

COMMONWEALTH OF KENTUCKY
BEFORE THE ENERGY REGULATORY COMMISSION

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In the Matter of

THE APPLICATION OF FOX CREEK RURAL ELECTRIC)
COOPERATIVE CORPORATION TO BORROW ADDITIONAL)
SUMS OF MONEY, \$1,106,000.00, FROM UNITED)
STATES OF AMERICA RURAL ELECTRIFICATION)
ADMINISTRATION AT 5% INTEREST AND CONCURRENT)
LOAN OF \$499,000.00 AT 9½% INTEREST FROM) CASE NO. 7769
NATIONAL RURAL UTILITIES COOPERATIVE FINANCE)
CORPORATION, TO EXECUTE NOTES THEREFORE TO)
BE SECURED BY COMMON MORTGAGE HERETOFORE)
EXECUTED UNDER DATE OF DECEMBER 4, 1973, AND)
FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY)

O R D E R

Fox Creek Rural Electric Cooperative Corporation filed its application on March 12, 1980, for a Certificate of Convenience and Necessity and for authorization to borrow \$1,106,000.00 from the United States of America Rural Electrification Administration (REA) and \$499,000.00 from the National Rural Utilities Cooperative Finance Corporation (CFC) and to execute its notes and mortgages as security therefore. The funds acquired by these borrowings are to be used for the implementation of a two year work plan which is designed to make improvements to the existing system and to extend service to new customers. These improvements and additions, which are estimated to cost \$1,580,050.00 are more specifically set out in the application and record.

The matter was set for hearing on March 24, 1980 at 11:00 o'clock a.m. in the Commission's offices at Frankfort, Kentucky. The hearing was held as scheduled and all parties of interest were given the opportunity to be heard and no protests were entered.

The Commission, after consideration of the application, all evidence of record, and being advised, is of the opinion and finds:

1. That public convenience and necessity require that such construction as is proposed in the application be performed, and that a Certificate of Convenience and Necessity should be granted.

2. That the growth rates projected for Fox Creek may not materialize and adjustments may have to be made in the expenditure of funds to reflect these changes.

3. The Commission further finds that the proposed borrowing is for a lawful object within the corporate purposes of the utility, is necessary and appropriate for and consistent with the proper performance by the utility of its service to the public, and will not impair its ability to perform that service and is reasonably necessary and appropriate for such purpose.

IT IS THEREFORE ORDERED that Fox Creek Rural Electric Cooperative Corporation be and it is hereby granted a Certificate of Convenience and Necessity to proceed with the construction as set forth in the application and record.

IT IS FURTHER ORDERED that Fox Creek Rural Electric Cooperative Corporation be and it is hereby authorized to borrow a sum in the principal amount of \$1,106,000.00 from REA at the rate of five percent (5%) per annum.

IT IS FURTHER ORDERED that Fox Creek Rural Electric Cooperative Corporation be and it is hereby authorized to borrow an additional sum in the principal amount of \$499,000.00 from CFC with an initial interest rate of nine and one-half percent (9½%) per annum until the year 1987. Subsequently, the interest rate and its period of application may be modified by CFC based upon its prevailing cost of funds.

IT IS FURTHER ORDERED that Fox Creek Rural Electric Cooperative Corporation be and it is hereby authorized to execute its notes and mortgages as security for the above-mentioned loans.

IT IS FURTHER ORDERED that the proceeds from the proposed borrowings now approved shall be used only for the lawful objects as set out in the application and record.

IT IS FURTHER ORDERED that Fox Creek Rural Electric Cooperative Corporation shall submit semi-annual reports to the Commission setting forth in detail the status of the construction authorized herein as well as the status of the funds authorized for said construction.

Nothing herein contained shall be deemed a warranty or finding of value of any securities or financing authorized herein on the part

of the Commonwealth of Kentucky or any agency thereof. ~~the~~

Done at Frankfort, Kentucky, this 21st day of April, 1980.

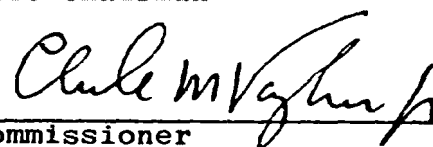
ENERGY REGULATORY COMMISSION



Chairman



Vice Chairman



Commissioner

ATTEST:

Secretary