

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF CUMBERLAND VALLEY ELECTRIC, INC. FOR AUTHORIZATION TO BORROW \$2,024,000 FROM COBANK AND TO PREPAY USDA RURAL UTILITIES SERVICE NOTES OF THE SAME AMOUNT	) ) ) ) ) )	CASE NO. 2018-00256
---	----------------------------	------------------------

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO  
CUMBERLAND VALLEY ELECTRIC, INC.

Cumberland Valley Electric, Inc. (Cumberland Valley), pursuant to 807 KAR 5:001, is to file with the Commission the original and six copies of the following information. The information requested herein is due within ten days of 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.

Cumberland Valley shall make timely amendment to any prior response if it obtains information that 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

Cumberland Valley 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. When filing a paper containing personal information, Cumberland Valley shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to the application, Exhibit 2, page 3 of 11.
  - a. Provide the calculation of the weighted average lives of 7.64 and 7.51 for the Rural Utilities Service (RUS) loans to be refinanced in Excel spreadsheet format with formulas intact and unprotected, and all rows and columns fully accessible.
  - b. Explain why the RUS blended interest rate of 5.19 percent was used to calculate the net present value (NPV) of the interest savings.
  - c. Provide the NPV calculation using the CoBank interest rate of 4.29 percent in Excel spreadsheet format with formulas intact and unprotected, and all rows and columns fully accessible
2. Refer to the application, Exhibit 2, page 4 of 11.
  - a. Confirm that the annual principal and interest payments for the Combined RUS Loans is the sum based on each loan's term and not based on the average interest rate between the loans. If such is not confirmed, update this exhibit with the RUS principal payments and interest payments per loan.

b. Provide this exhibit in Excel spreadsheet format, with all formulas intact and unprotected, and with all columns and rows accessible. If it is necessary to update this exhibit in response to questions contained in this information request, provide the updated version in both paper copy and electronically.

3. Refer to the application, Exhibit 3, page 4 of 4.

a. Explain the advanced payment amount of \$1,628,085.78 and its purpose.

b. Explain whether Cumberland Valley could apply the advanced payment to the outstanding balances of the RUS loans to be refinanced, thereby reducing the amount of the refinancing. If so, explain why Cumberland Valley did not do so.

c. If the Commission approves Cumberland Valley's application, explain the ultimate disposition of the advanced payment amount of \$1,628,085.78.

4. Provide an estimate of attorney fees and expenses that Cumberland Valley expects it will incur to close the loan with CoBank, as well as an estimate of their impact on the NPV of the proposed financing to the extent they are not already reflected.



Gwen R. Pinson  
Executive Director  
Public Service Commission  
P.O. Box 615  
Frankfort, KY 40602

DATED     **AUG 21 2018**    

cc: Parties of Record

\*M. Evan Buckley  
Goss Samford, PLLC  
2365 Harrodsburg Road, Suite B325  
Lexington, KENTUCKY 40504

\*Cumberland Valley Electric, Inc.  
Highway 25E  
P. O. Box 440  
Gray, KY 40734