

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE TAYLOR )  
COUNTY RURAL ELECTRIC COOPERA- )  
TIVE CORPORATION TO BORROW AN )  
ADDITIONAL SUM OF \$1,750,000 )  
FROM THE UNITED STATES OF )  
AMERICA AND TO EXECUTE A NOTE )  
FOR SAID AMOUNT AND TO CONCUR- )  
RENTLY BORROW FROM THE LOUISVILLE ) CASE NO. 8874  
BANK FOR COOPERATIVES THE SUM OF )  
\$750,000 AND TO EXECUTE ITS )  
NOTE THEREFOR TO BE SECURED BY )  
AN EXISTING COMMON MORTGAGE )  
HERETOFORE EXECUTED AND FOR A )  
CERTIFICATE OF CONVENIENCE AND )  
NECESSITY AUTHORIZING IT TO )  
CONSTRUCT AND MAKE ADDITIONAL )  
IMPROVEMENTS AND EXTENSIONS )  
TO ITS EXISTING SYSTEM )

ORDER

Taylor County Rural Electric Cooperative Corporation ("Taylor County") filed its application on July 15, 1983, for authorization to borrow funds and for a certificate of convenience and necessity to construct certain improvements and additions to its existing plant. These improvements and additions, as more specifically described in the application and record, are estimated to cost \$2,693,700 and will be financed by a loan of \$1,750,000 from the Rural Electrification Administration ("REA"), a loan of \$750,000 from the Louisville Bank for Cooperatives ("LBC") and

\$193,700 from internal funds. The Commission requested additional information from Taylor County on July 29, 1983, which was received on September 12, 1983.

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. Taylor County is seeking to borrow funds from the REA. On November 12, 1982, the Franklin Circuit Court issued its opinion in West Kentucky RECC v. Energy Regulatory Commission. Therein, the Court held that the Commission had no authority to approve or disapprove borrowings from the REA since the REA is an agency of the federal government and KRS 278.300(10) exempts such borrowing from Commission regulation. Accordingly, the Commission takes no action on the REA portion of Taylor County's proposed borrowing.

2. Public convenience and necessity require the construction by Taylor County of the improvements and additions to its existing plant as described in the application and record, and that a certificate be granted.

3. The proposed borrowing from LBC is for lawful objects within the corporate purposes of Taylor County, is necessary and appropriate for and consistent with the proper performance by Taylor County of its service to the public, and will not impair its ability to perform that service.

IT IS THEREFORE ORDERED that Taylor County be and it hereby is 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 Taylor County be and it hereby is authorized to borrow \$750,000 from LBC for a 35-year period, at an initial interest rate of 11.5 percent per annum and to be subject to adjustment thereafter.




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

IT IS FURTHER ORDERED that the proceeds from the proposed borrowing shall be used only for the lawful purposes 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 11th day of October, 1983.

PUBLIC SERVICE COMMISSION

  
Chairman  
  
Vice Chairman  
  
Commissioner

ATTEST:

\_\_\_\_\_  
Secretary