

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF JACKSON PURCHASE ELECTRIC)
COOPERATIVE CORPORATION (1) FOR AN ORDER)
PURSUANT TO KRS 278.300 AND 807 KAR 5:001,)
SECTION 11 AND RELATED SECTIONS, AUTHORIZING)
THE CORPORATION TO BORROW AN AMOUNT NOT TO)
EXCEED \$1,240,000.00 FROM THE NATIONAL BANK) CASE NO.
FOR COOPERATIVES AND (2) FOR A CERTIFICATE) 91-371
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)

O R D E R

IT IS ORDERED that Jackson Purchase Electric Cooperative Corporation ("Jackson Purchase") shall file an original and six 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 the additional debt service requirements associated with the Rural Electrification Administration ("REA") loan and the National Bank for Cooperatives ("CoBank") loan, using the REA interest rate of 5 percent and the current CoBank variable and one year fixed interest rates.

2. Provide an amortization schedule of the proposed CoBank loan using the current rates for variable and one year fixed loans.

3. Concerning Jackson Purchase's comments in Exhibit 5 of the application, if the advance of funds from the proposed CoBank loan was to be made by the date of the response to this Order, explain which loan program Jackson Purchase would select and explain how Jackson Purchase determined that this was the best option. Include with this explanation the results of any economic studies or analysis used by Jackson Purchase in making the loan program selection.

4. On page 7 of Exhibit 11 it is stated that 0.45 mile of line section 587 is scheduled for reconductoring from single phase 6a to 2 ACSR. The circuit diagram shows line section 587 as three-phase. Please indicate whether line section 587 should be single-phase or three-phase.

5. Concerning the actual work performed under the 1990-91 Work Plan, provide the following information:

a. Indicate when Jackson Purchase began construction under the 1990-91 Work Plan.

b. Identify how much Jackson Purchase has spent on the 1990-91 Work Plan, as of the date of its response to this Order.

c. If construction under the 1990-91 Work Plan has already begun, explain in detail why Jackson Purchase did not seek a Certificate of Convenience and Necessity before the work began, as required under KRS 278.020.

6. Exhibit 11 of the application is Jackson Purchase's REA Form 740c. Section B of Form 740c is a summary of the amounts and sources of financing. Jackson Purchase has indicated that \$719,368 of loan funds and \$265,052 in general funds would be available to finance the 1990-91 Work Plan, in addition to the REA and CoBank loans. Provide the following information:

a. Identify the source of the \$719,368 in loan funds. Include a detailed description of the terms and conditions of this additional loan. Include an amortization schedule for this loan.

b. Explain how it was determined that \$265,052 in general funds would be available for the 1990-91 Work Plan. Include all supporting calculations and workpapers used in this determination.

c. The total cost of the 1990-91 Work Plan is shown on Form 740c as \$5,116,420. Explain why Jackson Purchase is providing approximately 19 percent of the costs through other loans and general funds instead of borrowing the entire cost of the Work Plan.

7. The Commission is aware that changes have been made in the REA loan program. Jackson Purchase has indicated that it is requesting a loan from REA for \$2,892,000, which represents approximately 70 percent of the total financing needs for the 1990-91 Work Plan. Provide the following information:

a. A thorough discussion of the current status of the REA loan program and the impact the recent changes in the REA loan program have had on the current loan application of Jackson

Purchase. Include copies of any notices or correspondence received from REA concerning the changes in the loan program.

b. A copy of the REA mortgage agreement, identifying all areas which have changed due to the changes in the REA loan program.

Done at Frankfort, Kentucky, this 25th day of November, 1991.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director