

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF EAST KENTUCKY POWER)	
COOPERATIVE FOR A CERTIFICATE OF PUBLIC)	
CONVENIENCE AND NECESSITY TO CONSTRUCT)	CASE NO. 90-197
CERTAIN STEAM SERVICE FACILITIES IN)	
MASON COUNTY, KENTUCKY)	

O R D E R

On August 20, 1990, the Commission entered an Interim Order finding that East Kentucky Power Cooperative, Inc. ("East Kentucky") should be granted a Certificate of Convenience and Necessity to construct facilities at its Spurlock Power Station near Maysville, Kentucky, upon submission of an executed Steam Service Agreement with a new customer, Inland Container Company, Inc. ("Inland"). That Order also stated that the Steam Service Agreement should include a guarantee provision from Inland's parent corporation, Temple-Inland, Inc., to secure Inland's contractual obligations.

East Kentucky filed on November 21, 1990 an executed Steam Service Agreement which included the required guarantee provision. East Kentucky also filed executed copies of its Wholesale Steam Agreement and Wholesale Power Contract with Fleming-Mason Rural Electric Cooperative Corporation ("Fleming-Mason"), a Special Industrial Power Agreement between Fleming-Mason and Inland, and a Project Agreement governing all of the other agreements. All of

the agreements, except the Project Agreement, had previously been submitted in draft form.

Based on a review of the evidence of record and being advised, the Commission hereby finds that the executed agreements are sufficient to justify the issuance of a Certificate of Convenience and Necessity to East Kentucky to construct facilities necessary to serve Inland. However, the effectiveness of the Steam Service Agreement, as well as the other agreements, is contingent upon the satisfaction of all conditions precedent specified in the Project Agreement. These conditions include, among others, Inland's receipt of necessary environmental permits, a contract with an approved off-site landfill for Inland's disposal of solid waste, and sale and issuance of \$176,000,000 in industrial revenue bonds. Since the timing of these conditions precedent cannot be determined with any certainty, the Commission must ensure that East Kentucky does not commence construction until Inland is contractually obligated for the Monthly Facilities Charge provided for in the Steam Service Agreement. Therefore, the Certificate of Convenience and Necessity is not operative until after the occurrence of the effective date as specified in the Project Agreement.

IT IS THEREFORE ORDERED that:


1. On and after the effective date specified in the Project Agreement in order to render service to Inland, East Kentucky be and it hereby is authorized to construct certain steam service facilities in Mason County, Kentucky.

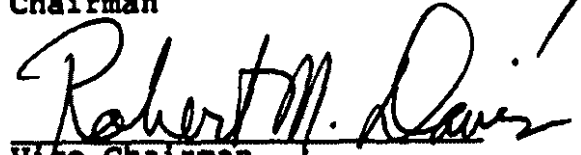
2. Within 10 days of the occurrence of the effective date as specified in the Project Agreement, East Kentucky shall file a notice with the Commission setting forth the effective date.

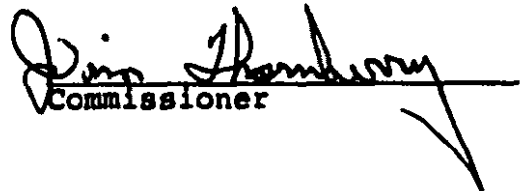
3. The steam and power agreements filed on November 21, 1990 be and they hereby are approved.

Done at Frankfort, Kentucky, this 7th day of December, 1990.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director