

Rural Electric Cooperative Corporation

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PUBLIC SERVICE
COMMISSION

February 6, 2019

MS. GWEN R. PINSON
EXECUTIVE DIRECTOR
PUBLIC SERVICE COMMISSION
PO BOX 615
FRANKFORT KY 40602

NOLIN RECC'S RESPONSES TO COMMISSION STAFF'S FIRST REQUEST FOR
INFORMATION IN CASE NO. 2018-00424.

Dear Ms. Pinson:

Enclosed are an original and six copies of the Responses to Commission Staff's First Request for
Information in Case No. 2018-00424.

If you need any additional information, please contact me.

Sincerely,



Gregory R. Lee
President & CEO

/ccf

Enclosures

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

APPLICATION OF NOLIN RURAL)
ELECTRIC COOPERATIVE CORPORATION)
FOR AN ORDER PURSUANT) CASE NO.
TO KRS 278.300 AND 807 KAR 5:001,) 2018-00424
SECTION 11 AND RELATED SECTIONS)
AUTHORIZING THE COOPERATIVE TO)
OBTAIN A LOAN NOT TO EXCEED THE)
AMOUNT OF \$25,000,000.00 FROM THE)
NATIONAL RURAL UTILITIES COOPERATIVE)
FINANCE CORPORATION)


**APPLICANT'S RESPONSES TO COMMISSION STAFF'S FIRST
REQUEST FOR INFORMATION**

The applicant, Nolin Rural Electric Cooperative Corporation, makes the following responses to the "Commission Staff's First Request for Information", as follows:

1. The witness who is prepared to answer questions concerning each request is Gregory R. Lee.
2. Gregory R. Lee, President & CEO of Nolin Rural Electric Cooperative Corporation is the person supervising the preparation of the responses on behalf of the applicant.
3. The responses and Exhibits are attached hereto and incorporated by reference herein.

Dated at Elizabethtown, Kentucky this 6th day of February, 2019.

**NOLIN RURAL ELECTRIC
COOPERATIVE CORPORATION**

BY: 
**JOHN J. SCOTT
ATTORNEY FOR NOLIN RURAL
ELECTRIC COOPERATIVE
CORPORATION
JOHN J. SCOTT, P.S.C.
200 LOGAN AVENUE, P.O. BOX 389
ELIZABETHTOWN, KY. 42702-0389
(270) 300-6616
john@johnscottlaw.org**

I, Gregory R. Lee, President & CEO of Nolin Rural Electric Cooperative Corporation, state that I have read and understand the foregoing Response and that the statements contained therein are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.

**NOLIN RURAL ELECTRIC
COOPERATIVE CORPORATION**

BY: *Gregory R. Lee*
**GREGORY R. LEE
PRESIDENT AND CEO**

STATE OF KENTUCKY
COUNTY OF HARDIN

I, the undersigned a Notary Public, do hereby certify that on this 6th day of February, 2019, personally appeared before me **GREGORY R. LEE**, who being by me first duly sworn, subscribed to and acknowledged that he is the **PRESIDENT AND CEO** of **NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION**, a Kentucky corporation, that he signed the foregoing document as **PRESIDENT AND CEO** of the corporation, and that the statements therein contained are true.

Stanger
NOTARY PUBLIC, State of Kentucky at Large

My commission expires 1/12/2021.

Nolin Rural Electric Cooperative Corporation
Case No. 2018-00424
Commission Staff's First Request for Information

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

Response:

Nolin expects to incur legal expenses of \$3,800 for the completion of this case and financing.

Nolin Rural Electric Cooperative Corporation
Case No. 2018-00424
Commission Staff's First Request for Information

2. Nolin RECC states in the applications that it intends to obtain two notes in the amount of \$10 million and \$15 million with a 40-year maturity.
 - a. Explain why Nolin is obtaining two separate notes as opposed to one note.

Response:

National Rural Utilities Cooperative Finance Corporation will split the \$25 million into two notes for pledging purposes under CFC's indenture.

- b. Explain why 40 years was chosen as the loan term.

Response:

This is a PowerVision loan which allows for a five year draw period for advances. Each advance can have an amortization period of up to 35 years. At the end of year 5, a borrower still has the option for a 35 year amortization which makes the overall loan term 40 years.

**Nolin Rural Electric Cooperative Corporation
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3. Nolin RECC also states that the notes will bear interest at a fixed or variable rate at the request of Nolin RECC. Provide National Rural Utilities Cooperative Finance Corporation's (CFC) current interest rate for fixed notes and variable notes.

Response:

The current variable rate as of February 1, 2019 as stated by National Rural Utilities Cooperative Finance Corporation (CFC) is 4.00%. Indicative fixed rates as of February 1, 2019 on a 30 year term note is 4.80%, subject to change daily. National Rural Utilities Cooperative Finance Corporation's (CFC) fixed and variable rates are based on a number of items including their cost of capital. Their rates are not tied to a spread over the U.S. Treasury rates.

Nolin Rural Electric Cooperative Corporation
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4. Provide the factors that Nolin RECC will use to make the choice between a fixed or variable interest rate for the proposed notes.

Response:

Nolin will work closely with National Rural Utilities Cooperative Finance Corporation (CFC) to obtain the most favorable rate as individual draws are made against these notes. We will take into consideration the volatility of variable rates as well as any repricing fees associated with a fixed rate.

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5. Explain if Nolin RECC considered any other alternatives to CFC for financing and if so, provide the terms that were offered to Nolin RECC.

Response:

As approved in PSC Case Number 2012-00192, Nolin paid off all outstanding RUS and FFB loans in 2012 and is no longer eligible for RUS financing. Nolin is a 100% borrower with National Rural Utilities Cooperative Finance Corporation (CFC) and, therefore, did not solicit any other financing options.

Nolin Rural Electric Cooperative Corporation
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6. Refer to Exhibit 1 of the application. Provide an update to the Exhibit with the name of the issuer of the debt.

Response:

See attached Revised Exhibit 1.

LENDER - NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION

Loan#	Loan Type	Interest Rate*	Issue Date	Outstanding Balance as of 12/18/18	Final Payment Date
9023001	LTF	3.25%	Sep-92	\$419,371.85	9/1/2027
9024001	LTF	3.90%	Jun-95	\$834,261.03	6/1/2030
9025001	LTF	4.55%	May-98	\$1,234,740.78	2/29/2032
9031004	LTV	3.75%	Aug-08	\$843,473.71	5/31/2023
9032007	LTV	3.75%	Jul-12	\$583,319.01	5/31/2019
9032008	LTV	3.75%	Jul-12	\$1,157,273.39	5/31/2020
9032009	LTV	3.75%	Jul-12	\$1,157,273.39	5/31/2021
9032010	LTV	3.75%	Jul-12	\$1,157,273.39	5/31/2022
9032011	LTV	3.75%	Jul-12	\$1,157,273.39	5/31/2023
9032012	LTV	3.75%	Jul-12	\$1,157,273.39	5/31/2024
9032013	LTV	3.75%	Jul-12	\$1,157,273.39	5/31/2025
9032014	LTV	3.75%	Jul-12	\$1,157,273.39	5/31/2026
9032015	LTV	3.75%	Jul-12	\$1,157,273.39	5/31/2027
9032016	LTV	3.75%	Jul-12	\$1,157,273.39	5/31/2028
9032017	LTV	3.75%	Jul-12	\$1,157,273.39	5/31/2029
9032018	LTV	3.75%	Jul-12	\$1,157,273.39	5/31/2030
9032026	LTF	3.25%	Jul-12	\$552,368.32	5/31/2019
9032027	LTF	3.40%	Jul-12	\$1,122,506.44	5/31/2020
9032028	LTF	3.50%	Jul-12	\$1,157,925.64	5/31/2021
9032029	LTF	3.60%	Jul-12	\$1,203,972.09	5/31/2022
9032030	LTF	3.65%	Jul-12	\$1,246,696.92	5/31/2023
9032031	LTF	3.70%	Jul-12	\$1,294,306.56	5/31/2024
9032032	LTF	3.80%	Jul-12	\$1,344,293.09	5/31/2025
9032033	LTF	3.85%	Jul-12	\$1,397,755.88	5/31/2026
9032034	LTF	3.90%	Jul-12	\$1,150,114.71	5/31/2027
9032035	LTF	3.95%	Jul-12	\$1,309,979.11	5/31/2028
9032036	LTF	3.95%	Jul-12	\$1,173,463.17	5/31/2029
9032037	LTF	4.00%	Jul-12	\$1,329,630.54	5/31/2030
9032038	LTF	4.00%	Jul-12	\$1,147,477.51	5/31/2031
9032039	LTF	4.05%	Jul-12	\$1,173,392.26	5/31/2032
9032040	LTF	4.05%	Jul-12	\$1,079,377.48	5/31/2033
9032041	LTF	4.05%	Jul-12	\$1,112,213.84	5/31/2034
9032042	LTF	4.05%	Jul-12	\$1,186,590.74	5/31/2035
9032043	LTF	4.05%	Jul-12	\$1,211,205.26	5/31/2036
9032044	LTF	4.10%	Jul-12	\$1,106,888.95	5/31/2037
9033002	LTV	3.75%	Jul-13	\$8,757,529.60	5/31/2043
9034001	LTV	3.75%	Dec-13	\$4,308,651.97	11/30/2038
9034002	LTV	3.75%	Dec-13	\$4,340,265.34	5/31/2039
9034003	LTV	3.75%	Dec-13	\$4,313,600.49	11/30/2038
9035001	LTV	3.75%	Dec-13	\$3,302,422.70	2/28/2039
9035002	LTV	3.75%	Dec-13	\$3,530,989.44	5/31/2039
9035003	LTF	4.30%	Dec-13	\$7,278,799.41	5/31/2039
9036001	LTF	4.00%	Dec-13	\$5,580,910.76	5/31/2039
9036002	LTF	4.00%	Dec-13	\$1,860,303.53	5/31/2039
TOTALS:				\$82,218,805.42	