

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF TAYLOR)	
COUNTY RURAL ELECTRIC COOPERATIVE)	CASE NO.
CORPORATION FOR APPROVAL TO ISSUE)	2026-00015
EVIDENCE OF INDEBTEDNESS)	

ORDER

On February 12, 2026, Taylor County Rural Electric Cooperative Corporation (Taylor RECC) filed an application,¹ pursuant to KRS 278.300, requesting Commission authority to issue evidence of indebtedness in the form of a purchase and sale agreement to purchase property to be used for its headquarters (Purchase and Sale Agreement). There are no intervenors in this proceeding. This matter stands submitted for decision.

LEGAL STANDARD

KRS 278.300 requires Commission authorization before a utility may “issue any securities or evidences of indebtedness, or assume any obligation or liability in respect to the securities or evidences of indebtedness of any other person.” KRS 278.300(3) establishes the legal standard and clarifies the scope of Commission review, stating:

The Commission shall not approve any issue or assumption unless, after investigation of the purposes and uses of the proposed issue and proceeds thereof, or of the proposed assumption of obligation or liability, the commission finds that the issue or assumption is for some lawful object within the corporate purposes of the utility, is necessary or appropriate for or consistent with the proper performance by the utility of

¹ Taylor RECC tendered its application on February 5, 2026. By letter dated February 6, 2026, the Commission rejected the application for filing deficiencies. The deficiencies were subsequently cured, and the application was deemed filed on February 12, 2026.

its service to the public and will not impair its ability to perform that service, and is reasonably necessary and appropriate for such purpose.

KRS 278.300(8) establishes that KRS 278.300 does not apply if the proposed issuance of securities or indebtedness is payable at periods of not more than two years from the issuance date and any renewals of such notes do not exceed six years from the initial issuance date.

PROPOSED EVIDENCE OF INDEBTEDNESS

Taylor RECC requested approval of the authority to enter into a Purchase and Sale Agreement to purchase property to be used for its headquarters.² Taylor RECC explained that approval to obtain financing to purchase the property is not included in its application, as it will be using funding from the Rural Utilities Service (RUS) to purchase the property described in the proposed Purchase and Sale Agreement.³ Additionally, Taylor RECC stated that it will file a separate application for a Certificate of Public Convenience and Necessity (CPCN) for the proposed construction and improvements to the property.⁴

The proposed Purchase and Sale Agreement is between Taylor RECC and Water Tower Management, LLC, for a parcel of real estate located at 685 Watertower Bypass, Campbellsville, Taylor County, Kentucky 42718.⁵ The proposed Purchase and Sale Agreement details that the closing of the sale and purchase of the premises pursuant to the agreement (Closing) would occur on the later to occur of (1) January 10, 2027, or (2)

² Application at 3.

³ Application at 3, Footnote 1.

⁴ Application at 3, Footnote 1.

⁵ Application, Exhibit B at 1.

the date that is ten days following the latter of: (a) receipt of a final and non-appealable Order from the Commission approving Taylor RECC's request for a CPCN to purchase the property and construct a new headquarters building for Taylor RECC, or (b) approval of the transaction and a commitment for financing for acquisition of the premises from RUS, or a comparable lender, upon such terms and conditions as are reasonably acceptable to purchase (collectively, Approvals).⁶ If the Approvals have not been obtained by December 31, 2026, either party shall have the right to terminate the agreement upon notice to the other party, at any time prior to the Approvals actually being obtained.⁷ Monthly lease payments in the amount of \$10,000 per month, starting on August 1, 2025,⁸ through the date of Closing and prorated for any partial month, would be counted toward the purchase price, along with an earnest money deposit of \$50,000.⁹ Taylor RECC argued that the proposed Purchase and Sale Agreement would enable it to continue to provide safe and reliable service to its customers by ultimately allowing it to purchase a new location for its headquarters.¹⁰

DISCUSSION AND FINDINGS

Having considered the evidence of the record and being otherwise sufficiently advised, the Commission finds that Taylor RECC's request to issue evidence of indebtedness in the form of entering a Purchase and Sale Agreement is in accordance

⁶ Application, Exhibit B at 2.

⁷ Application, Exhibit B at 2.

⁸ Application, Exhibit B at 2; The date is reflective of the agreement, but the agreement was not signed until November 2025.

⁹ Application, Exhibit B at 2.

¹⁰ Application at 5.

with KRS 278.300 for the following reasons. The request to enter into the Purchase and Sale Agreement is for lawful objects within the corporate purposes of Taylor RECC. The lawful object of the utility's purposes is to provide adequate, efficient, and reasonable service at fair, just, and reasonable rates. The issuance of evidence of indebtedness to enter into the Purchase and Sale Agreement meets the lawful object of the utility's purposes as it will assist in the purchase of property to be used for Taylor RECC's headquarters. Additionally, the issuance of evidence of indebtedness is necessary and appropriate for, and consistent with, the proper performance by the utility of its service to the public and will not impair Taylor RECC's ability to perform that service considering the Purchase and Sale Agreement is contingent upon receiving approval from the Commission in a subsequent CPCN proceeding in which the Commission will evaluate, and the utility must demonstrate, a need for such facilities and an absence of wasteful duplication.¹¹ Finally, the issuance of evidence of indebtedness is reasonably necessary and appropriate for Taylor RECC to meet its statutory duty to provide adequate, efficient and reasonable service because the Purchase and Sale Agreement is also contingent upon a commitment from RUS or a comparable lender, which the Commission notes is an inherently less expensive source of financing, and approval of any long-term financing associated with the underlying project to construct Taylor RECC's headquarters will be evaluated in a subsequent proceeding.

For the reasons discussed above, the Commission finds that Taylor RECC's request for authorization to issue evidence of indebtedness in the form of Purchase and Sale Agreement between Water Tower Management, LLC, to purchase property to be

¹¹ *Kentucky Utilities Co. v. Public Service Commission*, 252 S.W.2d 885 (Ky. 1952).

used for Taylor RECC's headquarters should be approved. However, the Commission notes that this approval to enter into the Purchase and Sale Agreement is for the purpose of KRS 278.300 only and does not constitute approval of the final purchase of the property. Similarly, the Commission notes that this approval does not constitute approval of any long-term financing, for the construction of a new Taylor RECC headquarters or otherwise, outside of the request to enter into the Purchase and Sale Agreement. The Commission will conduct a thorough review of the reasonableness of the purchase of the property, as well as all other requests pursuant to KRS 278.020 and any long-term financing, in subsequent proceedings.

Additionally, the Commission finds that this approval is only valid through January 10, 2027, ten days following the specified date on which either party shall have the right to terminate the agreement if the Approvals have not been met. If Taylor RECC does not enter into the Purchase and Sale Agreement on or before January 10, 2027, but still intends to enter into the agreement, it must seek further Commission approval.

IT IS THEREFORE ORDERED that:

1. Taylor RECC is authorized to issue evidence of indebtedness in the form of a Purchase and Sale Agreement between Water Tower Management, LLC, to purchase property to be used for Taylor RECC's headquarters.
2. Taylor RECC is authorized to enter into the Purchase and Sale Agreement only through January 10, 2027.
3. Taylor RECC shall agree only to terms that are consistent with the parameters set forth in the Purchase and Sale Agreement.

4. Taylor RECC shall, within 30 days from the execution of the agreement, file with the Commission a written statement setting forth the terms of the executed Purchase and Sale Agreement.

5. Taylor RECC shall notify the Commission should any of the Approvals detailed above not be met.

6. Taylor RECC shall notify the Commission should any party exercise its right to terminate the agreement prior to the above Approvals being obtained.

7. Taylor RECC shall notify the Commission should the sale and purchase of the premises not occur.

8. Taylor RECC shall notify the Commission upon Closing of the Purchase and Sale Agreement following all necessary subsequent approvals by the Commission.

9. Any documents filed in the future pursuant to ordering paragraphs 4–8 of this Order shall reference this case number and shall be retained in Taylor RECC's post-case correspondence file.

10. The Executive Director has delegated authority to grant reasonable extensions of time for filing of any documents required by this Order upon Taylor RECC's showing of good cause for such extension.

11. Nothing contained in this Order shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing, herein approved.

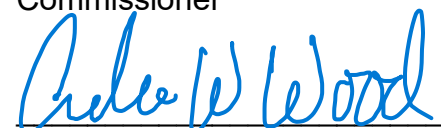
12. This case is closed and removed from the Commission's docket.

Entered on this 13th day of April, 2026.

PUBLIC SERVICE COMMISSION



Angie Hatton
Chairman

Mary Pat Regan
Commissioner

Andrew W. Wood
Commissioner

ATTEST:



Linda C. Bridwell, PE
Executive Director

Case No. 2026-00015

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