

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF FARMERS RURAL)
ELECTRIC COOPERATIVE CORPORATION, OF)
GLASGOW, KENTUCKY, FOR A CERTIFICATE)
OF CONVENIENCE AND NECESSITY FOR)
CONSTRUCTION OF NEW EXTENSIONS AND)
SYSTEM IMPROVEMENTS FOR ITS EXISTING) CASE NO. 10430
FACILITIES, AND FOR THE NECESSARY)
APPROVAL TO BORROW \$603,093 FROM THE)
NATIONAL RURAL UTILITIES COOPERATIVE)
FINANCE CORPORATION FOR THE AFORESAID)
PURPOSES)

O R D E R

IT IS ORDERED that Farmers Rural Electric Cooperative Corporation ("Farmers") shall file an original and 3 copies of the following information with this Commission, with a copy to all parties of record within 10 days from the date of this Order. If the information cannot be provided by this date, you should submit a motion for an extension of time stating the reason a delay is necessary and include a date by which it will be furnished. Such motion will be considered by the Commission.

1. Provide a copy of the loan agreement between Farmers and the National Rural Utilities Cooperative Finance Corporation ("CFC").

2. Provide a detailed description of any other financing options that were considered in securing the CFC loan. This response should include the reason(s) that CFC financing was selected over other options as well as the results of any studies conducted which support the use of CFC financing.

3. What consideration has Farmers given to the various loan programs available through CFC? Explain which option Farmers anticipates selecting at this time.

4. Provide the additional debt service requirements associated with the Rural Electric Administration ("REA") loan and the CFC loan.

5. Provide an amortization schedule of the proposed loan from CFC using the current interest rates for variable and fixed loans.

6. Provide the current interest rates on both CFC fixed rate and variable rate loans.

7. Will Farmers be able to meet its increased debt service requirements with the revenues generated by its existing rates?

8. Provide documentation which indicates that the loans have been approved by the REA and CFC.

Done at Frankfort, Kentucky, this 29th day of November, 1988.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:

Executive Director