COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF BLUE GRASS)
ENERGY COOPERATIVE)
CORPORATION FOR APPROVAL OF)
THE CONVERSION OF CFC NOTES) CASE NO. 98-295
FROM THE VARIABLE TO FIXED RATE)
LOANS)

ORDER

On June 22, 1998, Blue Grass Energy Cooperative Corporation ("Blue Grass Energy") filed a letter with supporting exhibits requesting authority to refinance the balance of its CFC loans from a variable rate to a long-term fixed rate. Based on a review of the letter, the Commission finds that the request to refinance CFC loans at a fixed rate should be considered as part of this pending case.

IT IS THEREFORE ORDERED that the June 22, 1998 letter from Blue Grass Energy requesting authority to refinance certain CFC loans is incorporated into this case.

Done at Frankfort, Kentucky, this 14th day of July, 1998.

PUBLIC SERVICE COMMISSION

For the Commission

ATTEST.

Executive Director