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**Commissioner**

October 6, 2000

Mr. Gayle Robbins  
Robbins & Robbins  
101 South Seventh Street  
Mayfield, Kentucky 42066

Dear Mr. Robbins:

The Commission is in receipt of your letter requesting written confirmation that Commission approval is not required for certain financing Kentucky Rural Telephone Cooperative Corporation, Inc. ("West Kentucky") wishes to secure.

You state in your letter that West Kentucky wishes to borrow \$29,001,000 from Rural Utilities Service (RUS) and \$16,917,600 from Rural Telephone Bank (RTB).

The Commission's authority to regulate financing transactions is set forth in KRS 278.300. KRS 278.300(1) states that:

No utility shall issue any securities or evidences of indebtedness, or assume any obligation or liability in respect to the securities or evidences of indebtedness of any other person until it has been authorized so to do by order of the commission.

However, KRS 278.300(10) exempts from Commission review any financing that is subject to the supervision or control of the federal government or any agency thereof.

RUS is an agency of the federal government having been established by the Secretary of Agriculture pursuant to the Department of Agriculture Reorganization Act of 1994. 7 U.S.C. §6941 et seq. RUS is headed by an Administrator appointed by the President, by and with the advice and consent of the Senate. Therefore, the exemption provided under KRS 278.300(10) is applicable to the financings issued by RUS.

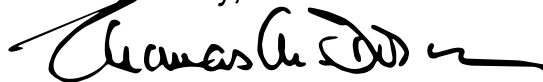


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RTB was established in 1971 to be an agency of the United States subject to the supervision and direction of the Secretary of Agriculture until privatized pursuant to 7 U.S.C. §950. Upon privatization, RTB will cease to be an agency of the United States, the powers and authority granted to the Secretary of Agriculture will vest in a Governor selected by the Telephone Bank Board and the five members of the Telephone Bank Board designated by the President will cease to be members. It is staff's understanding that privatization has not been completed; and therefore, RTB is still an agency of the federal government. Accordingly, the exemption provided under KRS 278.300(10) is applicable to the financings issued by RTB. However, in the event that privatization has been completed, the exemption provision of KRS 278.300(10) will not apply and Commission approval of the financings issued by RTB will be required.

This letter represents Commission Staff's interpretation of the law as applied to the facts presented. This opinion is advisory in nature and not binding on the Commission should the issues herein be formally presented for Commission resolution. Questions concerning this opinion should be directed to Anita Mitchell, Staff Attorney, at (502) 564-3940.

Sincerely,



Thomas M. Dorman  
Executive Director

