

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF BIG SANDY)
RURAL ELECTRIC COOPERATIVE)
CORPORATION FOR AUTHORITY TO) CASE NO. 98-588
ISSUE INDEBTEDNESS)

O R D E R

IT IS ORDERED that Big Sandy Rural Electric Cooperative Corporation (Big Sandy) shall file within 14 days of the date of this Order an original and 10 copies of the following information with the Commission, with a copy to all parties of record. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 3(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. Where information requested herein has been provided along with the original application, in the format requested herein, reference may be made to the specific location of said information in responding to this information request.

1. In Big Sandy's November 12, 1998 application for the issuance of indebtedness under the PowerVision™ financing program, Schedule 1, Item 1 to the Loan Agreement states that the Borrower shall use the proceeds of the loan for Eligible Property Additions, as such term is defined in 7 C.F.R., Part 1718, Subpart B,

Mortgage for Distribution Borrowers, as the same may be amended, superseded or restated from time to time. Refer to Big Sandy's Response to the Commission's Order of January 29, 1999, Item 4. In Big Sandy's original application the PowerVision™ financing was proposed for use in funding of operational and other activities. Provide examples of operating expenditures, if any, in contrast to new construction, that are eligible property additions according to the USDA Rural Utilities Service (RUS) mortgage agreement.

2. Refer to Big Sandy's Response to the Commission's Order of January 29, 1999, Item 5(b). The RUS Restated Mortgage and Security Agreement from September 15, 1989 and the Supplement to Restated Mortgage and Security Agreement of May 21, 1993 define DSC and TIER, but not MDSC. Provide an explanation of the difference in the components of the numerator and denominator comprising the DSC and the MDSC calculations, especially since the MDSC ratio was included with the utility's 12-month income statement for the year ended October 31, 1998.

3. In your original application dated November 12, 1998, the PowerVision™ Long-Term Loan Term Sheet requires that five credit standards be met to qualify for the shelf-loan. Refer to Big Sandy's Response to the Commission's Order of January 29, 1999, Item 5(c).

a. Provide detailed calculations of MDSC for the last two calendar years (1997 and 1998), as well as the average over the last two years. Reference the page and line items on the utility's RUS Form 7 filed with the Commission for both years

wherever possible. If not possible, provide a supporting schedule for such data as is used for the calculations.

b. Provide detailed calculations of DSC for the last two calendar years (1997 and 1998). Reference the page and line items on the utility's RUS Form 7 filed with the Commission for both years wherever possible. If not possible, provide a supporting schedule for such data as is used for the calculations.

c. Provide detailed calculations of TIER for the last two calendar years (1997 and 1998). Reference the page and line items on the utility's RUS Form 7 filed with the Commission for both years wherever possible. If not possible, provide a supporting schedule for such data as is used for the calculations.

d. Provide projected calculations including the new debt to show the utility's total long-term debt will not exceed net utility plant.

e. Provide projected calculations to show the equity to total asset ratio will not exceed 27 percent after consideration of the new debt.

Done at Frankfort, Kentucky, this 16th day of April, 1999.

By the Commission

ATTEST:

Executive Director