

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF THE NOLIN RURAL ELECTRIC )	
COOPERATIVE CORPORATION FOR AN ORDER )	
PURSUANT TO KRS 278.300 AND 807 KAR 5:001, )	
SECTION 11 AND THE RELATED SECTIONS )	CASE NO.
AUTHORIZING THE COOPERATIVE TO OBTAIN )	2013-00120
A LOAN IN THE AMOUNT OF \$12,000,000 FROM )	
NATIONAL RURAL UTILITIES COOPERATIVE )	
FINANCE CORPORATION )	

ORDER

On March 27, 2013, Nolin Rural Electric Cooperative Corporation (“Nolin”) tendered its application seeking authorization to execute notes to National Rural Utilities Cooperative Finance Corporation (“CFC”) in the amount of \$12,000,000.<sup>1</sup> By letter dated April 2, 2013, the Commission notified Nolin that its financing application was rejected as deficient for failing to include the information necessary to satisfy the filing requirements set forth in 807 KAR 5:001, Section 12(6). On April 15, 2013, Nolin filed the information necessary to cure the deficiency and the application was deemed filed as of that date. A telephonic Informal Conference (“IC”) was held on April 26, 2013 to discuss substantive and procedural issues related to this case.

Nolin intends to use the proceeds from the CFC loan to finance projects being implemented under its 2010-2013 Construction Work Plan (“CWP”), which was

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<sup>1</sup> Application at p.1.

approved in Case No. 2010-00518<sup>2</sup> and amended in Case Nos. 2012-00037<sup>3</sup> and 2012-00061.<sup>4</sup> Funds for the CWP projects completed to date have been paid from internally generated funds, with approximately \$10 million having been expended thus far. The proposed CFC loan will be used to reimburse Nolin for the general funds expended to date, and to provide financing for the balance of the CWP.

Nolin states that it will execute a 35-year secured credit facility with a variable interest rate, the current rate being 2.9 percent. Loan repayments will be made to CFC on a quarterly basis.<sup>5</sup>

As of November 30, 2012, Nolin's outstanding balance of CFC debt was \$94,574,854,<sup>6</sup> which is made up of debt with interest rates varying from 4.95 percent to 7.1 percent.

The Commission, after consideration of the evidence of record and being sufficiently advised, finds that:

1. The loan from CFC is for lawful objectives within the corporate purposes of Nolin, is necessary and appropriate for and consistent with the proper performance

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<sup>2</sup> Case No. 2010-00518, Application of the Nolin Rural Electric Cooperative Corporation for a Certificate of Public Convenience and Necessity to Construct Facilities According to the Applicant's 12/01/10 – 11/30/13 Construction Work Plan (Ky. PSC, September 6, 2011) (The total cost approved for the 2010-2013 CWP was approximately \$12.9 million).

<sup>3</sup> Case No. 2012-00037, Application of Nolin Rural Electric Cooperative Corporation for a Certificate of Convenience and Necessity Concerning Amendments to Its Recently Approved 2010-2013 Construction Work Plan (Ky. PSC, February 3, 2012).

<sup>4</sup> Case No. 2012-00061, Application of Nolin Rural Electric Cooperative Corporation for a Certificate of Convenience and Necessity Concerning Amendments to Its Recently Approved 2010-2013 Construction Work Plan (Ky. PSC, March 8, 2012).

<sup>5</sup> See the response to Item 2 of Nolin's response to questions posed by Commission Staff at the April 26, 2013 Informal Conference, filed on May 3, 2013.

<sup>6</sup> Exhibit 6 of the response to the Commission's deficiency letter, filed on April 15, 2013.

by the utility of its service to the public, will not impair its ability to perform that service, is reasonable, necessary, and appropriate for such purposes, and should be approved.

2. Nolin should execute its note as security for the proposed loan in the manner described in its application.

3. The proceeds from the proposed loan should be used only for the lawful purposes set out in Nolin's application.

4. The terms and conditions of the new CFC loan should be consistent with the CFC financing program as described in Nolin's application.

5. Nolin should provide the Commission with the exact amount of the new CFC loan within 10 days of finalizing the transaction.

IT IS THEREFORE ORDERED that:

1. The loan from CFC as described in Nolin's application is approved.

2. Nolin shall execute its note as security for the proposed loan in the manner described in its application.

3. The proceeds from the proposed loan shall be used only for the lawful purposes set out in Nolin's application.

4. The terms and conditions of the new CFC loan shall be consistent with the CFC financing program as described in Nolin's application.

5. Nolin shall provide the Commission with the exact amount of the new CFC loan within 10 days of finalizing the transaction.

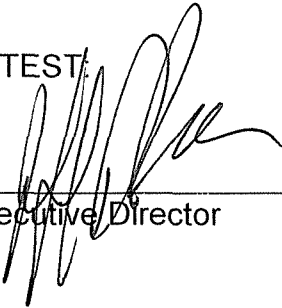
6. Any document filed in the future, pursuant to ordering paragraph 5 herein, shall reference this case number and shall be filed in the utility's general correspondence file.

Nothing contained herein shall be deemed a warranty or finding of value of securities or financing authorized herein on the part of the Commonwealth of Kentucky or any agency thereof.

By the Commission

ENTERED *WR*  
MAY 30 2013  
KENTUCKY PUBLIC  
SERVICE COMMISSION

ATTEST:

  
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Executive Director

Case No. 2013-00120

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