

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION FOR THE ASSUMPTION OF)
SECURITIES BY GRAYSON RURAL ELECTRIC) CASE NO. 99-412
COOPERATIVE CORPORATION)

O R D E R

The Commission, upon its own motion, HEREBY ORDERS that an informal conference is scheduled with Grayson Rural Electric Cooperative Corporation ("Grayson") for January 25, 2000, at 1:30 p.m., Eastern Standard Time, in Conference Room 1 in the Commission's offices at 730 Schenkel Lane, Frankfort, Kentucky. The purpose of the informal conference will be to seek clarification of information contained in Grayson's application, filed on December 14, 1999. Grayson should be prepared to answer questions about the following subjects:

1. The reason(s) why Grayson believes the loan guarantee program is a service it should be providing to its members.
2. The events that led to the initial establishment of the loan guarantee program in 1995. This subject will include any consultations or discussions Grayson had with the Kentucky Association of Electric Cooperatives, East Kentucky Power Cooperative, Inc., other surrounding cooperatives, the Rural Utilities Service, and Grayson's supplemental lenders.
3. Updating and expanding the information contained in Exhibit 5 of the application. Loan guarantee activity should be updated through December 31, 1999. For each loan listed, Grayson should be prepared to indicate whether the loan is for a

geothermal heat pump system or an electric thermal storage unit and the interest rate in effect.

4. Loans in default as of December 31, 1999 and the collection efforts undertaken by Grayson.

5. The role of Grayson's board of directors in the loan guarantee program.

6. Any associations between members of Grayson's board of directors or its management and the Commercial Bank of Grayson or First National Bank of Grayson.

7. The terms and conditions contained in each loan document, Exhibits 1 through 4 of the application.

Done at Frankfort, Kentucky, this 14th day of January, 2000.

By the Commission

ATTEST:

Executive Director