

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF CUMBERLAND VALLEY RURAL)
ELECTRIC COOPERATIVE CORPORATION FOR A)
CERTIFICATE OF CONVENIENCE AND NECESSITY TO)
CONSTRUCT ADDITIONAL LINES AND FACILITIES AND) CASE NO. 96-221
TO EXECUTE ITS NOTE TO NATIONAL RURAL)
UTILITIES COOPERATIVE FINANCE CORPORATION)
IN THE AMOUNT OF \$2,015,000)

ORDER

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

1. On August 1, 1996, the National Rural Utilities Cooperative Finance Corporation ("CFC") approved the requested financing in the amount of \$2,015,000. On October 15, 1996, the Commission approved, in an Interim Order, a Certificate of Convenience and Necessity in the amount of \$6,717,033. In the letter provided to the Commission on March 25, 1997, by Cumberland Valley, the Rural Utilities Service ("RUS") approved financing in the amount of \$3,292,000 and a concurrent loan from CFC in the amount of \$1,411,000.

a. Will the fact that RUS only approved \$3,292,000, reduce the amount that Cumberland Valley will obtain from CFC?

b. Explain how Cumberland Valley proposes to finance the difference between the requested amount of construction of \$6,717,000 and the approved RUS and CFC financing of \$4,703,000.


c. Does RUS financing require a concurrent loan of 30 percent of the total? Provide any documentation which discusses the RUS/concurrent loan ratio.

Done at Frankfort, Kentucky, this 11th day of April, 1997.

PUBLIC SERVICE COMMISSION


B. J. Helton
For the Commission

ATTEST:


Don Mills
Executive Director