

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION BY FOX CREEK RURAL ELECTRIC)
COOPERATIVE CORPORATION TO BORROW ADDITIONAL)
SUMS OF MONEY IN THE AMOUNT OF \$275,258, AT)
A VARIABLE INTEREST RATE, FROM NATIONAL)
UTILITIES COOPERATIVE FINANCE CORPORATION,) CASE NO. 9694
TO EXECUTE A NOTE THEREFOR TO BE SECURED)
BY COMMON MORTGAGE HERETOFORE EXECUTED UNDER)
DATE OF DECEMBER 4, 1973, AND FOR A)
CERTIFICATE OF CONVENIENCE AND NECESSITY)

O R D E R

Fox Creek Rural Electric Cooperative Corporation ("Fox Creek") filed its application on September 19, 1986, for a certificate of public convenience and necessity to make improvements and additions to its existing plant, and for approval to borrow funds and to execute its notes and mortgages to secure such loan. The Commission requested additional information on October 22, 1986, and it was filed on October 29, 1986. The above mentioned improvements and additions, as more specifically described in the application and record, are estimated to cost \$889,650 and will be financed by a loan of \$623,000 from the Rural Electrification Administration ("REA") and a loan of \$275,258 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 Fox Creek 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 Fox Creek, is necessary and appropriate for and consistent with the proper performance by Fox Creek of its service to the public, and will not impair its ability to perform that service.

IT IS THEREFORE ORDERED that:

1. Fox Creek 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 of record.

2. Fox Creek be and it hereby is authorized to borrow \$275,258 from CFC for a 35-year period and bearing either a fixed or variable interest rate, as chosen by Fox Creek 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. Fox Creek shall utilize the interest rate program which will result in the net lowest cost of money to Fox Creek over the term of the financing.

4. Fox Creek 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. Fox Creek be and it hereby is authorized to execute its notes as security for the loan herein authorized.

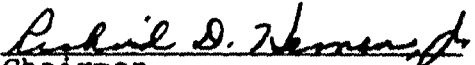
6. The proceeds from the proposed borrowing shall be used only for the lawful purposes set out in the application and record.

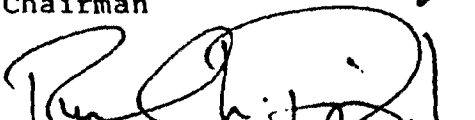
7. Fox Creek shall file, along with its monthly financial report to the Commission, the current interest rate on its variable rate loans outstanding.

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 25th day of November, 1986.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director