

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF CUMBERLAND VALLEY RURAL)
ELECTRIC COOPERATIVE CORPORATION FOR A)
CERTIFICATE OF CONVENIENCE AND NECESSITY)
TO CONSTRUCT ADDITIONAL LINES AND) CASE NO. 89-290
FACILITIES AND TO EXECUTE ITS NOTE TO)
NATIONAL RURAL UTILITIES COOPERATIVE)
FINANCE CORPORATION IN THE AMOUNT OF)
\$1,320,619)

O R D E R

IT IS ORDERED that Cumberland Valley Rural Electric Cooperative Corporation ("Cumberland Valley") shall file the original and 10 copies of the following information with this Commission, with a copy to all parties of record within 10 days from the date of this Order. If the information cannot be provided by this date, you should submit a motion for an extension of time stating the reason a delay is necessary and include a date by which it will be furnished. Such motion will be considered by the Commission.

1. Provide a detailed description of any other financing options that were considered in securing the National Rural Utilities Cooperative Finance Corporation ("CFC") loan. 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. Provide a copy of the loan agreement between Cumberland Valley and CFC.

3. Indicate what consideration Cumberland Valley has given to the various loan programs available through CFC. Describe the loan programs available to Cumberland Valley through CFC. Explain which option Cumberland Valley anticipates selecting at this time.

4. Provide the current interest rates on both CFC fixed rate and variable rate loans.

5. Provide the additional debt service requirements associated with the Rural Electrification Administration ("REA") loan and the CFC loan.

6. Provide an amortization schedule of the proposed loan from CFC using the current interest rates for variable and fixed loans.

7. Provide an explanation of whether Cumberland Valley will be able to meet its increased debt service requirements with the revenues generated by its existing rates.

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

9. Provide the calculations used to arrive at the CFC Capital Term Certificate purchases of \$39,619 as shown on REA Form 740c.

10. Indicate which option Cumberland Valley plans to use in the purchase of the required CFC Capital Term Certificates and explain the reasons for the selection of the option.

11. Is there any carry over from the previous work plan? If the response is yes, describe it and give the reason why it was not completed.

12. Provide a voltage drop study based on:

- a. 1989 loads using existing system circuitry.
- b. 1991 loads using existing system circuitry.
- c. 1991 loads using proposed system circuitry.

Done at Frankfort, Kentucky, this 20th day of October, 1989.

PUBLIC SERVICE COMMISSION



For the Commission

ATTEST:

Executive Director