

OWEN Electric

A Touchstone Energy Cooperative 

November 4, 2011

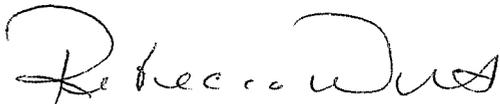
Jeff Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P. O. Box 615
Frankfort, KY 40602

Dear Mr. Derouen:

Please find enclosed a response to the Public Service Commission's Order dated August 5, 2009 in Case No 2009-00010.

Please contact me with any questions regarding this filing.

Respectfully submitted,



Rebecca Witt
SR VP, Corporate Services
Owen Electric Cooperative, Inc.

Enclosure

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PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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PUBLIC SERVICE
COMMISSION

In the Matter of:

APPLICATION OF OWEN ELECTRIC)
COOPERATIVE, INC. FOR AN ORDER)
PURSUANT TO KRS 278.300 AND 807 KAR)
5:001. SECTION 11 AND RELATED SECTIONS,)
AUTHORIZING THE COOPERATIVE TO) CASE NO. 2009-00010
OBTAIN A LOAN UNDER THE RUS/COBANK)
CO-LENDING PROGRAM NOT TO EXCEED)
\$28,083,000 AT ANY ONE TIME FROM)
RURAL UTILITY SERVICE AND COBANK)

RESPONSE TO ORDER IN CASE NO 2009-00010

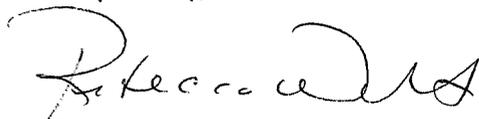
Comes now Owen Electric Cooperative, Inc. ("Owen") in response to the Commission's Order in Case No. 2009-00010 dated August 5, 2009 requiring that Owen shall file with the Commission information regarding the loan that was obtained.

Owen received the first draw of the CoBank loan on August 4, 2011. Information relating to that draw was previously provided to the Commission.

Owen received a second draw of the loan on October 7, 2011. The principal amount of the second draw was \$1,500,000. Owen selected a thirty year maturity with a three (3) year fixed interest rate option for this loan. The interest rate for the 3 Year Fixed Option selected is 2.0104%. Owen based its decision relating to the selection of this rate upon the savings it could achieve by taking advantage of historically low interest rates during the first 3 years of this loan payback period.

Attached is a schedule outlining the interest rate options Owen considered for this draw and the estimated savings obtained by selecting the 3 year option. At the end of the three year fixed period, Owen will evaluate the interest rate options available, and make a decision regarding what interest rate and period to select that will provide the maximum savings over the remaining life of the loan.

Respectfully,



Rebecca Witt,
SR VP Corporate Services
Owen Electric Cooperative, Inc.

OWEN ELECTRIC COOPERATIVE
INTEREST RATE ANALYSIS
CASE NO. 2009-00010

LOAN TERM 30 Year Maturity
PRINCIPAL AMOUNT \$ 1,500,000.00 Loan date October 7, 2011

	INTEREST RATE	Oct - Dec 2011	2012	2013	Jan - October 2014	Total Interest Expesne over 3 year Fixed Period	Total savings of 3 year fixed over alternate option
3 Year Fixed	2.0104%	\$ 5,026.00	\$ 30,156.00	\$ 30,156.00	\$ 25,130.00	\$ 90,468.00	
5 Year Fixed	2.5711%	\$ 6,427.75	\$ 38,566.50	\$ 38,566.50	\$ 32,138.75	\$ 115,699.50	\$ 25,231.50
7 Year Fixed	3.2655%	\$ 8,163.75	\$ 48,982.50	\$ 48,982.50	\$ 40,818.75	\$ 146,947.50	\$ 56,479.50
10 Year Fixed	3.8654%	\$ 9,663.50	\$ 57,981.00	\$ 57,981.00	\$ 48,317.50	\$ 173,943.00	\$ 83,475.00
30 Year Fixed	4.8563%	\$ 12,140.75	\$ 72,844.50	\$ 72,844.50	\$ 60,703.75	\$ 218,533.50	\$ 128,065.50