

OWEN Electric

A Touchstone Energy Cooperative 

February 5, 2009

Jeff Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P. O. Box 615
Frankfort, KY 40602

RECEIVED
FEB 9 2009
PUBLIC SERVICE
COMMISSION

RE: Owen Electric Cooperative, Inc
Application Regarding RUS/CoBank loan
Under the RDUP Colending Program
Case No 2009-00010

Dear Mr Derouen:

Owen Electric Cooperative ("Owen") respectfully submits the answers to the filing deficiency letter dated January 16, 2009 regarding the application seeking approval to obtain a loan under the RUS/CoBank Co-Lending program. The total amount of the loan is \$28,083,000.00. \$21,083,000 of the loan is to be provided by RUS, and \$7,000,000 is to be provided by CoBank. There is no requirement for approval from the Kentucky Public Service Commission ("PSC") for the RUS portion of the debt, per KRS 278.300(10). However, PSC approval is required for the \$7,000,000 CoBank portion of the note. Owen submits this original and 10 copies of the response with this filing.

- 807 KAR 5:001: Section 11(1)(b): If Bonds or Notes or Other Indebtedness is proposed:
Description of the amount(s).

As noted in Item 12, and in Exhibit 8, of the original application, the proposed total debt amount is \$28,083,000. \$21,083,000 is to be provided by RUS and the remaining \$7,000,000 to be provided by CoBank.

- 807 KAR 5:001: Section 11(1)(b): If Bonds or Notes or Other Indebtedness is proposed: Interest rates(s).

The loan provides for draw downs of the loan as needed. Please see the attached excerpts of the Master Loan Agreement (MLA) between Owen Electric Cooperative and CoBank and the amendment to the MLA. As noted in Exhibit 8 of the original application, the interest rate on the CoBank portion of the note will be determined based on one of the two options Owen takes when the loan is advanced. Each loan advance requires Owen to decide between a weekly quoted variable rate or a quoted fixed rate option. The decision of which option to take will be made at the time of the loan advance based upon the interest rates available at the time of the advance, and based upon which option will provide Owen with the lowest anticipated interest expense over the life of the loan.

- 807 KAR 5:001: Section 11(1)(b): If Bonds or Notes or Other Indebtedness is proposed: Full description of all terms.

Exhibit 8 of the original application contains all terms of the CoBank portion of the note. Per KRS 278.300(10), PSC approval is not required for the RUS portion of the loan.

- 807 KAR 5:001: Section 11(1)(b): If Bonds or Notes or Other Indebtedness is proposed: Whether the debt is to be secured and if so a description of how it's secured.

This loan requires the issuance of a supplemental or restated mortgage between RUS, National Rural Utilities Cooperative Finance Corporation (CFC) and CoBank as described in Section 11 of Exhibit 3 of the original application.

- 807 KAR 5:001: Section 11(1)(b): If stock is to be issued: Description of amount and kinds to be issued.

No stock is to be issued.

- 807 KAR 5:001: Section 11(1)(b): If stock is to be issued: If preferred stock, a description of the preferences.

No stock is to be issued.

- 807 KAR 5:001: Section 11(1)(c): Statement of how proceeds are to be used. Should show amounts for each type of use (i.e., property, debt refunding, etc.)

All proceeds are to be used to fund Owen's construction work plan, a single copy of which is attached to the original filing of this document per conversation with Mark Frost.

- 807 KAR 5:001: Section 6(4) Mortgages: Amount of Indebtedness Secured.

Please see attached schedule of Outstanding Debt.

- 807 KAR 5:001: Section 6(4) Mortgages: Date of Execution

Please see attached schedule of Outstanding Debt.

- 807 KAR 5:001: Section 6(4) Mortgages: Name of Mortgagee or Trustee

Please see attached schedule of Outstanding Debt.

- 807 KAR 5:001: Section 6(4) Mortgages: Name of Mortgagor

Please see attached schedule of Outstanding Debt.

- 807 KAR 5:001: Section 6(4) Mortgages: Sinking Fund Provisions.

Please see attached schedule of Outstanding Debt.

- 807 KAR 5:001: Section 6(6) Notes Outstanding: Date of Issue

Please see attached schedule of Outstanding Debt.

- 807 KAR 5:001: Section 6(6) Notes Outstanding: In Whose Favor

Please see attached schedule of Outstanding Debt.

- 807 KAR 5:001: Section 6(6) Notes Outstanding: Interest Paid in Last Fiscal Yr.

Please see attached schedule of Outstanding Debt.

- 807 KAR 5:001: Section 6(6) Notes Outstanding: Maturity Date

Please see attached schedule of Outstanding Debt.

- 807 KAR 5:001: Section 6(6) Notes Outstanding: Rate of Interest

Please see attached schedule of Outstanding Debt.

Respectfully submitted,
Owen Electric Cooperative, Inc.

By 
Mark Stallons, President & CEO

OWEN ELECTRIC COOPERATIVE 2008-2009 Construction Workplan
COST SUMMARY SPREADSHEET

NEW CONSTRUCTION -- RUS CODE 100

ITEM	RUS CODE	AVE. \$/CONSUMER	# CONS.
New Member Extensions OH	100	\$4,423	722
New Member Extensions URD	101	\$1,949	2,600
New Member Extensions LP	102	\$7,040	40
TOTAL CODE 100:			3,362

2008	2009	TOTAL
\$1,569,267	\$1,624,139	\$3,193,406
\$2,489,500	\$2,576,600	\$5,066,100
\$138,380	\$143,220	\$281,600
\$4,197,147	\$4,343,959	\$8,541,106

LINE CONVERSION - RUS CODE 300

SUB-SECTION	RUS CODE	Original Conductor	NEW COND/PH	\$/FT/PH	OT/MI/PH	YR	2008	2009	TOTAL
Williamstown	301-1	1 ph 1/0 ACSR	3 ph 1/0 ACSR	\$47,000	2.8	2008	\$136,692	\$0	\$136,692
Williamstown	302-1	1 ph 6A & 1 ph 1/0 ACSR	3 ph 1/0 ACSR	\$47,000	1.4	2008	\$70,049	\$0	\$70,049
Williamstown	303-1	1 ph 6A	3 ph 1/0 ACSR	\$47,000	0.7	2009	\$0	\$35,747	\$35,747
Bromley	304-1	1 ph 1/0 ACSR	3 ph 1/0 ACSR	\$47,000	3.3	2009	\$0	\$165,644	\$165,644
Carson	305-1	1 ph #2 ACSR	3 ph 1/0 ACSR	\$47,000	1.5	2008	\$73,940	\$0	\$73,940
Noel	306-1	1 ph 1/0 ACSR	3 ph 1/0 ACSR	\$47,000	2.7	2009	\$0	\$136,442	\$136,442
Griffin	307-1	1 ph 1/0 ACSR	3 ph 1/0 ACSR	\$47,000	3.7	2009	\$0	\$187,796	\$187,796
Grantslick	308-1	1 ph 6A	3 ph 1/0 ACSR	\$47,000	1.3	2008	\$64,211	\$0	\$64,211
Grantslick #2	309-1	1 ph 6A	3 ph 1/0 ACSR	\$47,000	1.5	2008	\$71,022	\$0	\$71,022
Munk	310-1	1 ph 1/0 ACSR	3 ph 1/0 ACSR	\$47,000	2.4	2009	\$0	\$122,848	\$122,848
Munk	311-1	1 ph #2 ACSR	3 ph 1/0 ACSR	\$47,000	0.5	2009	\$0	\$24,670	\$24,670
Banklick	312-1	1 ph 6A	3 ph 1/0 ACSR	\$47,000	1.6	2008	\$79,778	\$0	\$79,778
Banklick	313-1	1 ph #2 ACSR	3 ph 1/0 ACSR	\$47,000	0.6	2009	\$0	\$28,698	\$28,698
Bullittsville	314-1	3 ph 336 ACSR	DC 3 ph 336 ACSR	\$60,000	0.4	2008	\$26,703	\$0	\$26,703
Smith	315-1	1 ph 6A	3 ph 1/0 ACSR	\$47,000	0.3	2009	\$0	\$15,104	\$15,104
Richardson	316-1	1 ph #2 ACSR	3 ph 1/0 ACSR	\$47,000	0.5	2008	\$25,782	\$0	\$25,782
Bristow	317-1	1 ph 1/0 ACSR	3 ph 1/0 ACSR	\$47,000	0.1	2008	\$6,810	\$0	\$6,810
Bristow	318-1	1 ph #2 ACSR	3 ph 1/0 ACSR	\$47,000	0.1	2008	\$4,183	\$0	\$4,183
Bristow	318-1	1 ph 1/0 urd	3 ph 1/0 urd	\$84,000	0.1	2008	\$10,868	\$0	\$10,868
Bristow #2	319-1	3 ph 4/0 urd	3 ph 500MCM	\$125,000	0.1	2008	\$12,938	\$0	\$12,938
Downing #2	320-1	3 ph 3/0 ACSR	3 ph 336 ACSR	\$89,000	1.0	2008	\$89,352	\$0	\$89,352
Downing #2	321-1	1 ph #2 ACSR	3 ph 1/0 ACSR	\$47,000	0.3	2009	\$0	\$15,104	\$15,104
Downing #2	322-1	1 ph #2 ACSR	3 ph 1/0 ACSR	\$47,000	0.3	2009	\$0	\$16,111	\$16,111
TOTAL CODE 300:			27.4				\$672,328	\$748,165	\$1,420,493

MISCELLANEOUS DISTRIBUTION EQUIPMENT -- RUS CODE 600'S

ITEM	RUS CODE	2 YR. AVE. COST	# ITEMS
New Underground Transformers	601	\$1,954	400
New Overhead Transformers	601	\$948	1,280
New 3 phase Transformers PAD	601	\$14,467	40
New Meters - AMR	601	\$146	25,000
New Meters - AMR replacement	601	\$155	3,600
Service Upgrades	602	\$1,177	250
Sectionalizing	603	\$262,213	56
Voltage Regulators	604	\$95,645	18
Switched Capacitors	605	\$66,225	11
Pole Changes	606	\$2,183	500
Conductor Replacement	608	\$800,000	80
TOTAL			
MISC. CODE 600'S:			

2008	2009	TOTAL
\$384,000	\$397,440	\$781,440
\$595,840	\$616,694	\$1,212,534
\$284,360	\$294,313	\$578,673
\$3,650,000	\$0	\$3,650,000
\$273,600	\$283,176	\$556,776
\$144,500	\$149,500	\$294,000
\$256,720	\$265,705	\$522,425
\$94,000	\$97,290	\$191,290
\$60,000	\$72,450	\$132,450
\$536,250	\$555,000	\$1,091,250
\$800,000	\$800,000	\$1,600,000
TOTAL		
\$7,079,270	\$3,531,568	\$10,610,838

OTHER DIST. ITEMS - RUS CODE 700

ITEM	RUS CODE	2 YR. AVE. COST	# ITEMS
Security Lights	701	\$619	900
SCADA	703	\$15,263	10
TOTAL CODE 700:			

2008	2009	TOTAL
\$273,600	\$283,050	\$556,650
\$75,000	\$77,625	\$152,625
\$348,600	\$360,675	\$709,275

Amendment to Current Approved
Construction Work Plan

Amendment # 2008-1

Borrower Designation KY 37

Work Plan Period: 2008-2009

Change Proposed: To build an express feeder from Keith Substation to Kentucky American Water new water treatment plan at the Frankfort/Owenton county line along route 127. It will be built and operated at 24.9 kV, double circuited, a new circuit over an exiting circuit and approximately 13 miles long using 336.4 ACSR conductors.

740c Code: 323-1

Reason for Change: To serve a new customer with approximate 1.5 – 2 MW of load and future chance of doubling. Their 500 and 700 horse power motors that will cause enough voltage flicker during startup that it is anticipated that the customer will require an express circuit to serve them only. Kentucky American Water requires permanent power by October 2009.

Method of Financing

Loan Funds: \$420,000

General Funds

Contributions in Aid: \$980,000 toward project

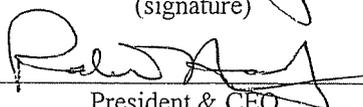
Status of Borrowers Environmental Report: NA (code 300 double circuit – no new R/W)

Estimated Cost: Project cost \$1,400,000, minus contribution equal \$420,000 cost for OEC

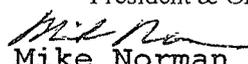
Engineering Support Attached NA

Registered Engineer - James D. See
(signature)


24368
(P.E. number)

Requested By 
President & CEO

Date 8/26/08

Approved By: 
Mike Norman
RUS, GFR

Date: 8-15-2008

Subject to BER approval? Yes No X

Status of Construction: Proposed

SECTION A. COST ESTIMATES (cont.)

BORROWER'S
COST ESTIMATES

RUS USE ONLY

500 e. Substation, Switching Station, Metering Point Changes

Station Designation

Description of Changes

Subtotal

\$0

600 f. Miscellaneous Distribution Equipment

601 (1) Transformers and Meters

Construction	Transformers			Meters		
Underground	400	\$781,440	AMR	3600	\$556,776	\$1,338,216
Overhead	1320	\$1,791,207	AMR	25000	\$3,650,000	5,441,207
Subtotal code 601 . . . (included in total of all 600 codes below)						\$6,779,423

602 (2) Sets of Service Wires to increase Capacity

294,000

603 (3) Sectionalizing Equipment

522,425

604 (4) Regulators

191,290

605 (5) Capacitors

132,450

606 (6) Poles

1,091,250

607 (7)

608 (8) Conductor Replacement

1,600,000

(9)

(10)

(11)

Subtotal ALL 600 codes

\$10,610,838

700 g. Other Distribution Items

701 (1) Security Lights

\$556,650

703 (2) SCADA

152,625

(3) AMR

(4) Reimbursement of General Funds (see attached)

6,381,686

Subtotal

\$7,090,961

TOTAL DISTRIBUTION.

\$28,083,000

800 2. Transmission

a. New Line

Line Designation

Voltage

Wire Size

Miles

Total Miles

Subtotal

\$0

KY 37 AU8/LA1

REIMBURSEMENT SCHEDULE

	IWO	SPEC - EQUIP
Dec-07	\$246,880.79	
Jan-08	\$739,116.08 \$43,962.40	\$101,671.05
Feb-08	\$348,470.10 \$89,877.32	\$360,246.34
Mar-08	\$548,124.18 \$103,901.66	\$154,074.39
Apr-08	\$376,285.58 \$23,049.41	\$36,146.52
May-08	\$415,741.19 \$84,244.25	\$1,311,532.54
Jun-08	\$332,088.72 \$152,204.12	\$128,809.88
Jul-08	\$185,007.40 \$17,450.41	\$582,801.88
	<hr/>	
	\$3,706,403.61	\$2,675,282.60
GRAND TOTAL	\$6,381,686.21	

SECTION A COST ESTIMATES <i>(cont.)</i>		BORROWER'S COST ESTIMATES	RUS USE ONLY
1400	5. ACQUISITIONS		
	a. _____ Consumers _____ Miles		
	b. _____		
	TOTAL ACQUISITIONS.	\$0	
1500	6. ALL OTHER		
	a. _____		
	b. _____		
	c. _____		
	d. _____		
	e. _____		
	TOTAL ALL OTHER.	\$0	

SECTION B. SUMMARY OF AMOUNTS AND SOURCES OF FINANCING

1. GRAND TOTAL - ALL COSTS		\$28,083,000	
2. FUNDS AND MATERIALS AVAILABLE FOR FACILITIES			
a. Loan Funds	\$0		
b. Materials and Special Equipment	0		
c. General Funds			
Purpose 1	\$0.00		
Purpose 2			
Purpose 3			
Purpose 4			
Total General Funds Applied	\$0.00		
d. Total Available Funds and Materials		\$0	
3. NEW FINANCING REQUESTED FOR FACILITIES		\$28,083,000	
4. FFB LOAN REQUESTED FOR FACILITIES		\$21,083,000	
5. TOTAL SUPPLEMENTAL LOAN REQUESTED		\$7,000,000	
<i>Name of Supplemental Lender</i>			
6. CAPITAL TERM CERTIFICATE PURCHASES (CFC Loan only)			
7. SUPPLEMENTAL LOAN REQUESTED FOR FACILITIES			
8. 100% SUPPLEMENTAL LOANS (SEE RUS Bulletin 20-40, Att. C)*			

* Identify in section A by budget purpose and separate subtotals.

SECTION C. CERTIFICATION

We, the undersigned, certify that:

- Upon completion of the electrical facilities contained herein and any others uncompleted at this time but for which financing is available, the system will be capable of adequately and dependably serving the projected load for the loan period as contained in our current RUS approved Power Requirement Study and Construction Work Plan.
- Negotiations have been or will be initiated with our power supplier, where necessary, to obtain new delivery points and/or additional capacity at existing ones to adequately supply the projected load upon which this loan application is based.
- The data contained herein and all supporting documents have, to the best of my knowledge, been prepared correctly and in accordance with RUS Bulletin 20-2.

9/30/2008
Date

Signature of Borrower's President & CEO
Robert A. Hood

9/30/2008
Date

Signature of Borrower's Chairman
Robert L. True

OWEN ELECTRIC COOPERATIVE, INC.

Corporate Name of Borrower

GFR Initials

MJN

STATEMENT

Statement certifying that at least 90% of the Loan funds are for facilities with a useful life of 33 years or longer as required by 7 CFR 1710.115.

To facilitate the determination of the final maturity for this RUS Loan,
Robert A. Hood
does hereby certify that:

At least 90% of the Loan funds requested as part of this loan application and included on the RUS Form 740c (Cost Estimates and Loan Budget for Electric Borrowers) are for facilities with an anticipated useful life of 33 years or longer.

Less than 90% of the Loan funds requested as part of this loan application and included on the RUS Form 740c (Cost Estimates and Loan Budget for Electric Borrowers) are for facilities with an anticipated useful life of 33 years or longer. A schedule has been attached to this statement listing the facilities with an anticipated useful life of less than 33 years, the anticipated useful life of those facilities and the associated cost estimates (see attached).

9/30/2008

Date

Title:

President & CEO

USEFUL LIFE CERTIFICATION TEST

KY 37 AUB/LA I

New Financing Requested for Facilities:	<u>21,702,000</u>
(740c pg 4, 1. GRAND TOTAL - ALL COSTS)	
Purpose #1: AMR	
Code 601: AMR Modules/ Devices installed in Meters	4,206,776
Code 702: AMR Master Station/Substation Devices	0
AMR submitted in SES and/or IWOS' for Reimbursement	0
Sub-Total AMR	<u>4,206,776</u>
Purpose #1: SCADA	
Code 704: SCADA Master Station/Substation Devices	0
Purpose #6: GIS	
Code 1501: GIS Hardware and Device Costs	0
Code 1502: GIS Software, Data Migration and Integration Costs	0
Code 1503: Field Inventory & Data Collection Costs less 25% of overall costs	0
GIS submitted in IWOS' for Reimbursement	0
Sub-Total GIS	<u>0</u>
AMR, SCADA & GIS TOTAL	<u>4,206,776</u>

If Total AMR, SCADA & GIS Financing Requested is > Greater Than Five (5%) Percent of ITEM #1: New Financing Requested for Facilities then YES

- (a.) New Certification stating "Less than 90% of the Loan funds requested as part of this loan application and included on the RUS Form 740c are for facilities with an anticipated useful life of Thirty-three (33) years or longer
- (b.) Schedule of Facilities with Useful Life of Less Than Thirty-three (33) Years
- (c.) If Answer "NO" use normal Certification

ITEM #4: Depreciation Calculation	(1.) Depreciation Rate	(2.) Annual Depreciation	(3.) Average Useful Life
(a.) Code #601: AMR Turtle Devices, Useful Life = 25 Yrs	0.0400	4,206,776	168,271
(b.) Code #702: AMR Master Station/Substation Devices, Use Life = 15 Yrs	0.0667	0	0
(c.) Code #704: SCADA Master Station/Substation Devices, Use Life = 15 Yrs	0.0667	0	0
(d.) Code #1501: GIS Hardware and Devices, Useful Life = 5 Yrs	0.2000	0	0
(e.) Code #1502: GIS Software, Data Migration, and Intergration, Useful Life = 5 Yrs	0.2000	0	0
(f.) Code #1503: Field Inventory, and Data Collection, Useful Life = 20 Yrs	0.0500	0	0
(g.) Balance of New Financing Requested for Facilities, Useful Life = 35 Yrs.	0.0286	17,495,224	499,864
(h.) Calculations: GRAND TOTAL		<u>21,702,000</u>	<u>668,135</u>
(1.) Depreciation Rate			32.48
(2.) Annual Depreciation			
(3.) Composite Average Useful Life of Total Loan			

Calculated Useful Life Rounded up to nearest whole number 33 years

Final Calculated Useful Life With Two Additional Years Added Per 7 CFR Part 1710.115 (b)
35 years

SCHEDULE of FACILITIES with USEFUL LIFE of LESS THAN THIRTY THREE (33) YEARS

CODE	COST	USEFUL LIFE	DESCRIPTION
#601	4,206,776	25 YEARS	AMR Modules/ Devices in Meter
#702	0	15 YEARS	AMR Master Station / Substation Devices
#704	0	15 YEARS	SCADA Master Station / Substation Devices
#1501	0	5 YEARS	GIS Hardware and Device Costs
#1502	0	5 YEARS	GIS Software, Data Migration and Integration Costs
#1503	0	20 YEARS	Field Inventory & Data Collection Costs less 25% of overall costs

MASTER LOAN AGREEMENT

THIS MASTER LOAN AGREEMENT (this "Agreement") is entered into as of July 26, 2007 between **OWEN ELECTRIC COOPERATIVE, INC., Owenton, Kentucky**, a Kentucky corporation (the "Company") and **CoBANK, ACB**, a federally chartered instrumentality of the United States ("CoBank").

BACKGROUND

From time to time, the Company may borrow from CoBank. In order to reduce the amount of paperwork associated therewith, CoBank and the Company would like to enter into a master loan agreement. Such is the purpose of this Agreement.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and CoBank agree as follows:

SECTION 1. Note and Supplements. In the event the Company desires to borrow from CoBank and CoBank is willing to lend to the Company, or in the event the parties desire to consolidate any existing loans hereunder, the parties will enter into a Note and Supplement to this Agreement (a "Note and Supplement"). Each Note and Supplement will set forth CoBank's commitment to make a loan or loans to the Company, the amount of the loan(s), the purpose of the loan(s), the interest rate or rate options applicable to the loan(s), the repayment terms of the loan(s), and any other terms and conditions applicable to the particular loan(s). Each Note and Supplement will also contain a promissory note of the Company setting forth the Company's obligation to make payments of interest on the unpaid principal balance of the loan(s), and fees and premiums, if any, and to repay the principal balance of the loan(s). Each loan will be governed by the terms and conditions contained in this Agreement and in the Note and Supplement relating to that loan.

SECTION 2. Notice and Manner of Borrowing. Loans will be made available on any day on which CoBank and the Federal Reserve Banks are open for business (a "Business Day") upon the telephonic or written request of an authorized employee of the Company. Requests for loans must be received by 12:00 noon Company's local time on the date the loan is desired. Loans will be made available by wire transfer of immediately available funds. Wire transfers will be made to such account or accounts as may be authorized by the Company.

SECTION 3. Payments. Payments under each Note and Supplement shall be made by wire transfer of immediately available funds, by check, or by automated clearing house (ACH) or other similar cash handling processes as specified by separate agreement between the Company and CoBank. Wire transfers shall be made to ABA No. 307088754 for advice to and credit of "CoBANK" (or to such other account as CoBank may direct by notice). The Company shall give CoBank telephonic notice no later than 12:00 noon Company's local time of its intent to pay by wire, and funds received after 3:00 p.m. Company's local time shall be credited on the next Business Day. Checks shall be mailed to CoBANK, Department 167, Denver, Colorado 80291-0167 (or to such other place as CoBank may direct by notice).

**AMENDMENT
TO THE
MASTER LOAN AGREEMENT**

THIS AMENDMENT is entered into as of November 19, 2008, between **CoBANK, ACB** (“CoBank”) and **OWEN ELECTRIC COOPERATIVE, INC., Owenton, Kentucky** (the “Company”).

BACKGROUND

CoBank and the Company are parties to a Master Loan Agreement dated July 26, 2007 (such agreement, as previously amended, is hereinafter referred to as the “MLA”). CoBank and the Company now desire to amend the MLA. For that reason, and for valuable consideration (the receipt and sufficiency of which are hereby acknowledged), CoBank and the Company agree as follows:

- 1. Section 8 (F) of the MLA is hereby amended and restated to read as follows:

SECTION 8. Negative Covenants. Unless otherwise agreed to in writing by CoBank, while this Agreement is in effect, the Company will not:

(F) Loans, Investments and Contingent Liabilities. Make any loan or advance to, or make any investment in, or purchase or make any commitment to purchase any stock, bonds, notes or other securities of, or guaranty, assume or otherwise become obligated or liable with respect to the obligations of, any person or entity, except: (1) securities or deposits issued, guaranteed or fully insured as to payment by the United States of America or any agency thereof; (2) existing investments in generation and transmission cooperatives and investments in CoBank and other lenders organized on a cooperative basis; and (3) such other loans, guaranties, deposits, advances, investments, and obligations as may from time to time be made, purchased or undertaken by the Company; provided, however, that the aggregate cost of such other investments, plus the total unpaid principal amount of such other loans, guaranties, deposits, advances and obligations shall not at any time exceed 15% of the Company’s “Total Utility Plant” (as determined in accordance with the RUS System of Accounts).

- 2. Except as set forth in this amendment, the MLA, including all amendments thereto, shall continue in full force and effect as written.

IN WITNESS WHEREOF, the parties have caused this amendment to be executed by their duly authorized officers as of the date shown above.

CoBANK, ACB

OWEN ELECTRIC COOPERATIVE, INC.

By: _____

By: _____

Title: _____

Title: _____

OWEN ELECTRIC COOPERATIVE, INC.
SCHEDULE OF OUTSTANDING DEBT
DECEMBER 31, 2008

Note Number	INT RATE	ISSUE DATE	MATURITY DATE	ORIGINAL BALANCE	BALANCE 12/31/2007	12/31/2008 INTEREST PAID
FFB						
H0010	6.038	1/4/1999	1/3/2034	\$2,700,000	\$2,433,270	\$148,486
H0015	5.542	1/4/1999	1/3/2034	\$3,000,000	\$2,678,019	\$150,125
H0020	5.423	1/4/1999	1/3/2034	\$2,000,000	\$1,697,890	\$93,109
H0025	5.423	1/4/1999	1/3/2034	\$2,000,000	\$1,694,461	\$92,968
H0030	5.423	1/4/1999	1/3/2034	\$1,000,000	\$854,886	\$46,904
H0035	5.423	1/4/1999	1/3/2034	\$2,000,000	\$1,723,975	\$94,588
H0040	5.423	1/4/1999	1/3/2034	\$2,000,000	\$1,756,557	\$96,375
H0045	5.423	1/4/1999	1/3/2034	\$3,263,000	\$2,902,287	\$159,237
H0050	5.290	9/2/2003	12/31/2037	\$4,000,000	\$3,797,505	\$206,967
H0055	5.402	9/2/2003	12/31/2037	\$7,963,000	\$7,559,073	\$411,976
H0060	3.786	9/2/2003	12/31/2037	\$3,500,000	\$3,335,401	\$166,365
H0065	5.317	5/16/2006	12/31/2037	\$5,000,000	\$4,832,308	\$259,257
H0070	5.042	9/6/2006	12/31/2037	\$985,000	\$956,253	\$48,673
Subtotal FFB				\$39,411,000.00	\$36,221,885	\$1,975,029
RUS						
0A320	3.620	12/5/1995	7/27/2030	\$2,000,000	\$1,501,977	\$55,341
0A321	5.375	4/22/1996	7/27/2030	\$1,736,500	\$1,432,548	\$78,006
0A325	1.620	11/24/1997	7/27/2030	\$2,000,000	\$1,510,479	\$53,125
0A326	4.370	5/18/1998	7/27/2030	\$1,736,500	\$1,331,046	\$59,103
0A330	4.460	11/30/2007	10/1/2040	\$13,000,000	\$13,000,000	\$577,898
0A331	4.190	10/29/2008	10/1/2040	\$7,000,000	\$7,000,000	\$50,486
Subtotal RUS				\$27,473,000.00	\$25,776,050	\$873,960
TOTAL RUS/FFB				\$66,884,000.00	\$61,997,935	\$2,848,989
CFC						
9004	7.000	4/17/1973	5/31/2009	\$188,000	\$0	\$364
9008	7.000	2/22/1974	6/4/2009	\$262,000	\$9,815	\$1,497
9011	5.800	3/28/1975	6/1/2010	\$510,000	\$58,795	\$4,594
9014	6.000	7/1/1976	12/1/2011	\$510,000	\$109,674	\$7,570
9016	6.050	11/15/1977	3/1/2013	\$1,083,000	\$312,370	\$20,649
9019	6.100	11/1/1981	9/1/2014	\$1,686,000	\$583,520	\$37,610
9021	6.200	5/31/1985	6/1/2016	\$1,809,000	\$832,068	\$53,296
9024	6.500	5/31/1985	6/1/2018	\$1,064,000	\$577,203	\$38,174
9025	6.500	11/30/1987	6/1/2021	\$2,107,368	\$1,273,749	\$83,050
9026	5.550	10/21/1991	3/1/2026	\$2,198,958	\$1,594,044	\$83,688
9027	5.700	1/20/1994	9/1/2028	\$2,923,958	\$2,094,266	\$117,538
9028001	5.950	8/22/1996	5/31/2030	\$1,500,000	\$1,271,533	\$74,395
9028002	6.150	5/26/1997	5/31/2030	\$1,703,000	\$1,446,419	\$87,530
9031005	3.950	8/29/2003	5/31/2008	\$1,219,376	\$0	\$20,052
9031006	4.450	8/29/2003	5/31/2009	\$1,219,376	\$1,219,376	\$46,090
9031007	4.700	8/29/2003	5/31/2010	\$1,219,376	\$1,219,376	\$52,204
9031008	4.700	8/29/2003	5/31/2011	\$1,219,376	\$1,219,376	\$55,261
9031009	5.000	8/29/2003	5/31/2012	\$1,219,376	\$1,219,376	\$58,929
9031010	5.200	8/29/2003	5/31/2013	\$1,219,376	\$1,219,376	\$61,374
9031011	5.400	8/29/2003	5/31/2014	\$1,219,376	\$1,219,376	\$63,820
9031012	6.650	8/29/2003	5/31/2015	\$1,219,376	\$1,219,376	\$66,876
9031013	5.650	8/29/2003	5/31/2016	\$1,219,376	\$1,219,376	\$66,876
9031014	5.700	8/29/2003	5/31/2017	\$1,219,376	\$1,219,376	\$67,488
9031015	5.800	8/29/2003	5/31/2018	\$1,219,376	\$1,219,376	\$68,710
9031016	5.850	8/29/2003	5/31/2019	\$1,219,376	\$1,219,376	\$69,322
9031017	5.900	8/29/2003	5/31/2020	\$1,219,376	\$1,219,376	\$69,933
9031018	6.600	8/29/2003	5/31/2021	\$1,219,376	\$1,219,376	\$78,492
TOTAL CFC				\$34,616,548	\$26,015,348	\$1,455,382
TOTAL LONG TERM DEBT				\$101,500,548	\$88,013,283	\$4,304,370