COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

MOTION OF SALT RIVER RURAL ELECTRIC COOPERATIVE CORPORATION TO AMEND PRIOR ORDERS IN CASES NO. 7254, 7752 AND 8686 TO PERMIT IT TO PARTICIPATE IN THE LONG-TERM FIXED INTEREST RATE PLAN NOW OFFERED BY THE LOUISVILLE BANK FOR COOPERATIVES	)	CASE NO. 9467

O R D E R

On November 21, 1985, Salt River Rural Electric Cooperative Corporation ("Salt River") filed its motion for authorization to amend loan agreements between Salt River and the Louisville Bank for Cooperatives ("LBC"), Salt River's source of supplemental long-term financing, to permit Salt River to participate in the long-term fixed interest rate plan now offered by LBC. The existing loan agreements between Salt River and LBC provide a variable rate of interest on all term loans that must be adjusted monthly if the bank changes the rate of interest on its term loans. The proposed amendments to the LBC loan agreements, which were attached as exhibits to Salt River's motion, give Salt River the option of fixing the interest rate on a portion of its existing or unadvanced long-term indebtedness for a period of time greater than one month. The object of the LBC fixed interest rate plan is to give Salt River the opportunity to reduce its interest costs by financing new term debt or refinancing existing term debt

at the interest rate and for the term provided in bond offerings made by LBC from time to time.

The Commission, after consideration of the evidence of record and being advised, is of the opinion and finds that:

1. The borrowings evidenced by the loan agreements Salt River seeks to amend have previously been approved by the Commission in the Orders referenced in Exhibit 1 to Salt River's motion. Said borrowings are for lawful objects within the corporate purposes of Salt River, are necessary and appropriate for and consistent with the proper performance by Salt River of its service to the public, and will not impair Salt River's ability to perform that service. The relief requested by Salt River in this proceeding does not change the amount of these borrowings.

2. The proposed amendments to the LBC loan agreements provide greater flexibility for Salt River to reduce its overall interest costs through various financing options now offered by LBC.

3. Salt River should file, as a part of its monthly reports to the Commission, details of all loans outstanding with LBC, including the terms and interest rates.

IT IS THEREFORE ORDERED that:

1. Salt River be and it is hereby authorized to execute the proposed amendments to its loan agreements with LBC.

2. The proceedings in each of the above-styled loan cases be and they hereby are incorporated into this case by reference only.

3. Salt River shall file, as a part of its monthly report to the Commission, details of all loans outstanding with LBC, including the terms and interest rates.

4. For the purposes of this case, the data filed by Salt River with its motion is adequate to satisfy the data requirements of 807 KAR 5:001, Section 10.

Nothing herein contained shall be deemed a warranty or a finding of value of securities or financing authorized herein on the part of the Commonwealth of Kentucky or any agency thereof.

Done at Frankfort, Kentucky, this 29th day of January, 1986.

PUBLIC SERVICE COMMISSION

Chairman

Vice Chairman

Commissioner

ATTEST:

Secretary