

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 \$572,000) CASE NO. 10128
TO PROVIDE FUNDS FOR THE CONSTRUCTION)
OF DISTRIBUTION AND SERVICE LINES,)
MISCELLANEOUS CONSTRUCTION INCLUDING)
TRANSFORMERS, SYSTEM IMPROVEMENTS,)
LABOR, MEMBER SERVICE MATERIAL AND)
EXPENSES AND CONTINGENCIES)

O R D E R

IT IS ORDERED that Grayson Rural Electric Cooperative Corporation ("Grayson RECC") shall file an original and three copies of the following information with this Commission, with a copy to all parties of record no later than February 12, 1988. 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.

Information Request No. 1

1. Provide a copy of the loan agreement between Grayson 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 Grayson RECC given to the various loan programs available through CFC? Explain why Grayson RECC anticipates selecting the variable interest rate option at this time.

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

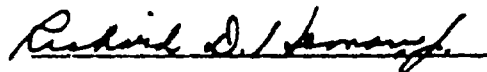
5. Provide amortization schedules of the proposed REA loan and the loan from CFC.

6. Will Grayson RECC be able to meet its increased debt service requirements with the revenues generated by the rates expected as a result of the proposed settlement in Case No. 9980, The Application Of Grayson Rural Electric Cooperative Corporation For An Order Authorizing Said Corporation To Increase Rates To Its Members?

7. Provide completed copies of REA Forms 740-C.

Done at Frankfort, Kentucky, this 29th day of January, 1988.

PUBLIC SERVICE COMMISSION



For the Commission

ATTEST:

Executive Director