

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF BLUE GRASS)
RURAL ELECTRIC COOPERATIVE)
CORPORATION FOR CERTIFICATE OF)
PUBLIC CONVENIENCE AND NECESSITY)
TO EXECUTE ITS NOTE TO THE UNITED)
STATES OF AMERICA IN THE AMOUNT) CASE NO. 8726
OF \$1,090,000.00 AND TO EXECUTE)
ITS NOTE TO NATIONAL RURAL)
UTILITIES COOPERATIVE FINANCE)
CORPORATION IN THE AMOUNT OF)
\$492,000.00)

O R D E R

Blue Grass Rural Electric Cooperative Corporation ("Blue Grass") filed its application on November 2, 1982, for a certificate of convenience and necessity and for authorization to borrow \$1,090,000 from the United States of America Rural Electrification Administration ("REA") and \$492,000 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 \$2,479,000, are more specifically described in the application and record. The additional funds exceeding the amount to be borrowed will come from internal sources.

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. 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 Blue Grass, are necessary and appropriate for and consistent with the proper performance by Blue Grass of its service to the public, will not impair its ability to perform that service, and are reasonably necessary and appropriate for such purposes.

IT IS THEREFORE ORDERED that Blue Grass be and it hereby is 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 Blue Grass be and it hereby is authorized to borrow \$1,090,000 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 Blue Grass be and it hereby is authorized to borrow \$492,000 from CFC at an initial interest rate of 13½ percent per annum at the time of loan approval, with the rate to be variable thereafter, over a total period of 35 years.

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

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

IT IS FURTHER ORDERED that Bluegrass shall file with the Commission letters of approval concerning the proposed loans after receipt from REA and CFC.

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 2nd day of December, 1982.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary