

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF BIG SANDY RURAL)
ELECTRIC COOPERATIVE CORPORATION)
FOR AUTHORITY TO EXECUTE ITS NOTE TO)
THE NATIONAL RURAL UTILITIES)
COOPERATIVE FINANCE CORPORATION IN)
THE AMOUNT OF \$812,371 AND FOR) CASE NO. 92-066
AUTHORITY TO EXECUTE A LOAN AGREEMENT)
BETWEEN BIG SANDY RURAL ELECTRIC)
COOPERATIVE CORPORATION AND NATIONAL)
RURAL UTILITIES COOPERATIVE FINANCE)
CORPORATION AND FOR A CERTIFICATE OF)
CONVENIENCE AND NECESSITY)

INTERIM ORDER

Big Sandy Rural Electric Cooperative Corporation ("Big Sandy") filed its application on March 13, 1992 for a Certificate of Public Convenience and Necessity to construct certain improvements and additions to its existing plant, for approval to borrow \$812,371 from the National Rural Utilities Cooperative Finance Corporation ("CFC"), and to execute its notes to secure such loan.

In support of its application, Big Sandy filed its 1990-1992 Work Plan, which describes in detail the improvements and additions to plant that are required over the next 2 years to service its load. Based on the filing of Big Sandy, these improvements and additions are estimated to cost \$2,626,413 and will be financed by loans of \$1,838,000 from REA and \$812,371 from CFC.¹ Big Sandy

¹ The borrowings from CFC include the purchase of capital term certificates, in an amount equal to 3 percent of the total CFC loan. CFC requires its borrowers to purchase these certificates. The purchases required of Big Sandy for this loan total \$24,371. The total amount of the REA and CFC loans equals \$2,626,000.

filed a reimbursement schedule which indicates that Big Sandy double-counted the cost of certain construction and thus overstated the total amount by \$10,500.² The total construction costs exclusive of this error is \$2,615,913.

Big Sandy seeks authorization to construct extensions and additions to its plant as follows:

1. Conversions, tie lines and line changes	\$ 1,024,523
2. Voltage Regulators	24,000
3. Sectionalizing Devices	23,750
4. New Member Extensions	995,140
5. Increased Service Capacity	53,300
6. Security Lights	135,200
7. Ordinary Replacements	<u>360,000</u>
TOTAL	\$ 2,615,913

The proposed construction will enable Big Sandy to continue to provide adequate and dependable service to its customers. The system improvements recommended in this Work Plan will not duplicate existing facilities and are needed to correct voltage problems, provide for increased load growth, improve phase balance, and improve service reliability.

Big Sandy has advised the Commission that CFC has yet to issue final authorization for the proposed loans. Therefore, the Commission will defer ruling on the proposed borrowing from CFC.

² Response to Item 1 of the Commission's June 23, 1992 Order.

Big Sandy should notify the Commission when it has received the requisite final loan approvals from CFC. Its request for authorization to borrow from CFC will be considered at that time.

Based on the evidence of record and being otherwise sufficiently advised, the Commission finds that public convenience and necessity require the construction by Big Sandy of the improvements and additions to its existing plant as described in its 1990-1992 Work Plan.

IT IS THEREFORE ORDERED that:

1. Big Sandy be and it hereby is granted a Certificate of Public Convenience and Necessity to proceed with the construction and addition as set forth in its 1990-1992 Work Plan.

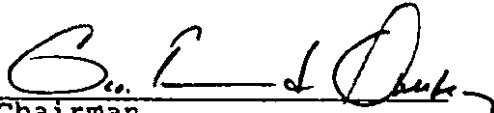
2. Big Sandy's application for authorization to borrow \$812,371 from CFC and to execute notes to secure such loan is continued generally.

3. Big Sandy shall inform the Commission every 60 days of the status of its loan from CFC until it receives final loan approval.

4. Within 10 days of its receipt of final loan approval, Big Sandy shall notify the Commission in writing of the final loan approvals received from CFC.

Done at Frankfort, Kentucky, this 11th day of September, 1992.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director