

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF THE JACKSON)
COUNTY RURAL ELECTRIC COOPERATIVE)
CORPORATION FOR AUTHORITY TO)
BORROW FROM THE UNITED STATES)
GOVERNMENT \$4,011,000.00 AND)
\$1,809,000.00 FROM THE NATIONAL) Case No. 8164
RURAL UTILITIES COOPERATIVE)
FINANCE CORPORATION (CFC) AND)
TO EXECUTE ITS MORTGAGE NOTE OR)
A SERIES OF MORTGAGE NOTES TO)
SECURE THE SAME)

O R D E R

Jackson County Rural Electric Cooperative Corporation (Jackson County) filed its application on March 4, 1981, for authorization to borrow the sum of four million, eleven thousand dollars (\$4,011,000.00) from the United States of America Rural Electrification Administration (REA) and the sum of one million, eight hundred and nine thousand dollars (\$1,809,000) from the National Rural Utilities Cooperative Finance Corporation (CFC), and to execute its notes as security therefor. Jackson County filed its amended application on March 9, 1981, for a certificate of convenience and necessity. 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 five million seven hundred twenty nine thousand five hundred and fifty dollars (\$5,729,550), are more specifically described in the application and record.

The matter was set for hearing on April 2, 1981, at 1:00 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, will not impair its ability to perform that service, and are reasonably necessary and appropriate for such purpose.

IT IS THEREFORE ORDERED that Jackson County 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 Jackson County be and hereby is authorized to borrow a sum in the principal amount of \$4,011,000 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 Jackson County be and it is hereby authorized to borrow a sum in the principal amount of \$1,809,000 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.

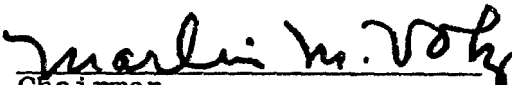
IT IS FURTHER ORDERED that Jackson County be and it is hereby authorized to execute its notes as security for the loans authorized herein.

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.

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 14th day of April, 1981.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary