

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF GRAYSON RURAL )  
ELECTRIC COOPERATIVE CORPORATION )  
FOR AN ORDER AUTHORIZING IT TO )  
BORROW FROM AND EXECUTE A NOTE TO )  
THE NATIONAL RURAL UTILITIES )  
COOPERATIVE FINANCE CORPORATION )  
IN THE AMOUNT OF \$802,062 TO PROVIDE )  
FUNDS FOR THE CONSTRUCTION OF )  
DISTRIBUTION AND SERVICE LINES, )  
MISCELLANEOUS CONSTRUCTION INCLUDING )  
TRANSFORMERS, SYSTEM IMPROVEMENTS, )  
LABOR, MEMBER SERVICE MATERIAL AND )  
OTHER EXPENSES AND CONTINGENCIES )

CASE NO. 93-248

O R D E R

Grayson Rural Electric Cooperative Corporation ("Grayson") filed its application on August 4, 1993 for a Certificate of Public Convenience and Necessity to construct certain improvements and additions to its existing plant, for approval to borrow \$802,062<sup>1</sup> from the National Rural Utilities Cooperative Finance Corporation ("CFC"), and to execute its notes to secure such loan. In support of its application, Grayson filed its 1993-1995 Work Plan which describes in detail the improvements and additions to its plant that are required over the next two years to serve its load.

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<sup>1</sup> 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 Grayson for this loan total \$24,062. The total amount of the REA and CFC loans equals \$2,618,062.

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

|                                |               |
|--------------------------------|---------------|
| 1. Consumer line construction  | \$973,750     |
| 2. Tie-lines                   | 26,500        |
| 3. Conversion and line changes | 489,400       |
| 4. Distribution equipment      | 1,162,540     |
| 5. Security lights             | <u>10,792</u> |
| Total                          | 2,662,982     |

The proposed construction will enable Grayson 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.

Grayson has advised the Commission that its pending loan application with the National Rural Utilities Cooperative Finance Corporation ("CFC") has been approved. However, the concurrent loan application with the Rural Electrification Administration ("REA") has not been approved. The final CFC loan amount and loan capital term certificate requirement will not be known until REA completes its review of the loan application. Grayson 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 Grayson of the improvements and additions to its existing plant as described in its 1993-1995 Work Plan.

IT IS THEREFORE ORDERED that:

1. Grayson 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 1993-1995 Work Plan.

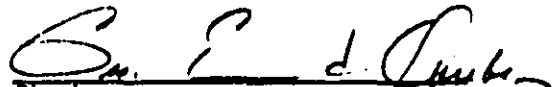
2. Grayson's application for authorization to borrow \$802,062 from CFC and to execute notes to secure such loan is continued generally.


3. Grayson shall inform the Commission every 60 days of the status of its loans from REA and CFC until it receives final loan approval.

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

Done at Frankfort, Kentucky, this 12th day of November, 1993.

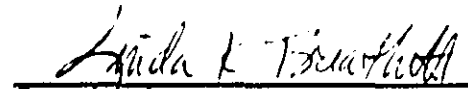
PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

ATTEST:

  
Executive Director

  
Commissioner