

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE NOLIN RURAL ELECTRIC )  
COOPERATIVE CORPORATION FOR A CERTIFICATE OF ) CASE NO.  
CONVENIENCE AND NECESSITY TO CONSTRUCT A NEW ) 94-356  
HEADQUARTERS FACILITY )

O R D E R

IT IS ORDERED that Nolin Rural Electric Cooperative Corporation ("Nolin") shall file the original and eight copies of the following information with the Commission with a copy to all parties of record within 20 days from the date of this Order. Nolin shall furnish the name of the witness who will respond at the public hearing, if one is held, to questions concerning each item of information.

1. Refer to response to Item 6 of the Commission's December 9, 1994 Order. Nolin states its sources for the \$1.3 million in general funds to be used will come from current income, cash, and reimbursements of general funds from the Rural Utilities Service ("RUS"). Nolin further states that if enough cash is not available for the \$1.3 million, short-term loans from the National Rural Utilities Cooperative Finance Corporation ("CFC") can be used to finance construction.

a. Given Nolin's current financial condition and the delays it has experienced with the RUS loan, what is the likelihood of Nolin having \$1.3 million available in general funds when needed during the office building construction?

b. If Nolin borrows funds from CFC on a short-term basis, would those borrowings show up as current liabilities and possibly lower Nolin's current ratio during the months the short-term loans are outstanding?

c. Explain how Nolin's actions concerning the \$1.3 million in general funds constitutes good financial management when Nolin at the same time cannot meet its capital credit retirement obligations.

d. Explain how it is fair to Nolin's members to propose short-term financing for a new building while simultaneously proposing to defer, indefinitely, a prior obligation to rotate capital credits.

2. Provide Nolin's projected maintenance cost on the existing headquarters office if the construction of the new headquarters facilities is postponed for 1 year, 2 years, and 3 years. Explain how the estimated costs were derived.

Done at Frankfort, Kentucky, this 27th day of April, 1995.

PUBLIC SERVICE COMMISSION

  
For the Commission

ATTEST:

  
Executive Director