

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF SOUTH KENTUCKY RURAL)
ELECTRIC COOPERATIVE CORPORATION FOR)
A CERTIFICATE OF PUBLIC CONVENIENCE)
AND NECESSITY TO CONSTRUCT ADDITIONAL) CASE NO. 9561
LINES AND FACILITIES AND TO EXECUTE)
ITS NOTE TO NATIONAL RURAL UTILITIES)
COOPERATIVE FINANCE CORPORATION IN)
THE AMOUNT OF \$1,379,167)

O R D E R

South Kentucky Rural Electric Cooperative Corporation ("South Kentucky") filed its application on April 10, 1986, for authorization to borrow funds and to request a certificate of public 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 \$4,412,280 and will be financed by a loan of \$3,088,000 from the Rural Electrification Administration ("REA") and a loan of \$1,379,167 from the National Rural Utilities Cooperative Finance Corporation ("CFC").

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 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:

1. South Kentucky 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.

2. South Kentucky be and it hereby is authorized to borrow \$1,379,167 from CFC for a 35-year period and bearing either a fixed or variable interest rate, as chosen by South Kentucky, at the time the first monies are drawn from CFC, subject to the provisions and terms of the application with respect to renegotiation of the interest rate.

3. South Kentucky shall utilize the interest rate program which will result in the net lowest cost of money to South Kentucky over the term of the financing.

4. South Kentucky shall notify the Commission of the interest rate option elected for the financing approved herein along with a statement as to the basis for the decision.

5. South Kentucky be and it hereby is authorized to execute its notes as security for the loan herein authorized.

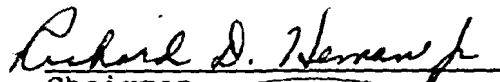
6. The proceeds from the proposed borrowing shall be used only for the lawful purposes set out in the application and record.

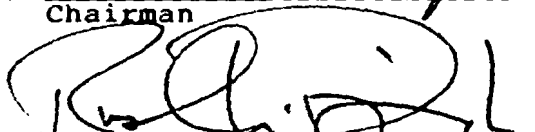
7. South Kentucky shall file, along with its monthly financial report to the Commission, the current interest rate on its variable rate loans outstanding.

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 20th day of June, 1986.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary