate of 5 percent per year.

RTB loan. A loan made by the Rural Telephone Bank (RTB) under section 408 of the RE Act bearing interest as determined under 7 CFR 1610.10. RTB loans are made concurrently with RUS cost-of-money loans.

State. Each of the 50 states of the United States, the District of Columbia, and the territories and insular possessions of the United States. This does not include countries in the Compact of Free Association.

Telecommunications. The transmission or reception of voice, data, sounds, signals, pictures, writings, or signs of all kinds, by wire, fiber, radio, light, or other visual or electromagnetic means.

Telecommunications providers. RUS Borrowers and if the Plan Developer is a PUC, such other entities providing telecommunications services as the developer of the Modernization Plan (See § 1751.101) may determine.

Wireline Service. Telecommunications service provided over telephone lines. It is characterized by a wire or wirelike connection carrying electricity or light between the subscriber and the rest of the telecommunications network. Wireline Service implies a physical connection. Although radio may form part of the circuit, it is not the major method of transmission as in radiotelephone.

§ 1751.101 General.

(a) It is the policy of RUS that every State have a Modernization Plan which provides for the improvement of the State's telecommunications network.

(b) A proposed Modernization Plan must be submitted to RUS for approval. RUS will approve the proposed Modernization Plan if it conforms to the provisions of this subpart. Once obtained, RUS's approval of a Modernization Plan cannot be rescinded.

(c) The Modernization Plan shall not interfere with RUS's authority to issue such other telecommunications standards, specifications, requirements, and procurement rules as may be promulgated from time to time by RUS including, without limitation, those set forth in 7 CFR part 1755.

(d) The Modernization Plan must, at a minimum, apply to RUS Borrowers' wireline service areas. If a Modernization Plan is developed by the PUC, RUS encourages, but does not require, that the Modernization Plan's requirements apply to the rural service areas of all providers of

telecommunications services in the State. A PUC's decision not to include non-RUS Borrowers will not prejudice RUS approval of that PUC's

Modernization Plan. The PUC may also, at its option, extend coverage of the Modernization Plan to all service areas of all providers of telecommunications services in the State. In addition, while the requirements and goals contained in § 1751.106 apply only to wireline services, the PUC, at its discretion, may extend coverage of Modernization Plans to wireless or other communications services in the State as it deems appropriate. Borrower-developed Modernization Plans apply only to Borrowers.

§ 1751.102 Modernization Plan Developer; eligibility.

(a) Each PUC is eligible until February 13, 1996 to develop a proposed Modernization Plan and deliver it to RUS. RUS will review and consider for approval all PUC-developed Modernization Plans received by RUS within this one year period. The review and approval, if any, may occur after the one year period ends even though the PUC is no longer eligible to submit a proposed Modernization Plan.

(b) The PUC must notify all Telecommunications Providers in the State and other interested parties of its intent to develop a proposed Modernization Plan. The PUC is encouraged to consider all Telecommunications Providers' and interested parties' views and incorporate these views into the Modernization Plan. In the event that the PUC does not intend to develop a proposed Modernization Plan, RUS requests that the PUC inform RUS of this decision as soon as possible.

(c)(1) If the PUC is no longer eligible to develop a Modernization Plan or has informed RUS that it will not develop a Modernization Plan, as described in paragraphs (a) and (b) of this section, a majority of the Borrowers within the State may develop the Modernization Plan. If a majority of Borrowers develops the Modernization Plan, the following apply:

(i) All Borrowers shall be given reasonable notice of and shall be encouraged to attend and contribute to all meetings and other proceedings relating to the development of the Modernization Plan; and

(ii) Borrowers developing a Modernization Plan are encouraged to solicit the views of other providers of telecommunications services and interested parties in the State.

(2) There is no time limit placed on Borrowers to develop a Modernization Plan. Borrowers should be aware that certain types of loans may be restricted until a Modernization Plan is approved. See § 1751.103.