COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF CLARK RURAL ELECTRIC COOPERATIVE CORPORATION FOR AN ORDER AUTHORIZING SAID CORPORATION TO BORROW ONE MILLION ONE HUNDRED FORTY-FOUR THOUSAND THREE HUNDRED THIRTY DOLLARS ($1,144,330) FROM NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION AND TO EXECUTE A NOTE FOR SAID SUM TO NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION, SAID NOTE TO BE ISSUED UNDER AND SECURED BY A MORTGAGE TO BE EXECUTED BY THE CORPORATION AND DELIVERED TO NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION, THE PROCEEDS TO BE USED IN THE BUILDING AND ERECTING OF FIFTY-THREE (53.00) MILES OF DISTRIBUTION LINES IN BATH, BOURBON, CLARK, ESTILL, FAYETTE, MADISON, MENIFEE, MONTGOMERY, MORGAN, POWELL, ROWAN, AND WOLF COUNTIES IN KENTUCKY.	CASE NO. 90-274

O R D E R

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

5. Indicate what consideration Clark 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 Clark would anticipate selecting.

6. Provide a copy of the REA Form 740-C. Table 10 of the Work Plan only provides a summary of the costs shown on 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 Clark plans to use in the purchase of the required Certificate and explain the reason for the selection of this option.

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

9. A comparison of the totals shown on Table 10 in the 1990-91 Work Plan with the total amounts of the proposed loans results in a difference of $888,962. Provide an explanation of why the total Work Plan costs exceed the total amounts of loans proposed for the Work Plan. Indicate how the $888,962 of the Work Plan will be financed.

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

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

b. Identify how much Clark 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 Clark did not seek a Certificate of Convenience and Necessity before the work began, as required under KRS 278.020.

11. On page 2 of the 1990-91 Construction Work Plan you stated: "A number of regulators are required to maintain voltage levels at CWP design load throughout portions of the system. Regulators to be installed are considered a temporary measure. The areas affected are scheduled for future voltage conversion to be recommended in subsequent CWP's."

a. Is voltage conversion an alternative permanent solution to reduce voltage drop instead of installing regulators as a temporary measure?

b. Explain why Clark chose to install regulators as a temporary measure to reduce voltage drop instead of implementing an alternative option that would result in a permanent solution to reduce voltage drop. (Explain and provide the cost of such an alternative option.)

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

13. Provide a copy of the board of director's resolution authorizing Clark to borrow the funds.

14. Is there any carry over from the previous Work Plan? If the response is yes, describe it and give the reason why it was not completed.

15. Provide a voltage drop study based on 1991 loads using existing system circuitry.

Done at Frankfort, Kentucky, this 24th day of October, 1990.

PUBLIC SERVICE COMMISSION

For the Commission

ATTEST:

Executive Director