

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF MEADE COUNTY RURAL)
ELECTRIC COOPERATIVE CORPORATION RE-)
QUESTING COMMISSION APPROVAL OF A)
CERTIFICATE OF PUBLIC CONVENIENCE AND) CASE NO. 89-119
NECESSITY TO CONSTRUCT ADDITIONAL)
PLANT AND EXTENSIONS AND APPROVAL TO)
ISSUE SECURITIES FROM THE NATIONAL)
RURAL UTILITIES COOPERATIVE FINANCE)
CORPORATION)

O R D E R

Meade County Rural Electric Cooperative Corporation ("Meade County") filed its application on May 10, 1989 for a Certificate of Public Convenience and Necessity to construct certain improvements and additions to its existing plant and for approval to borrow funds and to execute its notes to secure such loan. These improvements and additions, more specifically described in the application, are estimated to cost \$2,677,570 and are to be financed by a loan of \$1,875,000 from the Rural Electrification Administration ("REA") and a loan of \$819,388 from the National Rural Utilities Cooperative Finance Corporation ("CFC").

In support of its application, Meade County filed its 1989-1990 Work Plan, which describes in detail the improvements and additions to plant that are required over 2 years to serve its load.

Meade County seeks authorization to construct extensions and additions to its plant as follows:

| | |
|--|----------------|
| 1. Conversion, the lines and line changes. | \$ 643,250 |
| 2. Voltage regulators and auto boosters. | 69,000 |
| 3. Sectionalizing devices. | 10,800 |
| 4. Substations. | 240,000 |
| 5. New member extensions. | 1,378,520 |
| 6. Increased service capacity. | 29,000 |
| 7. Security lights. | 121,000 |
| 8. Ordinary replacements. | <u>186,000</u> |
| TOTAL | \$2,677,570 |

On July 24, 1989, Meade County filed a copy of correspondence received from REA approving its loan. On August 3, 1989, Meade County filed a copy of correspondence received from CFC approving its loan.

FINDINGS AND ORDERS

Based on the evidence of record and being advised, the Commission is of the opinion and hereby finds that:

1. The system improvements proposed by Meade County will not duplicate existing facilities and are needed to provide adequate and dependable electric service to existing and expected customers. Public convenience and necessity require the construction of the improvement and additions described in Meade County's 1989-1990 Work Plan. Therefore, a certificate to construct these facilities should be granted to Meade County.

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

3. Meade County is capable of executing its notes as security for the loan as stated herein.

4. Meade County should select the interest rate program resulting in the net lowest cost of money to it over the terms of the financing.

5. Meade County should notify the Commission in writing of the interest rate program selected and the reasons for its selection.

6. The proceeds from the proposed loans should be used only for the lawful purposes set out in Meade County's application.

7. Meade County should include in its monthly financial report to the Commission the current interest rate on its variable rate loans outstanding.

8. As the REA is an agency of the federal government, Commission approval of Meade County's proposed loan with REA is not required pursuant to KRS 278.300 (10).

IT IS THEREFORE ORDERED that:

1. Meade County be and it hereby is granted a Certificate of Public Convenience and Necessity to construct facilities set forth in its 1989-1990 Work Plan.

2. Meade County be and it hereby is authorized to borrow \$819,388 from CFC for a 35-year period and bearing either a fixed

or variable interest rate, as chosen by Meade County, 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. Meade County be and it hereby is authorized to execute its notes as security for the loan herein authorized.


4. Meade County shall comply with all matters set out in Findings 4 thru 7 as if they were individually so ordered.

Nothing contained herein 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 August, 1989.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director