

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 RELATED SECTIONS)	CASE NO.
AUTHORIZING THE COOPERATIVE TO OBTAIN A)	2008-00044
LOAN IN THE AMOUNT OF \$40,000,000.00 FROM)	
THE NATIONAL RURAL UTILITIES COOPERATIVE)	
FINANCE CORPORATION)	

FIRST DATA REQUEST OF COMMISSION STAFF TO
NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION

Nolin Rural Electric Cooperative Corporation ("Nolin"), pursuant to 807 KAR 5:001, is to file with the Commission the original and 5 copies of the following information, with a copy to all parties of record. The information requested herein is due 10 days after the date of this request. 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 the 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.

Nolin shall make timely amendment to any prior responses 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 requests to which Nolin fails or refuses to furnish all or part of the requested information, Nolin shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall 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.

1. Concerning the Demand Side Management and Energy Efficiency Services Modification Agreements (“DSM Contract”),

a. Have there been any amendments or modifications to the DSM Contract since May 16, 2002?

b. If yes to part (a), describe each amendment or modification executed since May 16, 2002. Include in this description a discussion of any changes to the rights and responsibilities of Nolin and Fort Knox pursuant to the DSM Contract.

2. In Case No. 2005-00493,¹ the Commission authorized Nolin to borrow \$24,000,000 from the National Rural Utilities Cooperative Finance Corporation (“CFC”) for a 15-year period in conjunction with the DSM Contract.

¹ Case No. 2005-00493, Application of the Nolin Rural Electric Cooperative Corporation for an Order Pursuant to KRS 278.300 and 807 KAR 5:001, Section 11 and Related Sections Authorizing the Cooperative to Obtain a Loan in the Amount of \$24,000,000.00 from the National Rural Utilities Cooperative Finance Corporation, final Order dated March 10, 2006.

a. Describe the status of this loan as of the date of the Application in this case.

b. Prepare a schedule showing the end of the month outstanding balance on this loan for each month in the period April 2006 through January 2008.

3. Concerning the proposed \$40,000,000 term loan:

a. Explain why Nolin is seeking approval for a \$40,000,000 loan. Include in this explanation the reason(s) why this additional level of indebtedness is needed.

b. Explain how the amount of \$40,000,000 was determined. Include any analysis or study Nolin has performed to determine its financing needs with regard to the DSM Contract.

4. Provide a description of the terms and conditions of the proposed \$40,000,000 term loan from CFC. The description should include a discussion of the term of the loan, the determination of the interest rate, the repayment provisions, and any charges or fees required by CFC for this loan.

5. Concerning Exhibit No. 5 of the Application:

a. Provide copies of the approval received by Nolin from CFC for the \$40,000,000 loan.

b. Provide copies of Nolin's request to the Rural Utilities Service ("RUS") for an "Intercreditor Agreement."

c. Provide the status of the request of an Intercreditor Agreement with the RUS.

d. Provide copies of the “prior” Intercreditor Agreement referenced in the second paragraph of the CFC letter. In addition, explain why the referenced Intercreditor Agreement was not included as part of Exhibit No. 5 of the Application.

6. Provide copies of the Loan Agreement referenced in Exhibit No. 6 of the Application.

7. In its March 10, 2006 Order in Case No. 2005-00493 the Commission required Nolin to file a copy of the RUS lien subordination with the Commission within 10 days of its receipt by Nolin. It does not appear that Nolin has filed a copy of the referenced RUS lien subordination.

a. Did Nolin receive a lien subordination from the RUS in conjunction with the \$24,000,000 CFC loan authorized in Case No. 2005-00493? Explain the response.

b. If Nolin received a lien subordination from the RUS, provide copies of that document and explain in detail why Nolin did not file the copy required by the March 10, 2006 Order in Case No. 2005-00493.

c. If Nolin did not receive a lien subordination from the RUS, explain in detail why Nolin did not inform the Commission of this fact.

d. If a lien subordination was not received from RUS in conjunction with the \$24,000,000 CFC loan, was some other agreement or document executed between Nolin and RUS? Explain the response in detail.

e. If some other agreement or document was executed between Nolin and RUS in conjunction with the \$24,000,000 CFC loan, provide copies of that agreement or document.



Beth O'Donnell
Executive Director
Public Service Commission
P. O. Box 615
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DATED March 14, 2008

cc: All Parties

Case No. 2008-00044