

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF FARMERS RURAL)
ELECTRIC COOPERATIVE CORPORATION,)
OF GLASGOW, KENTUCKY, FOR A CER-)
TIFICATE OF CONVENIENCE AND)
NECESSITY FOR CONSTRUCTION OF)
NEW EXTENSIONS AND SYSTEM IMPROVE-)
MENTS OF ITS EXISTING FACILITIES,)
AND FOR THE NECESSARY APPROVAL TO)
BORROW \$1,531,000 FROM THE UNITED)
STATES OF AMERICA THROUGH THE)
RURAL ELECTRIFICATION ADMINISTRA-)
TION AND \$691,000 FROM THE NATIONAL)
RURAL UTILITIES COOPERATIVE FINANCE)
CORPORATION FOR THE AFORESAID)
PURPOSES)

CASE NO. 8432

O R D E R

Farmers Rural Electric Cooperative Corporation ("Farmers") filed its application on December 30, 1981, for a certificate of convenience and necessity and for authorization to borrow \$1,531,000 from the United States of America Rural Electrification Administration ("REA") and \$691,000 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 \$2,187,450, are more specifically described in the application and record.

A hearing was held on March 4, 1982, in the offices of the Public Service Commission at Frankfort, Kentucky. 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 that:

1. 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 be granted.

2. The proposed borrowings are for lawful objects 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 Farmers be and it hereby is 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 Farmers be and it hereby is authorized to borrow a sum in the principal amount of \$1,531,000 from REA at the rate of 5 percent per annum over a 35-year period with payment of principal deferred for 3 years.

IT IS FURTHER ORDERED that Farmers be and it hereby is authorized to borrow a sum in the principal amount of \$691,000 from CFC at an initial interest rate based on the current rate at the time of loan approval for a period of 7 years, with the rate to be variable thereafter, over a period of 35 years.

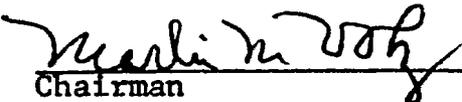
IT IS FURTHER ORDERED that Farmers be and it hereby is authorized to execute its notes as security for the loans authorized herein.

IT IS FURTHER ORDERED that the proceeds from the proposed borrowings shall be used only for the lawful purposes 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 15th day of March, 1982.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary