

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF CLARK RURAL ELECTRIC)
COOPERATIVE CORPORATION OF WINCHESTER,)
KENTUCKY, FOR AN ORDER AUTHORIZING) CASE NO. 93-225
FINANCING ACCORDING TO THE COOPERATIVE'S)
TWO YEAR WORK PLAN)

O R D E R

Clark Rural Electric Cooperative Corporation ("Clark") filed its application on July 6, 1993 for approval to borrow funds from the National Rural Utilities Cooperative Finance Corporation ("CFC") and to execute its notes for such loan. The proceeds of this loan will finance Clark's 1992-1993 Work Plan.¹ This Work Plan calls for improvements and additions specifically described in the application which are estimated to cost \$4,140,000 which will be financed by a \$2,898,000 loan from the Rural Electrification Administration ("REA") and a \$1,280,412 loan from CFC. This estimated cost is \$109,812 lower than was estimated in Case No. 91-347, but Clark explained that the financing application had used a

¹ Clark received a Certificate of Public Convenience and Necessity for the 1992-1993 Work Plan in Case No. 91-347, The Application of Clark Rural Electric Cooperative Corporation for an Order Authorizing Said Corporation to Build, Erect and Construct a Total of One Hundred Twenty-seven and Three Fourths (127.75) Miles of Distribution Lines in Bath, Bourbon, Clark, Estill, Fayette, Madison, Menifee, Montgomery, Morgan, Powell, Rowan, and Wolfe Counties in Kentucky, Order dated December 6, 1991.

lower average pole replacement cost figure based on instructions from the REA field representative.²

In order to obtain the financing from CFC, Clark is required to purchase Capital Term Certificates ("CTCs") equal to 3 percent of the total loan. The amount proposed to be borrowed from CFC includes \$38,412 in CTCs. Clark included in its application copies of correspondence received from REA and CFC approving the loans.

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

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

2. Clark is capable of executing its notes as security for the loan as stated herein.

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

² Response to the Commission's Order dated July 20, 1993, Item 1(b).

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

6. Clark 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 REA is an agency of the federal government, no action on Clark's proposed loan from the REA is required.

IT IS THEREFORE ORDERED that:

1. Clark be and it hereby is authorized to borrow \$1,280,412 from CFC for a 35-year period and bearing either a fixed or variable interest rate, as chosen by Clark, 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.

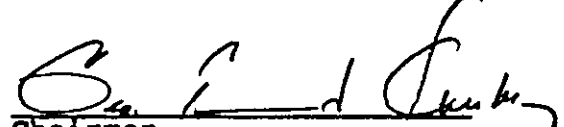
2. Clark be and it hereby is authorized to execute its notes as security for the loan herein authorized.

3. Clark 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 28th day of July, 1993.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director