

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

<b>APPLICATION OF FLEMING-MASON ENERGY</b>	)	
<b>COOPERATIVE, INC. FOR A CERTIFICATE OF</b>	)	
<b>PUBLIC CONVENIENCE AND NECESSITY FOR</b>	)	<b>CASE NO. 2008-00043</b>
<b>ITS CONSTRUCTION WORKPLAN FOR THE</b>	)	
<b>PERIOD FROM JANUARY 1, 2008 THROUGH</b>	)	
<b>DECEMBER 31, 2009</b>	)	

**APPLICATION**

Fleming-Mason Energy Cooperative, Inc., hereinafter called the "Applicant", respectfully advises the Commission that:

1. The applicant is a nonprofit membership cooperative corporation without capital stock, duly organized and existing under K.R.S. Chapter 279, engaged in the sale of electric energy at retail rates to its member-consumers in the Kentucky counties of Bath, Bracken, Fleming, Lewis, Mason, Nicholas, Robertson and Rowan.

2. The name of the Applicant is "Fleming-Mason Energy Cooperative, Inc.", and its business address is 1449 Elizaville Rd, P. O. Box 328, Flemingsburg, Kentucky, 41041. {807 KAR 5:001, Section 8(1)}

3. The Articles of Incorporation and all amendments thereto for the Applicant were filed in Case No. 1990-00081 of the Kentucky Public Service Commission and incorporated by reference herein. {807 KAR 5:001, Section 8(3)}

4. This application is for a Certificate of Public Convenience and Necessity (“CPCN”) to construct electric distribution facilities as set out in the attached 01/01/2008 ~ 12/31/2009 Construction Work Plan, hereinafter referred to as the CWP.

5. The CPCN for the CWP will permit the Applicant to construct certain improvements and additions to existing distribution plant necessary to provide adequate and dependable electric service to existing and anticipated new members. System improvements recommended within the CWP will not duplicate existing facilities and are needed to correct voltage problems, improve phase balance, reduce system energy losses and provide for improved service reliability.

6. The CWP covers the period of two years between January 1, 2008 and December 31, 2009, and was prepared by the firm of Patterson & Dewar Engineers, Inc., PO Box 2808, Norcross, GA and the Applicant’s staff. A copy of the CWP is filed herein and made a part hereof as Exhibit 1 (FME\_cwp\_031008.pdf). The CWP was submitted to the Rural Utility Service (“RUS”), for approval, which was granted January 9, 2008; said approval is filed herein and made a part hereof within Exhibit 1.

7. The CWP was approved by the Applicant’s Board of Directors on December 6, 2007. Said approval is filed herein and made a part hereof within Exhibit 1.

8. No CWP construction or extensions will require franchises or permits to be filed with the Commission.

9. The CWP and maps filed with this Application provide a description and location of new construction and extensions. All construction and extensions will

provide service to retail consuming facilities located in the territory certified to the Applicant for retail electric service under K.R.S. 278.016 ~.018.

10. Total projected expenditures for the two-year CWP are estimated to be \$10,933,504 and summarized as follows:

- a) \$2,608,800 ~ Line Construction for New Services totaling 65 miles
- b) \$2,480,360 ~ Line Conversions and Line Changes totaling 149 miles
- c) \$2,706,720 ~ Transformers and Meters
- d) \$750,000 ~ Increased Service Capacity
- e) \$200,000 ~ Sectionalizing Equipment
- f) \$66,000 ~ Line Voltage Regulators
- g) \$100,000 ~ Line Capacitors
- h) \$1,673,600 ~ Poles
- i) \$20,000 ~ Step and Auto Transformers
- j) \$328,024 ~ Security Lights

11. The anticipated annual cost of operations, excluding the cost of power, of the proposed facilities is \$1,438,418. Said anticipated cost of operation is filed herein and made a part hereof as Exhibit 2 (FME\_costofoperation\_031008.xls).

12. The Applicant is filing an application with RUS to arrange 100% financing of CWP projects with the RUS treasury rate loan program. Contract and force accounts financed with internally generated funds and a short-term line of credit will be used until all loan approvals are granted. Said RUS financing will reimburse the general funds expended for the initial portion of the CWP and finance the balance of the CWP

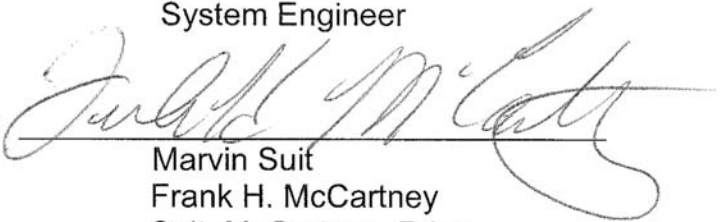
13. The current and projected revenues are sufficient to cover any additional operating expenses that may be incurred in relation to the CWP. The addition of new consumers-members should assist in offsetting any additional expenses. The upgraded lines will also reduce system energy losses and assist in offsetting additional expenses.

WHEREFORE, the Applicant now moves the Public Service Commission of the Commonwealth of Kentucky to grant the said Certificate of Public Convenience and Necessity for Applicant's CWP which the Applicant has herein requested and which the Commission has discretion to grant pursuant to KRS 278.020 (1).

WITNESS the hand of the Applicant on this the 10<sup>th</sup> day of March, 2008; by its authorized representative.

**FLEMING-MASON ENERGY COOPERATIVE, INC.**

BY:   
BRANDON HUNT  
System Engineer

BY:   
Marvin Suit  
Frank H. McCartney  
Suit, McCartney, Price,  
Price & Ruark, PLLC  
Attorneys for Applicant  
207 Court Square  
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STATE OF KENTUCKY

COUNTY OF FLEMING

Subscribed, sworn to and acknowledged before me by BRANDON HUNT, as System Engineer of FLEMING-MASON ENERGY COOPERATIVE, INC. this 10<sup>th</sup> day of March, 2008.

  
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NOTARY PUBLIC, STATE AT LARGE, KY

MY COMMISSION EXPIRES: 01-14-2011

STATE OF KENTUCKY

COUNTY OF FLEMING

Subscribed, sworn to and acknowledged before me by Frank H. McCartney, as Attorney for FLEMING-MASON ENERGY COOPERATIVE, INC. this 10<sup>th</sup> day of March, 2008.

  
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NOTARY PUBLIC, STATE AT LARGE, KY

MY COMMISSION EXPIRES: 01-14-2011