

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

IN THE MATTER OF THE APPLICATION OF)
FLEMING-MASON RURAL ELECTRIC)
COOPERATIVE CORPORATION FOR AN ORDER)
AUTHORIZING SAID CORPORATION TO BORROW)
FOUR MILLION TWENTY TWO THOUSAND)
DOLLARS (\$4,022,000.00) FROM THE UNITED)
STATES OF AMERICA, AND TO EXECUTE A)
NOTE FOR SAID SUM TO THE UNITED STATES)
OF AMERICA, AND TO BORROW FROM THE) CASE NO.
NATIONAL RURAL UTILITIES COOPERATIVE) 93-143
FINANCE CORPORATION, THE SUM OF ONE)
MILLION SEVEN HUNDRED TWENTY THREE)
THOUSAND DOLLARS (\$1,723,000.00) AND)
TO EXECUTE A NOTE FOR SAID SUM TO THE)
NATIONAL RURAL UTILITIES COOPERATIVE)
FINANCE CORPORATION TO PROVIDE FOR THE)
CONSTRUCTION AND OPERATION OF)
ADDITIONAL ELECTRIC DISTRIBUTION AND)
SERVICES LINES)

INTERIM ORDER

Fleming-Mason Rural Electric Cooperative Corporation ("Fleming-Mason") filed its application on May 12, 1993 for a Certificate of Public Convenience and Necessity to construct certain improvements and additions to its existing plant for approval to borrow \$1,776,289¹ from the National Rural Utilities Cooperative Finance Corporation ("CFC") and to execute its notes to secure such loan. In support of its application, Fleming-Mason

¹ The borrowing from CFC includes 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 Fleming-Mason for this loan total \$53,289. The total amount of the REA and CFC loans equals \$5,798,289.

filed its 1993-1995 Work Plan which describes in detail the improvements and additions to its plant that are required over the next 2 years to serve its load.

Fleming-Mason subsequently amended its application to reflect changes made by the Rural Electrification Administration ("REA") to the 1993-1995 Work Plan. As a result of these changes, the cost of the proposed improvements and additions decreased by \$3,571,680 to \$5,994,235.

Fleming-Mason seeks authorization to construct extensions and additions to its plant as follows:

1. Consumer line construction	\$1,118,000
2. Conversion and line changes	2,228,900
3. Distribution equipment	2,550,935
4. Security lights	<u>96,400</u>
Total	\$5,994,235

The proposed construction will enable Fleming-Mason 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.

The consulting engineers, Southern Engineering Company, who prepared Fleming-Mason's Work Plan, recommended that Fleming-Mason install maximum-indicating ammeters and minimum/maximum-indicating voltmeters to aid in determining the necessity for future major

system improvements.² Fleming-Mason should pursue this recommendation to the extent that it should perform a cost-benefit analysis to determine if the benefits of having more accurate data would justify the cost of installing these meters. This analysis should be filed with Fleming-Mason's next Two-Year Work Plan, with an indication of whether or not these meters were purchased.

Fleming-Mason has advised the Commission that REA and CFC have yet to issue final authorization for the proposed loans. Therefore, the Commission will defer rulings on the proposed borrowing from CFC. Fleming-Mason should notify the Commission when it has received the requisite final loan approvals from REA and 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 Fleming-Mason of the improvements and additions to its existing plant as described in its 1993-1995 Work Plan.

IT IS THEREFORE ORDERED that:

1. Fleming-Mason 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 1993-1995 Work Plan.
2. Fleming-Mason shall provide a cost-benefit analysis with its next Two-Year Work Plan to determine if the benefits of

² Kentucky 52 Fleming, 1993-1995 Work Plan, March 1993, Section III, Item G and H.

installing maximum-indicating ammeters and minimum/maximum-indicating voltmeters would justify the costs of these meters, with an indication of whether or not these meters were purchased.

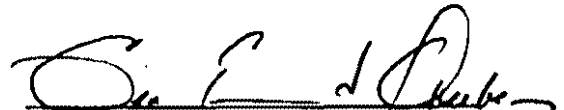
3. Fleming-Mason's application for authorization to borrow \$1,776,289 from CFC and to execute notes to secure such loan is continued generally.

4. Fleming-Mason shall inform the Commission every 60 days of the status of its loans from REA and CFC until it receives final loan approval.

5. Within 10 days of its receipt of final loan approval, Fleming-Mason shall notify the Commission in writing of the final loan approvals received from REA and CFC.

Done at Frankfort, Kentucky, this 30th day of July, 1993.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director