

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF NOLIN RURAL ELECTRIC)	
COOPERATIVE CORPORATION FOR AN ORDER)	
PURSUANT TO KRS 278.300 AND 807 KAR 5:001,)	
SECTION 11 AND RELATED SECTIONS)	CASE NO.
AUTHORIZING THE COOPERATIVE TO OBTAIN A)	2005-00492
PERPETUAL LINE OF CREDIT NOT TO EXCEED)	
\$7,000,000.00 AT ANY ONE TIME FROM THE)	
NATIONAL RURAL UTILITIES COOPERATIVE)	
FINANCE CORPORATION)	

O R D E R

On December 2, 2005, Nolin Rural Electric Cooperative Corporation (“Nolin”) filed an application for Commission approval of a perpetual line of credit not to exceed \$7,000,000 at any one time from the National Rural Utilities Cooperative Finance Corporation (“CFC”). The advances from the line of credit will allow Nolin to obtain funds for temporary shortfalls of cash and working capital needs while requests for permanent financing are pending.¹

Nolin currently has a CFC line of credit that was established in 1988, when Nolin’s line of credit was increased to \$7,000,000, and was issued for a term of 23 months with an annual pay down provision. The proposed CFC perpetual line of credit would replace the current CFC line of credit, and would automatically renew annually

¹ Nolin stated in its application that it did not anticipate acquiring, constructing, improving, or extending any property or discharging or refunding any obligations with advances from the proposed perpetual line of credit.

with no additional paperwork or attorney requirements.² Like the current CFC line of credit, Nolin will be required annually to pay to zero the outstanding amounts on the perpetual line of credit and maintain the zero balance for at least 5 consecutive business days. At no time under the perpetual line of credit can the total advances exceed \$7,000,000. The interest rate shall be the standard CFC line of credit rate, which shall not exceed the Prevailing Bank Prime Rate³ plus one percent per annum. CFC approved Nolin's application for the perpetual line of credit on November 18, 2005.⁴

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that the proposed perpetual line of credit from CFC is for lawful objects within Nolin's corporate purposes, is necessary and appropriate for and consistent with the proper performance of its service to the public, will not impair its ability to perform that service, is reasonably necessary and appropriate for such purposes, and should therefore be approved.

² Response to the Commission Staff's First Data Request dated December 21, 2005, Item 1(a).

³ The Prevailing Bank Prime Rate is the bank prime rate published in the "Money Rates" column of the eastern edition of *The Wall Street Journal* on the publication day immediately preceding the day on which an adjustment in the interest rate shall become effective. See Response to the Commission Staff's First Data Request dated December 21, 2005, Item 3.

⁴ Application Exhibit 5.

IT IS THEREFORE ORDERED that:

1. Nolin is authorized to borrow up to \$7,000,000 from CFC using a perpetual line of credit, subject to the terms and provisions of the perpetual line of credit agreement submitted in this record.

2. Nolin is authorized to execute the perpetual line of credit herein authorized.

3. The advances from the transaction authorized herein shall be used only for the lawful purposes set out in Nolin's application.

Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

Done at Frankfort, Kentucky, this 10th day of March, 2006.

By the Commission

ATTEST:



Executive Director