

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

BIG RIVERS ELECTRIC CORPORATION'S)
APPLICATION FOR APPROVAL OF RESTRUCTURING)
AGREEMENT AND FOR AUTHORITY TO ISSUE) CASE NO. 10217
NOTES OR OTHER EVIDENCES OF INDEBTEDNESS)
PURSUANT THERETO)

O R D E R

On April 8, 1988, Big Rivers Electric Corporation ("Big Rivers") filed an application requesting approval of: (1) a debt Restructuring Agreement, dated as of August 31, 1987, among Big Rivers, the Rural Electrification Administration, Manufacturers Hanover Trust Company, and Irving Trust Company; and (2) the execution of notes and other evidences of indebtedness pursuant to the Restructuring Agreement. The Restructuring Agreement and evidences of indebtedness are necessary to enable Big Rivers to implement the revised financial workout plan as approved by the Commission in Case No. 9885, An Investigation of Big Rivers Electric Corporation's Rates for Wholesale Electric Service. Upon review of Big Rivers' application, the Commission finds that additional information is needed to determine whether the terms and conditions set forth in the Restructuring Agreement are in substantial compliance with the provisions of the revised workout plan approved in Case No. 9885.

IT IS THEREFORE ORDERED that Big Rivers shall file with the Commission, no later than May 2, 1988, an original and 12 copies,

with copies to all parties of record, its responses to the following information request.

Information Request No. 1

1. Please cite all differences and provide a thorough explanation of the reason for any changes between the Restructuring Agreement, Exhibit A and the Modified Agreement in Principle relied on in Case No. 9885. In responding to this request, provide a complete copy of the Restructuring Agreement with all differences underlined, boldfaced, or identified by other means. Each explanation of changes should disclose all differences.

2. Provide, for the period 1988 through 2012, the annual dollar amount of any changes noted in Question No. 1. Include a thorough explanation of any assumptions utilized.

3. With reference to Exhibit 1, page 4, provide an explanation of the inclusion of the scheduled debt payments from 2013 through 2018.

4. Exhibit 1, Section 2.02(c), refers to discounting certain payments made by Big Rivers. Please indicate each item in the Restructuring Agreement which is subject to discounting and cite the controlling section.

5. Please indicate when and explain why the principle of discounting was incorporated in the Restructuring Agreement.

6. Please indicate the type and approximate amount of REA expenses anticipated by Section 2.05.

7. Please explain how the refinancings, authorized in Case No. 10033, Application of Big Rivers Electric Corporation for Authority to Issue Evidences of Indebtedness to Refinance Debt

Under the Burdick Amendment, and Case No. 10155, Big Rivers Electric Corporation's Application for Authority to Issue Evidences of Indebtedness to Refinance Up to \$369,405,833.54 of Its Debt to the Federal Financing Bank, were considered and incorporated in Exhibit A. Cite sections.

8. With reference to Exhibit C, Schedule IV, provide an explanation of:

a. The reason for the treatment of the \$3 million shortfall in 1994, as outlined; and

b. Why the \$10 million overage in 1995, could not be used to offset the \$3 million shortfall in 1994.

9. Provide the revised financial forecast identical to Exhibit 5, filed in Case No. 9885, reflecting the results relied on by Big Rivers to support the assumption that Big Rivers can meet the provisions of the final Restructuring Agreement. The assumptions included in Exhibit A should be incorporated. An analysis of the cash flow and the operation of Schedule IV should also be included. A computer disk should be included with the printed forecast.

10. Using the financial forecast provided in response to Question No. 9, provide a thorough explanation of the specific components of the financial forecast which reflect that the provisions of the Restructuring Agreement can be met.

11. Please explain in detail the reason for the provision of the Restructuring Agreement, Section 7.01(h), that Big Rivers would be considered in default if the Commission has not rendered a decision approving the Agreement by June 1, 1988.

Done at Frankfort, Kentucky this 22nd day of April, 1988.

PUBLIC SERVICE COMMISSION

Richard D. Hemmery
For The Commission

ATTEST:

Executive Director