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David L. Armstrong  
Chairman

James Gardner  
Vice-Chairman

Charles R. Borders  
Commissioner

October 20, 2011

## PARTIES OF RECORD

Re: Case No. 2011-00408

Attached is a memorandum being filed in the case file of the case referenced above. If you wish to make any comments regarding the contents of this informal conference memorandum, please do so within five days of receipt of this letter. If you have any questions, please call Jim Livers of the Commission staff at 502/564-3940, ext. 268.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Derouen".


Jeff Derouen  
Executive Director

Attachment

**INTRA-AGENCY MEMORANDUM**

**KENTUCKY PUBLIC SERVICE COMMISSION**

**TO:** File: Case No. 2011-00408

**FROM:** Jim Livers, Team Leader 

**DATE:** October 20, 2011

**RE:** Big Sandy RECC - Application of Big Sandy Rural Electric Cooperative Corporation for Authorization to Borrow \$872,900.24 from CoBank and Execute Necessary Notes and to Repay Cooperative Finance Corporation Notes in the Same Amount

A telephonic informal conference ("IC") was held in the above referenced case on October 19, 2011. A copy of the attendance list is attached to this memorandum.

The purpose of the IC was to discuss Big Sandy Rural Electric Cooperative Corporation's ("Big Sandy") request for expedited treatment of its application and other issues surrounding the proposed financing application. Big Sandy filed its application on October 5, 2011, requesting expedited approval by November 1, 2011 in order to close on its proposed financing by November 30, 2011. In response to Commission Staff's ("Staff") questions concerning the timing of the issuance of a final order in this matter, Big Sandy responded that the requested time frame was made to ensure that closing of the financing could be completed in a timely fashion and that, at the very latest, if an order could be issued by November 15, 2011, Big Sandy could complete the closing of the financing by November 30, 2011.

Staff also sought clarification regarding the identity and mix of the National Rural Utilities Cooperative Finance Corporation ("CFC") notes to be refinanced. Big Sandy clarified the identity of the notes to be refinanced and explained why the specific notes were chosen and why other CFC notes were not selected. Staff asked why one of the notes to be refinanced had a current interest rate that was lower than that of the refinancing. Big Sandy indicated that this particular note was refinanced at a higher rate because the current rate was a one year renewable rate and Big Sandy wanted to lock in a fixed rate at very reasonable terms. Staff also pointed out that there were other CFC notes that had higher interest rates than those being refinanced and asked why those were not selected for refinancing. Big Sandy stated that these notes were not chosen for refinancing due to large prepayment penalties associated with the number of years remaining on the life of these notes.

There being no further questions or other issues, the IC was adjourned.

Attachment: Sign-In Sheet

SIGN IN SHEET

Big Sandy RECC

OCTOBER 19, 2011 10:00 AM EDT  
INFORMAL CONFERENCE

Name

Representing

Tim Hivers

PSC

Quang D. Nguyen

PSC

Steven Bailey

PSC

Elie Russell

PSC

Brandon Wheeler

Big Sandy RECC

(Via Phone)