

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 NINE HUNDRED AND SIXTY SIX)
(\$1,966,000.00) THOUSAND DOLLARS FROM THE)
UNITED STATES OF AMERICA, AND TO EXECUTE A NOTE)
FOR SAID SUM TO THE UNITED STATES OF AMERICA,)
AND TO BORROW FROM THE NATIONAL RURAL UTILITIES) CASE NO.
COOPERATIVE FINANCE CORPORATION, THE SUM OF) 91-081
EIGHT HUNDRED SIXTY THOUSAND TWO HUNDRED AND)
FOUR (\$860,204.00) DOLLARS, AND TO EXECUTE A)
NOTE FOR SAID SUM TO THE NATIONAL RURAL)
UTILITIES COOPERATIVE FINANCE CORPORATION TO)
PROVIDE FOR THE CONSTRUCTION AND OPERATION OF)
ADDITIONAL ELECTRIC DISTRIBUTION AND SERVICE)
LINES)

INTERIM ORDER

Fleming-Mason Rural Electric Cooperative Corporation ("Fleming-Mason") filed its application on April 8, 1991 for a Certificate of Public Convenience and Necessity to construct certain improvements and additions to its existing plant, for approval to borrow \$860,204 from the National Rural Utilities Cooperative Corporation ("CFC"), and to execute its notes to secure such loan.

In support of its application, Fleming-Mason filed its 1990-1992 Work Plan, which describes in detail the improvements and additions to plant that are acquired over the next 2 years to service its load. These improvements and additions are estimated to cost \$3,478,090 and will be financed by loans of \$1,966,000

from the Rural Electrification Administration ("REA") and of \$860,204¹ from CFC. A total of \$669,090 will be financed by Fleming-Mason internally generated funds.

Fleming-Mason seeks authorization to construct extensions and additions to its plant as follows:

1. Conversions, tie lines and line changes	\$ 1,439,570
2. Voltage Regulators	68,000
3. Oil Circuit Reclosers	36,300
4. New Member Extensions	1,485,430
5. Increased Service Capacity	73,450
6. Security Lights	77,840
7. Pole Replacements	<u>297,500</u>
TOTALS:	\$3,478,090

The proposed construction will enable Fleming-Mason to continue to provide adequate and dependable service to its customers. The system improvements recommended in this Work Plan will not duplicate existing facilities and are needed to correct voltage problems, improve phase balance, and provide for improved service reliability.

Fleming-Mason has advised the Commission that REA and CFC have yet to issue final authorization for the proposed loans.

¹ The borrowing from CFC includes the purchase of capital term certificates, in an amount equal to 2 percent of the total CFC loan. CFC requires its borrowers to purchase these certificates. The purchases required of Fleming-Mason for this loan total \$17,204. The total amount of the REA and CFC loans equals \$2,809,000.

Therefore, the Commission will defer ruling on the proposed borrowing from CFC. Fleming-Mason should notify the Commission when it has received the requisite final loan approvals from REA and CFC. Its request for authorization to borrow from CFC will be considered at that time.

Based on the evidence of record and being otherwise sufficiently advised, the Commission finds that public convenience and necessity require the construction by Fleming-Mason of the improvements and additions to its existing plant as described in its 1990-1992 Work Plan.

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 its 1990-1992 Work Plan.


2. Fleming-Mason's application for authorization to borrow \$860,204 from CFC and to execute notes to secure such loan is continued generally.


3. Within 10 days of its receipt of final loan approval, Fleming-Mason shall notify the Commission in writing of the final loan approvals received from REA and CFC.

Done at Frankfort, Kentucky, this 30th day of May, 1991.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director