

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF FARMERS RURAL ELECTRIC)
COOPERATIVE CORPORATION FOR AN ORDER)
ISSUING A CERTIFICATE OF CONVENIENCE AND) CASE NO.
NECESSITY AND AUTHORITY TO BORROW A SUM) 96-450
OF \$8,091,000 FROM RUS AND \$3,468,000 FROM)
NRUCFC)

I N T E R I M O R D E R

Farmers Rural Electric Cooperative Corporation ("Farmers") filed its application on September 13, 1996 for a Certificate of Public Convenience and Necessity to construct certain improvements and additions to its existing plant, for approval to borrow \$3,468,000 from the National Rural Utilities Cooperative Finance Corporation ("CFC"), and to execute its notes to secure such loan. In support of its application, Farmers filed its 1996-2000 Work Plan which describes in detail the improvements and additions to its plant that are required over the next 4 years to serve its load.

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

New distribution lines	\$3,605,879
Line conversions	1,482,975
Miscellaneous Distribution Equipment	4,592,868
Security lights	<u>309,000</u>
Total	\$9,990,722

The proposed construction will enable Farmers to continue to provide adequate and dependable electric service to its consumers. 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.

Farmers indicated that it planned to borrow all necessary funds from the Rural Utilities Service ("RUS") and CFC. Farmers' application with RUS is pending.

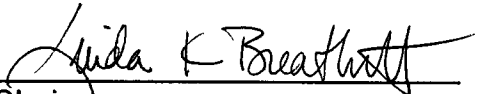
Based on the application and supporting 1996-2000 Work Plan, and being advised, the Commission finds that the proposed improvements and additions to be constructed by Farmers are necessary to provide adequate, reliable electric service to existing customers and anticipated new customers.

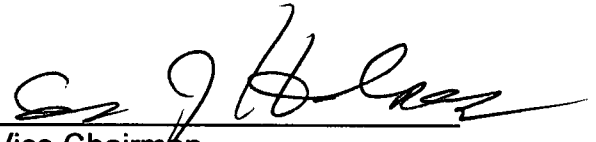
IT IS THEREFORE ORDERED that:

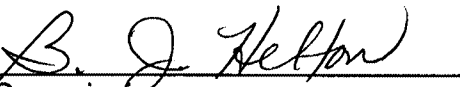
1. Farmers is granted a Certificate of Public Convenience and Necessity to construct the facilities described in its 1996-2000 Work Plan.
2. Farmers' application for authorization to borrow \$3,468,000 from the CFC and to execute notes to secure each loan is continued generally.
3. Within 10 days of its receipt of final loan approval, Farmers shall notify the Commission in writing of the final loan approvals received from the RUS and CFC.

Done at Frankfort, Kentucky, this 16th day of December, 1996.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissiöner

ATTEST:


Executive Director