

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF OWEN ELECTRIC )  
COOPERATIVE, INC. FOR AN ORDER )  
ISSUING A CERTIFICATE OF PUBLIC )  
CONVENIENCE AND NECESSITY AND FOR )  
THE AUTHORITY TO BORROW A SUM OF )  
\$2,236,458 FROM THE NRUCFC AND TO )  
EXECUTE ITS NOTES AND MORTGAGES )  
TO SECURE SUCH LOAN )

CASE NO. 90-166

O R D E R

IT IS ORDERED that Owen Electric Cooperative, Inc. ("Owen") shall file an original and six copies of the following information with this Commission, with a copy to all parties of record within 7 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 current CFC variable and fixed interest rates.

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 Owen will be able to meet its increased debt service requirements with the revenues generated by its existing rates.

5. Provide a copy of the loan agreement between Owen and CFC.

6. Provide the current interest rates on both CFC fixed rate and variable rate loans.

7. Indicate what consideration Owen has given to the various loan programs available through CFC. If the advance of funds from this proposed loan were to be made by the date of the response to this Order, explain which loan program Owen would anticipate selecting.

8. Concerning the purchase of CFC Capital Term Certificate ("Certificate"), provide the following information:

a. The calculations which support the 4 percent rate for the Certificate purchases and the amount of \$89,458.

b. Indicate which option Owen plans to use in the purchase of the required Certificate and explain the reason for the selection of this option.

9. Provide documentation which indicates that the loans have been approved by REA and CFC.

10. A review of the REA Form 740c filed with the application indicates that REA will be providing \$11,000 in loan funds over the normal 70 percent limit. Provide a thorough explanation as to why REA is providing more than the usual 70 percent funding level.

11. On pages 18 and 19 of the 1990-92 Work Plan is a schedule entitled "Detailed Construction Program". On page 19, under the detail for the Bristow Substation, the cost extensions shown do not equal the reported subtotal of \$159,100. Indicate what the correct amount should be and explain the reasons for the error.

12. Concerning the actual work performed under the 1990-92 Work Plan, provide the following information:

a. Indicate when Owen began construction under the 1990-92 Work Plan.

b. Identify how much Owen has spent on the 1990-92 Work Plan, as of the date of the response to this Order.

c. If construction under the 1990-92 Work Plan has already begun, explain in detail why Owen did not seek a Certificate of Convenience and Necessity before the work began, as required under KRS 278.020.

Done at Frankfort, Kentucky, this 12th day of July, 1990.

PUBLIC SERVICE COMMISSION

  
For the Commission

ATTEST:

  
Executive Director