

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF GREEN RIVER ELECTRIC)	
CORPORATION FOR AN ORDER PURSUANT TO)	
KRS 278.300 AND 807 K.A.R.5:001,)	
SECTION 11 AND RELATED SECTIONS,)	CASE NO. 93-003
AUTHORIZING IT TO ISSUE EVIDENCE OF)	
INDEBTEDNESS TO BORROW \$1,603,000.00)	
FROM THE NATIONAL BANK FOR COOPERATIVES)	

O R D E R

On January 4, 1993, Green River Electric Corporation ("Green River") filed its application for approval to borrow funds from the National Bank for Cooperatives ("CoBank") and to execute a note and loan agreement for such loan. The proceeds of this loan are to finance Green River's 1992-1993 Work Plan. Green River received a Certificate of Public Convenience and Necessity for the 1992-1993 Work Plan in Case No. 91-294.¹ These improvements and additions, more specifically described in the application, are estimated to cost \$5,344,500 and will be financed by a \$3,741,000 loan from the Rural Electrification Administration ("REA") and a \$1,603,000 loan from CoBank. Exhibit 3, pages 27 through 30 of the January 4, 1993 application contained copies of correspondence received from REA and CoBank approving the loans.

¹ Case No. 91-294, Application of Green River Electric Corporation for a Certificate of Convenience and Necessity Pursuant K.R.S. 278.020(10) and 807 K.A.R. 5:001, Section 9 and Related sections, Authorizing Certain Proposed Construction, Order dated December 19, 1991.

In correspondence accompanying the January 4, 1993 application, Green River requested that the Commission expedite the processing of the application, stating that it needed to return the loan documents to REA no later than February 1, 1993. The approval letters from REA and CoBank were dated November 24, 1992 and November 19, 1992, respectively. This application was filed on January 4, 1993. Thus, in requesting expedited treatment, Green River has asked the Commission to process this application within 27 calendar days. KRS 278.300(2) requires that the Commission process such financing applications within 60 days. Green River has not explained why, if it received notice of loan approval in late November 1992, it did not file this application before January 4, 1993. The Commission recognizes that extraordinary circumstances arise from time to time which necessitate a request for expedited treatment of an application. However, in this case, it is not clear that any extraordinary circumstances prevented Green River from submitting its application sooner. We have processed this application within the time constraints requested by Green River. However, in future proceedings Green River should with all due diligence file its applications in a manner which allows the Commission adequate processing time, as provided by statute.

The Commission, after consideration of the evidence of record and being otherwise sufficiently advised, finds that:

1. The proposed loan from CoBank is for lawful objects within the corporate purposes of Green River, is necessary and

appropriate for and consistent with the proper performance by Green River of its service to the public, and will not impair its ability to perform that service.

2. Green River should be authorized to execute the note and loan agreement set forth in its application.

3. Green River should select the interest rate program resulting in the net lowest cost of money to it over the term of the financing.

4. Within 10 days of its selection of the interest rate program, Green River should notify the Commission in writing of the interest rate program selected and of the reasons for its selection.

5. The proceeds from the proposed loans should be used only for the lawful purposes set out in Green River's application.

6. Green River should include in its monthly financial report to the Commission the current interest rate on its outstanding variable rate loans.

7. As the issuance of securities or evidences of indebtedness subject to the control of a federal governmental agency do not require Commission approval, KRS 278.300(10), and as the REA is an agency of the federal government, no action on Green River's proposed loan from the REA is required.

IT IS THEREFORE ORDERED that:

1. Green River be and it hereby is authorized to borrow \$1,603,000 from CoBank for a 35-year period and bearing either a fixed or variable interest rate, as chosen by Green River, at the

time the first monies are drawn from CoBank, subject to the provisions and terms of the application with respect to renegotiation of the interest rate.

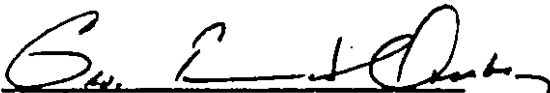
2. Green River be and it hereby is authorized to execute the note and loan agreement evidencing the loan herein authorized.

3. Green River shall comply with all matters set out in Findings 3 through 6 as if they were individually so ordered.

Nothing contained herein shall be deemed a warranty or finding of value of securities or financing authorized herein on the part of the Commonwealth of Kentucky or any agency thereof.

Done at Frankfort, Kentucky, this 25th day of January, 1993.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director