

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. Concerning the response to Item 5 of the Commission's Order of October 31, 1990, provide the following information:

a. The results of any analysis performed by or for Licking Valley concerning the expected changes in interest rates over the next 12 months.

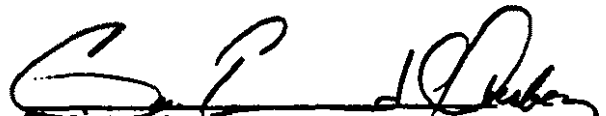
b. Explain in detail why Licking Valley believes that variable interest rates do not provide stable costs.

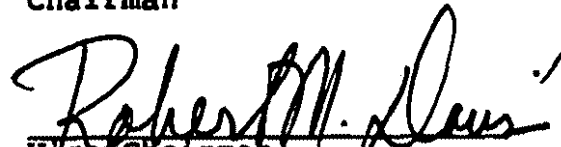
c. Under the terms of the loan proposed with the National Rural Utilities Cooperative Corporation ("CPC"), explain what interest rate conversion options are available to Licking Valley after the loan is drawn down.

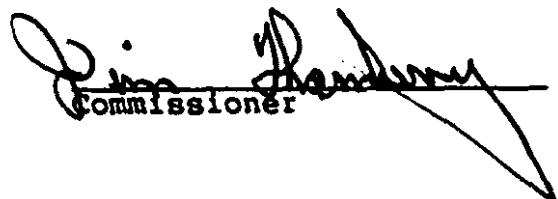
d. As of the date of the response, the fixed interest rate was 9.75 percent and the variable interest rate was 9.125 percent. Explain why it is beneficial to the ratepayers of Licking Valley to select the fixed interest rate which is higher, and would generate higher interest expense, than the variable interest rate.

Done at Frankfort, Kentucky, this 30th day of November, 1990.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

  
Executive Director