

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE LICKING VALLEY RECC)
FOR THE AUTHORIZATION TO BORROW FIVE)
HUNDRED, FORTY-SIX THOUSAND, NINE HUNDRED,)
THIRTY-NINE (\$546,939.00) DOLLARS, FROM)
NATIONAL RURAL UTILITIES COOPERATIVE) CASE NO. 90-258
FINANCE CORPORATION, AND TO EXECUTE A NOTE)
AND RESTATED MORTGAGE FOR SAID SUM; AND)
FOR A CERTIFICATE OF PUBLIC CONVENIENCE)
AND NECESSITY TO MAKE CERTAIN EXTENSIONS)
AND IMPROVEMENTS TO ITS SYSTEM)

O R D E R

IT IS ORDERED that Licking Valley Rural Electric Cooperative Corporation ("Licking Valley") 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 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 Licking Valley will be able to meet its increased debt service requirements with the revenues generated by its existing rates.

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

6. Provide a copy of the REA Form 740-C.

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

a. The calculations which support the rate for and the amount of Certificate purchases for the proposed loan.

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

8. Concerning the actual work performed under the 1990-91 Work Plan, provide the following information:

a. Indicate when Licking Valley began construction under the 1990-91 Work Plan.

b. Identify how much Licking Valley has spent on the 1990-91 Work Plan, as of the date of the response to this Order.

c. If construction under the 1990-91 Work Plan has already begun, explain in detail why Licking Valley did not seek a Certification of Convenience and Necessity before the work began, as required under KRS 278.020.

9. Provide the annual cost of operation, excluding cost of power, of the existing facilities.

10. Provide a copy of the board of directors' resolution authorizing Licking Valley to borrow the funds.

11. Provide a voltage drop study based on 1992 loads using existing system circuitry.

Done at Frankfort, Kentucky, this 31st day of October, 1990.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Lee M. MacCreech
Executive Director