

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF FARMERS RURAL ELECTRIC)
COOPERATIVE CORPORATION FOR AN ORDER)
ISSUING A CERTIFICATE OF CONVENIENCE AND)
NECESSITY AND AUTHORITY TO BORROW A SUM) CASE NO. 96-450
OF \$8,091,000 FROM RUS AND \$3,468,000 FROM)
NRUCFC)

O R D E R

IT IS ORDERED that Farmers Rural Electric Cooperative Corporation ("Farmers") shall file the original and five copies of the following information with the Commission with a copy to all parties of record within 10 days from the date of this Order. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible.

1. At Part I-B, Page 2 of Farmers' Construction Work Plan, entitled "Voltage Verification." Farmers states that, "The voltages in the CWP analyses are compared to readings taken at voltage monitoring locations distributed across the system." Provide the voltage readings and indicate the substation, line section, and date on which each reading was taken. If the actual reading differs from the calculated voltage by more than three volts, explain the reason for the difference.

2. Describe in detail any financing sources 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.

3. Explain whether Farmers will be able to meet its increased debt service requirements with the revenues generated by its existing rates.

4. Explain how Farmers' current revenues are sufficient to cover the additional operating expenses it expects to incur related to the work plan.

5. Provide a copy of the Long Range Financial Forecast filed with Rural Utilities Service ("RUS") to support the proposed financing.

6. Describe the interest rate options currently available to Farmers through CFC and provide copies of documents from CFC describing them.

7. If the advance of funds from this proposed loan were made by the date of Farmers' response to this Order, explain which loan program Farmers would select and why. Include with this explanation the results of all economic studies and analyses used to make this selection.

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

9. Provide a copy of Farmers' mortgage agreement with CFC, noting the differences between the current agreement and the previous mortgage agreement. If the mortgage agreement has not changed, state that no changes have been made and identify the most recent case in which the current mortgage agreement was filed.

10. Concerning the actual work performed under the 1996-2000 Work Plan:
- a. When did Farmers begin construction under the 1996-2000 Work Plan?
 - b. How much has Farmers spent on the 1996-2000 Work Plan, as of the date of its response to this Order?
11. a. Provide the case number for the 1993-1995 Work Plan referred to in subpart (f) of the application.
- b. Did Farmers obtain a Certificate of Public Convenience and Necessity for the facilities constructed under its 1993-1995 Work Plan?
12. Why did Farmers not apply for financing through RUS for facilities constructed under the 1993-1995 Work Plan when those facilities were constructed.

Done at Frankfort, Kentucky, this 28th day of October, 1996.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director