

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF OWEN ELECTRIC COOPERATIVE,)	
INC. FOR AN ORDER ISSUING A CERTIFICATE OF)	CASE NO.
PUBLIC CONVENIENCE AND NECESSITY AND)	95-159
AUTHORITY TO BORROW A SUM OF \$3,203,000)	
FROM NRUFC)	

O R D E R

IT IS ORDERED that Owen Electric Cooperative, Inc. ("Owen") shall file the original and eight 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 studies conducted which support the use of CFC financing.

2. Explain whether Owen will be able to meet its increased debt service requirements with the revenues generated by its existing rates.

3. Explain how Owen's current revenues are sufficient to cover the additional operating expenses it expects to incur related to the work plan.

4. Provide a copy of the Long Range Financial Forecast filed with Rural Utilities Service ("RUS") to support the proposed financing.

5. 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 Owen plans to use in the purchase of the required Certificate and explain the reason for the selection of this option.

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 Owen would select and how Owen determined that this would be the best option. Include with this explanation the results of any economic studies or analysis used by Owen in making the loan program selection.

8. Provide documentation which indicates that the loans have been approved by RUS and CFC.

9. 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.

10. Concerning the actual work performed under the 1995-1996 Work Plan, provide the following information:

a. Indicate when Owen began construction under the 1995-1996 Work Plan.

b. Identify how much Owen has spent on the 1995-1996 Work Plan, as of the date of its response to this Order.

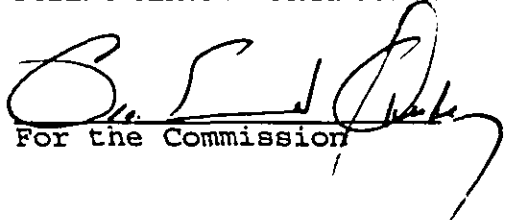
11. The circuit analysis entitled "1996 Model with Improvements" shows a few sections with low voltage, such as section 6146 in Substation 1, Circuit 2 which shows a projected voltage of 109.8 volts. Describe the measures that will be taken to ensure adequate voltage to customers served by this section or any other section which has a high probability of low voltage.

12. Page 11 of the Work Plan lists the cost per mile for several different types of improvement options. Explain how the "URDJ" costs were estimated, in particular why the cost per mile is about \$100,000 greater than overhead construction.

13. Explain the measures taken to confirm the accuracy of the demand allocations used in the circuit analyses program.

Done at Frankfort, Kentucky, this 4th day of May, 1995.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director