

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 SIX)
HUNDRED AND TWENTY-FIVE THOUSAND (\$1,625,000))
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) CASE NO.
NATIONAL RURAL UTILITIES COOPERATIVE FINANCE) 8322
CORPORATION, THE SUM OF SEVEN HUNDRED AND THIRTY-)
THREE THOUSAND (\$733,000) DOLLARS, AND TO EXECUTE)
A NOTE FOR SAID SUM TO THE NATIONAL RURAL UTIL-)
ITIES COOPERATIVE FINANCE CORPORATION TO PROVIDE)
FUNDS FOR THE CONSTRUCTION AND OPERATION OF)
ADDITIONAL ELECTRIC DISTRIBUTION AND SERVICE)
LINES.)

O R D E R

Fleming-Mason Rural Electric Cooperative Corporation ("Fleming-Mason") filed its application on August 24, 1981, for a certificate of convenience and necessity and for authorization to borrow \$1,625,000 from the United States of America Rural Electrification Administration ("REA") and \$733,000 from the National Rural Utilities Cooperative Finance Corporation ("CFC"), and to execute its notes as security therefor. The funds acquired by these borrowings are to be used to make system improvements and to extend service to new customers. These improvements and additions, which are estimated to cost \$2,321,350, are more specifically described in the application and record.

A hearing was held on October 7, 1981, in the offices of the Public Service Commission at Frankfort, Kentucky.

The Public Service 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 as is proposed in the application and record be performed, and that a certificate of convenience and necessity be granted.

2. The proposed borrowings are for lawful objects within the corporate purposes of the utility, are necessary and appropriate for and consistent with the proper performance by the utility of its service to the public, will not impair its ability to perform that service, and are reasonably necessary and appropriate for such purpose.

IT IS THEREFORE ORDERED that Fleming-Mason be and it is hereby granted a certificate of public convenience and necessity to proceed with the construction as set forth in the application and record.

IT IS FURTHER ORDERED that Fleming-Mason be and it is hereby authorized to borrow a sum in the principal amount of \$1,625,000 from REA at the rate of 5 percent per annum over a 35-year period with payment of principal deferred for 3 years.

IT IS FURTHER ORDERED that Fleming-Mason be and it is hereby authorized to borrow a sum in the principal amount of \$733,000 from CFC at the initial interest rate of 13 percent per annum until a date in 1988 to be specified by CFC and the rate to be variable thereafter, over a period of 35 years.

IT IS FURTHER ORDERED that Fleming-Mason be and it is hereby authorized to execute its notes as security for the loans authorized herein.

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

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 27th day of October, 1981.

PUBLIC SERVICE COMMISSION

Marlin M. Vohy
Chairman

Katherine Sandall
Vice Chairman

Jim Carney
Commissioner

ATTEST:

Secretary