

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF INTER-COUNTY RURAL)
ELECTRIC COOPERATIVE CORPORATION FOR AN)
ORDER AUTHORIZING IT TO BORROW FROM THE)
UNITED STATES OF AMERICA \$3,312,000.00)
AND FROM THE NATIONAL RURAL UTILITIES)
COOPERATIVE FINANCE CORPORATION)
\$1,463,918.00 AND FOR A CERTIFICATE OF)
CONVENIENCE AND NECESSITY PURSUANT TO)
KRS 278.020(1) AND 807 KAR 5:001, SECTION 9)
AND RELATED SECTIONS, AUTHORIZING CERTAIN)
PROPOSED CONSTRUCTION AND ASSOCIATED)
CAPITAL OUTLAY)

CASE NO.
93-189

O R D E R

Inter-County Rural Electric Cooperative Corporation ("Inter-County") filed its application on June 1, 1993 for a Certificate of Public Convenience and Necessity to construct certain improvements and additions to its existing plant, for approval to borrow funds, and to execute notes to secure such loan. Based on the filing of Inter-County, these improvements and additions are estimated to cost \$4,731,723 and will be financed by loans of \$3,312,000 from the Rural Electrification Administration ("REA") and \$1,463,918 from the National Rural Utilities Cooperative Finance Corporation("CFC").¹

¹ The borrowings from CFC include the purchase of capital term certificates, in an amount equal to 3 percent of the total CFC loan. CFC requires its borrowers to purchase these certificates. The purchases required of Inter-County for this loan total \$43,918. The total amount of the REA and CFC loans equals \$4,732,000.

On August 23, 1993, the Commission issued an Interim Order granting Inter-County a Certificate of Public Convenience and Necessity for the proposed construction, but deferred ruling on the proposed loans because neither REA nor CFC had yet agreed to make them.

On September 13, 1993, Inter-County filed a copy of correspondence received from REA and CFC approving its loans.

The Commission, after consideration of the evidence of record and being advised, finds that:

1. The proposed loan from CFC is for lawful objects within the corporate purposes of Inter-County, is necessary and appropriate for and consistent with the proper performance by Inter-County of its service to the public, and will not impair its ability to perform that service.

2. Inter-County is capable of executing its notes as security for the loan as stated herein.

3. Inter-County should select the interest rate program which will result in the net lowest cost of money to it over the term of the financing.

4. Within 10 days of its selection of the interest rate program, Inter-County should notify the Commission in writing of the interest rate program selected and of the reasons for its selection.

5. The proceeds from the proposed loans should be used only for the lawful purposes set out in Inter-County's application.

6. Inter-County should include in its monthly financial report to the Commission the current interest rate on its outstanding variable rate loans.

7. As the issuance of securities or evidences of indebtedness subject to the control of a federal governmental agency does not require Commission approval, KRS 278.300(10), and as the REA is an agency of the federal government, no action on Inter-County's proposed loan from the REA is required.

IT IS THEREFORE ORDERED that:

1. Inter-County be and it hereby is authorized to borrow \$1,463,918 from CFC for a 35-year period and bearing either a fixed or variable interest rate, as chosen by Inter-County at the time the first monies are drawn from CFC, subject to the provisions and terms of the application with respect to renegotiation of the interest rate.


2. Inter-County be and it hereby is authorized to execute its notes as security for the loan herein authorized.

3. Inter-County shall comply with all matters set out in Findings 3 through 6 as if they were individually so ordered.

Nothing contained herein shall be deemed a warranty or finding of value of securities or financing authorized herein on the part of the Commonwealth of Kentucky or any agency thereof.

Done at Frankfort, Kentucky, this 1st day of October, 1993.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director