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**Public Service Commission**  
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Chairman

James W. Gardner  
Vice Chairman

Charles R. Borders  
Commissioner

September 16, 2010

## PARTIES OF RECORD

Re: Case No. 2010-00355  
South Kentucky RECC Financing

Attached is a copy of the memorandum which is being filed in the record of the above-referenced case. If you have any comments you would like to make regarding the contents of the informal conference memorandum, please do so within five days of receipt of this letter. If you have any questions, please contact Quang Nguyen, Staff Attorney, at 502/564-3940, Extension 256.

Sincerely

A handwritten signature in black ink, appearing to read "Jeff Derouen".

Jeff Derouen  
Executive Director

QN/kar

Attachments

**INTRA-AGENCY MEMORANDUM**

**KENTUCKY PUBLIC SERVICE COMMISSION**

**TO:** Case File  
**FROM:** Quang D. Nguyen, Staff Attorney   
**DATE:** September 16, 2010  
**RE:** Case No. 2010-00355  
South Kentucky RECC Financing

Pursuant to a Commission Staff notice, a telephonic informal conference was held on September 15, 2010. A list of the attendees is attached hereto.

The purpose of the conference was to discuss South Kentucky Rural Electric Cooperative Corporation's ("South Kentucky") application to execute a note to the National Rural Utilities Cooperative Finance Corporation ("CFC") in order to refinance certain existing debt with the Rural Utilities Service ("RUS"). Referring to paragraph 9 of the application, which provided that South Kentucky would have the ability to convert the interest rate from the CFC loan from fixed to variable, and vice versa, under certain circumstances, Staff inquired whether the CFC loan would contain both fixed and variable rate components or only fixed rates. CFC's representative confirmed that the loan to South Kentucky would contain only fixed interest rates and that its standard loan provision allows a borrower to convert interest rates from fixed to variable and vice versa subject to certain conditions. Staff also requested information regarding the fixed rate of interest for years one through fourteen. CFC subsequently provided such information via e-mail communication which is attached hereto. Lastly, South Kentucky confirmed that, at this time, the current RUS amount to be refinanced is \$10,074,440 but could be slightly less by the time of the transaction closing date.

There being no further discussions, the conference was adjourned.

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

CASE NO. 2010-00355

APPLICATION OF SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE CORPORATION FOR AUTHORIZATION TO BORROW \$10,074,440 FROM THE NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION AND EXECUTE NECESSARY NOTE AND TO PREPAY RURAL UTILITIES SERVICE 5 PERCENT NOTES OF THE SAME AMOUNT

SIGN IN

September 15, 2010

PERSON

REPRESENTING

Quang D. Nguyen

PSC

Chris Whelan

PSC

Fereydoon Gorjia

PSC

Darrell Saunders

South Kentucky - via phone

Stephen Johnson

South Kentucky - via phone

Jeff Greer

South Kentucky - via phone

Elaine McDonald

CFC - via phone

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South Kentucky R.E.C.C.

CFC Loan Scenario

Portfolio: RUS 5% Refinance

Count	Variable or Fixed	Interest Rate	Amort. Type	Advance Date	Amortization Start Date	Interest Rate Term	Loan Term In Months	Months to defer	Balloon Date	Final Payment Date	Loan Amount
1	F	2.100%	LD	8/30/2010	9/1/2010	1	12	0		5/31/2011	\$1,147,682.78
2	F	2.350%	LD	8/30/2010	8/1/2011	2	24	9		5/31/2012	\$1,012,241.15
3	F	2.750%	LD	8/30/2010	6/1/2012	3	36	21		5/31/2013	\$980,009.51
4	F	3.050%	LD	8/30/2010	6/1/2013	4	48	33		5/31/2014	\$926,103.76
5	F	3.350%	LD	8/30/2010	6/1/2014	5	60	45		5/31/2015	\$688,338.88
6	F	3.600%	LD	8/30/2010	6/1/2015	6	72	57		5/31/2016	\$760,959.18
7	F	3.800%	LD	8/30/2010	6/1/2016	7	84	69		5/31/2017	\$783,666.27
8	F	4.000%	LD	8/30/2010	6/1/2017	8	96	81		5/31/2018	\$666,861.06
9	F	4.150%	LD	8/30/2010	6/1/2018	9	108	93		5/31/2019	\$709,921.02
10	F	4.250%	LD	8/30/2010	6/1/2019	10	120	105		5/31/2020	\$521,640.06
11	F	4.350%	LD	8/30/2010	6/1/2020	11	132	117		5/31/2021	\$567,737.54
12	F	4.400%	LD	8/30/2010	6/1/2021	12	144	129		5/31/2022	\$424,043.34
13	F	4.500%	LD	8/30/2010	6/1/2022	13	156	141		5/31/2023	\$425,966.70
14	F	4.550%	LD	8/30/2010	6/1/2023	14	168	153		5/31/2024	\$439,950.00