

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE BLUE GRASS	)	
RURAL ELECTRIC COOPERATIVE CORPORATION	)	
FOR CERTIFICATE OF PUBLIC CONVENIENCE	)	
AND NECESSITY TO EXECUTE ITS NOTE TO THE	)	
UNITED STATES OF AMERICA IN THE AMOUNT OF	)	CASE NO.
\$2,933,000.00 AND TO EXECUTE ITS NOTE TO	)	95-222
NATIONAL RURAL UTILITIES COOPERATIVE FINANCE	)	
CORPORATION IN THE AMOUNT OF \$1,257,000.00,	)	
EXECUTION OF A RESTATE MORTGAGE AND SECURITY	)	
AGREEMENT AND A LOAN AGREEMENT	)	

O R D E R

IT IS ORDERED that Blue Grass Rural Electric Cooperative Corporation ("Blue Grass") shall file the original and eight copies of the following information with the Commission with a copy to all parties of record within 7 days from the date of this Order.

1. Describe in detail any financing sources other than National Rural Utilities Cooperative Finance Corporation ("CFC") that were considered in securing the supplemental financing requested herein. 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 Utilities Service ("RUS") loan and the CFC loan, using the RUS interest rate 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. Explain whether Blue Grass will be able to meet its increased debt service requirements with the revenues generated by its existing rates.

5. Explain how Blue Grass's current revenues are sufficient to cover the additional operating expenses it expects to incur related to the work plan.

6. Provide a copy of the Long Range Financial Forecast filed with RUS to support the proposed financing.

7. Provide RUS Form 740c.

8. 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 Blue Grass plans to use in the purchase of the required Certificate and explain the reason for the selection of this option.

9. Discuss the interest rate options currently available through CFC and provide copies of documents from CFC describing them.

10. If the advance of funds from this proposed loan were to be made by the date of the response to this Order, explain which loan program Blue Grass would select and how Blue Grass determined that this would be the best option. Include with this explanation the results of any economic studies or analysis used by Blue Grass in making the loan program selection.

11. Provide documentation which indicates that the loans have been approved by RUS and CFC.

12. Provide a copy of the mortgage agreement with CFC noting the differences between the current agreement and the previous mortgage agreement; or if the mortgage agreement has not changed, so indicate and reference the last case in which the current mortgage agreement was filed.

13. Concerning the actual work performed under the 1994-1995 Work Plan, provide the following information:

a. Indicate when Blue Grass began construction under the 1994-1995 Work Plan.

b. Identify how much Blue Grass has spent on the 1994-1995 Work Plan, as of the date of its response to this Order.

14. Provide a copy of the board of directors' resolution authorizing Blue Grass to borrow the funds.

15. In the final Order of Case No. 95-020<sup>1</sup> total expenditures for the period of this Work Plan are estimated at \$4,502,412. The application, however, indicates that total expenditures for the period will be \$4,190,000. Explain the discrepancy.

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<sup>1</sup> Case No. 95-020, The Application of Blue Grass Rural Electric Cooperative, Inc. for an Order Issuing a Certificate of Public Convenience and Necessity, Order dated June 9, 1995.

Done at Frankfort, Kentucky, this 20th day of July, 1995.

PUBLIC SERVICE COMMISSION

  
For the Commission

ATTEST:

  
Executive Director