

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

APPLICATION OF FOOTHILLS RURAL TELEPHONE)
COOPERATIVE CORPORATION, INC., TO BORROW)
FUNDS AND TO EXECUTE NOTES TO COVER AMOUNT) CASE NO. 8288
OF FUNDS ADVANCED, WITH THE RURAL ELECTRI-)
FICATION ADMINISTRATION TO MAKE PLANT)
ADDITIONS)

O R D E R

On July 16, 1981, Foothills Rural Telephone Cooperative Corporation, Inc., ("Applicant") filed with the Commission its application for authority to borrow \$4,500,000 from the United States of America acting through the administrator of Rural Electrification Administration ("REA") to be amortized over a period of 35 years at an interest rate of five percent per annum. Applicant further requested authority to execute the necessary notes for the proposed loan.

On July 10, 1981, Applicant amended its application, requesting that the Commission grant a certificate of public convenience and necessity for the purpose of constructing additional telephone lines and facilities, all as more specifically set out in the application and record. Applicant proposed to use the loan funds for the following purposes:

- a) Add 1,522 new subscribers;
- b) Expend \$1,952,831 to complete prior loan proposals;
- c) Provide for related system improvements including toll and EAS additions; and
- d) Provide for engineering fees.

The matter was set for hearing in the Commission's offices at Frankfort, Kentucky, on September 18, 1981, at 10:00 a.m., Eastern Daylight Time. The hearing was held as scheduled and all parties of interest were given the opportunity to be heard. There were no intervenors represented at the hearing.

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

1) The public convenience and necessity require that such construction and system improvements as are proposed in the application and record should be performed, and that a certificate of public convenience and necessity should be granted; and,

2) The proposed borrowing is for a lawful object within the corporate purposes of the Applicant, is necessary and appropriate for and consistent with the proper performance by the Applicant of its service to the public and will not impair its ability to perform that service, is reasonably necessary and appropriate for such purpose, and should be approved.

IT IS THEREFORE ORDERED that Foothills Rural Telephone Cooperative Corporation, Inc., be and it hereby is granted a certificate of public convenience and necessity to proceed with the proposed construction as set forth in the application and record.

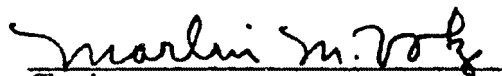
IT IS FURTHER ORDERED that Foothills Rural Telephone Cooperative Corporation, Inc., be and it hereby is authorized to borrow \$4,500,000 from the United States of America, acting through the administrator of the Rural Electrification Administration, to be amortized over a period of 35 years at an interest rate of five percent per annum, and to execute and deliver to REA the necessary notes therefor.

IT IS FURTHER ORDERED that the proceeds from the borrowing authorized herein shall be used only for the lawful purposes as set out in the application and record.

Nothing contained herein shall be deemed a finding of value for any purpose nor construed as a warranty on the part of the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

Done at Frankfort, Kentucky, this 9th day of October, 1981.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary