



FLEMING-MASON ENERGY
COOPERATIVE, INC.

P.O. BOX 328 • FLEMINGSBURG, KENTUCKY 41041 • (606) 845-2661 • FAX (606) 845-1008

September 26, 2007

RECEIVED
SEP 28 2007
PUBLIC SERVICE
COMMISSION

Ms. Beth O'Donnell
Executive Director
Kentucky Public Service Commission
P. O. Box 615
Frankfort, KY 40602

RE: Case No. 2007-00022

Dear Ms. O'Donnell:

Enclosed are six copies of correspondence from NCSC confirming the pay off of the loans for Fleming-Mason Service Corporation, guaranteed by Fleming-Mason Energy.

Please contact the office if you need further information.

Sincerely,

A handwritten signature in cursive script that reads "Joni K. Hazelrigg".

Joni K. Hazelrigg
CFO

Enclosures



**National Cooperative
Services Corporation**

via First Class Mail

September 18, 2007

FLEMING-MASON SERVICES CORPORATION
ATTN: ANTHONY OVERBEY
P.O. BOX 328
FLEMINGSBURG, KY 41041


RE: NCSC Long Term Loan No. KY404-A-9001

Dear Mr. Overbey:

The above referenced Long Term Loans have been paid-in-full. Enclosed for your records are the original executed Promissory Note, which have been marked "Cancelled".

Should you have questions regarding this matter, please contact me at (800) 424-2954, ext. 2066.

Very truly yours,


Timothy Goode
Accounting Supervisor
General Accounting

Enclosures

SECURED PROMISSORY NOTE

\$300,000.00

dated as of APRIL 26, 2004

FLEMING-MASON SERVICE CORPORATION, a Kentucky corporation (the "Borrower"), for value received, hereby promises to pay, without setoff, deduction, recoupment or counterclaim, to the order of NATIONAL COOPERATIVE SERVICES CORPORATION (the "Payee"), at its office in Herndon, Virginia or such other location as the Payee may designate to the Borrower, in lawful money of the United States, the principal sum of the aggregate unpaid principal amount of all advances made by the Payee pursuant to that certain Loan Agreement between the Borrower and the Payee, dated as of even date herewith as it may be amended from time to time (the "Loan Agreement") and to pay interest on all amounts remaining unpaid hereunder from the date of each advance in like money, at said office, at the rate and in amounts and payable at the times provided in the Loan Agreement together with any other amount payable under the Loan Agreement, except that if not sooner paid, any balance of the principal amount and interest accrued thereon shall be due and payable Eleven (11) years from the date of the Loan Agreement (such date herein called the "Maturity Date") *provided, however*, that if such date is not a Payment Date (as defined in the Loan Agreement), then the Maturity Date shall be the Payment Date immediately preceding such date.

This Note is secured under a Security Agreement dated as of even date herewith, between the Borrower and the Payee. This Note is the Note referred to in, and has been executed and delivered pursuant to, the Loan Agreement. The principal hereof and accrued interest thereon and any other amount due under the Loan Agreement may be declared to be forthwith due and payable in the manner, upon the conditions, and with the effect provided in the Loan Agreement.

The Borrower waives demand, presentment for payment, notice of dishonor, protest, notice of protest and notice of non-payment of this Note and waives the defense of usury.

IN WITNESS WHEREOF, the Borrower has caused this Note to be signed in its corporate name and its corporate seal to be hereunto affixed and to be attested by its duly authorized officers, all as of the day and year first above written.

(SEAL)

FLEMING-MASON
SERVICE CORPORATION

Attest: *Dotti Hester Price*
Secretary

By: *Ray P. Quady*
Title: PRESIDENT

NCSC Loan No.: KY404-A-9001