

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE LICKING VALLEY )  
RECC FOR THE AUTHORIZATION TO BORROW )  
FOUR HUNDRED, EIGHTY THOUSAND, FOUR )  
HUNDRED, TWELVE (\$480,412) DOLLARS )  
FROM NATIONAL RURAL UTILITIES ) CASE NO. 9551  
COOPERATIVE FINANCE CORPORATION, AND )  
TO EXECUTE A NOTE FOR SAID SUM; AND )  
FOR A CERTIFICATE OF PUBLIC CONVENIENCE )  
AND NECESSITY TO MAKE CERTAIN EXTENSIONS )  
AND IMPROVEMENTS TO ITS SYSTEM )

O R D E R

Licking Valley Rural Electric Cooperative Corporation ("Licking Valley") filed its application on April 2, 1986, 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 \$1,553,525 and will be financed by a loan of \$1,087,000 from the Rural Electrification Administration ("REA"), a loan of \$480,412 from the National Rural Utilities Cooperative Finance Corporation ("CFC") and \$525 from internal 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 Licking Valley of the improvements and additions to its existing plant as described in the application and record, and a certificate should be granted.

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

IT IS THEREFORE ORDERED that:

1. Licking Valley 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.

2. Licking Valley be and it hereby is authorized to borrow \$480,412 from CFC for a 35-year period and bearing either a fixed or variable interest rate, as chosen by Licking Valley, 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.

3. Licking Valley shall utilize the interest rate program which will result in the net lowest cost of money to Licking Valley over the term of the financing.

4. Licking Valley shall notify the Commission of the interest rate option elected for the financing approved herein along with a statement as to the basis for the decision.

5. Licking Valley be and it hereby is authorized to execute its notes as security for the loan herein authorized.

6. The proceeds from the proposed borrowing shall be used only for the lawful purposes set out in the application and record.

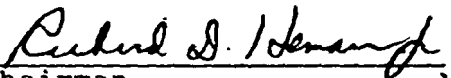
7. Licking Valley shall file, along with its monthly financial report to the Commission, the current interest rate on its variable rate loans outstanding.

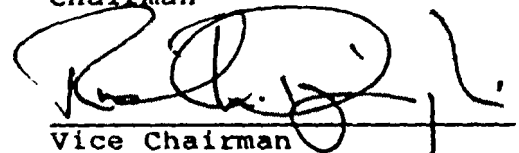
8. Licking Valley be and it hereby is authorized to execute its notes as security for the loan herein authorized.

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 27th day of May, 1986.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

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Secretary