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**PUBLIC SERVICE  
COMMISSION**

**COMMONWEALTH OF KENTUCKY**

**BEFORE THE PUBLIC SERVICE COMMISSION**

**In The Matter Of:**

<b>FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION</b>	)	
<b>FOR AUTHORIZATION TO BORROW UP TO \$2,950,000.00</b>	)	
<b>FROM THE NATIONAL RURAL UTILITES COOPERATIVE</b>	)	<b>CASE NO.</b>
<b>FINANCE CORPORATION TO EXECUTE NECESSARY NOTE</b>	)	<b>2017-00357</b>
<b>AND TO PREPAY RURAL UTILITES SERVICE NOTES OF</b>	)	
<b>THE SAME AMOUNT</b>	)	

**RESPONSES TO COMMISSION STAFF'S  
FIRST REQUEST FOR INFORMATION TO  
FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION**

# RICHARDSON GARDNER & ALEXANDER

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September 19, 2017

Mr. John S. Lyons  
Acting Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40601

**Re: PSC Case No. 2017-00357**

Dear Mr. Lyons:

On behalf of Farmers Rural Electric Cooperative Corporation ("Farmers"), please find enclosed for filing with the Commission in the above-referenced case an original and ten (10) copies of the responses of Farmers to the Commission Staff's First Request For Information.

Thank you for your assistance.

Very truly yours,



Woodford L. Gardner, Jr.  
Richardson, Gardner & Alexander  
Attorney for Applicant  
Phone: (270) 651-8884 Fax: (270) 651-3662

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FOR AUTHORIZATION TO BORROW UP TO \$2,950,000	)	
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AND TO PREPAY RURAL UTILITES SERVICE NOTES OF	)	
THE SAME AMOUNT	)	

CERTIFICATE

Jennie G. Phelps, being duly sworn, states that she has supervised the preparation of the response of Farmers Rural Electric Cooperative Corporation to the Public Service Commission Staff's First Request for Information in the above-referenced case, and that the matters and things set forth therein are true and accurate to the best of her knowledge, information and belief, formed after reasonable inquiry.

Jennie G Phelps

COMMONWEALTH OF KENTUCKY )  
 )  
 COUNTY OF BARREN )

Subscribed and sworn to before me by Jennie G. Phelps, Vice President Finance & Accounting of Farmers Rural Electric Cooperative Corporation this 18<sup>th</sup> day of September, 2017.

Linda Sue Fowser  
 Notary Public  
 ID: 446566

My Commission Expires: 07-30-2019

FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION  
PSC CASE NO. 2017-00357  
FIRST DATA REQUEST FOR INFORMATION

**Request 1.** Provide an estimate of the legal fees to be incurred for the completion of this case and refinancing.

**Response 1.** The estimate legal fees, performed by the Cooperative Attorney, for this case are \$250.00.

**FARMERS RURAL ELECTRIC COOPERATIVE CORPORATION  
PSC CASE NO. 2017-00357  
FIRST DATA REQUEST FOR INFORMATION**

**Request 2.** Provide a calculation of the net present value of the interest expense difference as shown in the Application, Exhibit 2, page 1. The discount should be calculated at the rate of refinance. Provide in Excel spreadsheet format with formulas intact and unprotected and all rows and columns fully accessible for the net present value calculation.

**Response 2.** The calculation is provided on page 2 of this request. One flash drive of the excel spreadsheet with formulas intact and unprotected and all rows and columns fully accessible for the net present value calculation is included in the original packet.



Co-op Name: Farmers RECC  
 Co-op ID: KY034  
 Date Prepared: 9/15/2017  
 Interest Rates as of: 8/17/2017  
 Finance Amount: \$2,875,431.98  
 Scenario Name: RUS Refinance - 13 Year Term Level Principal \$2,875,432

Effective Interest Rate: 3.50%  
 Stated Interest Rate: 3.50%  
 Pat. Capital and Discount Benefit: 0.00%  
 Total Interest Difference: \$ 492,360  
 Total Cash Flow Difference: \$ 492,360

CFC 3.50%  
 RUS 4.75%

ANNUAL CASH FLOW SUMMARY

Year	CFC				RUS				Interest Expense Difference	Principal Payment Difference	Patronage Capital Retirement	Total Cash Flow Difference	Net Present Value at RUS Rate	Net Present Value at CFC Rate
	Ending Balance	Principal Payments	Interest Expense	Cash Flows	Ending Balance	Principal Payments	Interest Expense	Cash Flows						
2017	2,875,432	0	0	0	2,875,432	0	0	0	492,360	0	0	492,360	194,403	252,373
2018	2,784,125	(111,307)	(54,196)	0	2,797,266	(78,166)	(78,401)	(156,567)	24,205	(33,141)	0	(8,936)	(8,513)	(8,634)
2019	2,541,511	(222,614)	(93,173)	0	2,658,764	(138,502)	(129,898)	(268,400)	36,724	(84,112)	0	(47,388)	(43,187)	(44,237)
2020	2,318,897	(222,614)	(85,382)	0	2,513,729	(145,034)	(123,365)	(268,400)	37,984	(77,580)	0	(39,596)	(34,450)	(35,713)
2021	2,096,283	(222,614)	(77,590)	0	2,361,329	(152,401)	(115,999)	(268,400)	38,409	(70,214)	0	(31,805)	(26,416)	(27,716)
2022	1,873,669	(222,614)	(69,799)	0	2,201,712	(159,617)	(108,783)	(268,400)	38,984	(62,997)	0	(24,013)	(19,040)	(20,218)
2023	1,651,054	(222,614)	(62,007)	0	2,034,359	(167,353)	(101,047)	(268,400)	39,039	(55,261)	0	(16,222)	(12,279)	(13,196)
2024	1,428,440	(222,614)	(54,216)	0	1,859,022	(175,337)	(93,063)	(268,400)	38,847	(47,277)	0	(8,430)	(6,092)	(6,626)
2025	1,205,826	(222,614)	(46,424)	0	1,674,926	(184,096)	(84,304)	(268,400)	37,880	(38,518)	0	(6,639)	(4,41)	(4,85)
2026	983,212	(222,614)	(38,633)	0	1,482,020	(192,906)	(75,494)	(268,400)	36,861	(29,708)	0	7,153	4,711	5,248
2027	760,598	(222,614)	(30,841)	0	1,279,751	(202,269)	(66,130)	(268,400)	35,289	(20,345)	0	14,944	9,396	10,594
2028	537,984	(222,614)	(23,050)	0	1,067,739	(212,012)	(56,388)	(268,400)	33,338	(10,602)	0	22,736	13,646	15,573
2029	315,370	(222,614)	(15,258)	0	845,279	(222,459)	(45,941)	(268,400)	30,682	(155)	0	30,527	17,492	20,203
2030	92,756	(222,614)	(7,467)	0	612,079	(233,200)	(35,200)	(268,400)	27,733	(10,586)	0	38,319	20,961	24,501
2031	0	(92,756)	(813)	0	367,543	(244,536)	(23,864)	(268,400)	23,052	(151,780)	0	174,832	91,299	108,008
2032	0	0	0	0	111,132	(256,411)	(11,989)	(268,400)	11,989	(256,411)	0	268,400	133,805	160,205
2033	0	0	0	0	0	(111,132)	(1,344)	(112,476)	1,344	111,132	0	112,476	53,530	64,866
2034	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2035	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2036	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2037	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2038	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2039	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2040	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2041	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2042	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2043	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2044	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2045	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2046	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2047	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2048	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2049	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2050	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2051	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2052	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2053	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2054	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2055	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2056	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2057	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2058	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2059	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2060	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2061	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2062	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2063	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2064	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2065	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2066	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2067	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2068	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2069	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2070	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2071	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2072	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2073	0	0	0	0	0	0	0	0	0	0	0	0	0	0

\* The estimated impact of Pat. Cap. is based on CFC's historical patronage allocation level and CFC's current retirement policy. CFC's patronage allocation & retirement are subject to approval by CFC's Board of Directors  
 \*\* This information is confidential and is not to be disclosed to third parties without prior CFC consent. This presentation reflects CFC's programs and policies in effect at the time this presentation was created. No future representation of interest rates is implied; Rates are subject to change daily.

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