

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF SHELBY RECC FOR)
THE AUTHORIZATION TO BORROW SEVEN)
HUNDRED EIGHTY-SEVEN THOUSAND SIX)
HUNDRED TWENTY-NINE (\$787,629.00))
DOLLARS FROM NATIONAL RURAL)
UTILITIES COOPERATIVE FINANCE) CASE NO. 91-451
CORPORATION, AND TO EXECUTE A NOTE)
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 Shelby Rural Electric Cooperative Corporation ("Shelby") 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, Shelby 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 Shelby will be able to meet its increased debt service requirements with the revenues generated by its existing rates.

5. Indicate what consideration Shelby 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 Shelby would anticipate selecting. Include with this explanation the results of any studies or analysis used by Shelby 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 Shelby 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. The Commission is aware that changes are currently underway in the REA loan program. Shelby has indicated that it is

requesting a loan from REA for \$1,783,000, 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 Shelby. 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 Shelby for the financing of the total 1990-92 Work Plan.

Done at Frankfort, Kentucky, this 23rd day of January, 1992.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director