



Power and Communications Contractors Association
Position Paper
Rural Utilities Service – 773 Contracts
December 2015

The Power & Communication Contractors Association (PCCA) represents contractors, manufacturers, and suppliers that build and repair America's power and communications infrastructure, including electric transmission and distribution lines and substations and broadband, telephone, and cable television systems. PCCA members also engage in directional drilling, local area and premises wiring, water and sewer utilities, and gas and oil pipelines. PCCA supports robust federal funding for the U.S. Department of Agriculture's Rural Utilities Service (RUS) as well as raising the negotiated contract limits in the RUS telecommunications and electric programs.

The RUS works to improve critical infrastructure and enhance economic opportunity through financing for electric power, broadband, and other services in rural communities with a population of 20,000 or fewer. PCCA members work on projects that improve the quality of life for rural America through infrastructure improvements funded by RUS dollars, underscoring real-life benefits that come with the programs.

Expansion of the 773 Contract

The RUS 773 negotiated contract is used for "minor construction" projects, and compensation is based on unit prices, hourly rates, or another basis approved by both the borrower and contractor. The current limit subject to 773 contracts is outdated and impedes the full potential of RUS resources. Therefore PCCA supports raising the limit from \$250,000 to \$1,000,000, which would provide rural communities more opportunity to build and refurbish power and broadband infrastructure.

Procurement of 773 contracts is a relatively simple process, allowing rural utilities to promptly establish, expand, and modernize vital electric and broadband systems in a competitive environment. Importantly, the contract's bonding and insurance requirements ensure the financial viability of the stakeholders involved, including those in the construction contracting community. In fact, PCCA would support higher bonding requirements to further guarantee the contractor's viability. Indeed, the RUS 773 contract provides an expedited process to distribute badly needed financing for infrastructure improvements while ensuring that only responsible parties are involved in the work.

Finally, the 773 contract is currently "not to be used with subcontractors," effectively prohibiting them performing cable drops, splicing, and cutover to new telecommunications services. PCCA supports a provision requiring the prime contractor to perform at least 51 percent of the work.

PCCA members see the significant impacts of RUS 773 contracts in their everyday work, building and expanding critical power and communications infrastructure across rural America, while hiring thousands of people and purchasing significant amounts of equipment and materials. As Congress strives to ensure 21st Century energy and broadband infrastructure, lawmakers should make better use of federal programs with a proven track record of success. RUS has been the source of critical financing for rural power and communication systems for decades. Increasing the federal commitment to rural infrastructure through RUS appropriations as well as increasing the limits on RUS negotiated contracts should be considered "good government" policy.