

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF FARMERS RURAL)
ELECTRIC COOPERATIVE CORPORATION,)
OF GLASGOW, KENTUCKY, FOR A CER-)
TIFICATE OF CONVENIENCE AND)
NECESSITY FOR CONSTRUCTION OF NEW)
EXTENSIONS AND SYSTEM IMPROVEMENTS)
OF ITS EXISTING FACILITIES, AND FOR)
THE NECESSARY APPROVAL TO BORROW) CASE NO. 8432
\$1,531,000 FROM THE UNITED STATES)
OF AMERICA THROUGH THE RURAL ELEC-)
TRIFICATION ADMINISTRATION AND)
\$691,000 FROM THE NATIONAL RURAL)
UTILITIES COOPERATIVE FINANCE COR-)
PORATION FOR THE AFORESAID PURPOSES)

O R D E R

IT IS ORDERED that Farmers Rural Electric Cooperative Corporation ("Farmers") shall file an original and eight copies of the following information with the Commission within 2 weeks from the date of this Order.

1. Provide calculations of how the following amounts were determined:
 - a. \$50,000 conversion fee.
 - b. \$100,000 savings from conversion.
2. Provide support and/or documentation of the anticipated variable rate of 10 5/8 percent.
3. Provide the following information concerning the proposed variable rate loan:
 - a. The frequency with which the rate can change.

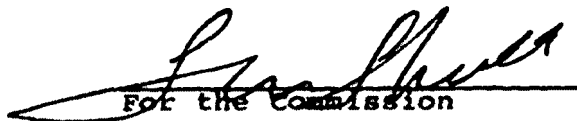
b. The terms and conditions concerning possible conversion back to a fixed rate in the future.

4. The details of any presentation concerning this conversion made to the board of directors, the minutes from the applicable meeting of the board, and the board's resolution approving the proposed conversion.

5. Provide a detailed description of the factors considered in determining that the variable rate loan is in the best interests of Farmers and an explanation of how these factors were evaluated. This should include any cost of money studies, present value studies, etc. that have been performed.

Done at Frankfort, Kentucky, this 26th day of January, 1984.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:

Secretary