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June 8, 2012

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Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

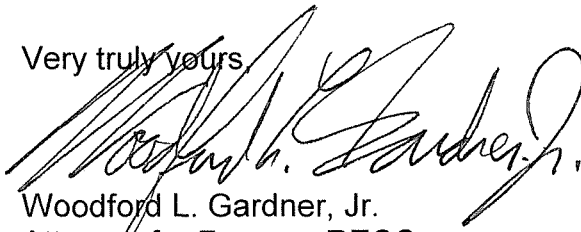
Re: PSC Case No. 2012-00194

Dear Mr. Derouen:

Please find enclosed for filing with the Commission in the above-referenced case an original and ten copies of the responses of Farmers Rural Electric Cooperative Corporation to the Commission Staff's Information Request from the Telephonic Informal Conference held June 7, 2012.

Thank you for your assistance.

Very truly yours,



Woodford L. Gardner, Jr.
Attorney for Farmers RECC

Enclosures
cc: William T. Prather

RECEIVED

JUN 11 2012

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In The Matter Of:

FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION)	
FOR AUTHORIZATION TO BORROW UP TO \$2,671,000)	
FROM THE NATIONAL RURAL UTILITES COOPERATIVE)	CASE NO.
FINANCE CORPORATION AND EXECUTE NECESSARY NOTE)	2012-00194
AND TO PREPAY RURAL UTILITES SERCIVE 5% NOTES OF)	
THE SAME AMOUNT)	

**RESPONSE TO COMMISSION STAFF'S
SUPPLEMENTAL INFORMATION REQUEST
FROM FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION'S
INFORMAL CONFERENCE
HELD ON JUNE 7, 2012**

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In The Matter Of:

FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION)
 FOR AUTHORIZATION TO BORROW UP TO \$2,671,000)
 FROM THE NATIONAL RURAL UTILITES COOPERATIVE) CASE NO.
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 AND TO PREPAY RURAL UTILITES SERCIVE 5% NOTES OF)
 THE SAME AMOUNT)

CERTIFICATE

Jennie Gibson Phelps, being duly sworn, states that she has supervised the preparation of the response of Farmers Rural Electric Cooperative Corporation to the Public Service Commission Staff's Supplemental Information Request in the above-referenced case from an Informal Conference held on June 7, 2012, and that the matters and things set forth therein are true and accurate to the best of her knowledge, information and belief, formed after reasonable inquiry.

Jennie G. Phelps

COMMONWEALTH OF KENTUCKY)
)
 COUNTY OF BARREN)

Subscribed and sworn to before me by Jennie Gibson Phelps, Vice President of Finance & Accounting of Farmers Rural Electric Cooperative Corporation this 8th day of June, 2012.

Shirley Louise
 Notary Public
 ID: 446566

My Commission Expires: 7-30-2015

**FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION
PSC CASE NO. 2012-00194
SUPPLEMENTAL INFORMATION REQUEST RESPONSE**

**COMMISSION STAFF'S INFORMATION REQUEST FROM FARMERS' INFORMAL CONFERENCE
HELD JUNE 7, 2012.**

Request 1. Provide a discounted net cash flow computation using the effective interest rate after discounts and patronage capital (3.66 percent).

Response 1. Please see Exhibit 1, page 1, for the computation.

Co-op Name: Farmers Rural Electric Cooperative
 Co-op ID: KY034
 Date Prepared: 5/7/2012
 Interest Rates as of: 5/7/2012
 Financing Amount: \$2,544,700
 Scenario Name: Cash Flow Neutral for KY034 as of 5/7/2012

Net Present Value Cashflows \$ 241,895 \$ 60,555
 Effective Interest Rate: 3.66% 5.05%
 Stated Interest Rate: 3.91% 5.05%
 Pat. Capital and Discount Benefit 0.25%
 Total Cash Flow Difference: \$ 374,627
 Total Interest Difference: \$ 318,657



ANNUAL CASH FLOW SUMMARY

	CFC					RUS				Interest Expense Difference	Patronage Capital Retirement	Total Cash Flow Difference
	Ending Balance	Principal Payments	Interest Expense	Cash Patronage	Cash Flows	Ending Balance	Principal Payments	Interest Expense	Cash Flows			
29-Feb		(2,544,700)	(596,041)	55,971	(3,084,771)		(2,544,700)	(914,698)	(3,459,398)	318,657	55,971	374,627
2012	2,544,700	0	0	0	0	2,544,700	0	0	0	0	0	0
2013	2,374,389	(170,311)	(59,006)	0	(229,317)	2,418,823	(125,878)	(103,434)	(229,312)	44,428	0	44,428
2014	2,179,179	(195,210)	(83,751)	3,800	(275,161)	2,261,045	(157,777)	(117,397)	(275,174)	33,646	3,800	37,446
2015	1,979,036	(200,143)	(78,915)	3,869	(275,189)	2,095,196	(165,849)	(109,325)	(275,174)	30,410	3,869	34,278
2016	1,773,176	(205,861)	(72,941)	3,638	(275,164)	1,921,083	(174,113)	(101,061)	(275,174)	28,120	3,638	31,758
2017	1,561,071	(212,105)	(66,418)	3,343	(275,179)	1,737,623	(183,461)	(91,713)	(275,174)	25,295	3,343	28,639
2018	1,342,113	(218,957)	(59,254)	3,038	(275,174)	1,544,994	(192,629)	(82,545)	(275,174)	23,291	3,038	26,329
2019	1,115,678	(226,436)	(51,429)	2,693	(275,172)	1,342,510	(202,484)	(72,690)	(275,174)	21,261	2,693	23,954
2020	881,068	(234,610)	(42,886)	2,316	(275,179)	1,129,798	(212,712)	(62,462)	(275,174)	19,576	2,316	21,892
2021	648,975	(232,093)	(33,583)	1,902	(263,774)	917,389	(212,409)	(51,368)	(263,777)	17,784	1,902	19,687
2022	444,561	(204,414)	(24,459)	1,467	(227,406)	731,670	(185,719)	(41,684)	(227,403)	17,225	1,467	18,692
2023	232,069	(212,492)	(15,960)	1,048	(227,404)	536,449	(195,221)	(32,182)	(227,403)	16,222	1,048	17,270
2024	44,882	(187,187)	(6,945)	642	(193,490)	364,827	(171,622)	(22,492)	(194,114)	15,548	642	16,190
2025	0	(44,882)	(494)	229	(45,147)	237,440	(127,386)	(15,332)	(142,718)	14,838	229	15,067
2026	0	0	0	0	0	103,574	(133,866)	(8,852)	(142,718)	8,852	0	8,852
2027	0	0	0	0	0	0	(103,574)	(2,161)	(105,735)	2,161	0	2,161
2028	0	0	0	0	0	0	0	0	0	0	0	0
2029	0	0	0	0	0	0	0	0	0	0	0	0
2030	0	0	0	0	0	0	0	0	0	0	0	0
2031	0	0	0	0	0	0	0	0	0	0	0	0
2032	0	0	0	0	0	0	0	0	0	0	0	0
2033	0	0	0	0	0	0	0	0	0	0	0	0
2034	0	0	0	0	0	0	0	0	0	0	0	0
2035	0	0	0	0	0	0	0	0	0	0	0	0
2036	0	0	0	0	0	0	0	0	0	0	0	0
2037	0	0	0	0	0	0	0	0	0	0	0	0
2038	0	0	0	0	0	0	0	0	0	0	0	0
2039	0	0	0	3,800	3,800	0	0	0	0	0	3,800	3,800
2040	0	0	0	3,869	3,869	0	0	0	0	0	3,869	3,869
2041	0	0	0	3,638	3,638	0	0	0	0	0	3,638	3,638
2042	0	0	0	3,343	3,343	0	0	0	0	0	3,343	3,343
2043	0	0	0	3,038	3,038	0	0	0	0	0	3,038	3,038
2044	0	0	0	2,693	2,693	0	0	0	0	0	2,693	2,693
2045	0	0	0	2,316	2,316	0	0	0	0	0	2,316	2,316
2046	0	0	0	1,902	1,902	0	0	0	0	0	1,902	1,902
2047	0	0	0	1,467	1,467	0	0	0	0	0	1,467	1,467
2048	0	0	0	1,048	1,048	0	0	0	0	0	1,048	1,048
2049	0	0	0	642	642	0	0	0	0	0	642	642
2050	0	0	0	229	229	0	0	0	0	0	229	229
2051	0	0	0	0	0	0	0	0	0	0	0	0
2052	0	0	0	0	0	0	0	0	0	0	0	0
2053	0	0	0	0	0	0	0	0	0	0	0	0
2054	0	0	0	0	0	0	0	0	0	0	0	0
2055	0	0	0	0	0	0	0	0	0	0	0	0
2056	0	0	0	0	0	0	0	0	0	0	0	0
2057	0	0	0	0	0	0	0	0	0	0	0	0
2058	0	0	0	0	0	0	0	0	0	0	0	0
2059	0	0	0	0	0	0	0	0	0	0	0	0
2060	0	0	0	0	0	0	0	0	0	0	0	0
2061	0	0	0	0	0	0	0	0	0	0	0	0
2062	0	0	0	0	0	0	0	0	0	0	0	0
2063	0	0	0	0	0	0	0	0	0	0	0	0
2064	0	0	0	0	0	0	0	0	0	0	0	0
2065	0	0	0	0	0	0	0	0	0	0	0	0
2066	0	0	0	0	0	0	0	0	0	0	0	0
2067	0	0	0	0	0	0	0	0	0	0	0	0
2068	0	0	0	0	0	0	0	0	0	0	0	0

* The estimated impact of patronage capital is based on CFC's historical patronage allocation level and CFC's current patronage capital retirement policy. CFC's annual patronage allocation and retirement are subject to approval by CFC's Board of Directors. NPV calculations assume discount rate of 5%.