

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BIG SANDY RURAL)	
ELECTRIC COOPERATIVE CORPORATION)	CASE NO.
FOR AUTHORITY TO REFINANCE EXISTING)	2017-00190
DEBT)	

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO
BIG SANDY RURAL ELECTRIC COOPERATIVE CORPORATION

Big Sandy Rural Electric Cooperative Corporation ("Big Sandy"), pursuant to 807 KAR 5:001, is to file with the Commission the original and six copies of the following information, with a copy to all parties of record. The information requested herein is due within ten days of this request for information. Responses to requests for information shall be appropriately bound, tabbed, and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Big Sandy shall make timely amendments to any prior response if it obtains information which indicates that the response was incorrect when made or, though

correct when made, is now incorrect in any material respect. For any request to which Big Sandy fails or refuses to furnish all or part of the requested information, it shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention should be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a document containing personal information, Big Sandy shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to the Application, paragraph 7. Big Sandy states that the request to execute a loan agreement from the National Rural Electric Cooperative Finance Corporation (“CFC”) is at a fixed interest rate of 4.04 percent.

a. Provide documentation from CFC supporting this fixed interest rate.

b. Refer to Exhibit 6, page 3 of 3, Big Sandy RECC CFC Loan Scenario. Twenty loans are listed with fixed interest rates varying from 2.7 percent to 4.3 percent. Reconcile this loan scenario with a fixed interest rate of 4.04 percent.

i. If 4.04 percent is a blended interest rate, provide the calculation for this.

2. Refer to the application, Exhibit 2, page 1 of 3. Provide Schedule A (“Rate Lock Option”) referenced in the CFC letter.

3. Refer to Exhibit 3, page 3 of 3. Explain why Rural Utility Service (“RUS”) note RET-7-1 is included for refinancing, given that the current interest rate of 3.00 percent is lower than the proposed interest rate of 4.04 percent.

4. Refer to the application, Exhibit 6.

a. Refer to page 2 of 3.

i. Provide the calculation for the RUS effective interest rate of 4.40 percent in Excel spreadsheet format, with formulas intact and unprotected and all rows and columns fully accessible.

ii. Provide the net present value (“NPV”) of the savings, based upon the 3.78 percent effective CFC interest rate, in Excel spreadsheet format, with formulas intact and unprotected and all rows and columns fully accessible.

iii. Provide an explanation of what the Patronage of -0.26 percent represents within the CFC interest rate and how it is calculated.

iv. Provide the NPV of the savings, based upon the 4.40 effective RUS interest rate, in Excel spreadsheet format, with formulas intact and unprotected and all rows and columns fully accessible.

v. Provide this Exhibit in Excel spreadsheet format, with formulas intact and unprotected and all rows and columns fully accessible. If it is necessary to update this exhibit in response to questions contained in this information request, provide the updated version in both paper medium and electronically.

b. Refer to page 3 of 3.

i. Confirm the refinancing of the notes is a series of notes of varying interest rates and lengths of term and not just a single note.

ii. If confirmed, explain why the refinancing of the notes is a series of notes of varying interest rates and lengths of term and not just a single note.

5. Provide an estimate of any fees or expenses that Big Sandy expects it will incur to close the loan with CFC, as well as an estimate of their impact on the NPV of the proposed financing to the extent they are not already reflected.

6. Big Sandy has not requested Commission approval by any certain date.

a. Provide the closing date requested by CFC.

b. Provide the date that Big Sandy would need approval in order to close by the CFC closing date.



Talina R. Mathews
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

DATED JUN 15 2017

cc: Parties of Record

*Big Sandy R.E.C.C.
504 11th Street
Paintsville, KY 41240-1422

*Billy Frasure
Big Sandy R.E.C.C.
504 11th Street
Paintsville, KY 41240-1422

*Justin M. McNeil
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*Kent Chandler
Assistant Attorney General
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*Lance Daniels
Attorney
P. O. Box 1115
225 Main Street
Paintsville, KENTUCKY 41240

*Rebecca W Goodman
Assistant Attorney General
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204