

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF MOUNTAIN RURAL TELEPHONE)
COOPERATIVE CORPORATION, INC. TO BORROW)
FUNDS AND EXECUTE NOTES TO COVER SAME)
WITH THE RURAL ELECTRIFICATION ADMIN-) CASE NO. 8771
ISTRATION TO MAKE ADDITION TO PLANT AND)
FACILITIES AND FOR CERTIFICATE OF)
CONVENIENCE AND NECESSITY)

O R D E R

On February 14, 1983, Mountain Rural Telephone Cooperative Corporation, Inc., ("Mountain Rural") filed with the Commission its application for authorization to borrow \$7,417,000 from the United States of America acting through the Rural Electrification Administration ("REA"). The proceeds of the proposed loan would be used for the purpose of upgrading its present system and servicing additional subscribers. Mountain Rural also requested a certificate of convenience and necessity to construct new facilities.

DISCUSSION

Mountain Rural, an REA borrower utility, serves subscribers through the operation of a seven-exchange system located in Eastern Kentucky. The Hazel Green and Campton exchanges are located in Wolfe County, the Frenchburg exchange in parts of Bath and Menifee counties, the West Liberty and Ezel exchanges in Morgan County, and the Sandyhook and Jephth exchanges in Elliot County. As of December 31, 1981, Mountain Rural was serving 8,460 subscribers.

Mountain Rural proposes to borrow \$7,417,000 from REA at an interest rate of 5 percent per annum, to be repaid over a 35-year period. Principal payments on the loan would begin 3 years after the date of the note.

The proceeds of the proposed loan will be used to extend service to 248 new subscribers, and to upgrade existing service in Sandyhook and Frenchburg to all one-party service. The West Liberty, Ezel, Hazel Green, and Jephtha exchanges were previously upgraded to one-party service during prior construction projects.

FINDINGS AND ORDER

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

(1) A public hearing is not required in this matter since questions related to the proposed construction program have been addressed in the written record, and Mountain Rural has stated affirmatively in its application that the approval sought herein will not result in a request for a rate adjustment;

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

(3) Mountain Rural's proposed indebtedness is subject to the supervision and control of the federal government through its agent, REA. In West Kentucky RECC v. Energy Regulatory Commission, the Franklin Circuit Court held that KRS 278.300(10) exempts such

borrowings from the regulatory authority of the Kentucky PSC. Accordingly, the Commission will take no action regarding this proposed loan.

IT IS THEREFORE ORDERED that Mountain Rural 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.

Done at Frankfort, Kentucky, this 25th day of April, 1983.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary