

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF SALT RIVER RURAL )  
ELECTRIC COOPERATIVE CORPORATION FOR )  
AN ORDER AUTHORIZING SAID CORPORATION )  
TO BORROW ONE MILLION TWO HUNDRED )  
EIGHTEEN THOUSAND DOLLARS (\$1,218,000) )  
FROM THE LOUISVILLE BANK FOR COOPERA- )  
TIVES AND TO EXECUTE A NOTE FOR SAID )  
SUM TO THE LOUISVILLE BANK FOR )  
COOPERATIVES, SAID NOTE TO BE ISSUED ) CASE NO. 9592  
UNDER AND SECURED BY A MORTGAGE TO BE )  
EXECUTED BY THE CORPORATION AND )  
DELIVERED TO THE LOUISVILLE BANK FOR )  
COOPERATIVES, THE PROCEEDS TO BE USED )  
IN THE BUILDING AND ERECTING OF EIGHTY )  
AND FIFTY-NINE HUNDREDTHS (80.59) MILES )  
OF DISTRIBUTION LINES IN BULLITT, )  
MARION, NELSON, SPENCER, WASHINGTON, )  
JEFFERSON, SHELBY, ANDERSON, MERCER, )  
AND LARUE COUNTIES IN KENTUCKY )

O R D E R

Salt River Rural Electric Cooperative Corporation ("Salt River") filed its application on May 22, 1986, for a certificate of convenience and necessity to construct certain improvements and additions to its existing plant, to borrow funds from the Louisville Bank for Cooperatives and to execute its notes and mortgages to secure such loan. The Commission requested additional information and it was received on June 30, 1986. These improvements and additions, as more specifically described in the application and record, are estimated to cost \$4,058,940

and will be financed by a loan of \$2,841,000 from the Rural Electrification Administration ("REA") and a loan of \$1,218,000 from the National Rural Utilities Cooperative Finance Corporation ("LBC").

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 Salt River 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 LBC is for lawful objects within the corporate purposes of Salt River, is necessary and appropriate for and consistent with the proper performance by Salt River of its service to the public, and will not impair its ability to perform that service.

IT IS THEREFORE ORDERED that:

1. Salt River be and it hereby is granted a certificate of convenience and necessity to proceed with the construction and additions as set forth in the application and record.

2. Salt River be and it hereby is authorized to borrow \$1,218,000 from LBC for a 35-year period and bearing either a fixed or variable interest rate, as chosen by Salt River, at the time the first monies are drawn from LBC, subject to the provisions and terms of the application with respect to renegotiation of the interest rate.

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

4. Salt River 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. Salt River be and it hereby is authorized to execute its notes and mortgages 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. Salt River 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 4th day of August, 1986.

PUBLIC SERVICE COMMISSION

Richard D. Neman, Jr.  
Chairman

Richard J. L.  
Vice Chairman

Spencer N. Williams  
Commissioner

ATTEST:

Executive Director