

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BIG RIVERS)
ELECTRIC CORPORATION IN) CASE NO. 7990
P. S. C. NO. 7990)

ORDER DISCLAIMING JURISDICTION

On November 13, 1980, the Commission entered an Order authorizing Big Rivers Electric Corporation ("Big Rivers") to borrow \$1,110,740,000 from either the United States of America through the Rural Electrification Administration ("REA") or from the Federal Financing Bank ("FFB"), and to issue appropriate evidence of indebtedness to secure that debt. Big Rivers subsequently obtained the approved loan from and issued its notes to the FFB. Big Rivers has now moved the Commission to approve amendment of the FFB note to permit Big Rivers to extend the maturity date of certain loan advances for a period of less than the 2-year minimum extension period allowed under the present terms of the note.

On November 12, 1982, the Franklin Circuit Court issued its opinion in West Kentucky RECC v. Energy Regulatory Commission, No. 80-CI-1747, which held that the Public Service Commission of Kentucky had no jurisdiction to approve or disapprove of borrowings by utilities from the REA. It is the position of the Commission that the FFB is an arm of REA and, therefore, no

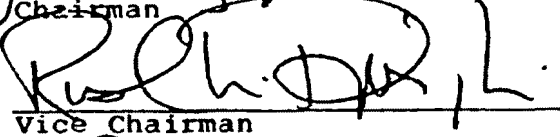
approval by the Commission of financing through the FFB is either necessary or allowable under the circuit court's decision.

For these reasons set forth above, the Public Service Commission of Kentucky hereby disclaims jurisdiction over Big Rivers' financing through the Federal Financing Bank.

Done at Frankfort, Kentucky, this 27th day of March, 1984.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary