

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) CASE NO. 93-248
IN THE AMOUNT OF \$802,062 TO PROVIDE)
FUNDS FOR THE CONSTRUCTION OF)
DISTRIBUTION AND SERVICE LINES,)
MISCELLANEOUS CONSTRUCTION INCLUDING)
TRANSFORMERS, SYSTEM IMPROVEMENTS,)
LABOR, MEMBER SERVICE MATERIAL AND)
OTHER EXPENSES AND CONTINGENCIES)

O R D E R

IT IS ORDERED that Grayson Rural Electric Cooperative Corporation ("Grayson") shall file the original and eight copies of the following information with the Commission with a copy to all parties of record within 10 days from the date of this Order. If the information cannot be provided by this date, Grayson should submit a motion for an extension of time stating the reason a delay is necessary and include a date by which the information will be furnished. Such motion will be considered by the Commission.

1. Provide a price list which shows the unit prices for all materials shown on Exhibit II-B Page 1 of the construction work plan and entitled "Distribution Line and Equipment Costs." (Do not include Labor or other overheads.)

2. Provide a voltage drop study based on:
 - a. 1992 loads using existing system circuitry.
 - b. 1995 loads using existing system circuitry.
 - c. 1995 loads using proposed system circuitry.
3. Provide copies of the loan approvals received from the Rural Electrification Administration ("REA") and the National Rural Utilities Cooperative Finance Corporation ("CFC"). The approvals must clearly state that the loans have been approved, not that processing is completed.
4. Explain the CFC loan interest rate program options available to Grayson. Indicate which program Grayson would anticipate selecting if the approved loan drawdown were being made by the response date to this Order. Explain the reasoning Grayson used which supports this selection.
5. Provide the amortization schedules for the REA and CFC loans. The amortization schedule for the CFC loan should be prepared to reflect both the currently available fixed interest rate and variable interest rate.
6. Explain whether Grayson's current revenues are sufficient to cover the additional operating expenses it expects to incur related to the work plan.
7. Exhibit No. 5 of the Application is the REA Form 740c. On page 4 of the exhibit, it is indicated that Grayson will provide \$68,982 in General Funds as part of the financing of the work plan. Provide the following information:
 - a. Indicate the source of the General Funds.

b. Explain how Grayson determined that it would finance part of the work plan using General Funds, instead of using only borrowed funds.

8. Page 4 of Exhibit No. 5 of the Application shows that Grayson will purchase \$24,062 in Capital Term Certificates ("CTCs"). Provide the following information:

a. Indicate how the three percent level of CTCs was determined. Include supporting calculations or workpapers.

b. Indicate how the \$24,062 in CTC purchases was determined. Include supporting calculations or workpapers.

Done at Frankfort, Kentucky, this 14th day of September, 1993.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:



Executive Director