

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF TAYLOR COUNTY RURAL)	
ELECTRIC COOPERATIVE CORPORATION TO)	
BORROW AN ADDITIONAL SUM OF \$2,334,000)	
FROM THE UNITED STATES OF AMERICA AND)	
TO EXECUTE A NOTE FOR SAID AMOUNT AND)	
TO CONCURRENTLY BORROW FROM ITS)	CASE NO. 93-292
SUPPLEMENTAL LENDER, COBANK, THE)	
ADDITIONAL SUM OF \$1,000,000, AND TO)	
EXECUTE ITS NOTE THEREFOR, SAID NOTES)	
TO BE SECURED BY AN EXISTING COMMON)	
MORTGAGE HERETOFORE EXECUTED)	

O R D E R

Taylor County Rural Electric Cooperative Corporation ("Taylor County") filed its application on August 17, 1993 for approval to borrow funds from the National Bank for Cooperatives ("CoBank") and to execute its notes for such loan. The proceeds of this loan will finance Taylor County's 1992-1994 Work Plan.¹ This Work Plan calls for improvements and additions specifically described in the application which are estimated to cost \$3,670,020 which will be financed by a \$2,334,000 loan from the Rural Electrification Administration ("REA") and a \$1,000,000 loan from CoBank. Taylor County explained that the difference of approximately \$336,000 will be financed by internally generated funds.²

¹ Taylor County received a Certificate of Public Convenience and Necessity for the 1992-1994 Work Plan in Case No. 92-304, Application of Taylor County Rural Electric Cooperative Corporation for Certificate of Public Convenience and Necessity, Order dated September 29, 1992.

² Response to the Commission's Order dated September 23, 1993, Item 5.

Taylor County included in its application copies of correspondence approving the REA loan. In its responses to the September 23, 1993 Order, Taylor County provided copies of correspondence approving the CoBank loan.

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

1. The proposed loan from CoBank is for lawful objects within the corporate purposes of Taylor County, is necessary and appropriate for and consistent with the proper performance by Taylor County of its service to the public, and will not impair its ability to perform that service.

2. Taylor County is capable of executing its notes as security for the loan as stated herein.

3. Taylor County should select the interest rate program which will result 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, Taylor County 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 Taylor County's application.

6. Taylor County 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 does not require Commission approval, KRS 278.300(10), and as the REA is an agency of the federal government, no action on Taylor County's proposed loan from the REA is required.

IT IS THEREFORE ORDERED that:

1. Taylor County be and it hereby is authorized to borrow \$1,000,000 from CoBank for a 35-year period and bearing either a fixed or variable interest rate, as chosen by Taylor County, 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. Taylor County be and it hereby is authorized to execute its notes as security for the loan herein authorized.

3. Taylor County 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 October, 1993.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director