

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF JACKSON PURCHASE )  
ELECTRIC COOPERATIVE CORPORATION )  
(1) FOR AN ORDER PURSUANT TO KRS )  
278.300 AND 807 KAR 5:001, SECTION )  
11 AND RELATED SECTIONS, AUTHORIZ- )  
ING THE CORPORATION TO BORROW AN )  
AMOUNT NOT TO EXCEED \$1,240,000.00 ) CASE NO. 91-371  
FROM THE NATIONAL BANK FOR )  
COOPERATIVES AND (2) FOR A )  
CERTIFICATE OF CONVENIENCE AND )  
NECESSITY PURSUANT TO KRS 278.020 )  
(1) AND 807 KAR 5:001, SECTION 9 )  
AND RELATING SECTIONS, AUTHORIZING )  
CERTAIN PROPOSED CONSTRUCTION AND )  
ASSOCIATED CAPITAL OUTLAY )

O R D E R

Jackson Purchase Electric Cooperative Corporation ("Jackson Purchase") filed its application on October 31, 1991 for a Certificate of Public Convenience and Necessity to construct certain improvements and additions to its existing plant, for approval to borrow \$1,240,000 from the National Bank for Cooperatives ("CoBank"), and to execute its notes to secure such loan.

In support of its application, Jackson Purchase filed its 1990-1991 Work Plan, which describes in detail the improvements and additions to plant that are required over the next 2 years to serve its load. These improvements and additions are estimated to cost \$5,116,420 and will be financed by loans of \$2,892,000 from

the Rural Electrification Administration ("REA") and the \$1,240,000 from CoBank. A total of 984,420 will be financed by Jackson Purchase's internally generated funds. Jackson Purchase seeks authorization to construct extensions and additions to its plant as follows:

1. Substation	\$ 854,200
2 Tie Lines	81,600
3. Conversion and Changes	957,100
4. Capacitor Banks	43,000
5. Regulators	162,000
6. Sectionalizing	155,920
7. New Member Extensions	1,375,500
8. Increased Capacity	200,900
9. Security Lights	198,000
10. Pole Replacements	104,200
11. New Substations	<u>984,000</u>
TOTALS:	\$5,116,420

The proposed construction will enable Jackson Purchase to continue to provide adequate and dependable service to 20,847 customers. The system improvements recommended in this Work Plan will not duplicate existing facilities and are needed to correct voltage problems, improve phase balance, and provide for improved service reliability.

Based on the evidence of record and being otherwise sufficiently advised, the Commission hereby finds that:

1. Public convenience and necessity require the construction by Jackson Purchase of the improvements and additions

to its existing plant as described in its 1990-1991 Work Plan, and that a certificate should be granted.

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

3. Jackson Purchase is capable of executing its notes as security for the loan as stated herein.

4. Jackson Purchase should select the interest rate program which will result in the net lowest cost of money to it over the term of the financing.

5. Jackson Purchase should notify the Commission in writing of the interest rate program selected and of the reasons for its selection within 10 days of the selection of the program.

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

7. Jackson Purchase should include in its monthly report to the Commission the current interest rate on its outstanding variable rate loans.

8. As the issuance of securities or evidences of indebtedness subject to the control of a federal governmental agency do not require Commission approval, KRS 278.300(10), and as the REA is an agency of the federal government, no action on Jackson Purchase's proposed loans from the REA is required.

IT IS THEREFORE ORDERED that:

1. Jackson Purchase be and it hereby is granted a Certificate of Public Convenience and Necessity to proceed with the construction and additions as set forth in its 1990-1991 Work Plan.

2. Jackson Purchase be and it hereby is authorized to borrow \$1,240,000 from CoBank for a 35-year period and bearing either a fixed or variable interest rate, as chosen by Jackson Purchase, at the time the first monies are drawn from CoBank, subject to the provisions and terms of the application with respect to renegotiation of the interest rate.

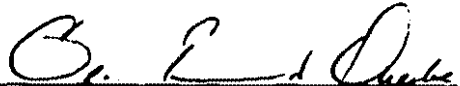
3. Jackson Purchase be and it hereby is authorized to execute its notes as security for the loan herein authorized.

4. Jackson Purchase shall comply with all matters set out in Findings 4 through 7 as if they were individually so ordered.

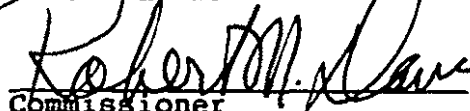
Nothing contained herein shall be deemed a warranty or finding of value of securities or financing authorized herein on the part of the Commonwealth of Kentucky or any agency thereof.

Done at Frankfort, Kentucky, this 20th day of December, 1991.

PUBLIC SERVICE COMMISSION

  
Chairman

Vice Chairman

  
Commissioner

ATTEST:

  
Executive Director