

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF SOUTH KENTUCKY)
RURAL ELECTRIC COOPERATIVE)
CORPORATION TO EXECUTE ITS NOTE) CASE NO. 8967
TO NATIONAL RURAL UTILITIES)
COOPERATIVE FINANCE CORPORATION)
IN THE AMOUNT OF \$1,339,000)

ORDER

South Kentucky Rural Electric Cooperative Corporation ("South Kentucky") filed its application on January 19, 1984, for authorization to borrow funds and amended its application on February 22, 1984, to request 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 \$4,351,950 and will be financed by a loan of \$2,968,000 from the Rural Electrification Administration ("REA"), a loan of \$1,339,000 from the National Rural Utilities Cooperative Finance Corporation ("CFC") and \$111,900 from internal funds. The Commission requested additional information from South Kentucky on January 27, 1984, and this was received on February 6, 1984.

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 the construction by South Kentucky of the improvements and additions to its existing plant as described in the application and record, and that a certificate should be granted.

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

IT IS THEREFORE ORDERED that South Kentucky 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 South Kentucky be and it hereby is authorized to borrow \$1,339,000 from CFC for a 35-year period, at an initial interest rate of 11.25 percent per annum for the first 7 years of the loan and to be subject to adjustment thereafter.

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

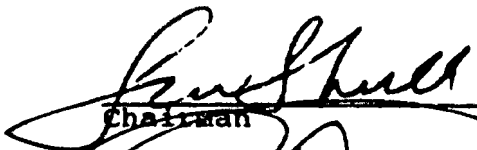
IT IS FURTHER ORDERED that the proceeds from the proposed borrowing shall be used only for the lawful purposes set out in the application and record.

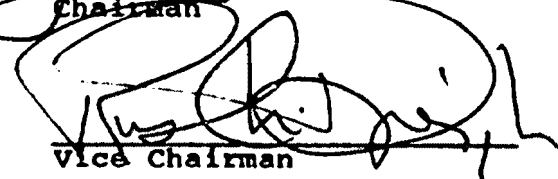
Nothing herein contained shall be deemed a warranty or finding of value of securities or financing authorized herein


on the part of the Commonwealth of Kentucky or any agency thereof.

Done at Frankfort, Kentucky, this 26th day of March, 1984.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary