

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF OWEN ELECTRIC)	
COOPERATIVE, INC. FOR AN ORDER)	CASE NO.
ISSUING AUTHORITY TO BORROW A)	93-321
SUM OF \$2,923,958 FROM NRUCFC)	

O R D E R

Owen Electric Cooperative, Inc. ("Owen Electric") filed its application on September 14, 1993 for approval to borrow funds from the National Rural Utilities Cooperative Finance Corporation ("CFC") and to execute its notes for such loan. The proceeds of this loan will finance Owen Electric's 1992-1994 Work Plan.¹ This Work Plan calls for improvements and additions specifically described in the application, which are estimated to cost \$9,356,168 and be financed by a \$6,549,000 loan from the Rural Electrification Administration ("REA") and a \$2,923,958² loan from CFC.

On September 14, 1993, Owen Electric filed a copy of correspondence received from REA and CFC approving its loans.

¹ Owen Electric received a Certificate of Public Convenience and Necessity for the 1992-1994 Work Plan in Case No. 92-064, The Application of Owen Electric Cooperative, Inc. for an Order issuing a Certificate of Public Convenience and Necessity, Order dated June 19, 1992.

² The amount borrowed from CFC includes the purchase of capital term certificates, in an amount equal to 4 percent of the total CFC loan. CFC requires its borrowers to purchase these certificates. The purchases required of Owen Electric for this loan total \$116,958. The total amount of the REA and CFC loans equals \$9,356,168.

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

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

2. Owen Electric is capable of executing its notes as security for the loan as stated herein.

3. Owen Electric 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, Owen Electric 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 Owen Electric's application.

6. Owen Electric 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 Owen Electric's proposed loan from the REA is required.

IT IS THEREFORE ORDERED that:

1. Owen Electric be and it hereby is authorized to borrow \$2,923,958 from CFC for a 35-year period and bearing either a fixed or variable rate, as chosen by Owen Electric at the time the first monies are drawn from CFC, subject to the provisions and terms of the application with respect to renegotiation of the interest rate.

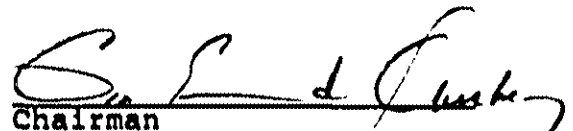
2. Owen Electric be and it hereby is authorized to execute its notes as security for the loan herein authorized.

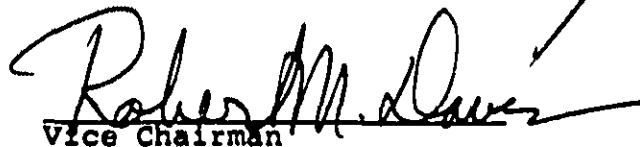
3. Owen Electric shall comply with all matters set out in Findings 3 through 6 as if they were individually so ordered.

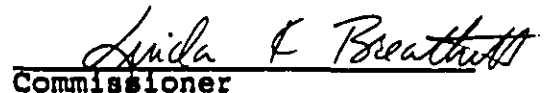
Nothing contained herein shall be deemed a warranty or finding of value of securities or financing authorized herein on the part of the Commonwealth of Kentucky or any agency thereof.

Done at Frankfort, Kentucky, this 12th day of October, 1993.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director