

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF SALT RIVER )  
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 )  
\$2,257,000.00 FROM THE NATIONAL ) CASE NO.  
BANK FOR COOPERATIVES AND (2) FOR ) 94-359  
A CERTIFICATE 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 Salt River Electric Cooperative Corporation ("Salt River") shall file the original and six copies of the following information with the Commission with a copy to all parties of record within 7 days from the date of this Order.

1. Describe in detail any financing sources other than National Bank for Cooperatives ("CoBank") that were considered in securing the supplemental financing requested herein. This response should include the reason(s) that CoBank financing was selected over other options, as well as the results of any studies conducted which support the use of CoBank financing.

2. Provide the additional debt service requirements associated with the Rural Electrification Administration ("REA")

loan and the CoBank loan, using the REA interest rate and the current CoBank variable and fixed interest rates.

3. Provide the amortization schedules for the REA and CoBank loans. The amortization schedule for the CoBank loan should be prepared to reflect the currently available interest rates.

4. Explain how Salt River will be able to meet its increased debt service requirements with the revenues generated by its existing rates.

5. Explain how Salt River's current revenues are sufficient to cover the additional operating expenses it expects to incur related to the work plan.

6. Provide a copy of the Long Range Financial Forecast filed with REA to support the proposed financing.

7. Explain the CoBank loan interest rate program options available to Salt River. Which program would Salt River anticipate selecting if the approved loan drawdown were being made by the response date to this Order? Explain the reasoning Salt River used which supports this selection.

8. Discuss the current status of the REA loan program and explain the impact that changes in the program have had on the current loan application of Salt River. Include copies of any notices or correspondence received from REA concerning the changes in the loan program.

9. What interest rate options are available to Salt River?

10. When will Salt River begin construction under the 1994-1995 Work Plan?

11. How much has Salt River spent on the 1994-1995 Work Plan, as of the date of its response to this Order?

12. Provide a copy of the loan approval received from CoBank. The approval must clearly state that the loan has been approved, not that processing is completed.

13. Provide documentation which indicates that the loan has been approved by REA.

14. REA Form 740c indicates that Salt River will provide \$588,591 in General Funds. Explain why Salt River is funding a portion of its Work Plan using General Funds.

Done at Frankfort, Kentucky, this 16th day of November, 1994.

PUBLIC SERVICE COMMISSION

  
For the Commission

ATTEST:

  
Executive Director