

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF SHELBY RECC FOR THE)
AUTHORIZATION TO BORROW FIVE HUNDRED)
EIGHTY THOUSAND, FOUR HUNDRED TWELVE)
(\$580,412.00) DOLLARS FROM NATIONAL)
RURAL UTILITIES COOPERATIVE FINANCE) CASE NO. 90-022
CORPORATION, AND TO EXECUTE A NOTE FOR)
SAID SUM; AND FOR A CERTIFICATE OF)
PUBLIC CONVENIENCE AND NECESSITY TO)
MAKE CERTAIN EXTENSIONS AND IMPROVE-)
MENTS TO ITS SYSTEM)

O R D E R

IT IS ORDERED that Shelby Rural Electric Cooperative Corporation ("Shelby") shall file the original and 6 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 detailed description of any other financing options that were considered in securing the National Rural Utilities Cooperative Finance Corporation ("CFC") loan. This response should include the reason(s) that CFC financing was selected over other options, as well as the results of any studies conducted which support the use of CFC financing.

2. Provide the additional debt service requirements associated with the Rural Electrification Administration ("REA") loan and the CFC loan, using the REA interest rate of 5 percent and the CFC current interest rate of 9.5 percent.

3. Provide an amortization schedule of the proposed loan from CFC using the current rates for variable and fixed loans.

4. Provide an explanation of whether Shelby will be able to meet its increased debt service requirements with the revenues generated by its existing rates.

5. Provide a copy of the REA Form 740c.

6. Indicate which option Shelby plans to use in the purchase of the required CFC Capital Term Certificates and explain the reason for the selection of the option.

7. Exhibit A of the application is identified as the 1989 - 1990 Work Plan. A schedule in Exhibit A referenced as a Construction Tabulation by calendar years indicates that \$939,548 was planned to be expended in calendar 1989.

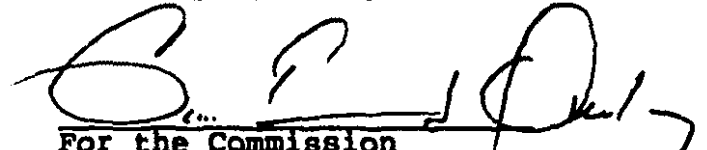
a. Indicate when Shelby began construction under the 1989 - 1990 Work Plan.

b. Identify how much Shelby spent in calendar 1989 for work included in the 1989 - 1990 Work Plan.

c. If construction under the 1989 - 1990 Work Plan has already begun, provide a detailed explanation as to why Shelby did not seek a Certificate of Convenience and Necessity before the work began, as required under KRS 278.020.

Done at Frankfort, Kentucky, this 28th day of February, 1990.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director