

# REA Loan Program Withdrawn

On December 29, 1972, the Nixon administration's Office of Management and Budget eliminated without warning several programs, including the Rural Electrification Administration (REA) 2% loan program.

Alaska's two senators, Gravel and Stevens, have urged Congress to reinstate the program, pointing to Alaska's unique developing needs. Without the aid of the 2% loaning power of REA, it would have been impossible to bring electric power to sparsely populated areas of bush Alaska.

"Many co-ops cannot afford to pay the higher interest charges that will result," Gravel said.

Gravel told the committee the average monthly electric bill in Alaska is \$25.56 as compared to the national average of \$11.13. Termination of the 2% loan and substitution of the interest rate could add an additional \$2.50 to customer bills in some parts of Alaska.

Senator Stevens told the committee that Alaska "vitally needs this continued assistance." If the program is abandoned, electric rates for at least 60% of Alaska will increase from 15% to 20%.

"No one would deny that the REA opened up rural America," said Mike Kelly of Golden Valley Association, a co-op serving rural areas in interior Alaska.

Kelly said, "In some areas of America the work of REA might be said to be done, but

in Alaska, REA was just beginning to have its effect."

This latest casualty of the Nixon cuts may yet be reinstated by the Democratic Congress, if Alaska's congressional delegation convinces their colleagues of Alaska's critical needs.