

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF THE HARRISON)
COUNTY RURAL ELECTRIC COOPERATIVE)
CORPORATION TO BORROW AN ADDITIONAL)
SUM OF \$1,011,000 FROM THE UNITED)
STATES OF AMERICA AND TO EXECUTE)
A NOTE FOR SAID AMOUNT AND TO)
CONCURRENTLY BORROW FROM THE)
NATIONAL RURAL UTILITIES CO-)
OPERATIVE FINANCE CORPORATION)
THE SUM OF \$456,000 AND TO EXECUTE) CASE NO. 8158
ITS NOTE THEREFOR TO BE SECURED)
BY AN EXISTING COMMON MORTGAGE)
HERETOFORE EXECUTED AND FOR A)
CERTIFICATE OF CONVENIENCE AND)
NECESSITY AUTHORIZING IT TO CON-)
STRUCT AND MAKE ADDITIONAL IM-)
PROVEMENTS AND EXTENSIONS TO ITS)
EXISTING SYSTEM)

O R D E R

Harrison County Rural Electric Cooperative Corporation (Harrison County) filed its application on March 2, 1981, for a certificate of convenience and necessity and for authorization to borrow the sum of one million, eleven thousand dollars (\$1,011,000) from the United States of America Rural Electrification Administration (REA) and the sum of four hundred fifty six thousand dollars (\$456,000) from the National Rural Utilities Cooperative Finance Corporation (CFC), and to execute its notes as security therefor. The funds acquired by these borrowings are to be used to make system improvements and to extend service to new customers. These improvements and additions, which are estimated to cost one million four hundred forty four thousand two hundred dollars (\$1,444,200), are more

specifically described in the application and record.

The matter was set for hearing on March 18, 1981, at 2:00 p.m., Eastern Standard Time, in the offices of the Public Service Commission at Frankfort, Kentucky. The hearing was held as scheduled and all parties of interest were allowed to be heard. There were no intervenors and no protests were entered.

The Public Service Commission, after consideration of the application and all evidence of record, and being advised, is of the opinion and FINDS:

1. That the public convenience and necessity require that such construction as is proposed in the application and record be performed and that a certificate of convenience and necessity should be granted.

2. That the proposed borrowings are for a lawful object within the corporate purposes of the utility, are necessary and appropriate for and consistent with the proper performance by the utility of its service to the public, and will not impair its ability to perform that service, and are reasonably necessary and appropriate for such purpose.

IT IS THEREFORE ORDERED that Harrison County R.E.C.C. be and it is hereby granted a certificate of public convenience and necessity to proceed with the construction as set forth in the application and record.

IT IS FURTHER ORDERED that Harrison County R.E.C.C. be and hereby is authorized to borrow a sum in the principal amount of \$1,011,000 from REA at the rate of five percent (5%) per annum over a thirty - five (35) year period with payment of principal deferred for three years.

IT IS FURTHER ORDERED that Harrison County R.E.C.C. be and it is hereby authorized to borrow a sum in the principal amount of \$456,000 from CFC at the initial interest rate of eleven and one half percent (11½%) per annum for a period of seven years with the rate to be variable thereafter, over a period of thirty-five (35) years.

IT IS FURTHER ORDERED that Harrison County R.E.C.C. be and it is hereby authorized to execute its notes as security for the loans authorized herein.

IT IS FURTHER ORDERED that the proceeds from the proposed borrowings shall be used only for the lawful objects as set out in the application and record.

IT IS FURTHER ORDERED that Harrison County R.E.C.C. shall submit semiannual reports to the Commission setting forth in detail the status of the construction authorized herein as well as the status of the funds authorized for said construction.

Nothing herein contained 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 24th day of March, 1981.

PUBLIC SERVICE COMMISSION

Marlin M. Voth
Chairman

Kathleen Randall
Vice Chairman

Gen. S. Carver
Commissioner

ATTEST:

Secretary