

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF EAST KENTUCKY POWER	)	
COOPERATIVE, INC. FOR APPROVAL TO PREPAY	)	
RURAL UTILITIES SERVICE ("RUS") SECURED DEBT	)	CASE NO.
AND REFINANCE WITH NATIONAL COOPERATIVE	)	2010-00395
SERVICE CORPORATION ("NCSC") UNSECURED	)	
DEBT IN AN AMOUNT UP TO \$25,000,000	)	

FIRST DATA REQUEST OF COMMISSION STAFF  
TO EAST KENTUCKY POWER COOPERATIVE, INC.

East Kentucky Power Cooperative, Inc. ("EKPC"), pursuant to 807 KAR 5:001, is requested to file with the Commission the original and 10 copies of the following information, with a copy to all parties of record. The information requested herein is due within 10 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.

EKPC 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 EKPC 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 page 1 of EKPC's application and pages 2-4 of Exhibit 2. Page 1 of the application indicates that EKPC plans to refinance up to \$25,000,000 in existing Rural Utilities Service ("RUS") secured 5 percent debt with unsecured debt from the National Cooperative Service Corporation ("NCSC"). The pages in Exhibit 2 include comparisons of EKPC's payments to RUS and payments to Natural Rural Utilities Cooperative Finance Corporation ("CFC").

a. According to Exhibit 7 of the application, of its existing long-term debt of roughly \$2.6 billion, EKPC has one note with NCSC with an outstanding balance of \$4,500,000. In recent months, several distribution cooperatives have filed requests to refinance some of their 5 percent RUS debt through either CoBank ACB ("CoBank") or CFC. Explain whether EKPC inquired of either CoBank or CFC regarding financing its 5 percent RUS debt.

b. If the response to part a. of this request is affirmative, explain why EKPC chose NCSC over CoBank or CFC for the refinancing of its 5 percent RUS debt. If the response to part a. is negative, explain why EKPC made no such inquiry.

c. Explain why the pages in Exhibit 2 contain payment comparisons of RUS and CFC, rather than RUS and NCSC. Include in the explanation a description, as appropriate, of any relationship between CFC and NCSC.

d. EKPC's RUS debt is secured under its RUS/CFC mortgage while the proposed NCSC debt will be issued on an unsecured basis. Explain why the NCSC debt will not be secured and describe any effects it not being secured will have, or is anticipated to have, on the terms of the proposed financing.

2. Refer to the first paragraph in Exhibit 3 of the application, which indicates that the NCSC debt will carry an average interest rate of 3.7 percent based on a recent rate quote from NCSC and that the rate is "[s]ubject to market fluctuations and will not be fixed until Commission approval is received."

a. Provide a schedule and/or workpapers which show how the 3.7 percent average rate was derived, along with a narrative description of the derivation.

b. Provide the date of the rate quote, along with a description of the indices, interest rates, etc. which trigger fluctuations in the rate.


c. State whether the interest rate(s) for all years will be fixed once Commission approval is received. If no, explain.

d. Provide a November 1, 2010 rate quote for the proposed financing.

3. Provide the expected financing costs of the transaction. Include a detailed breakdown of the costs in the response.

DATED: NOV - 2 2010

Cc: Parties of Record

  
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