

LAW OFFICE OF
JOHN J. SCOTT, PSC

108 EAST POPLAR STREET
P.O. BOX 389
ELIZABETHTOWN, KENTUCKY 42702-0389

RECEIVED

MAR 27 2013

PUBLIC SERVICE
COMMISSION

JOHN J. SCOTT
ATTORNEY AT LAW

March 22, 2013

TELEPHONE 270-765-2179
FAX 270-765-2180

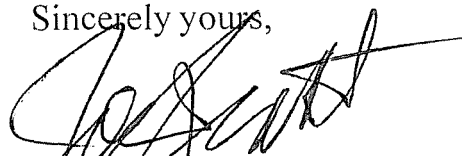
Mr. Jeff R. Derouen
Executive Director
Public Service Commission
211 Sowers Boulevard
P.O. Box 615
Frankfort, KY 40602-0615

Re: In the matter of Nolin Rural
Electric Cooperative Corporation

Dear Mr. Derouen:

Please find enclosed an original and ten (10) copies of an Application in the above-styled matter on behalf of Nolin RECC.

Sincerely yours,



John J. Scott, Attorney for Nolin Rural
Electric Cooperative Corporation

JJS/clt

Enclosures

RECEIVED

MAR 27 2013

PUBLIC SERVICE
COMMISSION

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

IN THE MATTER OF:

**APPLICATION OF NOLIN RURAL) CASE NO. _____
ELECTRIC COOPERATIVE CORPOR-))
ATION FOR AN ORDER PURSUANT))
TO KRS 278.300 AND 807 KAR 5:001,))
SECTION 11 AND RELATED))
SECTIONS AUTHORIZING THE))
COOPERATIVE TO OBTAIN A LOAN))
NOT TO EXCEED THE AMOUNT OF))
\$64,000,000.00 FROM THE NATIONAL))
RURAL UTILITIES COOPERATIVE))
FINANCE CORPORATION))**

APPLICATION

* * * * *

The Petition of Nolin Rural Electric Cooperative Corporation respectfully states:

1. Applicant is a cooperative corporation organized and existing under the laws of the Commonwealth of Kentucky and is engaged in the business of purchasing and selling electric current and maintaining an electric distribution system. The Applicant now operates and does business in the counties of Hardin, LaRue, Hart, Grayson, Green, Taylor, Breckinridge and Meade. In addition, the Applicant also operates the electrical system for the Fort Knox Military Base. The full name of the Applicant is the Nolin Rural Electric Cooperative Corporation.
2. The post office address of the Applicant is 411 Ring Road, Elizabethtown, Kentucky 42701. The electronic address of the Applicant is ovsparks@nolinrecc.com and the electronic address of the Applicant's Attorney is john@johnscottlaw.org.
3. Certified copies of the Articles of Incorporation and all Amendments thereto of the Applicant have previously been filed with the

Commission in Case No. 93-324 which was styled "Application of the Nolin Rural Electric Cooperative Corporation for an Order pursuant to KRS 278.300 and 807 KAR5:001, Section 11 and related sections authorizing the Cooperative to obtain a five (5) year line of credit in the amount of \$3,000,000.00 from the National Rural Utilities Cooperative Finance Corporation."

4. A general description of Applicant's property in the field of its operation, together with the statement of the original cost of the property and the cost to the Applicant follows:

Nolin Rural Electric Cooperative Corporation's property consists of approximately 3,010 miles of electric distribution line and other properties necessary and incidental to the operation of its system in the foregoing counties. The original cost of the Applicant's property as of December 31, 2012 is as follows: TOTAL UTILITY PLANT: \$103,313,177.00

The Applicant further states that:

- (a.) No amount or kinds of stock are authorized for the Corporation.
 - (b.) No amount or kinds of stock are issued or outstanding.
 - (c.) Exhibit #1 lists the outstanding Notes secured by Mortgages which have been executed by Nolin Rural Electric Cooperative Corporation as Mortgagor and delivered to the National Rural Utilities Cooperative Finance Corporation as Mortgagee as of the date of this Application. The balance outstanding on these Notes as of December 31, 2012 is as shown in Exhibit #1 attached hereto.
 - (d.) No bonds are authorized or issued.
 - (e.) Nolin Rural Electric Cooperative Corporation has no other indebtedness, except current liabilities which accrue in the ordinary course of business and which are unsecured.
 - (f.) No dividends have been paid by the Corporation.
5. The use to be made of the proceeds from the loan being applied for is as follows: Nolin Rural Electric Cooperative Corporation contracts with the United States Army through the Fort Knox Privatization Contract, and as a part of that Contract, Nolin has entered into an Energy Security and Power Efficiency Project whereby it will be

necessary for Nolin to borrow up to \$64,000,000.00 for a term of twenty-five (25) years to provide financing for this project. This project is for the purpose of providing 44 MW of additional power generation across five (5) different electrical substations at the Ft. Knox Military Base. These new generators to be provided by this project will be operated for peak shaving on a day to day basis and also will be available to come on-line under emergency scenarios. This is all part of the dual goals of the United States Army to make the Ft. Knox Military Base more energy independent and also to save energy by controlling peaks.

The interest rate concerning this Promissory Note will be the then current CFC long term variable rate quoted by CFC on the date draws are made on the Promissory Note. That rate is currently 2.9%. The Note will be secured by a first mortgage on all real estate owned by Nolin RECC and by an Assignment of the contractual rights under which Nolin RECC conducts its business with the United States Army at Ft. Knox, Kentucky.

6. At this time, it is not anticipated that any property is to be acquired, constructed, improved or extended with the proceeds from this loan, other than for the project described in paragraph 5 above.
7. At this time, it is not proposed to discharge or refund any obligations with the proceeds from this loan.
8. The Applicant's Income Statement for the 12 month period ending December 31, 2012 is attached as Exhibit #2 and its Balance Sheet as Exhibit #3.
9. The approval of this loan from the National Rural Utilities Cooperative Finance Corporation is attached as Exhibit #4.
10. The Resolution approving this loan by Nolin's Board of Directors is attached as Exhibit #5.
11. In accordance with 807KAR5:001, Section 11(2)(b), copies of all mortgages of Nolin were filed in Case #2012-00192 with the Commission.

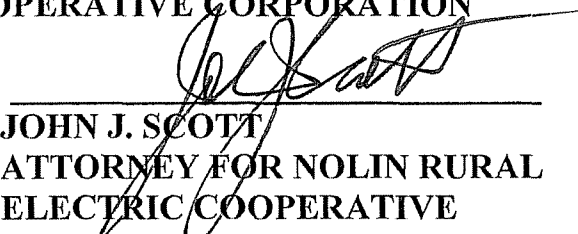
12. Due to the contract that has been entered into for the Energy Security and Power Efficiency Project at Ft. Knox, the construction of the project makes time of the essence in obtaining approval of this loan. Therefore, Nolin is respectfully requesting this matter be expedited and approval granted within 60 days hereafter. (i.e. by May 20, 2013).

WHEREFORE, Nolin Rural Electric Cooperative Corporation requests that the Public Service Commission of the Commonwealth of Kentucky issue an Order authorizing and granting unto Nolin Rural Electric Cooperative Corporation approval for a loan not to exceed \$64,000,000.00 from the National Rural Utilities Cooperative Finance Corporation and all other relief to which the Applicant may be entitled.

Dated at Elizabethtown, Kentucky this 22nd day of March, 2013.

**NOLIN RURAL ELECTRIC
COOPERATIVE CORPORATION**

BY: _____


**JOHN J. SCOTT
ATTORNEY FOR NOLIN RURAL
ELECTRIC COOPERATIVE
CORPORATION
JOHN J. SCOTT, P.S.C.
108 E. POPLAR STR., P.O. BOX 389
ELIZABETHTOWN, KY. 42702-0389
(270) 765-2179**

I, Michael L. Miller, CEO and President of Nolin Rural Electric Cooperative Corporation, state that I have read and understand the foregoing Application and that the statements contained therein are true.

**NOLIN RURAL ELECTRIC
COOPERATIVE CORPORATION**

BY: _____


**MICHAEL L. MILLER,
CEO and PRESIDENT**

STATE OF KENTUCKY
COUNTY OF HARDIN

I, the undersigned, a Notary Public, do hereby certify that on this 22nd day of March, 2013, personally appeared before me **MICHAEL L. MILLER**, who being by me first duly sworn, subscribed to and acknowledged that he is the **CEO and President** of **Nolin Rural Electric Cooperative Corporation**, a Kentucky corporation, that he signed the foregoing document as **CEO and President** of the corporation, and that the statements therein contained are true.



NOTARY PUBLIC, State of Kentucky
At Large

My commission expires 9-11-13.

Note No (a)	Interest Rate (b)	Date (c)	Original Balance (d)	Less		Balance Long Term Debt CFC & Other (g)	Maturity
				Principal Payments (e)	Funds Unadvanced (f)		
9014	7.100%	Feb-78	920,000	901,209		18,791	3/27/2013
9019	5.850%	Aug-80	924,000	743,393		180,607	11/5/2015
9022	5.850%	May-83	520,000	334,852		185,148	6/9/2018
9023	7.000%	Sep-92	1,031,633	391,444		640,189	9/10/2027
9024	7.000%	Jun-95	1,492,000	364,433		1,127,567	7/13/2030
9025	7.050%	May-98	1,977,000	384,791		1,592,209	5/1/2032
9028	4.950%	May-03	35,000,000	19,744,236		15,255,764	5/8/2018
9030	4.950%	Apr-13	24,000,000	10,566,623		13,433,377	12/14/2021
9031	4.950%	Aug-08	40,000,000	6,922,146	20,000,000	13,077,854	7/10/2023
9032		Jul-12	50,000,000	936,652		49,063,348	7/16/2042



NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT	BORROWER NAME	Nolin Rural Electric Cooperative
	BORROWER DESIGNATION	KY051
	ENDING DATE	12/31/2012

Submit one electronic copy and one signed hard copy to CFC. Round all numbers to the nearest dollar.

CERTIFICATION		BALANCE CHECK RESULTS		AUTHORIZATION CHOICES	
We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.		<input type="radio"/> 0 <input type="radio"/> 0 <input checked="" type="radio"/> 18	Needs Attention	A. NRECA uses rural electric system data for legislative, regulatory and other purposes. May we provide this report from your system to NRECA?	
Signature of Office Manager or Accountant	Date			<input checked="" type="radio"/> YES <input type="radio"/> NO	
Signature of Manager	Date			<input checked="" type="radio"/> YES <input type="radio"/> NO	

ITEM	YEAR-TO-DATE			
	LAST YEAR	THIS YEAR	BUDGET	THIS MONTH
	(a)	(b)	(c)	(d)
1. Operating Revenue and Patronage Capital	71,990,665	72,435,385	73,493,607	7,583,210
2. Power Production Expense	0	0	0	0
3. Cost of Purchased Power	53,165,413	53,517,604	53,992,250	5,247,926
4. Transmission Expense	0	0	0	0
5. Regional Market Operations Expense	0	0	0	0
6. Distribution Expense - Operation	3,256,001	3,537,616	3,612,504	352,467
7. Distribution Expense - Maintenance	3,967,648	3,666,952	4,066,428	329,885
8. Consumer Accounts Expense	2,427,042	2,375,907	2,320,069	209,135
9. Customer Service and Informational Expense	895,984	835,907	926,568	70,030
10. Sales Expense	0	0	0	0
11. Administrative and General Expense	3,011,211	3,078,294	2,806,440	260,695
12. Total Operation & Maintenance Expense (2 thru 11)	66,723,299	67,012,280	67,724,259	6,470,138
13. Depreciation & Amortization Expense	3,623,377	3,740,790	3,778,273	316,725
14. Tax Expense - Property & Gross Receipts	0	0	0	0
15. Tax Expense - Other	0	0	0	0
16. Interest on Long-Term Debt	3,893,167	2,955,396	1,362,026	250,891
17. Interest Charged to Construction (Credit)	0	0	0	0
18. Interest Expense - Other	133,760	162,814	92,400	11,293
19. Other Deductions	21,018	608,922	24,000	1,098
20. Total Cost of Electric Service (12 thru 19)	74,394,621	74,480,202	72,980,958	7,050,145
21. Patronage Capital & Operating Margins (1 minus 20)	(2,403,956)	(2,044,817)	512,649	533,065
22. Non Operating Margins - Interest	3,271,501	2,409,463	56,568	196,443
23. Allowance for Funds Used During Construction	0	0	0	0
24. Income (Loss) from Equity Investments	0	0	831,879	0
25. Non Operating Margins - Other	1,791,909	1,590,583	40,404	172,254
26. Generation & Transmission Capital Credits	3,660,266	3,420,838	0	3,515,126
27. Other Capital Credits & Patronage Dividends	370,460	217,683	0	0
28. Extraordinary Items	0	0	0	0
29. Patronage Capital or Margins (21 thru 28)	6,690,180	5,593,750	1,441,500	4,416,888

PART B: DATA ON TRANSMISSION AND DISTRIBUTION PLANT					
ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR	THIS YEAR		LAST YEAR	THIS YEAR
	(a)	(b)		(a)	(b)
1. New Services Connected	457	562	5. Miles Transmission	0	0
2. Services Retired	664	118	6. Miles Distribution Overhead	2,636	2,634
3. Total Services In Place	34,148	34,908	7. Miles Distribution Underground	356	376
4. Idle Services (Exclude Seasonal)	988	1,141	8. Total Miles Energized (5+6+7)	2,992	3,010



NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION FINANCIAL AND STATISTICAL REPORT	BORROWER NAME	Nolin Rural Ele
	BORROWER DESIGNATION	KY051
	ENDING DATE	12/31/2012

PART C. BALANCE SHEET			
ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	101,033,049	29. Memberships	284,650
2. Construction Work in Progress	2,280,128	30. Patronage Capital	56,412,094
3. Total Utility Plant (1+2)	103,313,177	31. Operating Margins - Prior Years	0
4. Accum. Provision for Depreciation and Amort	38,567,339	32. Operating Margins - Current Year	1,609,457
5. Net Utility Plant (3-4)	64,745,838	33. Non-Operating Margins	3,984,294
6. Nonutility Property - Net	894	34. Other Margins & Equities	936,390
7. Investment in Subsidiary Companies	0	35. Total Margins & Equities (29 thru 34)	63,226,885
8. Invest. in Assoc. Org. - Patronage Capital	24,451,702	36. Long-Term Debt CFC (Net)	94,574,853
9. Invest. in Assoc. Org. - Other - General Funds	0	37. Long-Term Debt - Other (Net)	0
10. Invest in Assoc. Org. - Other - Nongeneral Funds	2,462,126	38. Total Long-Term Debt (36 + 37)	94,574,853
11. Investments in Economic Development Projects	0	39. Obligations Under Capital Leases - Non current	0
12. Other Investments	165,908	40. Accumulated Operating Provisions - Asset Retirement Obligations	3,777,708
13. Special Funds	0	41. Total Other Noncurrent Liabilities (39+40)	3,777,708
14. Total Other Property & Investments (6 thru 13)	27,080,630	42. Notes Payable	5,592,018
15. Cash-General Funds	2,943,966	43. Accounts Payable	11,073,195
16. Cash-Construction Funds-Trustee	0	44. Consumers Deposits	2,175,874
17. Special Deposits	0	45. Current Maturities Long-Term Debt	0
18. Temporary Investments	5,000	46. Current Maturities Long-Term Debt-Economic Dev.	0
19. Notes Receivable - Net	1,261	47. Current Maturities Capital Leases	0
20. Accounts Receivable - Net Sales of Energy	11,386,733	48. Other Current & Accrued Liabilities	2,018,443
21. Accounts Receivable - Net Other	75,798,031	49. Total Current & Accrued Liabilities (42 thru 48)	20,859,530
22. Renewable Energy Credits	0	50. Deferred Credits	698,290
23. Materials & Supplies - Electric and Other	1,145,865	51. Total Liabilities & Other Credits (35+38+41+49+50)	183,137,266
24. Prepayments	31,888	ESTIMATED CONTRIBUTION-IN-AID-OF-CONSTRUCTION	
25. Other Current & Accrued Assets	(1,946)	Balance Beginning of Year	0
26. Total Current & Accrued Assets (15 thru 25)	91,310,798	Amounts Received This Year (Net)	0
27. Deferred Debits	0	TOTAL Contributions-In-Aid-Of-Construction	0
28. Total Assets & Other Debits (5+14+26+27)	183,137,266		

PART D. THE SPACE BELOW IS PROVIDED FOR IMPORTANT NOTES REGARDING THE FINANCIAL STATEMENT CONTAINED IN THIS REPORT.

Nolin also provides demand side management and energy efficiency services to Ft. Knox, a local federal military installation. Nolin subcontracts almost all work performed, then bills Ft. Knox for the subcontractor cost plus a management fee. The amounts are due over a ten year period. Due to the method of accounting for this project, the operating ratios are distorted. The interest for the project is recorded in the long term interest expense but the revenue received from the project is recorded in non-operating margins



Created and Owned by America's Electric Cooperative Network

February 22, 2013

Mr. Michael L. Miller
President & CEO
Nolin Rural Electric Cooperative Corporation
411 Ring Road
Elizabethtown, KY 42701-8701

Dear Mickey:

National Rural Utilities Cooperative Finance Corporation ("CFC") is pleased to offer Nolin Rural Electric Cooperative Corporation ("Nolin") this commitment to provide a secured credit facility of up to Sixty-Four Million Dollars (\$64,000,000) for a term of 25 years to provide financing support for Nolin's Demand Side Management and Energy Efficiency Services Contract with Fort Knox. The loan documents will be sent to your cooperative under separate cover for execution.

CFC's loan commitment is dependent upon the execution of the CFC loan documents by your cooperative, as well as their receipt and acceptance by CFC; and the receipt of all applicable regulatory and commission approvals.

Once these items are received at CFC, we will notify you promptly regarding the status of your loan.

If you have any questions, please contact me at 1-800-424-2954 x1883. At CFC, we appreciate the opportunity to do business with you and look forward to serving your financial needs in the future.

Sincerely,

A handwritten signature in cursive script, appearing to read "Elaine MacDonald".

Elaine MacDonald
Associate Vice President

EXHIBIT #4

RESOLUTION
REQUESTING NATIONAL RURAL UTILITIES COOPERATIVE
FINANCE CORPORATION (CFC) LOAN FOR \$64,000,000.00

WHEREAS, it has been determined that in regard to the Fort Knox Privatization Contract, and more specifically, the Energy Security and Power Efficiency Project being handled by Nolin RECC pursuant to that Privatization Contract, that it will be necessary for Nolin RECC to borrow up to \$64,000,000.00 for a term of 25 years to provide financing for this project,

NOW THEREFORE, be it resolved that Nolin RECC, Elizabethtown, Kentucky, make application to CFC for a loan in the approximate amount of \$64,000,000.00, to be used for the purposes set forth above. It is further resolved that the CFC loan shall bear a maturity date of approximately 25 years from the date of the loan.

It is further resolved that the Board of Directors of Nolin RECC authorizes its officers to execute and attest all necessary papers, documents and applications related to the foregoing.

IT IS FURTHER RESOLVED that the President and CEO of Nolin RECC is authorized on behalf of Nolin RECC to execute and deliver from time to time advance requests, maturity extension election notices, prepayment election notices and refinancing election notices, in the form of such instruments required by CFC, and to specify information and select options as provided in such instruments.

WITNESS the signature of the duly elected Secretary of Nolin RECC this 6th day of March, 2013.

CERTIFICATION

I, A.L. Rosenberger, Secretary of Nolin RECC, do hereby certify that the above is a true and correct excerpt taken from the Minutes of the meeting of the Board of Directors of Nolin RECC held on the 6th day of March, 2013, at which time a quorum of said meeting was present and voted.



A.L. ROSENBERGER, SECRETARY