



**Big Sandy Rural Electric  
Cooperative Corporation**

504 11th Street  
Paintsville, Kentucky 41240-1422  
(606) 789-4095 • Fax (606) 789-5454  
Toll Free (888) 789-RECC (7322)

**RECEIVED**

**DEC 17 2012**

**PUBLIC SERVICE  
COMMISSION**

December 13, 2012

Mr. Jeff Derouen, Executive Director  
Public Service Commission  
211 Sower Blvd.  
Frankfort, KY 40602

RE: Case No 2012-00456  
Compliance with Finding 3 of Commission Order

Dear Mr. Derouen:

In compliance with Finding 3 of the Commission's order, Big Sandy RECC hereby notifies the Commission that the refinancing of CFC loans through CoBank was completed on December 05, 2012. The amount of the loan Big Sandy received from CoBank equals \$778,703.00. Also, as requested in Finding 3, enclosed you will find Exhibit 5 pages 2 through 5 of Big Sandy's application. All required updates have been made in order to reflect savings based on the actual amount of the CoBank loan.

Thank you,

A handwritten signature in black ink, appearing to read "David Estep", written over a horizontal line.

David Estep  
President & General Manager

**BIG SANDY RECC  
NOTE REFINANCE COMPARISON**

	CFC - All notes financed until maturity	Co-Bank 3 Notes @ 10 Years
<b>Principal Payments</b>	\$ 778,702.55	\$ 778,703.00
<b>Interest Payments</b>	\$ 401,630.38	\$ 127,782.00
	\$ 1,180,332.93	\$ 906,485.00
<b>Potential Savings =</b>		
Interest Savings	\$	\$ 273,847.93
CFC Pre-Payment Penalty	\$	\$(2,569.72)
CoBank Cash Patronage	\$	\$ 26,673.00
CoBank Stock Patronage	\$	\$ 14,362.00
<b>Total Savings</b>	\$	\$ 312,313.21
<b>Present Value of Savings (discounted at 3.07%)</b>		\$ 230,816.89

**BIG SANDY RECC**  
**NOTES TO BE REFINANCED- CFC REFINANCED WITH COBANK**

	NOTE	Maturity Date	Balance	Current Rate	Current Rate Term	Years To Maturity	Weighted Average Maturity
CFC	7002	3/11/2028	\$ 279,293.70	6.40%	7 Year	15	
CFC	8001	11/30/2030	\$ 392,218.81	6.40%	7 Year	18	
CFC	8004	11/30/2030	\$ 107,190.04	6.40%	7 Year	18	
			<u>\$ 778,702.55</u>				16.92 Years
	CoBank	2660093	11/20/2022	\$ 778,703.00	3.07%	10 Year	10 Years
			<u>\$ 778,703.00</u>				



**Projection of Cash Flows and Effective Interest Rate**

The projection of cash flows is based on loan amounts, dates and interest rates shown below along with the present capital plan and expected retirement of bank equities.

The capital plan, patronage rate and equity retirements may be changed at the discretion of the bank's board of directors. The following projections are intended for illustrative purposes only, are not intended to represent a commitment to a specific interest rate, and will not become part of any loan documentation.

The effective interest rate shown is the discount rate applied on a monthly basis at which the net present value of all the cash flows equal to zero (commonly called the internal rate of return).

Borrower Name	Big Sandy RECC
Schedule	10 year full amortization loan
Account Officer	LaDuca
Prepared by:	LaDuca
Quote Date	September 10, 2012
Origination Date	November 30, 2012
Amortization Start Date	December 20, 2012
Loan Amount	\$778,703
Years to Maturity	10
Nominal Interest Rate	3.07%
Origination Fee (\$)	0
Payments/Year	12
Amort Method	Level Payment
Days per Year	360
Payment Amount	\$7,596

Nominal Interest Rate	3.07%
Net Effective Interest Rate	2.19%
Reduction of Interest Rate	0.88%
Patronage Rate	1.00%
% Cash Patronage	65.00%
Initial Capital Purchase Amount	\$0
Target Equity	8.00%
Prior Year End Capital Balance	1,000
Avg Loan Balance - 1 year ago	0
Avg Loan Balance - 2 years ago	0
Avg Loan Balance - 3 years ago	0
Avg Loan Balance - 4 years ago	0
Avg Loan Balance - 5 years ago	0
Avg Loan Balance - 6 years ago	0
Avg Loan Balance - 7 years ago	0
Avg Loan Balance - 8 years ago	0

Year	Principal Advance	Principal Payments	Interest Payments	Capital Purchases	Cash Patronage	Capital Retired in Cash	Net Cash Flow	Patronage Paid as Capital	Capital Balance	End of Period Loan Balance	1 Year		10 Year		Target Equity	
											A	B	C	D		E
2012	778,703	5,537	2,059	0	0	0	771,107	231	1,231	773,166	65,956	6,596	528			
2013	0	68,049	23,101	0	429	703	-90,017	2,597	3,175	705,117	742,005	80,796	6,464			
2014	0	70,197	20,952	0	4,823	0	-86,326	2,355	5,480	634,920	672,972	148,093	11,847			
2015	0	72,414	18,735	0	4,374	0	-86,775	2,106	7,586	502,506	601,759	208,269	16,662			
2016	0	74,700	16,449	0	3,911	0	-87,238	1,849	9,436	487,805	528,375	261,107	20,889			
2017	0	77,059	14,090	0	3,434	0	-87,715	1,584	11,019	410,746	452,518	306,359	24,509			
2018	0	79,492	11,657	0	2,941	0	-88,208	1,310	12,330	331,254	374,345	343,793	27,503			
2019	0	82,002	9,147	0	2,433	0	-88,716	1,028	13,358	249,252	293,704	373,163	29,853			
2020	0	84,591	6,558	0	1,909	0	-89,240	737	14,095	164,661	210,603	394,224	31,538			
2021	0	87,262	3,887	0	1,369	0	-89,780	436	14,531	77,399	124,702	406,694	32,536			
2022	0	77,399	1,145	0	238	0	-77,734	128	14,659	0	36,604	403,759	32,301			
2023	0	0	0	0	238	0	238	0	14,659	0	0	329,558	26,365			
2024	0	0	0	0	0	0	0	0	14,659	-0	0	262,261	20,981			
2025	0	0	0	0	0	0	0	0	14,659	0	0	202,085	16,167			
2026	0	0	0	0	0	0	0	0	14,659	0	0	149,248	11,940			
2027	0	0	0	0	0	2,719	2,719	0	11,940	0	0	103,996	8,320			
2028	0	0	0	0	0	3,620	3,620	0	8,320	0	0	66,561	5,325			
2029	0	0	0	0	0	2,995	2,995	0	5,325	0	0	37,191	2,975			
2030	0	0	0	0	0	2,350	2,350	0	2,975	0	0	16,131	1,290			
2031	0	0	0	0	0	1,685	1,685	0	1,290	0	0	0	293			
2032	0	0	0	0	0	998	998	0	293	0	0	0	0			
2033	0	0	0	0	0	293	293	0	0	0	0	0	0			
<b>TOTAL</b>																
										\$778,703	\$127,782	\$0	\$26,673	\$15,362	\$14,362	

Borrower: The Summit RDC  
 Origination Date: September 2019  
 Maturity Date: November 30, 2033