

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF NOLIN RURAL ELECTRIC)
COOPERATIVE CORPORATION FOR AUTHORITY)
TO BORROW THE SUM OF \$1,977,000.00 FROM THE) CASE NO.
NATIONAL RURAL UTILITIES COOPERATIVE FINANCE) 97-280
CORPORATION, AND TO EXECUTE A NOTE FOR SAID)
AMOUNT AND MORTGAGE SECURING SUCH NOTE)

ORDER

On June 18, 1997, Nolin Rural Electric Cooperative Corporation ("Nolin") applied for authority to issue notes in the amount of \$1,977,000 to the National Rural Utilities Cooperative Finance Corporation ("CFC"). Nolin intends to use the proceeds of these notes to finance the projects contained in its 1996-1998 Work Plan, which the Commission has previously approved,¹ and for the construction of its new headquarters facility.² CFC approved a loan in the amount of \$1,977,000 on May 7, 1997. On February 27, 1997, RUS approved a loan in the amount of \$4,613,000.

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

1. The loan from CFC in the amount of \$1,977,000 is for lawful objects within the corporate purposes of Nolin, is necessary and appropriate for and consistent with the

¹ Case No. 96-207, Application of the Nolin Rural Electric Cooperative Corporation for Approval by the Public Service Commission of Kentucky of a Certificate of Convenience and Necessity to Construct Additional Plant Facilities According to the Cooperative's 1996-1999 Work Plan, Order dated August 21, 1996.

² Case No. 94-356, Application of Nolin Rural Electric Cooperative Corporation for a Certificate of Convenience and Necessity to construct a new Headquarters Facility.

proper performance by the utility of its service to the public and will not impair its ability to perform that service, and is reasonable, necessary and appropriate for such purposes.

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

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

5. The proceeds from the proposed loans should be used only for the lawful purposes set out in Nolin's application.

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

IT IS THEREFORE ORDERED that:

1. Nolin is authorized to borrow \$1,977,000 from CFC for a 35-year period and bearing either a fixed or variable rate, as chosen by Nolin 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.

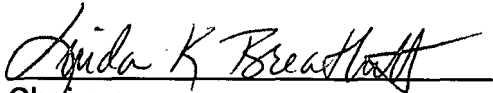
2. Nolin is authorized to execute its notes as security for the loan authorized herein.

3. Nolin 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 29th day of July, 1997.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director