

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE JACKSON)
COUNTY RURAL ELECTRIC COOPERATIVE)
CORPORATION FOR AUTHORITY TO BORROW)
FROM THE NATIONAL RURAL UTILITIES) CASE NO. 90-394
COOPERATIVE FINANCE CORPORATION)
(CFC) AND TO EXECUTE ITS MORTGAGE)
NOTE OR A SERIES OF MORTGAGE NOTES)
TO SECURE THE SAME AND FOR A)
CERTIFICATE OF CONVENIENCE AND)
NECESSITY)

O R D E R

IT IS ORDERED that Jackson County Rural Electric Cooperative Corporation ("Jackson County") shall file an original and six copies of the following information with this Commission, with a copy to all parties of record within 14 days from the date of this Order. If the information cannot be provided by this date, Jackson County 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 CFC loan using the current rates for variable and fixed loans.

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

5. Indicate what consideration Jackson County 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 Jackson County would anticipate selecting. Include with this explanation the results of any studies or analysis used by Jackson County in making the loan program selection.

6. Concerning the purchase of the 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 Jackson County plans to use in the purchase of the required Certificate and explain the reason for the selection of this option.

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

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

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

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

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

9. Section B of REA Form 740c is a summary of the amounts and sources of financing. Jackson County has indicated that \$3,325,880 in funding will be available from general funds. Provide the following information:

a. Explain how Jackson County determined it would have \$3,325,800 available for the 1990-92 Work Plan, in addition to the amount financed. Include all supporting calculations and workpapers which indicate \$3,325,800 would be available.

b. The total cost of the 1990-92 Work Plan is shown on REA Form 740c as \$11,565,880. Explain why Jackson County is providing nearly 29 percent of the costs through its general funds instead of borrowing the entire cost of the Work Plan.

10. State whether Jackson County can defer any of the conversions from single phase to three phase set forth in its 1990-1992 Work Plan beyond 1992 and still provide adequate service to its customers. If yes, indicate what conversions can be deferred.

Done at Frankfort, Kentucky, this 14th day of February, 1991.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director