

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF GREEN RIVER ELECTRIC)
CORPORATION (1) FOR AN ORDER PURSUANT)
TO KRS 278.300 AND 807 KAR 5:001,)
SECTION 11 AND RELATED SECTIONS,)
AUTHORIZING IT TO ISSUE EVIDENCE OF)
INDEBTEDNESS TO BORROW \$1,444,000 FROM) CASE NO. 10308
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)

O R D E R

Green River Electric Corporation ("Green River") filed its application on June 30, 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 and mortgages to secure such loan. The Commission requested additional information by Order dated July 28, 1988. Its response was filed on August 8, 1988. These improvements and additions, as more specifically described in the application and record, are estimated to cost \$4,813,000 and will be financed by a loan of \$3,369,000 from the Rural Electrification Administration ("REA") and a loan of \$1,444,000 from the Louisville Bank for Cooperatives ("LBC").

On July 22, 1988, National-Southwire Aluminum Company ("NSA") filed a motion for full intervention. The Commission granted

NSA's motion on July 26, 1988 and established a 7-day period for NSA to request a public hearing. NSA did not request a public hearing but on August 3, 1988 it filed comments. The comments state that NSA and Green River have reached an agreement that NSA's willingness to not oppose Green River's application will not be construed as an adjudication of the Commission's jurisdiction over financings with the REA or as a waiver or estoppel to prevent NSA from raising this jurisdictional issue in future cases.

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 Green River of the improvements and additions to its existing plant as described in the application and record, and that a certificate should be granted.

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

3. Green River is capable of executing its notes as security for the loan as stated herein.

4. Green River should utilize the interest rate program which will result in the net lowest cost of money to Green River over the term of the financing.

5. Green River should notify the Commission of the interest rate option elected for financing approved herein along with a statement as to the basis for the decision.

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

7. Green River should file, along with its monthly financial report to the Commission, the current interest rate on its outstanding variable rate loans.

8. As the issuance of securities or evidences of indebtedness subject to the control of a federal governmental agency do not require Commission approval, KRS 278.300(10), and as the REA is an agency of the federal government, no action on Green River's proposed loans from the REA is required.

IT IS THEREFORE ORDERED that:

1. Green River 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. Green River be, and it hereby is, authorized to borrow \$1,444,000 from LBC for a 35-year period and bearing either a fixed or variable interest rate, as chosen by Green River at the time the first monies are drawn from LBC, subject to the provisions and terms of the application with respect to renegotiation of the interest rate.

3. Green River be, and it hereby is, authorized to execute its notes as security for the loan herein authorized.

4. Green River shall comply with all matters set out in Findings 4 through 7 as if it was individually so ordered.

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 29th day of August, 1988.

PUBLIC SERVICE COMMISSION

Richard D. Wernan
Chairman

Robert M. Davis
Vice Chairman

Spencer H. Wilkerson
Commissioner

ATTEST:

Executive Director