

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE LICKING)	
VALLEY RECC FOR THE AUTHORIZATION)	
TO EXECUTE A SUBSTITUTE SECURED)	
PROMISSORY NOTE IN THE AMOUNT OF)	
FOUR HUNDRED, FORTY-SIX THOUSAND)	
(\$446,000) DOLLARS TO NATIONAL)	
RURAL UTILITIES COOPERATIVE FINANCE)	CASE NO. 89-167
CORPORATION, SAID NOTE IN LIEU OF A)	
PRIOR SECURED PROMISSORY NOTE FOR)	
THE ABOVE AMOUNT EXECUTED BY THE)	
APPLICANT TO NATIONAL RURAL)	
UTILITIES COOPERATIVE FINANCE)	
CORPORATION ON JUNE 24, 1983)	

O R D E R

IT IS ORDERED that Licking Valley Rural Electric Cooperative Corporation ("Licking Valley") shall file the original and six copies of the following information with this Commission, with a copy to all parties of record, within 10 days from the date of this Order. If the information cannot be provided by this date, you should submit a motion for an extension of time stating the reason a delay is necessary and include a date by which it will be furnished. Such motion will be considered by the Commission.

1. Provide a copy of the board of directors' resolution seeking the authorization to secure the substitute note from the National Rural Utilities Cooperative Finance Corporation ("CFC").

2. Provide the outstanding balance of the CFC loan as of June 30, 1989.

3. On page 2 of the application, at section 6, it is stated that subsequent to the execution of the note on June 24, 1983, CFC modified its loan policies and made available to Licking Valley the option to execute a substituted note incorporating a more favorable interest payment plan. In Exhibit D of the application, the amended loan agreement, it is indicated that this particular CFC form was last revised in January 1986.

a. Indicate when was the earliest date Licking Valley could have sought the substitute loan agreement with CFC.

b. If Licking Valley could have sought the substitute loan agreement with CFC before 1989, provide an explanation as to why Licking Valley has waited until now to seek the substitute agreement.

4. Provide a detailed explanation as to how soon Licking Valley would seek to invoke the interest payment options available under the substitute loan agreement. Include in this explanation a discussion of the analysis Licking Valley plans to perform in order to select the most favorable interest payment option.

5. Identify and describe any costs incurred by Licking Valley from CFC relating to the substitute loan agreement.

Done at Frankfort, Kentucky, this 7th day of August, 1989.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:

Executive Director