

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF GRAYSON RURAL ELECTRIC )  
COOPERATIVE CORPORATION FOR AN ORDER )  
AUTHORIZING IT TO BORROW FROM AND EXECUTE )  
A NOTE TO THE NATIONAL RURAL UTILITIES )  
COOPERATIVE FINANCE CORPORATION IN THE )  
AMOUNT OF \$667,010 TO PROVIDE FUNDS FOR )  
THE CONSTRUCTION OF DISTRIBUTION AND ) CASE NO. 91-035  
SERVICE LINES, MISCELLANEOUS CONSTRUC- )  
TION INCLUDING TRANSFORMERS, SYSTEM )  
IMPROVEMENTS, LABOR, MEMBER SERVICE )  
MATERIAL AND OTHER EXPENSES AND )  
CONTINGENCIES )

O R D E R

IT IS ORDERED that Grayson Rural Electric Cooperative Corporation ("Grayson") 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 detailed description of any other financing options that were considered in securing the National Rural Utilities Cooperative Finance Corporation ("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.

2. Provide the additional debt service requirements associated with the Rural Electrification Administration ("REA") loan and the CFC loan, using the REA interest rate of 5 percent and the current CFC variable and fixed interest rates.

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

4. Provide an explanation of whether Grayson will be able to meet its increased debt service requirements with the revenues generated by its existing rates.

5. Indicate what consideration Grayson has given to the various loan programs available through CFC. If the advance of funds from this proposed loan was to be made by the date of the response to this Order, explain which loan program Grayson would anticipate selecting. Include with this explanation the results of any studies or analysis used by Grayson in making the loan program selection.

6. Concerning the purchase of the CFC Capital Term Certificate ("Certificate"), provide the following information:

a. The calculations which support the rate for and the amount of Certificate purchases for the proposed loan.

b. Indicate which option Grayson plans to use in the purchase of the required Certificate and explain the reason for the selection of this option.

7. Provide a copy of the board of director's resolution authorizing Grayson to borrow the funds.

Done at Frankfort, Kentucky, this 11th day of March, 1991.

PUBLIC SERVICE COMMISSION

  
For the Commission

ATTEST:

  
Executive Director