

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF JACKSON PURCHASE ELECTRIC)
COOPERATIVE CORPORATION (1) FOR AN ORDER)
PURSUANT TO KRS 278.300 AND 807 KAR 5:001,)
SECTION 11 AND RELATED SECTIONS, AUTHORIZING)
THE CORPORATION TO BORROW AN AMOUNT NOT TO)
EXCEED \$1,271,000 FROM THE LOUISVILLE BANK)
FOR COOPERATIVES, AND (2) FOR A CERTIFICATE)
OF CONVENIENCE AND NECESSITY PURSUANT TO KRS)
278.020(1) AND 807 KAR 5:001, SECTION 9 AND)
RELATED SECTIONS AUTHORIZING CERTAIN PROPOSED)
CONSTRUCTION AND ASSOCIATED CAPITAL OUTLAY)

CASE NO.
10223

INTERIM ORDER

Jackson Purchase Electric Cooperative Corporation ("Jackson Purchase") filed its application on April 14, 1988 for a certificate of public convenience and necessity to construct certain improvements and additions to its existing plant, and for approval to borrow funds and to execute its notes to secure such loan. These improvements and additions, as more specifically described in the application and record, are estimated to cost \$4,238,000 and will be financed by a loan of \$2,967,000 from the Rural Electrification Administration ("REA") and a loan of \$1,271,000 from the Louisville Bank for Cooperatives ("LBC").

The Commission requested additional information of Jackson Purchase by Order dated May 4, 1988. Its response was filed on May 16, 1988. In the response, Jackson Purchase stated that it did not have loan agreements with REA or LBC. REA has indicated

to Jackson Purchase that loan funds for this fiscal year have been depleted. However, this loan appears to be in process for REA's next fiscal year beginning October 1988. Because of this delay, Jackson Purchase does not know what loan program options through LBC it will have available. Due to the delay in the loan processing, the Commission does not believe it would be appropriate to approve the proposed borrowing from LBC at this time. The Commission will defer the approval of the proposed borrowing from LBC. Jackson Purchase shall notify the Commission when it has loan agreements with REA and LBC and its request for authorization to borrow from LBC will be considered at that time. To expedite the request, Jackson Purchase, at the time of notice, should file any appropriate updates of its original application, copies of the REA and LBC loan agreements, an explanation of which of the LBC loan programs it anticipates selecting, and explain if it will be able to meet the increased debt service requirements with the revenues generated by existing rates.

FINDINGS AND ORDERS

The 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 Jackson Purchase of the improvements and additions to its existing plant as described in the application and record, and a certificate should be granted.

2. The authorization for the proposed borrowing from LBC should be deferred due to delays in the REA and LBC loan processing.

3. Jackson Purchase should notify the Commission when it has loan agreements with REA and LBC, in order to complete the processing of this application.

4. Jackson Purchase should file additional information outlined in this Order at the time of notification in order to expedite the processing of this application.

IT IS THEREFORE ORDERED that:

1. Jackson Purchase be and it hereby is granted a certificate of public convenience and necessity to proceed with the construction and additions as set forth in the application and record.

2. The authorization for the proposed borrowing from LBC of \$1,271,000 is hereby deferred until Jackson Purchase has loan agreements with REA and LBC.

3. Jackson Purchase shall comply with all matters set out in Findings 3 and 4 as if it was individually so ordered.

Done at Frankfort, Kentucky, this 14th day of June, 1988.

PUBLIC SERVICE COMMISSION

Richard D. Hemen
Chairman

Robert M. Davis
Vice Chairman

James N. Wilkinson
Commissioner

ATTEST:

Ford M. Skiff
Executive Director