

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF SHELBY RECC)	
FOR THE AUTHORIZATION TO BORROW)	
SEVEN HUNDRED SEVENTY-FOUR)	
THOUSAND (\$774,000) DOLLARS FROM)	CASE NO.
NATIONAL RURAL UTILITIES)	94-376
COOPERATIVE FINANCE CORPORATION)	
AND TO EXECUTE A NOTE FOR SAID)	
SUM)	

O R D E R

IT IS ORDERED that Shelby Rural Electric Cooperative Corporation ("Shelby") shall file the original and six copies of the following information with the Commission with a copy to all parties of record within 7 days from the date of this Order.

1. Describe in detail any financing sources 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 analyses performed which support the use of CFC financing.

2. Provide the additional annual debt service requirements associated with the Rural Electrification Administration ("REA") loan and the CFC loan, using the REA interest rate 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. Explain whether Shelby will be able to meet its increased debt service requirements with the revenues generated by its existing rates.

5. Provide a copy of the Long Range Financial Forecast filed with REA to support the proposed financing.

6. Discuss the interest rate options currently available through CFC and provide copies of documents from CFC describing them.

7. If the advance of funds from this proposed loan were to be made by the date of the response to this Order, explain which loan program Shelby would select and how Shelby determined that this was the best option. Include with this explanation the results of any economic studies or analysis used by Shelby in making the loan program selection.

8. 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.

9. The Commission is aware that changes are currently underway in the REA loan program. Provide the following:

a. A discussion of the current status of the REA loan program and explain the impact the changes have had 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. A discussion of the interest rate options available to Shelby.

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

11. Provide a copy of the mortgage agreement with CFC noting the differences between the current agreement and the previous mortgage agreement; or if the mortgage agreement has not changed, so indicate and reference the last case in which the current mortgage agreement was filed.

12. Concerning the actual work performed under the 1993-1995 Work Plan:

a. When did Shelby begin construction under the 1993-1995 Work Plan?

b. How much has Shelby spent on the 1993-1995 Work Plan, as of the date of its response to this Order?

13. Provide a copy of the board of directors' resolution authorizing Shelby to borrow the funds.

Done at Frankfort, Kentucky, this 2nd day of November, 1994.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director