

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF BIG SANDY RURAL ELECTRIC)
COOPERATIVE CORPORATION FOR AUTHORITY TO)
EXECUTE ITS NOTE TO THE NATIONAL RURAL)
UTILITIES COOPERATIVE FINANCE CORPORATION)
IN THE AMOUNT OF \$719,588 AND FOR AUTHORITY) CASE NO.
TO EXECUTE A LOAN AGREEMENT BETWEEN BIG) 89-025
SANDY RURAL ELECTRIC COOPERATIVE CORPORATION)
AND NATIONAL RURAL UTILITIES COOPERATIVE)
FINANCE CORPORATION AND FOR A CERTIFICATE OF)
CONVENIENCE AND NECESSITY)

O R D E R

IT IS ORDERED that Big Sandy Rural Electric Cooperative Corporation ("Big Sandy RECC") shall file an original and six 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 Big Sandy RECC 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 Big Sandy RECC given to the various loan programs available through CFC? Describe the loan programs available to Big Sandy RECC through CFC. Explain which option Big Sandy RECC anticipates selecting at this time.

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

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

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

7. Will Big Sandy RECC be able to meet its increased debt service requirements with the revenues generated by its existing rates? Please explain.

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

9. Provide a copy of the Financial Forecast mentioned in Exhibit 27 of Exhibit A.

10. Explain in detail what consideration Big Sandy RECC gave to the option of funding the proposed construction internally.

Done at Frankfort, Kentucky, this 24th day of February, 1989.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:

Executive Director