

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF INTER-COUNTY RURAL )  
ELECTRIC COOPERATIVE CORPORATION FOR AN )  
ORDER AUTHORIZING IT TO BORROW FROM THE )  
UNITED STATES OF AMERICA \$1,336,000 AND )  
FROM THE NATIONAL RURAL UTILITIES )  
COOPERATIVE FINANCE CORPORATION )  
\$590,722 FOR THE PURPOSE OF IMPROVING ) CASE NO. 9275  
EXISTING LINES AND FACILITIES AND FOR )  
CONSTRUCTING ADDITIONAL LINES AND )  
FACILITIES: AND TO EXECUTE A MORTGAGE )  
NOTE FOR \$1,336,000 - PAYABLE TO THE )  
UNITED STATES OF AMERICA AND A MORTGAGE )  
NOTE FOR \$590,722 PAYABLE TO THE )  
NATIONAL RURAL UTILITIES COOPERATIVE )  
FINANCE CORPORATION )

O R D E R

Inter-County Rural Electric Cooperative Corporation ("Inter-County") filed its application on February 19, 1985, for authorization to borrow funds and to request a certificate of convenience and necessity to construct certain improvements and additions to its existing plant. These improvements and additions, as more specifically described in the application and record, are estimated to cost \$2,634,600 and will be financed by a loan of \$1,336,000 from the Rural Electrification Administration ("REA"), a loan of \$590,722 from the National Rural Utilities Cooperative Finance Corporation ("CFC"), and the additional amount from general funds.

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. Public convenience and necessity require the construction by Inter-County of the improvements and additions to its existing plant as described in the application and record, and that a certificate be granted.

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

3. Inter-County is seeking to borrow funds from the REA. On November 12, 1982, the Franklin Circuit Court issued its opinion in West Kentucky RECC v. Energy Regulatory Commission. Therein, the Court held that the Commission had no authority to approve or disapprove borrowings from the REA since the REA is an agency of the federal government and KRS 278.300(10) exempts such borrowing from Commission regulation. Accordingly, the Commission takes no action on the REA portion of Inter-County's proposed borrowing.

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

IT IS FURTHER ORDERED that Inter-County be and it hereby is authorized to borrow \$590,722 from CFC for a 35-year period at an initial interest rate of 11 1/2 percent per annum.

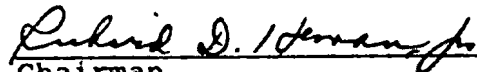
IT IS FURTHER ORDERED that Inter-County be and it hereby is authorized to execute its notes as security for the loan herein authorized.

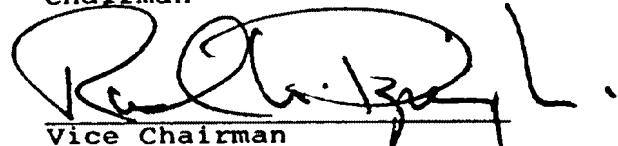
IT IS FURTHER ORDERED that the proceeds from the proposed borrowing shall be used only for the lawful purposes set out in the application and record.

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 22nd day of March, 1985.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

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Secretary