

Remarks by Rural Development Under Secretary Lisa Mensah for the 2015 NRECA Annual Meeting

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Thank you very much for inviting me to NRECA's Annual Meeting. It is a pleasure to be with you today in the heart of Co-op Nation!

I bring warm greetings from President Obama and Secretary Vilsack. On behalf of the Obama Administration, I say thank you for keeping the lights on!

The President, the Secretary and I understand how important America's rural electric cooperatives are to our nation's economic strength and our nation's energy future. You are the engines of development and growth for the vast part of our nation that is rural. You create jobs and opportunity. And day in and day out you are improving the quality of life for the people you serve.

I am especially pleased to be with you today as we prepare for a landmark anniversary. This May marks eighty years since President Roosevelt created the Rural Electrification Administration (REA). The longstanding partnership between rural electric cooperatives and the REA and now the Rural Utilities Service (RUS) is one of the greatest success stories ever told. Your example of infrastructure investment driving economic opportunity inspires the President's infrastructure agenda and is a model for development that you are helping spread around the world.

As we celebrate eighty years of success, I hope we take some time to celebrate those who served this great cause. I'd like to brag on one of our USDA team members. Charley Philpott from the



RUS is in the audience today and last year he celebrated 50 years of federal service. He is the dean of the RUS and an inspiration to us all!

Let me share a little bit about myself. I am the “still new” Undersecretary of Rural Development at the United States Department of Agriculture. I’ve been on the job for about 3 months and I must say one of the greatest pleasures of my new position has been getting to know Jo Ann Emerson and the amazing work that NRECA’s members do across our great nation. I also want to acknowledge the great work of your outgoing president Curtis Nolan.

As a child, I spent summers picking strawberries in Oregon. My parents wanted me to know the value of hard work. On that count, they were successful. That experience instilled in me a deep appreciation and respect for the rural way of life.

Those values have stayed with me. Rural America is a place where neighbor helps neighbor. Where a handshake means something and where stewardship for generations is more valuable than short term gain.

As a college student, I wanted to change the world and I thought I’d work at the United Nations. When I graduated, I took a job at Citibank and I came to realize that investment decisions change the world.

That is why I am here today. The investment decisions you make have changed and are changing your communities and everyone you touch.

Today, I relish the opportunity to help USDA decide how to invest taxpayer dollars in rural America in ways that can change our world. I consider myself as having the best job in America.



USDA's Rural Development is very proud of our partnership with America's rural electric cooperatives. At USDA, we are continuously working hard to create and maintain partnerships that leverage the strength of rural areas, build new markets to promote regional economic sustainability and expand investment opportunities to create prosperous communities.

Rural electric co-ops have a long history of supporting their communities—whether it's funding broadband, building health care clinics or providing scholarships for promising students. Co-ops are an essential part of the fabric of rural life.

It is an honor to be your partner when you invest in your systems, when you help businesses grow, and when we work together to find creative ways to use agriculture products, not only to feed but also to fuel a whole new American economy.

Today, Co-op Nation and USDA are facing an era of change. Out of change comes great opportunity. The economic recovery which has lifted America from its deepest recession since the great depression is reaching rural America. Our "all of the above" energy policies have brought the United States ever closer to energy independence and renewable energy technologies are improving daily as wind, solar and biomass energy are becoming rural America's newest cash crop.

Together we can navigate the challenges of climate change, outmigration and the growing needs of an aging population.

I am especially enthusiastic about working with NRECA and its membership to find ways to tackle persistent poverty in rural areas. When Jo Ann Emerson met with me a few weeks ago, I was amazed to learn that your membership serves 93% of the nation's persistent poverty counties. No fact more clearly demonstrates the importance of our partnership. Make no mistake. Affordable power is one of our greatest tools we have to fight poverty. And as is true



with all infrastructure serving rural areas; affordable consumer rates are made possible by affordable interest rates for utilities.

I was excited that my inaugural trip as the Under Secretary was to Alabama last month. While there, I heard example after example from our partners of how our program partnerships have improved the quality of life in rural Alabama communities. In addition to providing electricity to rural areas and towns, I saw firsthand how rural electric cooperatives use our Rural Economic Development Loan and Grant program to promote business growth and job creation.

The impact of this partnership was evident as I toured two small businesses, a great condiment manufacturer, Southern Classic Food Group, and Horn Beverage Company, a distribution facility, both in Pike County. During each tour, the owner shared that they were able to expand their operation, increase their market share and create new jobs because of revolving loan funds available through South Alabama Electric Cooperative. I have much admiration for the vision of General Manager Max Davis and the South Alabama Electric Cooperative's Board of Directors, and your dedication to serving Alabama's southeast rural communities.

Max, you weren't there while I was in Alabama, but I was taken good care of by your staff members David Bailey and Andy Kimbro.

Your faithful service to your customer owners gives me even greater enthusiasm for our newest program the energy efficiency and conservation loan program affectionately known as "e-clip." Through this program we can put the power of low cost financing into your hands to help your consumers improve the energy efficiency of their homes and businesses; better manage their demand and utilize renewable technologies.

Roanoke in North Carolina is using its \$6 million loan to launch "Upgrade to Save," a voluntary program that will allow their customers to invest in energy efficiency improvements without



incurring new debt. Improvements funded under the program include HVAC systems, appliance replacements, and building envelope improvements for an average of 200 residential energy efficiency upgrades per year over four years.

Roanoke's program allows cost-effective energy improvements regardless of income, credit score, or whether they rent or own their property—making the program available to those who previously were not eligible for such improvements.

Roanoke's program is modelled after one developed by the Energy Efficiency Institute of Vermont. Used by co-ops in several other states, the average investment per home is \$7,000, with an average annual energy savings of 25 percent.

Like many co-ops, North Arkansas Electric has experience in energy efficiency programs, having loaned nearly \$12 million for energy efficiency upgrades for members. North Arkansas will use its loan of \$4.6 million to expand its energy efficiency program and reduce energy costs for consumers by providing funding for geothermal and air source installations, energy efficiency lighting, and weatherization measures, including Energy Star® windows and doors, insulation, efficient water heaters, and roofing. North Arkansas is another example of the difference between co-ops and other electric utilities because they work hard to keep their members' electricity bills affordable, while still maintaining a good quality of life. NRECA is lucky then to have as its incoming president Mel Coleman, the CEO of North Arkansas Electric. I look forward to working with you Mel!

I also encourage you to learn more about our Strike Force initiative which seeks to target resources to those persistent poverty counties that you serve. Since 2010, USDA's Strike Force for Rural Growth and Opportunity has partnered with almost 500 community and faith-based organizations, businesses, foundations, coops, universities and other groups to support 109,000



projects with almost \$14 billion in investments in rural communities.

I am deeply committed to continuing the amazing momentum of Rural Development. In the past six years, the Department of Agriculture has invested a total of \$48.3 billion in new or improved infrastructure in rural areas.

Together, we helped you improve and modernize electric service for more than 8.6 million rural people and businesses.

USDA has financed new and improved Internet access to thousands of rural families and has made investments that have helped 15.7 million rural residents get access to clean drinking water and better waste water disposal—some of them; incredibly, for the very first time.

Since its inception, our Distance Learning and Telemedicine Program has invested in more than 7,200 educational and health care facilities throughout the nation. The Recovery Act and our broadband programs have helped finance expanded broadband access to over 500 rural broadband projects.

As USDA's newest undersecretary, I've been asked what I plan to do in this role and my vision. While I'm still listening and considering my agenda, I know that I intend to focus on the CORE programs of what Rural Development does. Rural electrification is certainly one of the defining historic and most successful programs we have and I intend to make sure it still successfully serves rural populations who depend on us to keep the lights on.

I want you to know that I bring open ears and fresh eyes to the job of Undersecretary. I sincerely want to hear from you. Please let me or our great USDA team know how we can strengthen our partnership and make our programs the best they can be.



As a lender, like you, we pay close attention to the regulatory and environmental landscape. We share our knowledge about rural America and the utility sector with our federal colleagues. I know you are concerned about the impact of environmental regulations from the states, federal agencies and even USDA Rural Development. At RD we are weighing all the comments we have received on our own draft environmental regulation and your input is deeply appreciated. Let me be clear our draft regulation is just that, a draft. Our current rules stand until new ones are put into place. I assure you that your comments, and the comments of others received in our regulatory process will be fully considered.

When it comes to environmental regulations from the States or other federal agencies, our loan programs are ready, willing and able to help you finance the technologies and infrastructure you need to meet those new and emerging standards.

Looking forward, the RUS electric program has \$5 billion to lend in this fiscal year and President Obama has asked for \$6 billion for the next fiscal year. Those loan levels combined with historically low interest rates make it an ideal time to invest in infrastructure, energy efficiency, conservation and renewable technologies. We are here to help you do just that.

As we begin to celebrate eighty years of success, let's look forward another 80 years and work to create a greener and cleaner future with renewable energy produced for and buy rural America. We know without the partnership between NRECA and USDA, rural America would be further behind. You've managed to hang in there through recessions and a lagging recovery, through brain drains that cause many of the brightest young folks to leave rural America. As you continue to evolve to deal with a changing marketplace, so must USDA. And I know together, we will continue to change the lives of rural America for the better.

I thank you for your unflinching support for the RUS electric program and for all that you do to make rural America the wonderful place that it is.