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December 7, 2011

Mr. Jeff Derouen
Executive Director
Kentucky Public Service Commission
Post Office Box 615
Frankfort, KY 40602

RECEIVED

DEC 12 2011

PUBLIC SERVICE
COMMISSION

Re: PSC Case No. 2001-00447
Kenergy Corp.

Dear Mr. Derouen:

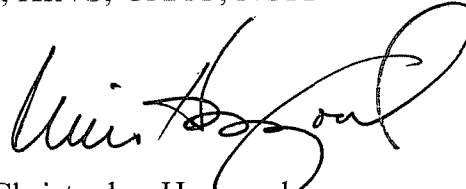
Enclosed for filing please find the original and 10 copies of Kenergy's response to request for information during telephonic informal conference.

Your assistance in this matter is appreciated.

Respectfully,

DORSEY, KING, GRAY, NORMENT & HOPGOOD

By



J. Christopher Hopgood
counsel for Kenergy Corp.

JCH/cds

Enclosures

COPY/w/Encls.: Mr. Steve Thompson, Kenergy Corp.

KENERGY CORP.
REFINANCING – CASE NO. 2011-00447
RESPONSE TO REQUEST FOR INFORMATION
TELEPHONIC INFORMAL CONFERENCE

RECEIVED

DEC 12 2011

PUBLIC SERVICE
COMMISSION

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Item 1) Describe the reason RUS 5% notes, No's. 1B370, 1B375, 1B377, 1B378 and 1B570 are not eligible for refinancing.

Response) These notes (copy attached on pages 2-5 of 13) are in the "Municipal Interest Rate Note" program. With this program, the borrower was allowed to select an interest rate term of 1-30 years, and therefore, a "Call Provision" shown on page 4 was required. Henderon-Union Electric Cooperative (now Kenergy Corp.) elected *not to* select this provision, which would have added 1/8% to the interest for the life of the loan. The notes being refinanced (copies attached on pages 6-13 of 13) were in the RUS 5% "Fixed-to-Maturity" program. The borrower did not have the option of selecting an interest term; therefore, the Call Provision was not included in these notes.

Witness) Steve Thompson

RUS Electric Municipal Interest Rate Note
2 Year Principal Deferral

~~CRC NO. 30314~~

PROJECT DESIGNATION:
65-TPI
Kentucky 55-AT60 Henderson

MORTGAGE NOTE

made by

HENDERSON UNION ELECTRIC COOPERATIVE CORP.

to

UNITED STATES OF AMERICA

1A370

1A375

~~1A360~~

1A376

ACCOUNT NUMBER:

~~1A365~~

1A377

1A378

1A570

EMN-09-10-002-KY

Generated March 4, 1998

MUN_NOTE.v1a (5/10/96) v2.9n

merged into KY65 per AA RE 8523 dated 9-1-99.

MORTGAGE NOTE

Henderson, Kentucky
April 1, 1998

1. Amount. HENDERSON UNION ELECTRIC COOPERATIVE CORP. (hereinafter called the "Borrower"), a corporation organized and existing under the laws of the Commonwealth of Kentucky, for value received, promises to pay to the order of the UNITED STATES OF AMERICA (hereinafter called the "Government"), acting through the Administrator of the Rural Utilities Service (hereinafter called the "Administrator"), at the United States Treasury, Washington, D.C., at the times and in the manner hereinafter provided, such sums as may be advanced from time to time, not to exceed Five Million Two Hundred Twenty-six Thousand Dollars and No Cents (\$5,226,000.00), with interest payable from the date of each advance ("Advance") on the unpaid principal balance remaining unpaid from time to time as hereinafter provided.

2. Interest Rate. The Borrower agrees to pay interest on the unpaid principal balance hereunder for each Advance on the dates and at a rate or rates per annum (the "Municipal Interest Rate") determined by the Government for that Advance in accordance with Section 305(c)(2)(A) of the Rural Electrification Act of 1936, as amended (7 U.S.C. §935(c)(2)(A)), and its related implementing regulations as such regulations may be amended from time to time (Subpart A of 7 CFR Part 1714).

3. Fund Advance Period. Funds will be advanced under this Note pursuant to a loan contract dated as of April 1, 1998, between the Borrower and the Government as it may be amended from time to time (the "Loan Contract"). The fund advance period for this Note begins on the date hereof and terminates four (4) years from the date of this note (the "Termination Date"). All funds not advanced prior to the Termination Date shall be automatically rescinded unless the Administrator extends the fund advance period in accordance with 7 CFR § 1714.56.

4. Payment on Advances made within two (2) years. Interest on principal advanced during the first two (2) years from the date hereof pursuant to the Loan Contract and remaining unpaid shall be payable monthly on the last day of each month (the "Monthly Payment Date") beginning on the Monthly Payment Date following the month of each Advance of principal for a period ending on a date two (2) years after the date hereof. The first interest payment on an Advance made during the first two years from the date hereof shall be increased by the amount of interest accruing between the date of the Advance and the first day of the month following the month of the Advance. Thereafter, to and including a date thirty-five (35) years after the date hereof (the "Final Maturity Date"), the Borrower shall pay all accrued interest on each Advance on every Monthly Payment Date and shall repay the principal on each such Advance according to the amortization method specified in Paragraph 6 of this Note.

5. Payment on Advances made after two (2) years. For all Advances made two (2) years or more after the date hereof, the Borrower shall pay all accrued interest on the unpaid principal balance of the principal amount advanced pursuant to the Loan Contract two (2) or more years after the date hereof and remaining unpaid and shall repay the principal on each such Advance beginning on the Monthly Payment Date following the month of such Advance in accordance with the amortization method specified in Paragraph 6 of this Note. The first payment on an Advance made two (2) years or more after the date of this Note shall be increased by the amount of interest accruing between the date of the Advance and the first day of the month following the month of the Advance. Payments under this Paragraph 5 shall be in addition to the payments on the Advances made pursuant to Paragraph 4. Regardless of the amortization method selected or anything in this Note to the contrary, all amounts outstanding under this Note remaining unpaid as of the Final Maturity Date shall be due and payable on the Final Maturity Date.

6. Amortization Method. The Borrower has elected the "level debt service" amortization method for all of the Advances under this Note --- during each Interest Rate Term (as defined in 7 CFR § 1710.2) for such Advance, the amount of each monthly payment of principal and interest shall (i) substantially equal the amount of every other monthly payment on such Advance during such Interest Rate Term, and (ii) be in an amount that will pay all principal and interest of such Advance no later than the Final Maturity Date.

7. Call Provision. The Borrower has not elected to include a call provision (the "Prepayment Option") that allows the Borrower to prepay all, or a portion of, the outstanding balance on any Advance thereof on a date other than a Rollover Maturity Date (as defined in 7 CFR § 1710.2).

8. Interest Rate Cap. The interest rate on this Note is not subject to the seven percent (7%) maximum interest rate limitation presently imposed by said Section 305 and its related implementing regulations.

9. Application of Payments. Each payment made on this Note shall be applied first to the payment of interest on principal and then on account of principal. Any principal hereof advanced pursuant to the Loan Contract remaining unpaid, and interest thereon, shall become due and payable on the Final Maturity Date.

10. Prepayment. All, or a portion of the outstanding balance on any Advance may be prepaid on any Rollover Maturity Date (as defined in 7 CFR § 1710.2) pursuant to 7 CFR § 1714.6(a)(4).

11. Security. This Note has been executed and delivered pursuant to and is secured by a certain mortgage and security agreement, dated as of April 1, 1998, made by and among the Borrower, the Government and National Rural Utilities Cooperative Finance Corporation, as the same may have been amended or supplemented by any supplemental mortgage and security agreement or supplemental mortgages and security agreements (said mortgage and security agreement and any such supplemental mortgage(s) and security agreement(s) being hereinafter collectively called the "Mortgage"), and is one of several notes (the "Notes") permitted to be executed and delivered by the Borrower pursuant to the Mortgage. The Mortgage provides that all Notes shall be equally and ratably secured thereby and reference is hereby made to the Mortgage for a description of the property mortgaged and pledged, the nature and extent of the security and the rights of the holders of Notes with respect thereto.

12. Default. In case of default by the Borrower, as provided in the Mortgage, all principal advanced pursuant to the Loan Contract and remaining unpaid on this Note and any other Notes at the time outstanding, and all interest thereon, may be declared or may become due and payable in the manner and with the effect provided in the Mortgage.

13. Noteholder. This Note evidences indebtedness created by a loan made by the Government under the Rural Electrification Act of 1936, as amended. If the Government shall at any time assign this Note and insure the payment hereof, the Borrower shall continue to make payments hereunder to the Government as collection agent for the insured holder, and, for purposes of the Mortgage, the Government, and not such insured holder, shall be considered to be, and shall have the rights of, the noteholder.

14. Additional Notes. If the Government, at any time prior to the advance of the entire principal amount hereof on account of this Note, shall make a written endorsement hereon stating the amount advanced on account of the principal hereof, and shall notify the Borrower, in writing, of such endorsement, then the principal amount of this

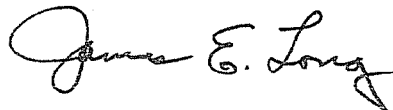
Note shall be deemed to be and shall become reduced to the amount specified in such endorsement, and the Borrower shall then execute and deliver to the Government one or more additional notes, in an amount or amounts designated by the Government which in the aggregate shall be equal to the then unadvanced portion of the original principal amount of this Note, such additional notes to be dated the date of execution, to be in substantially the same form, and to bear the same interest rate, as this Note. The Borrower, upon the request therefor in writing by the Government, shall execute and deliver to the Government two or more notes, in substitution for this Note, in substantially the same form and bearing the same interest rate and date (except that any such substitute note which will evidence only an unadvanced portion of this Note may, at the discretion of the Government, be dated the date of execution), in an aggregate principal amount which shall be equal to the principal amount of this Note, but in such individual principal amounts as the Government shall request; provided that (i) all payments which shall have been made on account of the principal of and interest on this Note shall be credited on account of such substitute notes and (ii) the Government shall return this Note to the Borrower upon receipt and acceptance of such substitute notes.

15. References to Regulations. References in this Note to specific Government regulations will apply to corresponding provisions in future versions of such regulations.

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 attested by its officers thereunto duly authorized, all as of the day and year first above written.

HENDERSON UNION ELECTRIC COOPERATIVE CORP.


by



Chairman

(Seal)

Attest:


Secretary

Note: ^{JD} 2-4 Year Basis Dates - 9/82
3-530

C&C No. 10610

PROJECT DESIGNATION:
65-TPI
KENTUCKY 55-AS6 HENDERSON

MORTGAGE NOTE
made by
HENDERSON UNION ELECTRIC COOPERATIVE CORP.
to
UNITED STATES OF AMERICA

merged into KY 65 per AA RE 8523 dated 9-1-99.

1B360
1B366
1A380
ACCOUNT NUMBER 1A355

Note: 2-4 Year Basis Dates - 9/82

MORTGAGE NOTE

Henderson, Kentucky

MAY 27, 1994

HENDERSON UNION ELECTRIC COOPERATIVE CORP. (hereinafter called the "Corporation"), a corporation organized and existing under the laws of the State of Kentucky, for value received, promises to pay to the order of UNITED STATES OF AMERICA (hereinafter called the "Government"), acting through the Administrator of the Rural Electrification Administration, at the United States Treasury, Washington, D. C., at the times and in the manner hereinafter provided, the sum of two million five hundred forty-four thousand dollars (\$2,544,000), with interest on the amount thereof advanced by the Government, pursuant to a certain amending loan contract, dated as of April 4, 1962, between the Government and the Corporation, as the same may have been amended from time to time (said loan contract, as it may have been amended, being hereinafter called the "Loan Contract"), and remaining unpaid from time to time, at the rate of five (5.0) per centum per annum.

Interest on principal advanced pursuant to the Loan Contract and remaining unpaid shall be payable on the last day of each month of each year for a period ending on a date two (2) years after the date hereof. Thereafter, to and including a date thirty-five (35) years after the date hereof, the Corporation shall make a payment on each of said monthly dates in each year at the rate of \$5.17 per \$1,000 of the principal amount hereof advanced pursuant to the Loan Contract and unpaid two (2) years after the date hereof.

Interest on principal advanced pursuant to the Loan Contract between a date two (2) years and a date four (4) years after the date hereof and remaining unpaid shall be payable on each of said monthly payment dates for a period ending four (4) years after the date hereof. Thereafter, to and including a date thirty-five (35) years after the date hereof, the Corporation shall make a payment on each of said monthly payment dates at the rate of \$5.30 per \$1,000 of the principal amount advanced pursuant to the Loan Contract between two (2) and four (4) years after the date hereof and unpaid four (4) years after the date hereof. This payment shall be in addition to the payment made on the principal amount advanced and unpaid two (2) years after the date hereof.

Note: 2-4 Year Basis Dates - 9/82

Each payment made on this Note shall be applied first to the payment of interest on principal and then on account of principal. Thirty-five (35) years after the date hereof, the principal hereof advanced pursuant to the Loan Contract remaining unpaid, if any, and interest thereon, shall become due and payable.

The Corporation on any payment date, as hereinabove provided, may pay all or any part of the principal hereof then advanced pursuant to the Loan Contract and remaining unpaid, but so long as any of the principal hereof advanced pursuant to the Loan Contract shall remain unpaid, the Corporation shall be obligated to make the monthly payment on account of principal and interest, in the amount hereinabove provided, unless the Corporation and the holder of this Note shall otherwise agree.

This Note has been executed and delivered pursuant to and is secured by a certain mortgage, dated as of September 22, 1989, made by and among the Corporation, the Government and National Rural Utilities Cooperative Finance Corporation, as the same may have been amended or supplemented by any supplemental mortgage or supplemental mortgages (said mortgage and any such supplemental mortgage or supplemental mortgages being hereinafter collectively called the "Mortgage"), and is one of several notes (hereinafter called the "notes") permitted to be executed and delivered by the Corporation pursuant to the Mortgage. The Mortgage provides that all notes shall be equally and ratably secured thereby and reference is hereby made to the Mortgage for a description of the property mortgaged and pledged, the nature and extent of the security and the rights of the holders of notes with respect thereto.

In case of default by the Corporation, as provided in the Mortgage, all principal advanced pursuant to the Loan Contract and remaining unpaid, on this Note and any other notes at the time outstanding, and all interest thereon, may be declared or may become due and payable in the manner and with the effect provided in the Mortgage.

This Note evidences indebtedness created by a loan made under the Rural Electrification Act of 1936, as amended, including Public Law 93-32.

If the Government shall at any time assign this Note and insure the payment hereof, the Corporation shall continue to make payments hereunder to the Government as collection agent for the insured holder, and, for purposes of the Mortgage, the Government, and not such insured holder, shall be considered to be, and shall have the rights of, the noteholder.

Note: 2-4 Year Basis Dates - 9/82

If the Government, at any time prior to the advance of the entire principal amount hereof on account of this Note, shall make a written endorsement hereon stating the amount advanced on account of the principal hereof, and shall notify the Corporation, in writing, of such endorsement, then the principal amount of this Note shall be deemed to be and shall become reduced to the amount specified in such endorsement, and the Corporation shall then execute and deliver to the Government one or more additional notes, in an amount or amounts designated by the Government which in the aggregate shall be equal to the then unadvanced portion of the original principal amount of this Note, such additional notes to be dated currently when executed, to be in the same form, and to bear the same interest rate, as this Note. The Corporation, upon the request therefor in writing by the Government, shall execute and deliver to the Government two or more notes, in substitution for this Note, in the same form and bearing the same interest rate and date (except that any such substitute note which will evidence only an unadvanced portion of this Note may, at the discretion of the Government, be dated currently when executed), in an aggregate principal amount which shall be equal to the principal amount of this Note, but in such individual principal amounts as the Government shall request; provided that (i) all payments which shall have been made on account of the principal of and interest on this Note shall be credited on account of such substitute notes and (ii) the Government shall return this Note to the Corporation upon receipt of such substitute notes.

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

HENDERSON UNION ELECTRIC
COOPERATIVE CORP.

by ✓

Morton Henshaw

President

(SEAL)

Attest: ✓

William B. Briscoe
Secretary

Note: 2-4 Year Basis Dates - 9/82
3-512

JD

End No. 10109

PROJECT DESIGNATION:
65-TPI
KENTUCKY 33-AVT DAVIESS

MORTGAGE NOTE

made by

GREEN RIVER ELECTRIC CORPORATION

to

UNITED STATES OF AMERICA

merged into KY 65 per AA RE 8523 dated 9-1-99.

1B200
1B201
1B205A 410
ACCOUNT NUMBER 1415

Note: 2-4 Year Basis Dates - 9/82

MORTGAGE NOTE

Owensboro, Kentucky

JANUARY 28, 1993

GREEN RIVER ELECTRIC CORPORATION ----- (hereinafter called the "Corporation"), a corporation organized and existing under the laws of the State of Kentucky, for value received, promises to pay to the order of UNITED STATES OF AMERICA (hereinafter called the "Government"), acting through the Administrator of the Rural Electrification Administration, at the United States Treasury, Washington, D. C., at the times and in the manner hereinafter provided, the sum of three million seven hundred forty-one thousand dollars (\$3,741,000), with interest on the amount thereof advanced by the Government, pursuant to a certain amending loan contract, dated as of March 10, 1960, between the Government and the Corporation, as the same may have been amended from time to time (said loan contract, as it may have been amended, being hereinafter called the "Loan Contract"), and remaining unpaid from time to time, at the rate of five (5.0) per centum per annum.

Interest on principal advanced pursuant to the Loan Contract and remaining unpaid shall be payable on the last day of each month of each year for a period ending on a date two (2) years after the date hereof. Thereafter, to and including a date thirty-five (35) years after the date hereof, the Corporation shall make a payment on each of said monthly dates in each year at the rate of \$5.17 per \$1,000 of the principal amount hereof advanced pursuant to the Loan Contract and unpaid two (2) years after the date hereof.

Interest on principal advanced pursuant to the Loan Contract between a date two (2) years and a date four (4) years after the date hereof and remaining unpaid shall be payable on each of said monthly payment dates for a period ending four (4) years after the date hereof. Thereafter, to and including a date thirty-five (35) years after the date hereof, the Corporation shall make a payment on each of said monthly payment dates at the rate of \$5.30 per \$1,000 of the principal amount advanced pursuant to the Loan Contract between two (2) and four (4) years after the date hereof and unpaid four (4) years after the date hereof. This payment shall be in addition to the payment made on the principal amount advanced and unpaid two (2) years after the date hereof.

Note: 2-4 Year Basis Dates - 9/82

Each payment made on this Note shall be applied first to the payment of interest on principal and then on account of principal. Thirty-five (35) years after the date hereof, the principal hereof advanced pursuant to the Loan Contract remaining unpaid, if any, and interest thereon, shall become due and payable.

The Corporation on any payment date, as hereinabove provided, may pay all or any part of the principal hereof then advanced pursuant to the Loan Contract and remaining unpaid, but so long as any of the principal hereof advanced pursuant to the Loan Contract shall remain unpaid, the Corporation shall be obligated to make the monthly payment on account of principal and interest, in the amount hereinabove provided, unless the Corporation and the holder of this Note shall otherwise agree.

This Note has been executed and delivered pursuant to and is secured by a certain mortgage, dated as of September 5, 1990, made by and among the Corporation, the Government and National Bank for Cooperatives, as the same may have been amended or supplemented by any supplemental mortgage or supplemental mortgages (said mortgage and any such supplemental mortgage or supplemental mortgages being hereinafter collectively called the "Mortgage"), and is one of several notes (hereinafter called the "notes") permitted to be executed and delivered by the Corporation pursuant to the Mortgage. The Mortgage provides that all notes shall be equally and ratably secured thereby and reference is hereby made to the Mortgage for a description of the property mortgaged and pledged, the nature and extent of the security and the rights of the holders of notes with respect thereto.

In case of default by the Corporation, as provided in the Mortgage, all principal advanced pursuant to the Loan Contract and remaining unpaid, on this Note and any other notes at the time outstanding, and all interest thereon, may be declared or may become due and payable in the manner and with the effect provided in the Mortgage.

This Note evidences indebtedness created by a loan made under the Rural Electrification Act of 1936, as amended, including Public Law 93-32.


If the Government shall at any time assign this Note and insure the payment hereof, the Corporation shall continue to make payments hereunder to the Government as collection agent for the insured holder, and, for purposes of the Mortgage, the Government, and not such insured holder, shall be considered to be, and shall have the rights of, the noteholder.

Note: 2-4 Year Basis Dates - 9/82

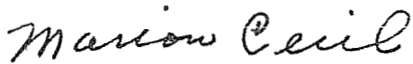
If the Government, at any time prior to the advance of the entire principal amount hereof on account of this Note, shall make a written endorsement hereon stating the amount advanced on account of the principal hereof, and shall notify the Corporation, in writing, of such endorsement, then the principal amount of this Note shall be deemed to be and shall become reduced to the amount specified in such endorsement, and the Corporation shall then execute and deliver to the Government one or more additional notes, in an amount or amounts designated by the Government which in the aggregate shall be equal to the then unadvanced portion of the original principal amount of this Note, such additional notes to be dated currently when executed, to be in the same form, and to bear the same interest rate, as this Note. The Corporation, upon the request therefor in writing by the Government, shall execute and deliver to the Government two or more notes, in substitution for this Note, in the same form and bearing the same interest rate and date (except that any such substitute note which will evidence only an unadvanced portion of this Note may, at the discretion of the Government, be dated currently when executed), in an aggregate principal amount which shall be equal to the principal amount of this Note, but in such individual principal amounts as the Government shall request; provided that (i) all payments which shall have been made on account of the principal of and interest on this Note shall be credited on account of such substitute notes and (ii) the Government shall return this Note to the Corporation upon receipt of such substitute notes.

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

GREEN RIVER ELECTRIC CORPORATION

by 
Chairman

(SEAL)

Attest: 
Secretary

**KENERGY CORP.
REFINANCING – CASE NO. 2011-00447
RESPONSE TO REQUEST FOR INFORMATION
TELEPHONIC INFORMAL CONFERENCE**

VERIFICATION

I, **STEVE THOMPSON**, verify, state and affirm that the data request response filed with this verification and for which I am listed as a witness are true and correct to the best of my knowledge, information and belief formed after a reasonable inquiry.



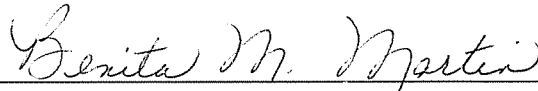
Steve Thompson, Vice President - Finance

STATE OF KENTUCKY

COUNTY OF: DAVIESS

The foregoing was signed, acknowledged and sworn to before me by **STEVE THOMPSON**, this 6th day of December, 2011.

My commission expires Oct. 16, 2012



Notary Public, State of Kentucky at Large

(seal)