

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF FLEMING-MASON RURAL)
ELECTRIC COOPERATIVE CORPORATION FOR AN)
ORDER AUTHORIZING SAID CORPORATION TO)
BORROW ONE MILLION EIGHT HUNDRED AND)
THIRTY (\$1,830,000) THOUSAND DOLLARS)
FROM THE UNITED STATES OF AMERICA, AND)
TO EXECUTE A NOTE FOR SAID SUM TO THE) CASE NO. 10255
UNITED STATES OF AMERICA, AND TO BORROW)
FROM THE NATIONAL RURAL UTILITIES)
COOPERATIVE FINANCE CORPORATION, THE)
SUM OF EIGHT HUNDRED THOUSAND (\$800,000))
DOLLARS, AND TO EXECUTE A NOTE FOR SAID)
SUM TO THE NATIONAL RURAL UTILITIES)
COOPERATIVE FINANCE CORPORATION TO PRO-)
VIDE FOR THE CONSTRUCTION AND OPERATION)
OF ADDITIONAL ELECTRIC DISTRIBUTION AND)
SERVICE LINES)

INTERIM ORDER

Fleming-Mason Rural Electric Cooperative Corporation ("Fleming-Mason") filed an application on May 16, 1988 for a certificate of public convenience and necessity to construct certain improvements and additions to its existing plant, and for authority to borrow funds and to execute its notes to secure such loan. These improvements and additions, more specifically described in the application and record, are estimated to cost \$2,630,000 and are to be financed by a loan of \$1,830,000 from the Rural Electrification Administration ("REA") and a loan of \$800,000 from the National Rural Utilities Cooperative Finance Corporation ("CFC").

The Commission believes that final action on Fleming-Mason's application for authority to borrow funds would be premature. Fleming-Mason has acknowledged that no loan agreement with either REA or CFC has yet been finalized. It further concedes that it is uncertain as to which loan program options CFC will make available. Therefore, the Commission will continue Fleming-Mason's application for authority to borrow funds until such time as these loan agreements have been finalized and filed with us.

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 Fleming-Mason of the improvements and additions to its existing plant as described in the application and record, and a certificate should be granted.

2. As Fleming-Mason has yet to finalize loan agreements with either REA or CFC, or to file such agreements with this Commission, good cause exists to continue its application for authority to borrow funds beyond the 60-day period prescribed in KRS 278.300(2).

3. Upon finalizing its loan agreements with the REA and CFC, Fleming-Mason should file with this Commission a copy of each agreement, an updated version of the information contained in its application for authority to borrow funds, an explanation of which CFC loan program option it anticipates selecting, and an

explanation of how it will meet its increased debt service requirements with the revenues generated by existing rates.

IT IS THEREFORE ORDERED that:

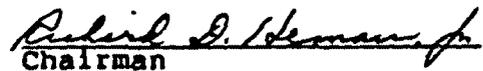
1. Fleming-Mason be and it hereby is granted a certificate of public convenience and necessity to proceed with the construction and additions as set forth in the application and record.

2. Fleming-Mason's application for authority to borrow funds from the REA and the CFC be, and it hereby is, continued until such time as its loan agreements with the REA and CFC have been finalized and copies thereof have been filed with this Commission.

3. Fleming-Mason shall comply with all matters set out in Finding 3 as if they were individually so ordered.

Done at Frankfort, Kentucky, this 15th day of July, 1988.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director