

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF 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)	2012-00192
A LOAN IN THE AMOUNT OF \$50,000,000 FROM)	
THE NATIONAL RURAL UTILITIES COOPERATIVE)	
FINANCE CORPORATION)	

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION 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 six copies of the following information, with a copy to all parties of record. The information requested herein is due no later than seven days from 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 response 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 request to which Nolin fails or refuses to furnish all or part of the requested information, it 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.

1. Refer to paragraph 5.a. of the original application in which Nolin states that it takes in excess of 15 months to obtain Rural Utilities Service (“RUS”) loan approval. Explain Nolin’s expectations for the length of the approval process with National Rural Utilities Cooperative Finance Corporation (“CFC”) and how that will benefit Nolin.

2. Refer to paragraph 5.b. of the original application.

a. Fully describe why it has become difficult to work with RUS as it relates to the Fort Knox operations, and how refinancing with CFC will eliminate these difficulties.

b. At a meeting on December 20, 2011 at the Commission’s offices, Nolin personnel described an issue RUS had with operating ratios being negatively impacted by the Fort Knox operations’ financing, and Nolin’s proposal to establish a separate entity to finance the Fort Knox operations. Explain whether the difficulties that Nolin is referring to in paragraph 5.b. are the same as were discussed at the December

20, 2011 meeting. Provide an update on Nolin's proposal to create a separate entity for the Fort Knox financing transactions.

3. Refer to paragraph 1.a. of the amended application. Has CFC guaranteed Nolin the interest rates indicated for the proposed loan if the transaction is closed by a date certain? If yes, what is that date?

4. Refer to item 11 of the original application. Nolin has requested expedited treatment of this application due to the volatility of interest rates and currently favorable interest rates available to Nolin and is requesting that the Commission grant approval in this matter by June 18, 2012. In the event the Commission approves the application, provide the latest date the approval of the refinancing is needed in order to close the transaction and secure a favorable interest rate.

5. Refer to Exhibit 1 of the original application which shows Federal Financing Bank ("FFB") loans in the amount of \$21,221,545.24 at an interest rate of 0.22 percent. Explain why Nolin proposes to refinance these loans rather than refinancing existing CFC loans with interest rates that are 3.2 percent or higher.

6. Nolin is requesting approval to borrow \$50 million from CFC to refinance all of its existing RUS and FFB debt. If the outstanding RUS and FFB loans at the time of closing exceed \$50 million, explain how Nolin proposes to address the additional amount required to pay off the existing debt. If at the time of closing the outstanding RUS and FFB loans are less than \$50 million, explain how Nolin proposes to address the excess loan proceeds received.

7. Refer to Exhibit 2 of the amended application. Provide an expanded exhibit that includes the current loan balances as of the most recent month available.

8. Refer to Exhibits 1 and 4 of the amended application. In the heading of both exhibits is an item labeled "Financing Amount" which shows an amount of \$49,946,777. Explain why this amount is not \$50,000,000.



Jeff DeRouen
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

DATED **JUN 06 2012**

cc: Parties of Record

John J Scott
108 East Poplar Street
PO Box 389
Elizabethtown, KENTUCKY 42702-0389