

LAW OFFICE OF  
**JOHN J. SCOTT, PSC**  
108 EAST POPLAR STREET  
P.O. BOX 389  
ELIZABETHTOWN, KENTUCKY 42702-0389

RECEIVED  
JUN 18 2012  
PUBLIC SERVICE  
COMMISSION

JOHN J. SCOTT  
ATTORNEY AT LAW

June 14, 2012

TELEPHONE 270-765-2179  
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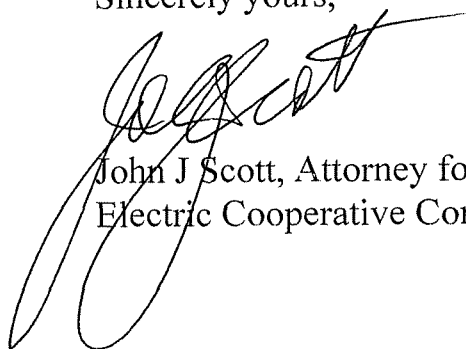
Mr. Jeff R. Derouen  
Executive Director  
Public Service Commission  
211 Sowers Boulevard  
P.O. Box 615  
Frankfort, KY 40602-0615

Re: Case No. 2012-00192  
Nolin Rural Electric Cooperative  
Corporation

Dear Mr. Derouen:

Pursuant to the Informal Conference/Conference Call which was held between Commission Staff and Nolin RECC on June 14, 2012, I am enclosing herewith the document that Nolin RECC was requested to produce concerning the "locked in interest rate". The attached letter with "Schedule A" refers to the interest rate being applicable to the \$29,071,564.00 loan, which is a portion of the loan which CFC has approved to Nolin. Should you need anything further, please let me know.

Sincerely yours,



John J Scott, Attorney for Nolin Rural  
Electric Cooperative Corporation

JJS/rrd

Enclosures



**National Rural Utilities  
Cooperative Finance Corporation**

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20701 Cooperative Way  
Dulles, Virginia 20166  
703-467-1800 | www.nrucof.coop

PUBLIC SERVICE  
COMMISSION

June 5, 2012

Mr. Michael L. Miller  
President and CEO  
Nolin Rural Electric Cooperative Corporation  
411 Ring Road  
Elizabethtown, Kentucky 42701-6767

RE: Nolin Rural Electric Cooperative Corporation ("Borrower")  
Forward Rate Lock Option

Dear Mr. Miller:

Pursuant to your request, National Rural Utilities Cooperative Finance Corporation ("CFC") is pleased to offer an option to lock the interest rate on certain future funding that is proposed under the terms of a loan agreement to be executed by and between Borrower and CFC ("Loan Agreement") with respect to a proposed loan in the amount of up to \$29,071,564.00 (the "Loan"). Implementation of this offer, however, is contingent upon the execution by Borrower and CFC of mutually agreed upon promissory notes, loan agreements and security documents (collectively, the "Loan Documents"), and Borrower meeting all conditions to funding to be set forth in the Loan Documents including, if required, receipt of all regulatory approvals from state and/or federal agencies that are required to enter into the Loan Documents. However, at your request, CFC agrees that the Loan Documents will provide that if all preconditions to funding are met (each such funding is referred to herein as an "Advance"), then interest charged thereon will be a rate of interest per annum equal to the rate set forth on Schedule A (the "Forward Rate Lock Option").

This offer is made subject to the following additional terms and conditions:

- (a) All available Loan funds shall be drawn down in the amounts and on the dates set forth on Schedule A. If Borrower fails to do so, then Borrower shall pay CFC for
  - (i) all costs and expenses CFC incurs in connection with entering into certain financial commitments in order to offer the Forward Rate Lock Option ("Breakage Fees"), and
  - (ii) an administrative fee in an amount determined in accordance with CFC's policies of general application ("Administrative Fee").The Loan Documents will reflect the repayment schedule, amortization, and other terms reflected herein and on Schedule A.

- (b) Borrower shall use all Advances to refinance certain of Borrower's indebtedness to RUS.
- (c) Borrower shall pay Breakage Fees and the Administrative Fee if, as applicable, Borrower (i) cancels its request for the Forward Rate Lock Option, or (ii) requests any Advance after the Advance Date as detailed on Schedule A.
- (d) CFC's obligation to make any Advance is subject to Borrower fulfilling all the conditions thereto that will be set forth in the Loan Documents. If Borrower requests that an Advance be made in an amount or on a date other than as set forth on Schedule A, then CFC shall be under no obligation to make the Advance and shall have no liability to Borrower on account thereof. If CFC nevertheless makes such Advance, then Borrower shall pay to CFC the Administrative Fee and any applicable Breakage Fees.
- (e) This offer is limited solely to the Advance(s) set forth on Schedule A. This is not an offer or agreement associated with any other funding that may be made available under the Loan Documents or under any commitment or credit agreement with CFC.
- (f) By signing below, the officer certifies on behalf of Borrower that no state or federal regulatory commission or other governmental approval is required to enter into this Forward Rate Lock Option as a binding obligation of Borrower (or, if such approval is required, then such approval has been obtained and is in full force and effect as of the date set forth below), but the officer is not certifying that Borrower has obtained all necessary approvals in order to execute the Loan Documents.

If the foregoing accurately describes our mutual understanding of our agreement regarding this Forward Rate Lock Option and the conditions under which it is offered, please return this letter by facsimile or by email via PDF, countersigned by an authorized officer of Borrower by 10 a.m. eastern time on June 6, 2012 to 703-467-5652 or elaine.macdonald@nrucfc.coop. Please mail a copy of the Agreement with an original signature to my attention.

Sincerely,

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION

By: Elaine Macdonald  
Assistant Secretary-Treasurer

ACCEPTED AND AGREED TO THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 20\_\_.

NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION

By: \_\_\_\_\_

Its: \_\_\_\_\_

Schedule A

Loan Number	9032-001	9032-002	9032-003	9032-004	9032-005	9032-006	9032-007	9032-008
Date of Interest Rates (Set Date)	6/5/2012	6/5/2012	6/5/2012	6/5/2012	6/5/2012	6/5/2012	6/5/2012	6/5/2012
Advance Amount (Notional Amount)	\$1,192,083	\$818,434	\$970,465	\$1,063,344	\$1,050,647	\$1,072,480	\$1,095,869	\$1,122,506
Advance Date (Effective Date)	8/5/2012	8/5/2012	8/5/2012	8/5/2012	8/5/2012	8/5/2012	8/5/2012	8/5/2012
Loan Term (years)	1	2	3	4	5	6	7	8
Amortization Type	LDS	LDS	LDS	LDS	LDS	LDS	LDS	LDS
Deferral Period (months)	0	9	21	33	45	57	69	81
Amortization Start Date	9/1/2012	6/1/2013	6/1/2014	6/1/2015	6/1/2016	6/1/2017	6/1/2018	6/1/2019
Final Payment Date	5/31/2013	5/31/2014	5/31/2015	5/31/2016	5/31/2017	5/31/2018	5/31/2019	5/31/2020
Interest Rate Term	1	2	3	4	5	6	7	8
New Reprice Date	FTM	FTM	FTM	FTM	FTM	FTM	FTM	FTM
Interest Rate on Set Date	2.55%	2.60%	2.65%	2.80%	2.95%	3.10%	3.25%	3.40%
Forward Interest Rate Adder	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
All-in Fixed Rate on Advance Date	2.55%	2.60%	2.65%	2.80%	2.95%	3.10%	3.25%	3.40%

Loan Number	9032-009	9032-010	9032-011	9032-012	9032-013	9032-014	9032-015	9032-016
Date of Interest Rates (Set Date)	6/5/2012	6/5/2012	6/5/2012	6/5/2012	6/5/2012	6/5/2012	6/5/2012	6/5/2012
Advance Amount (Notional Amount)	\$1,157,926	\$1,203,972	\$1,246,697	\$1,294,307	\$1,344,293	\$1,397,756	\$1,150,115	\$1,309,979
Advance Date (Effective Date)	8/5/2012	8/5/2012	8/5/2012	8/5/2012	8/5/2012	8/5/2012	8/5/2012	8/5/2012
Loan Term (years)	9	10	11	12	13	14	15	16
Amortization Type	LDS	LDS	LDS	LDS	LDS	LDS	LDS	LDS
Deferral Period (months)	93	105	117	129	141	153	165	177
Amortization Start Date (before deferral)	9/1/2012	9/1/2012	9/1/2012	9/1/2012	9/1/2012	9/1/2012	9/1/2012	9/1/2012
Amortization Start Date	6/1/2020	6/1/2021	6/1/2022	6/1/2023	6/1/2024	6/1/2025	6/1/2026	6/1/2027
Maturity Date	8/5/2021	8/5/2022	8/5/2023	8/5/2024	8/5/2025	8/5/2026	8/5/2027	8/5/2028
Final Payment Date	5/31/2021	5/31/2022	5/31/2023	5/31/2024	5/31/2025	5/31/2026	5/31/2027	5/31/2028
Interest Rate Term	9	10	11	12	13	14	15	16
New Reprice Date	FTM	FTM	FTM	FTM	FTM	FTM	FTM	FTM
Interest Rate on Set Date	3.50%	3.60%	3.65%	3.70%	3.80%	3.85%	3.90%	3.95%
Forward Interest Rate Adder	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
All-in Fixed Rate on Advance Date	3.50%	3.60%	3.65%	3.70%	3.80%	3.85%	3.90%	3.95%

Loan Number	9032-017	9032-018	9032-019	9032-020	9032-021	9032-022	9032-023	9032-024	9032-025
Date of Interest Rates (Set Date)	6/5/2012	6/5/2012	6/5/2012	6/5/2012	6/5/2012	6/5/2012	6/5/2012	6/5/2012	6/5/2012
Advance Amount (Notional Amount)	\$1,173,463	\$1,329,631	\$1,147,478	\$1,173,392	\$1,079,377	\$1,112,214	\$1,186,591	\$1,211,205	\$1,167,339
Advance Date (Effective Date)	8/5/2012	8/5/2012	8/5/2012	8/5/2012	8/5/2012	8/5/2012	8/5/2012	8/5/2012	8/5/2012
Loan Term (years)	17	18	19	20	21	22	23	24	25
Amortization Type	LDS	LDS	LDS	LDS	LDS	LDS	LDS	LDS	LDS
Deferral Period (months)	189	201	213	225	237	249	261	273	285
Amortization Start Date (before deferral)	9/1/2012	9/1/2012	9/1/2012	9/1/2012	9/1/2012	9/1/2012	9/1/2012	9/1/2012	9/1/2012
Amortization Start Date	6/1/2028	6/1/2029	6/1/2030	6/1/2031	6/1/2032	6/1/2033	6/1/2034	6/1/2035	6/1/2036
Maturity Date	8/5/2029	8/5/2030	8/5/2031	8/5/2032	8/5/2033	8/5/2034	8/5/2035	8/5/2036	8/5/2037
Final Payment Date	5/31/2029	5/31/2030	5/31/2031	5/31/2032	5/31/2033	5/31/2034	5/31/2035	5/31/2036	5/31/2037
Interest Rate Term	17	18	19	20	21	22	23	24	25
New Reprice Date	FTM	FTM	FTM	FTM	FTM	FTM	FTM	FTM	FTM
Interest Rate on Set Date	3.95%	4.00%	4.00%	4.05%	4.05%	4.05%	4.05%	4.05%	4.10%
Forward Interest Rate Adder	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
All-in Fixed Rate on Advance Date	3.95%	4.00%	4.00%	4.05%	4.05%	4.05%	4.05%	4.05%	4.10%