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Mark David Goss
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November 28, 2016

RECEIVED

NOV 28 2016

**PUBLIC SERVICE
COMMISSION**

VIA HAND DELIVERY

Ms. Talina Mathews
Executive Director
Kentucky Public Service Commission
P.O. Box 615
211 Sower Boulevard
Frankfort, KY 40602

Re: THE APPLICATION OF JACKSON PURCHASE ENERGY CORPORATION
FOR AUTHORIZATION TO BORROW \$18,844,470.27 FROM NATIONAL
RURAL UTILITIES COOPERATIVE FINANCE CORPORATION AND TO
EXECUTE ALL DOCUMENTS NECESSARY TO PREPAY RURAL
UTILITIES SERVICE NOTES OF THE SAME AMOUNT
Case No. 2016- 00410

Dear Ms. Mathews:

Please find enclosed and accept for filing on behalf of Jackson Purchase Energy Corporation ("JPEC") an original and ten (10) copies of its Application commencing the above-styled matter. Due to the time-sensitive nature of the relief sought, JPEC requests a determination on its Application by December 23, 2016. Of course, JPEC will endeavor to provide any desired information or documentation as expeditiously as possible, and please do not hesitate to contact me directly with any questions or concerns.

Respectfully,



Mark David Goss

Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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NOV 28 2016

PUBLIC SERVICE
COMMISSION

In the Matter of:

THE APPLICATION OF JACKSON PURCHASE)
ENERGY CORPORATION FOR AUTHORIZATION)
TO BORROW \$18,844,470.27 FROM NATIONAL RURAL) Case No. 2016- 00410
UTILITIES COOPERATIVE FINANCE CORPORATION)
AND TO EXECUTE ALL DOCUMENTS NECESSARY)
TO PREPAY RURAL UTILITIES SERVICE NOTES)
OF THE SAME AMOUNT)

APPLICATION

Comes now Jackson Purchase Energy Corporation (“JPEC”), by counsel, pursuant to KRS 278.300, 807 KAR 5:001 Sections 8, 12, 14, and 18, and other applicable statues and regulations, and respectfully submits this Application for authorization from the Kentucky Public Service Commission (“Commission”) to borrow approximately \$18,844,470.27 from National Rural Utilities Cooperative Finance Coporation (“CFC”) and to use these funds to prepay debt owing to the Rural Utilities Service (“RUS”) in virtually the same amount. Due to the time-sensitive nature of the proposed refinancing, JPEC requests a ruling from the Commission on or before December 23, 2016. In support of its Application, JPEC states as follows:

1. JPEC is a nonprofit rural electric cooperative organized under KRS Chapter 279 and is engaged in the business of distributing retail electric power to member-owners located in the Kentucky counties of Ballard, Carlisle, Graves, Livingston, Marshall and McCracken.

2. JPEC's mailing address is 2900 Irvin Cobb Drive, P.O. Box 4030, Paducah, Kentucky 42002 and its electronic mail addresses for purposes of this filing are mdgoss@gosssamfordlaw.com and ebuckley@gosssamfordlaw.com.

3. JPEC incorporated in the Commonwealth of Kentucky on June 12, 1937, and attests that it is currently in good standing.

4. As of October 31, 2016, JPEC had 29,805 active services for member-owners. It has approximately 2,952 miles of distribution lines in its six (6) county service territory, and owns additional facilities necessary to support its distribution system. The total original cost of these distribution lines and additional facilities, as of October 31, 2016, was \$154,535,841.

5. JPEC seeks the Commission's authorization to borrow from CFC sums totaling \$18,844,470.27 for the sole purpose of prepaying certain outstanding indebtedness owed by JPEC to RUS. Attached hereto and incorporated herein as **Exhibit 1** is a listing of the existing RUS notes JPEC seeks to prepay.

6. JPEC expects the actual payoff of the relevant RUS debt to be very close to \$18,844,470.27. This amount is the projected outstanding balance of the RUS loans on January 25, 2017; should the outstanding balance to be prepaid exceed the amount of the CFC borrowing, JPEC proposes to address any difference with available cash.

7. Information and analysis in support of the proposed refinancing is attached hereto and incorporated herein as **Exhibit 2**. The attached documents reflect the proposed borrowing's composite blended interest rate of 3.41% per annum (compared to 4.08% for the existing RUS debt); additionally, an included annual cash flow summary and net present value analysis reveal the substantial savings that will result if the refinancing is pursued. JPEC will incur no penalties

or fees to accomplish the proposed refinancing, but it does anticipate relevant legal expenses totaling approximately \$10,000.00.

8. JPEC's indebtedness to CFC is to be secured under the provisions of that certain Restated Mortgage and Security Agreement, dated as of February 1, 2007, by and among JPEC, CFC, RUS, and CoBank, ACB (the "Mortgage"). A copy of the Mortgage was filed in Case No. 2010-00229. JPEC does not seek to issue any stock nor acquire, construct, improve, or extend any property in conjunction with this proposed refinancing.

9. Pursuant to 807 KAR 5:001 Section 18(2)(a), attached hereto and incorporated herein as **Exhibit 3** is the financial exhibit described in 807 KAR 5:001 Section 12.

10. Copies of resolutions by the Board of Directors of JPEC approving the prepayment of the RUS notes and authorizing the filing of this Application are attached hereto and incorporated herein as **Exhibit 4**.

11. In order to best serve its member-owners and maximize the benefits of favorable interest rates, JPEC respectfully requests the Commission's approval of the proposed refinancing on or before December 23, 2016. A final determination from the Commission on or before this date will enable the parties to close the refinancing on or about January 25, 2017, which is the date of expiration of CFC's proposed interest rate terms.

12. The refinancing described herein is for some lawful object within the corporate purposes of JPEC, is necessary or appropriate for or consistent with the proper performance by JPEC of its service to the public and will not impair its ability to perform that service, and is reasonably necessary and appropriate for such purpose.

WHEREFORE, JPEC respectfully requests that the Commission issue an Order authorizing the refinancing described herein on or before December 23, 2016, as well as granting to JPEC any other relief to which it may be entitled.

Dated this 28th day of November, 2016.


Respectfully submitted,



Mark David Goss
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ebuckley@gosssamfordlaw.com
Counsel for JPEC

VERIFICATION

The undersigned, Dennis L. Cannon, being first duly sworn, states that he is the President and Chief Executive Officer of Jackson Purchase Energy Corporation, that he has personal knowledge of the matters set forth in the foregoing application, and that the statements contained therein are true and correct to the best of his knowledge, information, and belief.



Dennis L. Cannon, President & CEO
Jackson Purchase Energy Corporation

Subscribed and sworn to before me by Dennis L. Cannon, President and Chief Executive Officer of Jackson Purchase Energy Corporation, this 23rd day of November, 2016.



Notary Public, Kentucky State At Large

My Commission Expires: 3-28-2019
Notary ID: 580267

JACKSON PURCHASE ENERGY CORPORATION
CASE NO. 2016-_____
INDEX OF EXHIBITS TO APPLICATION

- Exhibit 1.....Existing RUS Notes to be Prepaid
- Exhibit 2.....Supporting Information and Analysis
- Exhibit 3.....Financial Exhibit
- Exhibit 4.....Board Resolutions dated 9/22/16 and 11/21/2016

RUS Notes to be Prepaid

Loan Designation	REA Account		Advance Date	Maturity Date	Original Amount	Outstanding
	NBR					Principle Balance - 9/30/16
AM44	RET-33-1		7/24/2001	4/30/2036	\$ 4,500,000.00	\$ 3,546,690.41
AM44	RET-33-2		6/3/2003	4/30/2036	\$ 332,000.00	\$ 231,138.42
AM44	RET-33-3		6/3/2003	4/30/2036	\$ 3,000,000.00	\$ 2,093,677.90
AP44	RET-34-1		8/11/2008	1/31/2041	\$ 2,833,000.00	\$ 2,471,922.93
AR44	RET-35-1		8/11/2008	10/31/2041	\$ 2,167,000.00	\$ 1,922,510.47
AR44	RET-35-2		2/20/2009	10/31/2041	\$ 10,000,000.00	\$ 8,703,553.54
					\$ 22,832,000.00	\$ 18,969,493.67





**National Rural Utilities
Cooperative Finance Corporation**
Created and Owned by America's Electric Cooperative Network

20701 Cooperative Way
Dulles, Virginia 20166
703-467-1800 | www.nrucfc.coop

September 13, 2016

Mr. Dennis Cannon
President & CEO
Jackson Purchase Energy Corporation
P. O. Box 4030
Paducah, KY 42002-4030

Dear Mr. Cannon:

On March 22, 1994, RUS published the final rules for the prepayment of RUS notes at a discount. CFC is pleased to inform you that Jackson Purchase Energy Corporation has been approved to receive CFC funding to refinance its RUS debt.

We have determined that your system may refinance approximately \$19,025,000 with a secured long-term commitment from CFC for a term that matches the composite life of the existing RUS debt. CFC will also consider lending for terms other than the composite life of the existing RUS debt. It is anticipated that distribution systems interested in refinancing for shorter terms than their existing RUS debt will need to run financial forecasts to evaluate and support the goals and expectations of their system.

According to RUS' rules, borrowers that apply for the note buyout must show evidence of available financing for prepayment of notes. This letter may be used for that purpose. Financing will be available to Jackson Purchase Energy Corporation after the execution of CFC loan and security documents and, as may be required by some systems, regulatory approval from state and/or federal agencies.

CFC's approved commitment to Jackson Purchase Energy Corporation will be available for advance anytime during the next eighteen months, which means you will have quick access to loan funds in the event you choose to refinance your RUS debt. We look forward to providing you with any assistance that may be needed. Please contact Brian Stavish, your Regional Vice President at 571-213-9003 or Elaine MacDonald in our Dulles office at (800) 424-2954, extension 1883 for more information concerning the note buyout.

Sincerely,

Sheldon C. Petersen
Chief Executive Officer





**National Rural Utilities
Cooperative Finance Corporation**

Created and Owned by America's Electric Cooperative Network

20701 Cooperative Way
Dulles, Virginia 20166
703-467-1800 | www.nrucfc.coop

September 23, 2016

Mr. Dennis Cannon
President & CEO
Jackson Purchase Energy Corporation
P. O. Box 4030
Paducah, KY 42002-4030

RE: Jackson Purchase Energy Corporation ("Borrower") Rate Lock Option Offer Loan
No. KY020-A-TBD

Dear Dennis:

Pursuant to Borrower's request, National Rural Utilities Cooperative Finance Corporation ("CFC") is pleased to offer Borrower this interest rate lock option for drawing certain funds, as more particularly described on the attached Schedule A ("Rate Lock Option"). The loan number, advance amount, advance date, interest rate and any other terms for each advance for which CFC is offering the Rate Lock Option are set forth on Schedule A, and such attributes together constitute a "Scheduled Advance" for purposes of the Rate Lock Option. In consideration of CFC's offer and Borrower's acceptance of it, CFC and Borrower hereby agree as follows:

- (a) The Rate Lock Option is limited to Scheduled Advances, and shall not be construed as an offer, agreement or obligation associated with any other advance that has been or may be made by CFC;
- (b) CFC's obligation to fund any Scheduled Advance is expressly conditioned upon Borrower and CFC entering into and executing a mutually agreeable loan agreement that governs the terms of the Schedule Advance(s) ("Loan Agreement"), and upon Borrower meeting all of the conditions to advance as set forth therein; and
- (c) By exercising this Rate Lock Option, Borrower agrees to the following terms:

IF:	THEN:
as of the date of the first Scheduled Advance, Borrower has not entered into a Loan Agreement with CFC regarding such Scheduled Advance:	Borrower shall pay to CFC, on demand, (1) a make-whole amount, computed on the amount of the Scheduled Advance, in accordance with CFC's standard formula for calculating reinvestment loss resulting from its commitment to make a fixed rate loan, plus (2) an administrative fee of 33 basis points on the amount of the Scheduled Advance (collectively, the "Make-Whole Amount");
Borrower draws the full amount of the Scheduled Advance on or before its scheduled date:	the Scheduled Advance is subject to the Rate Lock Option.
Borrower does not draw any of the Scheduled Advance on or before its scheduled date:	Borrower shall pay to CFC, on demand, the Make-Whole Amount.
Borrower draws less than the full amount of the Scheduled Advance on or before its scheduled date:	Borrower shall pay to CFC, on demand, the Make-Whole Amount, <i>except</i> that the Make-Whole amount shall be computed only upon the undrawn amount of the Scheduled Advance; <i>and</i> the amount drawn shall be subject to the Rate Lock Option.
Borrower draws more than the full amount of the Scheduled Advance on or before its scheduled date:	the amount of the Scheduled Advance shall be subject to the Rate Lock Option; <i>and</i> the excess amount drawn shall not be subject to the Rate Lock Option, but instead shall be subject to the interest rate terms of the Loan Agreement.


(d) By signing below, the signatory hereby irrevocably exercises the Rate Lock Option on behalf of Borrower and certifies that (1) the signatory is duly authorized to act for, on behalf of, and commit Borrower as described herein, (2) no state regulatory commission or other governmental approval is required to exercise the Rate Lock Option and perform under the terms and conditions set forth herein or, if such

approvals are required, then such approvals have been obtained, are in effect, and evidence thereof is attached hereto. *** See addendum below.

If the foregoing accurately describes our mutual understanding of the Rate Lock Option and the terms and conditions under which it is offered, please execute and return a copy of this letter by e-mail or facsimile before 6 pm on September 23, 2016, at which time this offer for the Rate Lock Option will automatically be deemed withdrawn.


Sincerely,

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION

By: 
Elaine MacDonal
Assistant Secretary-Treasurer

ACCEPTED AND AGREED TO THIS 23rd day of September, 2016

Jackson Purchase Energy Corporation

By: 
Its: President and CEO

Addendum

CFC and Borrower agree that, while state regulatory commission approval is not required for Borrower to exercise this Rate Lock Option, state regulatory commission approval is required for Borrower to refinance its loans with the Rural Utilities Service. Therefore, CFC and Borrower agree that Borrower shall not be required to pay to CFC the "make-whole" amount or the administrative fee of 33 basis points as described in item (c) above should the state regulatory commission deny Borrower's request to refinance its Rural Utilities Service loans.

SCHEDULE A

Loan #	Date of Interest Rates	Advance Amount	Advance Date	Loan Term in Months	Amort Type	Deferral Period in Months	Amort Start Date	Final Pmt Date	Interest Rate Term	Reprice Date	Interest Rate on Advance Date
1	9/23/2016	\$384,320	1/25/2017	9	LD	0	2/1/2017	8/31/2017	1	FTM	2.10%
2	9/23/2016	\$531,184	1/25/2017	21	LD	8	9/1/2017	8/31/2018	2	FTM	2.35%
3	9/23/2016	\$552,939	1/25/2017	33	LD	20	9/1/2018	8/31/2019	3	FTM	2.45%
4	9/23/2016	\$574,966	1/25/2017	45	LD	32	9/1/2019	8/31/2020	4	FTM	2.55%
5	9/23/2016	\$599,955	1/25/2017	57	LD	44	9/1/2020	8/31/2021	5	FTM	2.70%
6	9/23/2016	\$624,065	1/25/2017	69	LD	56	9/1/2021	8/31/2022	6	FTM	2.90%
7	9/23/2016	\$649,880	1/25/2017	81	LD	68	9/1/2022	8/31/2023	7	FTM	3.00%
8	9/23/2016	\$676,247	1/25/2017	93	LD	80	9/1/2023	8/31/2024	8	FTM	3.10%
9	9/23/2016	\$705,490	1/25/2017	105	LD	92	9/1/2024	8/31/2025	9	FTM	3.15%
10	9/23/2016	\$734,341	1/25/2017	117	LD	104	9/1/2025	8/31/2026	10	FTM	3.15%
11	9/23/2016	\$765,018	1/25/2017	129	LD	116	9/1/2026	8/31/2027	11	FTM	3.20%
12	9/23/2016	\$796,585	1/25/2017	141	LD	128	9/1/2027	8/31/2028	12	FTM	3.25%
13	9/23/2016	\$830,929	1/25/2017	153	LD	140	9/1/2028	8/31/2029	13	FTM	3.30%
14	9/23/2016	\$865,465	1/25/2017	165	LD	152	9/1/2029	8/31/2030	14	FTM	3.30%
15	9/23/2016	\$901,975	1/25/2017	177	LD	164	9/1/2030	8/31/2031	15	FTM	3.35%
16	9/23/2016	\$939,781	1/25/2017	189	LD	176	9/1/2031	8/31/2032	16	FTM	3.40%
17	9/23/2016	\$980,249	1/25/2017	201	LD	188	9/1/2032	8/31/2033	17	FTM	3.40%
18	9/23/2016	\$1,021,610	1/25/2017	213	LD	200	9/1/2033	8/31/2034	18	FTM	3.45%
19	9/23/2016	\$1,065,126	1/25/2017	225	LD	212	9/1/2034	8/31/2035	19	FTM	3.50%
20	9/23/2016	\$954,876	1/25/2017	237	LD	224	9/1/2035	8/31/2036	20	FTM	3.55%
21	9/23/2016	\$694,348	1/25/2017	249	LD	236	9/1/2036	8/31/2037	21	FTM	3.55%
22	9/23/2016	\$722,411	1/25/2017	261	LD	248	9/1/2037	8/31/2038	22	FTM	3.60%
23	9/23/2016	\$751,764	1/25/2017	273	LD	260	9/1/2038	8/31/2039	23	FTM	3.65%
24	9/23/2016	\$782,264	1/25/2017	285	LD	272	9/1/2039	8/31/2040	24	FTM	3.70%
25	9/23/2016	\$709,523	1/25/2017	297	LD	284	9/1/2040	8/31/2041	25	FTM	3.70%
26	9/23/2016	\$70,275	1/25/2017	309	LD	296	9/1/2041	8/31/2042	26	FTM	3.75%



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Jackson Purchase Energy Corporation

CFC Loan Scenario

RUS Refinance - Matching Principal

Count	Variable or Fixed	Interest Rate	Amort. Type	Advance Date	Amortization Start Date	Interest Rate Term	Loan Term In Months	Months to defer	Balloon Date	Final Payment Date	Loan Amount	LCTC's required?	Loans w/ Volume	Loans w/ Performance	Loans w/ Collateral	Loans w/ Equity
1	F	2.100%	LD	1/25/2017	3/1/2017	1	9	0		8/31/2017	\$343,205	No	\$0	N	N	N
2	F	2.350%	LD	1/25/2017	9/1/2017	2	21	6		8/31/2018	\$531,184	No	\$0	N	N	N
3	F	2.450%	LD	1/25/2017	9/1/2018	3	33	18		8/31/2019	\$552,939	No	\$0	N	N	N
4	F	2.550%	LD	1/25/2017	9/1/2019	4	45	30		8/31/2020	\$574,966	No	\$0	N	N	N
5	F	2.700%	LD	1/25/2017	9/1/2020	5	57	42		8/31/2021	\$599,955	No	\$0	N	N	N
6	F	2.900%	LD	1/25/2017	9/1/2021	6	69	54		8/31/2022	\$624,065	No	\$0	N	N	N
7	F	3.000%	LD	1/25/2017	9/1/2022	7	81	66		8/31/2023	\$649,880	No	\$0	N	N	N
8	F	3.100%	LD	1/25/2017	9/1/2023	8	93	78		8/31/2024	\$676,247	No	\$0	N	N	N
9	F	3.150%	LD	1/25/2017	9/1/2024	9	105	90		8/31/2025	\$705,490	No	\$0	N	N	N
10	F	3.150%	LD	1/25/2017	9/1/2025	10	117	102		8/31/2026	\$734,341	No	\$0	N	N	N
11	F	3.200%	LD	1/25/2017	9/1/2026	11	129	114		8/31/2027	\$765,018	No	\$0	N	N	N
12	F	3.250%	LD	1/25/2017	9/1/2027	12	141	126		8/31/2028	\$796,585	No	\$0	N	N	N
13	F	3.300%	LD	1/25/2017	9/1/2028	13	153	138		8/31/2029	\$830,929	No	\$0	N	N	N
14	F	3.300%	LD	1/25/2017	9/1/2029	14	165	150		8/31/2030	\$865,465	No	\$0	N	N	N
15	F	3.350%	LD	1/25/2017	9/1/2030	15	177	162		8/31/2031	\$901,975	No	\$0	N	N	N
16	F	3.400%	LD	1/25/2017	9/1/2031	16	189	174		8/31/2032	\$939,781	No	\$0	N	N	N
17	F	3.400%	LD	1/25/2017	9/1/2032	17	201	186		8/31/2033	\$980,249	No	\$0	N	N	N
18	F	3.450%	LD	1/25/2017	9/1/2033	18	213	198		8/31/2034	\$1,021,610	No	\$0	N	N	N
19	F	3.500%	LD	1/25/2017	9/1/2034	19	225	210		8/31/2035	\$1,065,126	No	\$0	N	N	N
20	F	3.550%	LD	1/25/2017	9/1/2035	20	237	222		8/31/2036	\$954,876	No	\$0	N	N	N
21	F	3.550%	LD	1/25/2017	9/1/2036	21	249	234		8/31/2037	\$694,348	No	\$0	N	N	N
22	F	3.600%	LD	1/25/2017	9/1/2037	22	261	246		8/31/2038	\$722,411	No	\$0	N	N	N
23	F	3.650%	LD	1/25/2017	9/1/2038	23	273	258		8/31/2039	\$751,764	No	\$0	N	N	N
24	F	3.700%	LD	1/25/2017	9/1/2039	24	285	270		8/31/2040	\$782,264	No	\$0	N	N	N
25	F	3.700%	LD	1/25/2017	9/1/2040	25	297	282		8/31/2041	\$709,523	No	\$0	N	N	N
26	F	3.750%	LD	1/25/2017	9/1/2041	26	309	294		8/31/2042	\$70,275	No	\$0	N	N	N



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Jackson Purchase Energy Corporation

RUS Payoff

RUS Refinance - Matching Principal

Count	Loan Number	Payments Per Year	Interest Rate	Amort Type	Loan Balance	Payment	Maturity Date	Years to Maturity	Treasury Rate	Payoff Amount	Amount of Discount	Percentage Discount
1	RET-33-1	12	5.53%	LD	\$ 3,521,625.54	\$ 24,750.00	4/30/2036	19.30	0.00%	\$ 3,521,625.54	\$ 0.00	0.000%
2	RET-33-2	12	2.50%	LD	\$ 228,849.28	\$ 1,245.62	4/30/2036	19.30	0.00%	\$ 228,849.28	\$ 0.00	0.000%
3	RET-33-3	12	2.50%	LD	\$ 2,072,942.70	\$ 11,282.94	4/30/2036	19.30	0.00%	\$ 2,072,942.70	\$ (0.00)	0.000%
4	RET-34-1	12	4.55%	LD	\$ 2,458,071.97	\$ 14,023.35	1/31/2041	24.00	0.00%	\$ 2,458,071.97	\$ 0.00	0.000%
5	RET-35-1	12	4.55%	LD	\$ 1,912,279.67	\$ 10,726.65	10/31/2041	24.70	0.00%	\$ 1,912,279.67	\$ (0.00)	0.000%
6	RET-35-2	12	3.68%	LD	\$ 8,650,701.14	\$ 44,400.00	10/31/2041	24.70	0.00%	\$ 8,650,701.14	\$ (0.00)	0.000%

Co-op Name: Jackson Purchase Energy Corporation
 Co-op ID: KY020
 Date Prepared: 11/21/2016
 Interest Rates as of: 9/23/2016
 Financing Amount: \$18,844,470
 Securing Name: AIG Reference - Matching Principal

Effective Interest Rate: 3.41%
 Stated Interest Rate: 3.41%
 Pct. Capital Benefit: 0.00%
 Total Interest Difference: \$ 1,615,256
 Total Cash Flow Difference: \$ 1,615,256



ANNUAL CASH FLOW SUMMARY

Year	CFC				RUI				Interest Expense Difference	Principal Payment Difference	Total Cash Flow Difference	Net Present Value at 6.15 Rate	Net Present Value at CFC Rate	
	Ending Balance	Principal Payments	Interest Expense	Cash Flows	Ending Balance	Principal Payments	Interest Expense	Cash Flows						
11-Aug	18,844,470	(18,844,470)	(8,618,987)	0	(27,463,457)	18,844,470	(18,844,470)	(16,216,245)	(26,079,711)	1,615,256	0	1,615,256	1,134,916	1,769,260
2016	18,844,470	0	0	0	18,844,470	0	0	0	0	0	0	0	0	0
2017	18,501,265	(343,205)	(366,397)	0	(399,602)	18,301,865	(343,205)	(369,229)	(961,428)	141,827	0	141,827	136,767	137,150
2018	17,970,081	(531,194)	(600,342)	0	(1,131,538)	17,970,081	(531,194)	(745,995)	(1,372,169)	145,617	0	145,617	148,637	136,124
2019	17,417,142	(552,939)	(589,164)	0	(1,142,103)	17,417,142	(552,939)	(724,203)	(1,372,169)	136,740	0	136,740	134,793	125,054
2020	16,847,136	(574,945)	(575,048)	0	(1,150,014)	16,847,136	(574,945)	(702,177)	(1,372,169)	127,120	0	127,120	108,597	111,122
2021	16,242,121	(599,950)	(554,268)	0	(1,158,218)	16,242,121	(599,950)	(677,188)	(1,372,169)	118,019	0	118,019	92,868	100,563
2022	15,618,156	(624,065)	(541,165)	0	(1,164,416)	15,618,156	(624,065)	(651,078)	(1,372,169)	108,818	0	108,818	80,889	91,154
2023	14,986,276	(648,800)	(522,747)	0	(1,171,272)	14,986,276	(648,800)	(627,262)	(1,372,169)	104,594	0	104,594	78,907	82,550
2024	14,292,029	(676,247)	(504,047)	0	(1,178,295)	14,292,029	(676,247)	(600,898)	(1,372,169)	96,849	0	96,849	70,133	74,062
2025	13,586,540	(705,490)	(481,712)	0	(1,185,506)	13,586,540	(705,490)	(571,653)	(1,372,169)	90,300	0	90,300	63,062	66,836
2026	12,851,199	(734,341)	(458,712)	0	(1,193,055)	12,851,199	(734,341)	(542,002)	(1,372,169)	84,000	0	84,000	56,879	60,134
2027	12,087,160	(763,018)	(435,079)	0	(1,200,997)	12,087,160	(763,018)	(512,124)	(1,372,169)	77,960	0	77,960	49,629	53,280
2028	11,290,595	(792,545)	(411,153)	0	(1,209,299)	11,290,595	(792,545)	(480,557)	(1,372,169)	72,000	0	72,000	42,863	46,412
2029	10,459,666	(820,929)	(386,616)	0	(1,218,545)	10,459,666	(820,929)	(446,214)	(1,372,169)	66,000	0	66,000	37,225	40,481
2030	9,594,202	(845,465)	(355,771)	0	(1,228,238)	9,594,202	(845,465)	(411,678)	(1,372,169)	60,000	0	60,000	31,938	34,562
2031	8,693,227	(861,975)	(326,505)	0	(1,238,376)	8,693,227	(861,975)	(375,949)	(1,372,169)	54,000	0	54,000	26,910	29,374
2032	7,752,446	(878,741)	(296,489)	0	(1,248,950)	7,752,446	(878,741)	(339,781)	(1,372,169)	48,000	0	48,000	22,106	23,902
2033	6,771,197	(890,240)	(265,261)	0	(1,259,839)	6,771,197	(890,240)	(296,894)	(1,372,169)	42,000	0	42,000	17,568	19,015
2034	5,746,587	(1,021,610)	(228,228)	0	(1,271,037)	5,746,587	(1,021,610)	(255,533)	(1,372,169)	36,000	0	36,000	13,007	14,385
2035	4,686,461	(1,065,116)	(193,226)	0	(1,282,593)	4,686,461	(1,065,116)	(212,071)	(1,372,169)	30,000	0	30,000	9,790	9,937
2036	3,730,585	(958,876)	(157,579)	0	(1,312,650)	3,730,585	(958,876)	(167,649)	(1,372,169)	24,000	0	24,000	6,825	5,149
2037	3,036,233	(694,348)	(126,752)	0	(1,368,695)	3,036,233	(694,348)	(115,452)	(1,372,169)	18,000	0	18,000	4,701	3,303
2038	2,513,827	(722,411)	(101,599)	0	(1,400,000)	2,513,827	(722,411)	(70,389)	(1,372,169)	12,000	0	12,000	3,000	2,169
2039	1,562,064	(751,764)	(75,059)	0	(1,432,823)	1,562,064	(751,764)	(28,016)	(1,372,169)	6,000	0	6,000	1,897	1,177
2040	779,798	(782,264)	(47,140)	0	(1,467,068)	779,798	(782,264)	(14,516)	(1,372,169)	3,000	0	3,000	100	177
2041	70,275	(705,523)	(19,119)	0	(1,488,441)	70,275	(705,523)	(6,913)	(1,372,169)	1,500	0	1,500	50	100
2042	0	(70,275)	(1,850)	0	(1,490,000)	0	(70,275)	(8,700)	(1,372,169)	750	0	750	25	50
2043	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2044	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2045	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2046	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2047	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2048	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2049	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2050	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2051	0	0	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	0	0
2053	0	0	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	0	0
2055	0	0	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	0	0
2057	0	0	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	0	0
2059	0	0	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	0	0
2061	0	0	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	0	0
2063	0	0	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	0	0
2065	0	0	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	0	0
2067	0	0	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	0	0
2069	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2070	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2071	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2072	0	0	0	0	0	0	0	0	0	0	0	0	0	0

* The estimated interest of Pct. Cap. is based on CFC's historical average utilization level and CFC's current interest pricing. CFC's average utilization is subject to approval by CFC's Board of Directors.
 ** This information is confidential and is not to be disclosed to third parties without prior CFC consent. This presentation reflects CFC's programs and policies in effect at the time this presentation was created. No future representation of interest rates is implied. Rates are subject to change.



Co-op Name: Jackson Purchase Energy Corporation
 Co-op ID: KY020
 Date Prepared: 11/21/2016
 Interest Rates as of: 9/23/2016
 Financing Amount: \$18,854,470.00
 Scenario Name: RUS Refinance - Matching Principal Plus \$10K Legal Fees

Effective Interest Rate: 3.41%
 Stated Interest Rate: 3.41%
 Pat. Capital and Discount Benefit: 0.00%
 Total Interest Difference: \$ 1,615,157
 Total Cash Flow Difference: \$ 1,605,157

ANNUAL CASH FLOW SUMMARY

	CFC				RUS				Interest Expense Difference	Principal Payment Difference	Total Cash Flow Difference	Net Present Value at RUS Rate	Net Present Value at CFC Rate
	Ending Balance	Principal Payments	Interest Expense	Cash Flows	Ending Balance	Principal Payments	Interest Expense	Cash Flows					
31-Aug	(18,854,470)	(8,619,086)	0	(27,473,556)	(18,854,470)	(10,234,243)	(29,078,713)	1,615,157	(10,000)	1,605,157	1,209,232	1,259,504	
2016	18,854,470	0	0	0	18,854,470	0	0	0	0	0	0	0	0
2017	18,501,265	(353,205)	(366,496)	0	18,501,265	(343,205)	(506,223)	(851,428)	141,728	(10,000)	131,728	126,554	127,384
2018	17,570,081	(531,184)	(600,342)	0	17,570,081	(531,184)	(745,959)	(1,277,143)	145,617	0	145,617	134,424	136,172
2019	17,417,142	(552,999)	(587,464)	0	17,417,142	(552,999)	(774,209)	(1,327,143)	136,740	0	136,740	121,281	123,654
2020	16,842,176	(574,960)	(575,048)	0	16,842,176	(574,960)	(702,177)	(1,277,143)	127,129	0	127,129	108,337	111,172
2021	16,242,221	(599,055)	(558,269)	0	16,242,221	(599,055)	(677,189)	(1,377,143)	119,919	0	119,919	97,358	100,563
2022	15,618,156	(624,065)	(541,365)	0	15,618,156	(624,065)	(653,078)	(1,377,143)	111,713	0	111,713	87,882	91,354
2023	14,968,276	(649,880)	(522,747)	0	14,968,276	(649,880)	(627,263)	(1,377,143)	104,516	0	104,516	78,997	82,650
2024	14,292,029	(676,247)	(504,047)	0	14,292,029	(676,247)	(600,896)	(1,377,143)	96,849	0	96,849	70,339	74,062
2025	13,586,540	(705,490)	(481,273)	0	13,586,540	(705,490)	(571,653)	(1,377,143)	89,380	0	89,380	63,052	66,836
2026	12,852,199	(734,341)	(458,712)	0	12,852,199	(734,341)	(542,802)	(1,377,143)	84,090	0	84,090	56,379	60,134
2027	12,087,180	(765,018)	(435,079)	0	12,087,180	(765,018)	(512,124)	(1,377,143)	77,046	0	77,046	49,676	53,280
2028	11,290,595	(796,585)	(411,153)	0	11,290,595	(796,585)	(480,557)	(1,377,143)	69,404	0	69,404	42,951	46,412
2029	10,459,666	(830,979)	(386,616)	0	10,459,666	(830,979)	(448,214)	(1,377,143)	62,598	0	62,598	37,221	40,481
2030	9,594,202	(865,465)	(355,771)	0	9,594,202	(865,465)	(411,678)	(1,377,143)	55,907	0	55,907	31,939	34,962
2031	8,692,227	(901,975)	(326,595)	0	8,692,227	(901,975)	(375,168)	(1,377,143)	48,573	0	48,573	26,662	29,374
2032	7,752,446	(939,781)	(296,489)	0	7,752,446	(939,781)	(337,362)	(1,377,143)	40,873	0	40,873	21,556	23,902
2033	6,772,197	(980,249)	(263,268)	0	6,772,197	(980,249)	(296,894)	(1,377,143)	32,625	0	32,625	17,018	19,015
2034	5,750,587	(1,021,610)	(223,228)	0	5,750,587	(1,021,610)	(255,533)	(1,377,143)	26,306	0	26,306	12,897	14,385
2035	4,685,462	(1,065,126)	(191,216)	0	4,685,462	(1,065,126)	(212,017)	(1,377,143)	18,791	0	18,791	8,790	9,937
2036	3,730,585	(954,876)	(157,579)	0	3,730,585	(954,876)	(167,649)	(1,377,143)	10,069	0	10,069	4,575	5,149
2037	3,036,238	(694,348)	(126,752)	0	3,036,238	(694,348)	(135,452)	(829,800)	8,701	0	8,701	3,757	4,309
2038	2,313,827	(722,411)	(101,598)	0	2,313,827	(722,411)	(107,389)	(829,800)	5,791	0	5,791	2,683	2,769
2039	1,562,063	(751,764)	(75,059)	0	1,562,063	(751,764)	(78,016)	(829,800)	2,977	0	2,977	1,817	1,377
2040	779,798	(782,264)	(47,140)	0	779,798	(782,264)	(47,536)	(829,800)	396	0	396	852	277
2041	70,275	(709,523)	(18,119)	0	70,275	(709,523)	(16,913)	(776,834)	(2,303)	0	(2,303)	(813)	(954)
2042	0	(70,275)	(1,655)	0	0	(70,275)	(279)	(70,555)	(1,370)	0	(1,370)	(466)	(579)
2043	0	0	0	0	0	0	0	0	0	0	0	0	0
2044	0	0	0	0	0	0	0	0	0	0	0	0	0
2045	0	0	0	0	0	0	0	0	0	0	0	0	0
2046	0	0	0	0	0	0	0	0	0	0	0	0	0
2047	0	0	0	0	0	0	0	0	0	0	0	0	0
2048	0	0	0	0	0	0	0	0	0	0	0	0	0
2049	0	0	0	0	0	0	0	0	0	0	0	0	0
2050	0	0	0	0	0	0	0	0	0	0	0	0	0
2051	0	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	0
2053	0	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	0
2055	0	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	0
2057	0	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	0
2059	0	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	0
2061	0	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	0
2063	0	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	0
2065	0	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	0
2067	0	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	0
2069	0	0	0	0	0	0	0	0	0	0	0	0	0
2070	0	0	0	0	0	0	0	0	0	0	0	0	0
2071	0	0	0	0	0	0	0	0	0	0	0	0	0
2072	0	0	0	0	0	0	0	0	0	0	0	0	0

* The estimated impact of Pat. Cap. is based on CFC's historical patronage allocation level and CFC's current retirement policy. CFC's patronage allocation & retirement are subject to approval by CFC's Board of Directors
 ** This information is confidential and is not to be disclosed to third parties without prior CFC consent. This presentation reflects CFC's programs and policies in effect at the time this presentation was created. All future representations of interest rates is variable. Rates are subject to

Created & Owned by America's Electric Cooperative Network

JACKSON PURCHASE ENERGY CORPORATION
CASE NO. 2016-_____
EXHIBIT 3 -- FINANCIAL EXHIBIT (807 KAR 5:001 SECTION 12)

Unless otherwise noted, the financial information contained in this Exhibit is for the twelve months ending or as of October 31, 2016, which is within the ninety (90) day requirement of 807 KAR 5:001 Section 12(a).

- Section 12(2) (a) JPEC has no stock authorized.
- Section 12(2) (b) JPEC has no stock issued or outstanding.
- Section 12(2) (c) JPEC has no preferred stock issued or outstanding.
- Section 12(2) (d) All of JPEC's loans with RUS, CFC and CoBank, ACB are secured by the Restated Mortgage and Security Agreement dated February 1, 2007, as supplemented or amended, by and between JPEC as mortgagor and RUS, CFC, and CoBank, ACB as mortgagees. The amount of indebtedness authorized to be secured is \$100,000,000, and the amount of indebtedness actually secured is detailed on Page 2 of 4 of this Exhibit 3. There are no sinking fund provisions contained in the Restated Mortgage.
- Section 12(2) (e) JPEC has no bonds authorized or issued.
- Section 12(2) (f) Please see Page 2 of 4 of this Exhibit 3 for information concerning JPEC's outstanding notes.
- Section 12(2) (g) JPEC has no other indebtedness.
- Section 12(2) (h) As JPEC has no stock authorized, issued, or outstanding, no dividends have been paid during the five previous fiscal years.
- Section 12(2) (i) A detailed income statement and balance sheet are provided on Pages 3 and 4 of this Exhibit 3.



Jackson Purchase Energy Corporation
Long-Term Debt Schedule
as of 12/31/2015

Note Description	Interest Rate	Date of Draw	Final Maturity Date	Original Balance	Current Balance	Interest Expensed YTD 2015
<u>RUS/Treasury Notes:</u>						
1B330	5.53%	7/24/2001	5/1/2036	4,500,000	3,620,918	206,316
1B331	2.50%	6/3/2003	5/1/2036	332,000	237,953	6,166
1B332	2.50%	6/3/2003	5/1/2036	3,000,000	2,155,401	55,856
IA340	4.55%	8/11/2008	2/1/2041	2,833,000	2,513,161	117,511
IA350	4.55%	8/11/2008	11/1/2041	2,167,000	1,952,994	91,269
1A351	3.68%	2/20/2009	11/1/2041	10,000,000	8,860,986	335,449
<u>FFB Notes:</u>						
H0010 (FFB)	2.457%	6/3/2003	12/3/2035	2,668,000	1,641,846	41,720
H0015 (FFB)	2.457%	6/17/2004	12/3/2035	2,250,000	1,428,571	36,301
H0020 (FFB)	5.283%	6/17/2004	12/31/2035	2,250,000	1,428,572	78,053
H0025 (FFB)	4.534%	9/29/2005	12/31/2035	5,500,000	3,636,363	170,513
H0030 (FFB)	4.913%	3/7/2006	12/31/2035	5,922,000	3,981,176	202,287
H0035 (FFB)	4.264%	3/7/2011	1/3/2045	4,000,000	3,569,231	155,783
H0040 (FFB)	4.157%	3/8/2011	1/3/2045	4,000,000	3,569,231	151,874
H0045 (FFB)	0.858%	12/17/2012	1/3/2045	5,000,000	4,531,250	39,795
<u>CoBank Notes:</u>						
RIML0731T2	2.53% (Variable)	02/24/94	2/20/2029	1,921,000	1,216,197	31,600
RIML0731T3	2.53% (Variable)	08/27/91	6/20/2026	1,240,000	816,863	21,279
RIML0731T5	2.53% (Variable)	06/15/88	6/15/2023	1,271,000	695,982	18,362
RX0731T7	4.69%	07/14/10	11/20/2013	5,921,753	3,486,405	177,824
RX0731T8	4.90%	07/14/10	12/20/2028	3,344,239	2,645,003	135,012
RIML0731T9	4.50%	1/13/2012	9/20/2034	9,403,475	8,295,332	385,422
<u>CFC Notes:</u>						
9001	2.525% (Effective)	08/31/84	9/1/2019	1,364,160	302,884	8,684
Sub-total				78,887,627	60,586,319	2,467,080
Cushion of Credit:	5.00%			n/a	(5,905,520)	(286,246)
Net Long-Term Debt				78,887,627	54,680,799	2,180,834
CFC Line of Credit				5,000,000	0	0
CoBank Line of Credit				10,000,000	0	0

Jackson Purchase Energy Corporation
Income Statement (Twelve Months Ended October 31, 2016)

Operating Revenues	\$ 65,268,992.63
Operating Expenses:	
Cost of Purchased Power	\$ 46,053,169.17
Distribution Expense - Operation	\$ 2,425,084.38
Distribution Expense - Maintenance	\$ 3,248,389.95
Customer Accounts Expense	\$ 1,311,987.59
Customer Service and Informational Expense	\$ 78,381.88
Administrative and General Expense	\$ 2,356,343.72
Total Operating Expenses	\$ 55,473,356.69
Depreciation & Amortization Expense	\$ 5,557,385.46
Tax Expense - Other	\$ 77,233.31
Interest on Long-Term Debt	\$ 2,365,882.27
Interest Expense - Other	\$ 6,852.47
Other Deductions	\$ 3,100.00
Total Cost of Electric Service	\$ 63,483,810.20
Operating Margins	\$ 1,785,182.43
Non Operating Margins - Interest	\$ 368,291.23
Non Operating Margins - Other	\$ 27,108.76
Other Capital Credits and Patronage Dividends	\$ 257,859.38
Total Margins	\$ 2,438,441.80

Jackson Purchase Energy Corporation
Balance Sheet (as of October 31, 2016)

Assets	
Electric Plant	
In Service	\$ 154,535,841
Construction Work in Progress	\$ 1,915,989
	\$ 156,451,830
Less Accumulated Depreciation	\$ 61,743,417
	\$ 94,708,413
Nonutility Plant - Net	
Investments	\$ 3,326,258
Current Assets	
Cash and Cash Equivalents	\$ 4,538,205
Accounts Receivable	\$ 4,802,975
Material and Supplies	\$ 1,928,057
Prepayments	\$ 286,993
Other Current Assets	\$ 2,325,778
Other Assets	\$ 13,533
Total Assets	\$ 111,930,212
Liabilities and Equities	
Members' Equity	
Memberships	\$ 129,705
Patronage Capital	\$ 48,092,215
Other Margins an Equities	\$ (167,686)
	\$ 48,054,234
Long Term Debt	\$ 52,259,167
Accumulated Operating Provision	\$ 2,388,568
Current Liabilities	
Accounts Payable	\$ 3,981,046
Short-term Debt	
Consumer Deposits	\$ 2,163,534
Other Current and Accrued Expenses	\$ 2,190,820
Other Liabilities	\$ 892,843
Total Members' Equities and Liabilities	\$ 111,930,212

RESOLUTION

September 22, 2016

Board Resolution Requesting RUS Discounted Prepayment

I, Wayne Elliott, Secretary/Treasurer of Jackson Purchase Energy Corporation ("Applicant"), do hereby certify that the following is a true and correct copy of a resolution adopted at the meeting of the Board of Directors of Applicant held on September 22, 2016, at which a quorum was present and voted; the meeting was duly and regularly held in accordance with the bylaws of the Applicant, and said resolution has not been rescinded or modified:

WHEREAS the Board of Directors of Applicant has caused to be conducted a thorough review of the feasibility of prepayment of all of its Qualified Notes currently outstanding with the Rural Utilities Service (RUS); and

WHEREAS the Board of Directors has, after full study and consideration, determined that it is in the best interest of Applicant and its membership, that it prepay all of its Qualified RUS Notes, as set forth on the Schedule attached to this resolution, at a discounted present value at the earliest practicable date, as authorized in 7 CFR Part 1786;

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors of Applicant hereby requests that RUS enter into a prepayment agreement with the Applicant providing for the prepayment of all of its Qualified Notes and that it be communicated to the appropriate RUS Regional Director by the CEO/General Manager; and

WHEREAS the Board of Directors of Applicant has determined that it will seek to prepay, at a discount, its existing RUS debt, and National Rural Utilities Cooperative Finance Corporation (CFC) financing is needed for the prepayment in the approximate amount of \$19,025,000.

BE IT RESOLVED that the Applicant make application to CFC for a commitment in the approximate amount of \$19,025,000 to be used to prepay RUS debt.

BE IT FURTHER RESOLVED, that the CFC financing requested herein include several different loan amounts, each loan having a maturity no longer than 35 years, as determined by the General Manager and provided to CFC in writing prior to the preparation of the CFC loan and security documentation. The loans, which in the aggregate total the financing commitment request of approximately \$19,025,000, will have separate interest rate options which will be selected at the time of the advance by the General Manager.



BE IT ALSO RESOLVED, that Applicant hereby authorizes the release of information from RUS to CFC in connection with the system as it relates to this application.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of Applicant, this 22nd day of September, 2016.

Dated this 22nd day of September, 2016

(Corporate Seal)

A handwritten signature in blue ink that reads "Wayne E. Elliott". The signature is written in a cursive style and is positioned above a horizontal line.

Wayne Elliott, Secretary/Treasurer

Schedule of Qualified RUS Notes
September 22, 2016

Loan Number	Interest Rate	Amort Type	Loan Balance	Maturity Date
RET-33-1	5.53%	LD	\$ 3,555,324.88	4/30/2036
RET-33-2	2.50%	LD	\$ 231,908.82	4/30/2036
RET-33-3	2.50%	LD	\$ 2,100,656.22	4/30/2036
RET-34-1	4.55%	LD	\$ 2,476,709.37	1/31/2041
RET-35-1	4.55%	LD	\$ 1,926,053.89	10/31/2041
RET-35-2	3.68%	LD	\$ 8,721,645.63	10/31/2041

RESOLUTION

AUTHORIZING APPLICATION TO THE KENTUCKY PUBLIC SERVICE COMMISSION FOR AUTHORIZATION TO REFINANCE INDEBTEDNESS

WHEREAS, consistent with Resolution adopted September 22, 2016, Jackson Purchase Energy Corporation (hereinafter called the "Corporation") has sought and is in the process of making appropriate arrangements for the prepayment of certain debt owed the Rural Utilities Service (hereinafter called "RUS") utilizing funds loaned by the National Rural Utilities Cooperative Financing Corporation (hereinafter called "CFC"); and

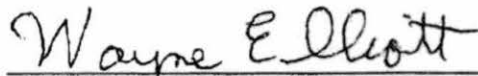
WHEREAS, a review has been conducted of the terms and conditions pertinent to the aforementioned refinancing; and

WHEREAS, in order to move forward with the aforementioned refinancing, application must be made by the Corporation to the Kentucky Public Service Commission (hereinafter the "Commission") seeking its review and approval;

NOW, THEREFORE, BE IT RESOLVED that the Corporation's President and Chief Executive Officer, or his designee, is hereby authorized to make application to the Commission for authorization to secure one or more loans from CFC in order to prepay certain indebtedness owed RUS, consistent with such terms and conditions as heretofore presented to the Board of Directors.

CERTIFICATION

I, Wayne Elliott, Secretary-Treasurer of Jackson Purchase Energy Corporation, do hereby certify that the above is a true and correct copy of a resolution adopted at the meeting of the Board of Directors of Jackson Purchase Energy Corporation held November 21, 2016, at which meeting a quorum was present and voted.



WAYNE ELLIOTT, SECRETARY-TREASURER