

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF SOUTH KENTUCKY RURAL )	
ELECTRIC COOPERATIVE CORPORATION TO )	
EXECUTE ITS NOTE TO NATIONAL RURAL )	
UTILITIES COOPERATIVE FINANCE )	CASE NO. 90-341
CORPORATION IN THE AMOUNT OF )	
\$1,573,196 )	

O R D E R

IT IS ORDERED that South Kentucky Rural Electric Cooperative Corporation ("South Kentucky") shall file an original and six copies of the following information with this Commission, with a copy to all parties of record within 7 days from the date of this Order. If the information cannot be provided by this date, South Kentucky 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 the additional debt service requirements associated with the Rural Electrification Administration ("REA")

loan and the CFC loan, using the REA interest rate of 5 percent and the current CFC variable and fixed interest rates.

3. Provide an amortization schedule of the proposed CFC loan using CFC's current rates for variable and fixed loans.

4. Provide an explanation of whether South Kentucky will be able to meet its increased debt service requirements with the revenues generated by its existing rates.

5. Indicate what consideration South Kentucky has given to the various loan programs available through CFC. If the advance of funds from this proposed loan was to be made by the date of the response to this Order, explain which loan program South Kentucky would anticipate selecting.

6. Concerning the purchase of the CFC Capital Term Certificate ("Certificate"), provide the following information:

a. The calculations which support the rate for and the amount of Certificate purchases for the proposed loan.

b. Indicate which option South Kentucky plans to use in the purchase of the required Certificate and explain the reason for the selection of this option.

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

8. In Case No. 90-037,<sup>1</sup> South Kentucky estimated the total cost of the construction to be \$6,626,250. On the REA Form 740c submitted with this application, South Kentucky states that the

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<sup>1</sup> Case No. 90-037, Application of South Kentucky Rural Electric Cooperative Corporation for a Certificate of Convenience and Necessity to Construct Additional Lines and Facilities.

total costs to be financed are \$5,087,000. Identify and explain each difference between the estimated costs reported in Case No. 90-037 and on the REA Form 740c.

9. In reference to Amendment #2 to South Kentucky's 1990-1991 work plan:

a. Identify who, if anyone, requested that South Kentucky relocate its electric line for U.S. Highway 127 relocation. If no request for relocation was made, explain why the relocation is necessary.

b. State what portion of the total cost of relocating this power line will be reimbursed to South Kentucky. If South Kentucky will not be reimbursed for the cost of relocation or will be reimbursed less than the total cost of relocation, explain why it will not be reimbursed its total cost.

c. Provide a breakdown showing how the estimated cost of \$187,000 was calculated.

Done at Frankfort, Kentucky, this 4th day of December, 1990.

PUBLIC SERVICE COMMISSION

  
For the Commission

ATTEST:

  
Executive Director