

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF SHELBY RURAL ELECTRIC)
COOPERATIVE CORPORATION FOR AN ORDER)
ISSUING A CERTIFICATE OF PUBLIC CONVENIENCE) CASE NO.
AND NECESSITY AND AUTHORITY TO BORROW A) 97-198
SUM OF \$2,795,000 FROM NRUCFC)

ORDER

IT IS ORDERED that Shelby Rural Electric Cooperative Corporation ("Shelby") shall file the original and 5 copies of the following information with the Commission within 7 days of the date of this Order. Each copy of the information 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 if a hearing is held. Careful attention should be given to copied material to ensure its legibility.

1. 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.

2. Provide the additional debt service requirements associated with the Rural Utilities Service ("RUS") loan and the CFC loan, using the RUS interest rate and the current CFC variable and fixed interest rates.

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

4. Provide the Long Range Financial Forecast that Shelby filed with the RUS to support its application for the proposed financing.

5. Concerning the purchase of the CFC Capital Term Certificate ("Certificate"), provide:

a. The calculations which support the rate for and the amount of Certificate purchases for the proposed loan.

b. (1) Which option does Shelby plan to use in the purchase?

(2) Why did Shelby select this option?

6. Describe the interest rate options currently available to Shelby 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 Shelby's response to this Order, explain which loan program Shelby 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 Shelby's mortgage agreement with CFC, noting the differences between the current agreement and the previous 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 1997-2000 Work Plan:
- a. When did Shelby begin construction under the 1997-2000 Work Plan?
 - b. How much has Shelby spent on the 1997-2000 Work Plan, as of the date of its response to this Order?

Done at Frankfort, Kentucky, this 11th day of July, 1997.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:



Executive Director