

OWEN Electric

A Touchstone Energy Cooperative 

August 11, 2011

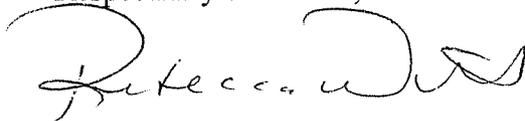
Jeff Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P. O. Box 615
Frankfort, KY 40602

Dear Mr. Derouen:

Please find enclosed a response to the Public Service Commission's Order dated August 5, 2009 in Case No 2009-00010.

Please contact me with any questions regarding this filing.

Respectfully submitted,



Rebecca Witt
SR VP, Corporate Services
Owen Electric Cooperative, Inc.

Enclosure

RECEIVED

AUG 15 2011

**PUBLIC SERVICE
COMMISSION**

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF OWEN ELECTRIC)
COOPERATIVE, INC. FOR AN ORDER)
PURSUANT TO KRS 278.300 AND 807 KAR)
5:001. SECTION 11 AND RELATED SECTIONS,)
AUTHORIZING THE COOPERATIVE TO) CASE NO. 2009-00010
OBTAIN A LOAN UNDER THE RUS/COBANK)
CO-LENDING PROGRAM NOT TO EXCEED)
\$28,083,000 AT ANY ONE TIME FROM)
RURAL UTILITY SERVICE AND COBANK)

RESPONSE TO ORDER IN CASE NO 2009-00010

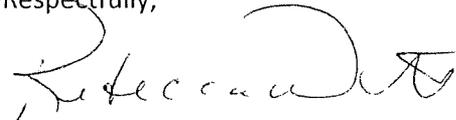
Comes now Owen Electric Cooperative, Inc. ("Owen") in response to the Commission's Order in Case No. 2009-00010 dated August 5, 2009.

Item No. 3 in the Order states that "Owen shall, within 10 days of obtaining the CoBank loan authorized herein, file with the Commission a statement setting forth the date the loan was obtained, the principal amount, the interest rate option selected, and a detailed analysis supporting the interest rate option chosen."

Owen received the first draw of the CoBank loan on August 4, 2011. The principal amount of the loan was \$1,250,000. Owen selected a thirty year maturity with a three (3) year fixed interest rate option for this loan. The interest rate for the 3 Year Fixed Option selected is 2.0179%. Owen based its decision relating to the selection of this rate upon the savings it could achieve by taking advantage of historically low interest rates during the first 3 years of this loan payback period.

Attached is a schedule outlining the interest rate options Owen considered for this draw and the estimated savings obtained by selecting the 3 year option. At the end of the three year fixed period, Owen will evaluate the interest rate options available, and make a decision regarding what interest rate and period to select that will provide the maximum savings over the remaining life of the loan.

Respectfully,



Rebecca Witt,
SR VP Corporate Services
Owen Electric Cooperative, Inc.

OWEN ELECTRIC COOPERATIVE
INTEREST RATE ANALYSIS
CASE NO. 2009-00010

LOAN TERM 30 Year Maturity
PRINCIPAL AMOUNT \$ 1,250,000.00 Loan date August 4, 2011

	INTEREST RATE					Total Interest	Total savings of 3 year
		Sept - Dec 2011	2012	2013	Jan - August 2014	Expesne over 3 year Fixed Period	fixed over alternate option
3 Year Fixed	2.0179%	\$ 8,407.92	\$ 25,223.75	\$ 25,223.75	\$ 16,815.83	\$ 75,671.25	
5 Year Fixed	2.7936%	\$ 11,640.00	\$ 34,920.00	\$ 34,920.00	\$ 23,280.00	\$ 104,760.00	\$ 29,088.75
7 Year Fixed	3.5161%	\$ 14,650.42	\$ 43,951.25	\$ 43,951.25	\$ 29,300.83	\$ 131,853.75	\$ 56,182.50
10 Year Fixed	4.3413%	\$ 18,088.75	\$ 54,266.25	\$ 54,266.25	\$ 36,177.50	\$ 162,798.75	\$ 87,127.50
30 Year Fixed	5.3608%	\$ 22,336.67	\$ 67,010.00	\$ 67,010.00	\$ 44,673.33	\$ 201,030.00	\$ 125,358.75