

December 12, 2016

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**PUBLIC SERVICE
COMMISSION**

VIA HAND DELIVERY

Ms. Talina Mathews, Ph.D.
Executive Director
Kentucky Public Service Commission
P.O. Box 615
211 Sower Boulevard
Frankfort, KY 40602

Re: THE APPLICATION OF JACKSON PURCHASE ENERGY CORPORATION
FOR AUTHORIZATION TO BORROW \$18,844,470.27 FROM NATIONAL
RURAL UTILITIES COOPERATIVE FINANCE CORPORATION AND TO
EXECUTE ALL DOCUMENTS NECESSARY TO PREPAY RURAL
UTILITIES SERVICE NOTES OF THE SAME AMOUNT
Case No. 2016-00410

Dear Dr. Mathews:

Please find enclosed and accept for filing on behalf of Jackson Purchase Energy Corporation ("JPEC") an original and six (6) copies of its Response to Commission Staff's Second Request for Information propounded December 7, 2016, in the above-referenced matter. Please note that each enclosed compact disk is identical and contains an Excel spreadsheet file requested by Commission Staff.

Please do not hesitate to contact me with any questions or concerns.

Respectfully,



|| M. Evan Buckley

Enclosures

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

**PUBLIC SERVICE
COMMISSION**

THE APPLICATION OF JACKSON PURCHASE)
ENERGY CORPORATION FOR AUTHORIZATION)
TO BORROW \$18,844,470.27 FROM NATIONAL RURAL)
UTILITIES COOPERATIVE FINANCE CORPORATION)
AND TO EXECUTE ALL DOCUMENTS NECESSARY)
TO PREPAY RURAL UTILITIES SERVICE NOTES)
OF THE SAME AMOUNT)

Case No. 2016-00410

**RESPONSE TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION
TO JACKSON PURCHASE ENERGY CORPORATION
DATED DECEMBER 7, 2016**

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

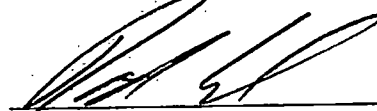
In the Matter of:

THE APPLICATION OF JACKSON PURCHASE)
ENERGY CORPORATION FOR AUTHORIZATION)
TO BORROW \$18,844,470.27 FROM NATIONAL RURAL) Case No. 2016-00410
UTILITIES COOPERATIVE FINANCE CORPORATION)
AND TO EXECUTE ALL DOCUMENTS NECESSARY)
TO PREPAY RURAL UTILITIES SERVICE NOTES)
OF THE SAME AMOUNT)

VERIFICATION OF ROD CRILE

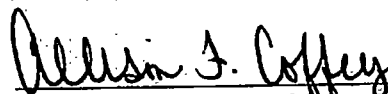
STATE OF Kentucky)
COUNTY OF Hardin)

Rod Crile, consultant for Jackson Purchase Energy Corporation, being duly sworn, states that he has supervised the preparation of the following responses of Jackson Purchase Energy Corporation to Commission Staff's Second Request for Information in the above-referenced case and that the matters and things set forth in his responses are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry,



Rod Crile

Subscribed and sworn to before me on this 8th day of December, 2016.



NOTARY PUBLIC, Notary # 563985
Commission expiration: 8/29/2020

PSC CASE NO. 2016-00410

JACKSON PURCHASE ENERGY CORPORATION

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION DATED 12/7/16

RESPONSIBLE PARTY: Rod Crile

Request 1. Refer to Jackson Purchase's response to Commission Staffs First Request for Information to Jackson Purchase, Item 2.d.

- (a) Provide the net present value calculations in Excel spreadsheet format, with formulas intact and unprotected and all rows and columns fully accessible, using the interest rate of 3.42 percent rather than 3.41 percent.
- (b) Provide an explanation of why Cell I21 is \$366,397 on tab NPV and \$366,496 on tab NPV w Legal Fees. Provide corrections as necessary.

Response 1.

- (a) The requested calculations are provided on the enclosed compact disk, with file name:

"PSC_2DR1a_NPV_Calculations"

Please note that, upon further review, JPEC has realized that previous versions of the provided Excel spreadsheet incorrectly calculated CFC Interest Expense based on an initial advance date of 12/30/2016 and an amortization start date of 1/1/2017, as opposed to the updated initial advance date of 1/25/2017 and amortization start date of

2/1/2017. When the correct dates are utilized, the total repayment period is shortened resulting in less CFC Interest Expense and greater cash flow savings than previously calculated. The total principal amount of the financing (\$18,844,470) has been and remains accurately based on a 1/25/2017 advance date.

- (b) On the previously-submitted version of referenced tab NPV w Legal Fees, the principal payments attributable to the first year of the financing were increased by \$10,000.00 to reflect estimated legal fees. Because the CFC modeling calculated the interest expense during the first year on this increased principal amount, Cell I21 on tab NPV w Legal Fees was slightly higher than Cell I21 on tab NPV. In reality, however, the \$10,000.00 in estimated legal fees will not be borrowed from CFC but will instead be paid by general funds on hand (and thus will have no interest expense component); for this reason, Cell I21 on each of the referenced tabs should be the same, as reflected in the revised Excel spreadsheet provided on the enclosed compact disk.