

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF INTER-COUNTY )  
RURAL ELECTRIC COOPERATIVE )  
CORPORATION FOR AN ORDER )  
AUTHORIZING IT TO BORROW FROM THE )  
UNITED STATES OF AMERICA )  
\$2,741,000.00 AND FROM THE NATIONAL )  
RURAL UTILITIES COOPERATIVE FINANCE )  
CORPORATION \$1,210,309.00 FOR THE )  
PURPOSE OF IMPROVING EXISTING LINES )  
AND FACILITIES AND FOR CONSTRUCTING )  
ADDITIONAL LINES AND FACILITIES; )  
AND TO EXECUTE A MORTGAGE NOTE FOR )  
\$2,741,000.00 PAYABLE TO THE UNITED )  
STATES OF AMERICA AND A LOAN )  
AGREEMENT AND MORTGAGE NOTE FOR )  
\$1,210,309.00 PAYABLE TO THE )  
NATIONAL RURAL UTILITIES )  
COOPERATIVE FINANCE CORPORATION )

Case No. 91-121

O R D E R

IT IS ORDERED that Inter-County Rural Electric Cooperative Corporation ("Inter-County") shall file an original and six copies of the following information with this Commission, with a copy to all parties of record within 10 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 other than National Rural Utilities Cooperative Finance Corporation ("CFC") that were considered in securing the supplemental financing requested herein. 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 explanation of whether Inter-County will be able to meet its increased debt service requirements with the revenues generated by its existing rates.

4. Provide a thorough discussion of Inter-County's analysis of 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 Inter-County would select and explain how Inter-County determined that this was the best option. Include with this explanation the results of any economic studies or analysis used by Inter-County in making the loan program selection.

5. 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 Inter-County plans to use in the purchase of the required Certificate and explain the reason for the selection of this option.

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

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

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

b. Identify how much Inter-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 why Inter-County believes a Certificate of Convenience and Necessity under KRS 278.020 was not required before the work began.

8. The Commission is aware that changes are currently underway in the REA loan program. Inter-County has indicated that it is requesting a loan from REA for \$2,741,000, which represents 70 percent of the total financing needs for the 1990-92 Work Plan.

Provide the following information:

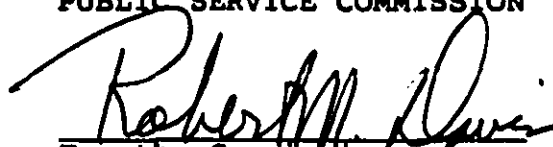
a. A discussion of the current status of the REA loan program and explain the impact the changes in the REA loan program will have on the current loan application of Inter-County. Include copies of any notices or correspondence received from REA concerning the changes in the loan program.

b. Describe any other financing options available to Inter-County for the financing of the total 1990-92 Work Plan.

c. A copy of any correspondence received from REA which indicates that it will receive a loan approval for an amount different from the requested \$2,741,000.

Done at Frankfort, Kentucky, this 30th day of May, 1991.

PUBLIC SERVICE COMMISSION

  
For the Commission

ATTEST:

  
Executive Director