

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF LICKING VALLEY)	
RURAL ELECTRIC COOPERATIVE CORPORATION)	
FOR AUTHORIZATION TO BORROW NINE)	
HUNDRED SIXTY-FOUR THOUSAND)	CASE NO.
(\$964,000.00) DOLLARS FROM NATIONAL)	94-269
RURAL UTILITIES COOPERATIVE FINANCE)	
CORPORATION AND TO EXECUTE A SECURED)	
PROMISSORY NOTE FOR SAID SUM)	

O R D E R

Licking Valley Rural Electric Cooperative Corporation ("Licking Valley") filed its application on July 19, 1994 for approval to borrow funds from the National Rural Utilities Cooperative Finance Corporation ("CFC") and to execute a note for such loan. The proceeds of this loan will finance Licking Valley's 1993-1995 Work Plan.¹ Based on the filing of Licking Valley, these improvements and additions are estimated to cost \$3,213,000 and be financed by a \$2,249,000 loan from the Rural Electrification Administration ("REA") and a \$964,000 loan from CFC.

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

¹ Licking Valley received a Certificate of Public Convenience and Necessity for the 1993-1995 Work Plan in Case No. 93-241, The Application of Licking Valley Rural Electric Cooperative Corporation for a Certificate of Public Convenience and Necessity to Construct and Finance Under the 2-Year Work Plan. Order dated November 12, 1993.

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

2. Licking Valley is capable of executing its note as security for the loan as stated herein.

3. Licking Valley 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 selecting the interest rate program, Licking Valley should notify the Commission in writing of the program selected and the reasons for its selection.

5. The proceeds from the proposed loans should be used only for the lawful purposes stated in Licking Valley's application.

6. Licking Valley 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 do not require Commission approval, KRS 278.300(10), and as the REA is an agency of the federal government, no action on Licking Valley's proposed loan from the REA is required.

IT IS THEREFORE ORDERED that:

1. Licking Valley be and it hereby is authorized to borrow \$964,000 from CFC for a 35-year period and bearing either a fixed

or variable rate, as chosen by Licking Valley 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. Licking Valley be and it hereby is authorized to execute its note as security for the loan herein authorized.

3. Licking Valley 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 17th day of October, 1994.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director