

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION BY FOX CREEK RURAL ELECTRIC)
COOPERATIVE CORPORATION TO BORROW)
ADDITIONAL SUMS OF MONEY IN THE AMOUNT)
OF \$635,000, AT A VARIABLE INTEREST)
RATE FROM NATIONAL RURAL UTILITIES) CASE NO. 94-412
COOPERATIVE FINANCE CORPORATION, TO)
EXECUTE A NOTE THEREFOR TO BE SECURED)
BY COMMON MORTGAGE HERETOFORE EXECUTED)
UNDER DATE OF MAY 7, 1991, AND FOR A)
CERTIFICATE OF CONVENIENCE AND NECESSITY)

O R D E R

Fox Creek Rural Electric Cooperative Corporation ("Fox Creek") filed its application on November 16, 1994 for approval to borrow funds from the National Rural Utilities Cooperative Finance Corporation ("CFC") and to execute its notes for such loan. The proceeds of this loan will finance Fox Creek's 1993-1995 Work Plan.¹ This Work Plan calls for improvements and additions specifically described in the application, which are estimated to cost \$2,116,000 and be financed by a \$1,481,000 loan from the Rural Utilities Services ("RUS"), formerly Rural Electrification Administration, and a \$635,000 loan from CFC.

¹ Fox Creek received a Certificate of Public Convenience and Necessity for the 1993-1995 Work Plan in Case No. 93-393, The Application of Fox Creek Rural Electric Cooperative Corporation for a Certificate of Convenience and Necessity for Extension of its Electric Lines, Order dated November 29, 1993.

On December 7, 1994, Fox Creek filed a copy of correspondence received from RUS and CFC approving the loans.

The Commission, after consideration of the evidence of record and being advised, finds that:

1. The proposed loan from CFC is for lawful objects within the corporate purposes of Fox Creek, is necessary and appropriate for and consistent with the proper performance by the utility of its service to the public and will not impair its ability to perform that service, and is reasonably necessary and appropriate for such purposes.

2. Fox Creek is capable of executing its notes as security for the loan as stated herein.

3. Fox Creek should select the interest rate program which will result in the net lowest cost of money to it over the term of the financing.

4. Within 10 days of its selection of the interest rate program, Fox Creek should notify the Commission in writing of the interest rate program selected and of the reasons for its selection.

5. The proceeds from the proposed loans should be used only for the lawful purposes set out in Fox Creek's application.

6. Fox Creek should include in its monthly financial report to the Commission the current interest rate on its outstanding variable rate loans.

7. As the issuance of securities or evidences of indebtedness subject to the control of a federal governmental

agency does not require Commission approval, KRS 278.300(10), and as the RUS is an agency of the federal government, no action on Fox Creek's proposed loan from the RUS is required.

IT IS THEREFORE ORDERED that:

1. Fox Creek be and it hereby is authorized to borrow \$635,000 from CFC for a 35-year period and bearing either a fixed or variable rate, as chosen by Fox Creek 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.

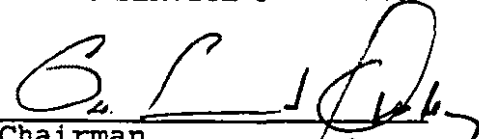
2. Fox Creek be and it hereby is authorized to execute its notes as security for the loan herein authorized.

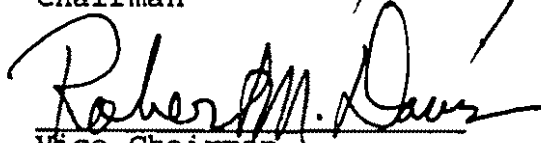
3. Fox Creek shall comply with all matters set out in Findings 3 through 6 as if they were individually so ordered.

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, 1994.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

ATTEST:


Executive Director


Commissioner