

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

IN THE MATTER OF THE APPLICATION OF)	
FLEMING-MASON RURAL ELECTRIC)	
COOPERATIVE CORPORATION FOR AN ORDER)	
AUTHORIZING SAID CORPORATION TO BORROW)	
FOUR MILLION TWENTY TWO THOUSAND)	
DOLLARS (\$4,022,000.00) FROM THE UNITED)	
STATES OF AMERICA, AND TO EXECUTE A)	
NOTE FOR SAID SUM TO THE UNITED STATES)	
OF AMERICA, AND TO BORROW FROM THE)	CASE NO.
NATIONAL RURAL UTILITIES COOPERATIVE)	93-143
FINANCE CORPORATION, THE SUM OF ONE)	
MILLION SEVEN HUNDRED TWENTY THREE)	
THOUSAND DOLLARS (\$1,723,000.00) AND TO)	
EXECUTE A NOTE FOR SAID SUM TO THE)	
NATIONAL RURAL UTILITIES COOPERATIVE)	
FINANCE CORPORATION TO PROVIDE FOR THE)	
CONSTRUCTION AND OPERATION OF)	
ADDITIONAL ELECTRIC DISTRIBUTION AND)	
SERVICE LINES)	

O R D E R

IT IS ORDERED that Fleming-Mason Rural Electric Cooperative Corporation ("Fleming-Mason") 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, Fleming-Mason 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 a motion will be considered by the Commission.

1. Provide a detailed description of any financing options other than National Rural Utilities Cooperative Finance Corporation ("CFC") that were considered in securing the supplemental financing requested herein. 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 the current rates for variable and fixed loans.

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

5. Provide a thorough discussion of the various interest rate options currently available through CFC. Include copies of documents from CFC describing the interest rate options currently available.

6. 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 Fleming-Mason would select and explain how Fleming-Mason determined that this was the best option. Include with this explanation the results of any economic studies or analysis used by Fleming-Mason in making the loan program selection.

7. 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 Fleming-Mason plans to use in the purchase of the required Certificate and explain the reason for the selection of this option.

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

9. Provide a copy of the mortgage agreement with CFC noting the differences between the current agreement and the previous mortgage agreement, or if the mortgage agreement has not changed so indicate and reference the last case in which the current mortgage agreement was filed.

10. Concerning the actual work performed under the 1993-1995 Work Plan, provide the following information:

a. Indicate when Fleming-Mason will begin construction under the 1993-1995 Work Plan.

b. Identify how much Fleming-Mason has spent on the 1993-1995 Work Plan, as of the date of its response to this Order.

11. Concerning the REA Form 740C, Fleming-Mason has indicated that it will provide \$3,820,915 in General Funds.

a. Identify the source(s) of the General Funds.

b. Explain why Fleming-Mason is funding a portion of its Work Plan using General Funds.

Done at Frankfort, Kentucky, this 28th day of May, 1993.

PUBLIC SERVICE COMMISSION



For the Commission

ATTEST:



Executive Director