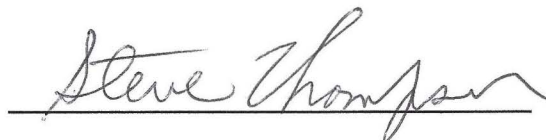


VERIFICATION

The undersigned, Steve Thompson, being first duly sworn states that he is the Vice-President of Finance of Kenergy Corp.; that he has personal knowledge of the matters set forth in the foregoing application; and that the statements contained therein are true and correct to the best of his knowledge, information, and belief.



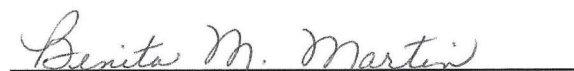
Steve Thompson

STATE OF KENTUCKY

COUNTY OF HENDERSON

Subscribed, sworn to, and acknowledged before me by Steve Thompson this 21st day of July, 2015.

My commission expires Oct. 16, 2016.



Notary Public, State of KY at Large

(seal)



**KENERGY CORP.
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Item 1) Refer to the Application, paragraph 7, in which Kenergy states, "The CFC loan will be slightly less than the weighted average life of the debt being refinanced."

- a) Provide the term of the Cooperative Finance Corporation ("CFC") loan.
- b) Provide the weighted average life of the Rural Utilities Service debt being refinanced and the calculation of the life.

Response a) The term is 270 months, or 22.5 years. See Excel file, Tab "Loan Term for 1.A".

Response b) The weighted average life is 14.69 years. See Excel file, Tab "RUS Wal Calculation".

Witness) Steve Thompson

Advance Date 10/2/2015

RUS

	Princ Pymt	Princ %	WAL	14.69
	\$27,814,894	100.00%	YearFrac	Wtd Ave Life
2/28/2016	(\$268,861)	0.97%	0.41	0.00
2/28/2017	(\$668,636)	2.40%	1.41	0.03
2/28/2018	(\$698,739)	2.51%	2.41	0.06
2/28/2019	(\$733,451)	2.64%	3.41	0.09
2/28/2020	(\$767,149)	2.76%	4.40	0.12
2/28/2021	(\$810,788)	2.91%	5.41	0.16
2/28/2022	(\$848,304)	3.05%	6.41	0.20
2/28/2023	(\$890,466)	3.20%	7.41	0.24
2/28/2024	(\$932,371)	3.35%	8.39	0.28
2/28/2025	(\$983,448)	3.54%	9.42	0.33
2/28/2026	(\$1,029,972)	3.70%	10.42	0.39
2/28/2027	(\$1,081,186)	3.89%	11.42	0.44
2/28/2028	(\$1,133,064)	4.07%	12.38	0.50
2/28/2029	(\$1,193,183)	4.29%	13.42	0.58
2/28/2030	(\$1,250,653)	4.50%	14.42	0.65
2/28/2031	(\$1,312,868)	4.72%	15.42	0.73
2/28/2032	(\$1,376,866)	4.95%	16.37	0.81
2/28/2033	(\$1,438,164)	5.17%	17.42	0.90
2/28/2034	(\$1,197,961)	4.31%	18.42	0.79
2/28/2035	(\$1,243,165)	4.47%	19.42	0.87
2/28/2036	(\$1,303,579)	4.69%	20.37	0.95
2/28/2037	(\$1,369,156)	4.92%	21.42	1.05
2/28/2038	(\$1,435,831)	5.16%	22.42	1.16
2/28/2039	(\$1,506,491)	5.42%	23.42	1.27
2/28/2040	(\$1,580,540)	5.68%	24.36	1.38
2/28/2041	(\$760,004)	2.73%	25.43	0.69

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Item 2) Refer to the Application, paragraph 8. Explain what is meant by the statement, "CFC will accommodate the small difference, which will allow the note with CFC to stay at \$27,814,894."

Response) The CFC note is set up for \$27,814,894 to accommodate paying off the RUS loans. Any difference between the CFC note and the RUS payoff amount will be rescinded (if the CFC loan is greater than the RUS payoff amount) or accommodated using Kenergy's CFC Line of Credit (if the CFC loan is less than the RUS payoff amount).

Witness) Steve Thompson

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Item 3) Refer to the Application, paragraph 13.

a. Explain how it was determined that an interest rate of 5.0 percent was the appropriate rate to use to calculate the present value of the savings.

b. Provide the present value calculation using the effective interest rate of 3.85 percent.

Response a) The RUS Cushion of Credit rate was used.

Response b) See Excel file, Tab "NPV 3.85%".

Witness) Steve Thompson

Co-op Name: Kenergy
 Co-op ID: KY065
 Date Prepared: 7/17/2015
 Interest Rates as of: 6/8/2015
 Financing Amount: \$ 27,814,894
 Scenario Name: Cash Flow Neutral for KY065 as of 6/8/2015

Effective Interest Rate: 3.85%
 Stated Interest Rate: 4.11%
 Pat. Capital and Discount Benefit: 0.26%
 Total Interest Difference: \$ 5,403,410
 Total Int. & Pat. Cap. Difference: \$ 6,731,398
 Total Cash Flow Difference: \$ 2,849,389



ANNUAL CASH FLOW SUMMARY

	CFC					RUS				Interest Expense Difference	Patronage Capital Retirement	Total Cash Flow Difference	Net Present Value
	Ending Balance	Principal Payments	Interest Expense	Cash Patronage	Cash Discounts	Cash Flows	Ending Balance	Principal Payments	Interest Expense				
28-Feb	(27,814,894)	(13,744,682)	1,327,988	0	(40,231,588)	27,814,894	0	(19,148,092)	(46,962,986)	5,403,410	1,327,988	6,731,398	2,849,389
2015	27,814,894	0	0	0	0	27,814,894	0	0	0	0	0	0	0
2016	27,438,553	(376,341)	(567,090)	33,917	0	27,546,033	(268,861)	(558,348)	(827,209)	(8,742)	33,917	(82,305)	(79,253)
2017	26,527,954	(910,599)	(1,103,158)	50,214	0	26,877,398	(668,636)	(1,316,667)	(1,985,302)	213,509	50,214	21,759	20,176
2018	25,594,549	(933,405)	(1,065,202)	49,099	0	26,178,658	(698,739)	(1,286,563)	(1,985,302)	221,361	49,099	35,794	31,959
2019	24,634,614	(959,935)	(1,026,213)	47,810	0	25,445,207	(733,451)	(1,251,851)	(1,985,302)	225,638	47,810	46,965	40,378
2020	23,647,342	(987,272)	(986,113)	46,362	0	24,678,058	(767,149)	(1,218,153)	(1,985,302)	232,040	46,362	58,279	48,248
2021	22,623,746	(1,023,596)	(944,663)	44,731	0	23,867,270	(810,788)	(1,174,514)	(1,985,302)	229,851	44,731	61,775	49,246
2022	21,562,743	(1,061,004)	(901,690)	42,940	0	23,018,966	(848,304)	(1,136,998)	(1,985,302)	235,308	42,940	65,548	50,317
2023	20,461,535	(1,101,208)	(857,109)	41,021	0	22,128,501	(890,466)	(1,094,837)	(1,985,302)	237,728	41,021	68,007	50,269
2024	19,319,946	(1,141,589)	(810,871)	38,994	0	21,196,130	(932,371)	(1,052,931)	(1,985,302)	242,061	38,994	71,836	51,131
2025	18,131,077	(1,188,868)	(762,801)	36,842	0	20,212,682	(983,448)	(1,001,854)	(1,985,302)	239,053	36,842	70,476	48,303
2026	16,894,338	(1,236,739)	(712,773)	34,564	0	19,182,709	(1,029,972)	(955,330)	(1,985,302)	242,557	34,564	70,354	46,432
2027	15,607,167	(1,287,172)	(660,715)	32,163	0	18,101,523	(1,081,186)	(904,116)	(1,985,302)	243,402	32,163	69,579	44,218
2028	14,268,543	(1,338,623)	(606,560)	29,635	0	16,968,459	(1,133,064)	(852,238)	(1,985,302)	245,678	29,635	69,754	42,686
2029	12,872,260	(1,396,284)	(550,135)	26,968	0	15,775,276	(1,193,183)	(792,119)	(1,985,302)	241,984	26,968	65,852	38,804
2030	11,417,160	(1,455,100)	(491,311)	24,176	0	14,524,623	(1,250,653)	(734,649)	(1,985,302)	243,338	24,176	63,067	35,785
2031	9,900,487	(1,516,673)	(430,004)	21,243	0	13,211,756	(1,312,868)	(672,435)	(1,985,302)	242,430	21,243	59,868	32,711
2032	8,319,865	(1,580,622)	(366,109)	18,151	0	11,834,889	(1,378,866)	(608,436)	(1,985,302)	242,326	18,151	56,721	29,842
2033	6,680,006	(1,639,858)	(299,707)	14,922	0	10,396,726	(1,438,164)	(537,329)	(1,975,493)	237,622	14,922	50,850	25,762
2034	5,277,482	(1,402,524)	(238,445)	11,924	0	9,198,765	(1,197,961)	(474,062)	(1,672,023)	235,618	11,924	42,978	20,966
2035	3,826,827	(1,450,655)	(179,640)	9,010	0	7,955,600	(1,243,165)	(415,721)	(1,658,886)	236,081	9,010	37,602	17,664
2036	2,312,410	(1,514,417)	(118,458)	5,966	0	6,652,021	(1,303,579)	(355,307)	(1,658,886)	236,850	5,966	31,977	14,464
2037	730,557	(1,581,853)	(54,567)	2,764	0	5,282,866	(1,369,156)	(289,731)	(1,658,886)	235,164	2,764	25,230	10,989
2038	0	(730,557)	(11,351)	578	0	3,847,034	(1,435,831)	(223,055)	(1,658,886)	211,704	578	917,556	384,842
2039	0	0	0	0	0	2,340,543	(1,506,491)	(152,395)	(1,658,886)	152,395	0	1,658,886	669,978
2040	0	0	0	0	0	760,004	(1,580,540)	(78,346)	(1,658,886)	78,346	0	1,658,886	645,140
2041	0	0	0	33,917	0	0	(760,004)	(10,107)	(770,111)	10,107	33,917	804,028	301,094
2042	0	0	0	50,214	0	0	0	0	0	0	50,214	50,214	18,107
2043	0	0	0	49,099	0	0	0	0	0	0	49,099	49,099	17,049
2044	0	0	0	47,810	0	0	0	0	0	0	47,810	47,810	15,986
2045	0	0	0	46,362	0	0	0	0	0	0	46,362	46,362	14,927
2046	0	0	0	44,731	0	0	0	0	0	0	44,731	44,731	13,868
2047	0	0	0	42,940	0	0	0	0	0	0	42,940	42,940	12,819
2048	0	0	0	41,021	0	0	0	0	0	0	41,021	41,021	11,792
2049	0	0	0	38,994	0	0	0	0	0	0	38,994	38,994	10,794
2050	0	0	0	36,842	0	0	0	0	0	0	36,842	36,842	9,820
2051	0	0	0	34,564	0	0	0	0	0	0	34,564	34,564	8,871
2052	0	0	0	32,163	0	0	0	0	0	0	32,163	32,163	7,949
2053	0	0	0	29,635	0	0	0	0	0	0	29,635	29,635	7,053
2054	0	0	0	26,968	0	0	0	0	0	0	26,968	26,968	6,180
2055	0	0	0	24,176	0	0	0	0	0	0	24,176	24,176	5,335
2056	0	0	0	21,243	0	0	0	0	0	0	21,243	21,243	4,514
2057	0	0	0	18,151	0	0	0	0	0	0	18,151	18,151	3,714
2058	0	0	0	14,922	0	0	0	0	0	0	14,922	14,922	2,940
2059	0	0	0	11,924	0	0	0	0	0	0	11,924	11,924	2,262
2060	0	0	0	9,010	0	0	0	0	0	0	9,010	9,010	1,646
2061	0	0	0	5,966	0	0	0	0	0	0	5,966	5,966	1,049
2062	0	0	0	2,764	0	0	0	0	0	0	2,764	2,764	468
2063	0	0	0	578	0	0	0	0	0	0	578	578	94
2064	0	0	0	0	0	0	0	0	0	0	0	0	0
2065	0	0	0	0	0	0	0	0	0	0	0	0	0
2066	0	0	0	0	0	0	0	0	0	0	0	0	0

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Item 4) Refer to the Application, Exhibit 1, Attachment A, Notes Executed. Explain the column labeled "Date of Interest Term Maturity (if not same as principal)."

Response) The interest rate reprices on the date indicated. No entry in this column means the interest rate is fixed through the date principal is paid off.

Witness) Steve Thompson

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Item 5) Refer to the Application, Exhibit 1, Attachments A and C. Footnote 1 on Attachment A indicates that the total of Kenergy's notes is the sum of lines 41 and 45 on Attachment C. The sum of lines 41 and 45 on Attachment C is \$133,972,180 or \$1,700,000 more than the total notes indicated on Attachment A. Explain this discrepancy.

Response) It is the amount due under the short-term line of credit.

Witness) Steve Thompson

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- Item 6)** Refer to the Application, Exhibit 2, Attachment B, the schedule titled "RUS Payoff."
- a. Explain the change in the balance of the loans to be refinanced from the loan balances as indicated on Exhibit 1, Attachment A, Notes Executed.
- b. Refer to the "Years to Maturity" column. Provide the calculations for the amounts shown for each loan.
- c. Of what date are the loan amounts representative?

Response a) The calculation is the timing of the outstanding balance of each loan from October 2, 2015 (assumption for advance date) to the maturity of each loan. For example, loan 1B370 has 17.51 years to maturity from October 2, 2015 to March 31, 2033.

Response b) See attached Excel file, Tab "RUS Payoff".

Response c) See response a.

Witness) Steve Thompson



Kenergy
RUS Payoff
 RUS Refinance - Matching Principal

Advance Date: 10/2/2015

Count	Loan Number	Payments Per Year	Interest Rate	Amort Type	Loan Balance	Payment	Maturity Date	Years to Maturity	Treasury Rate	Payoff Amount	Amount of Discount	Percentage Discount
1	1B370	12	5.13%	LD	\$ 1,895,688.95	\$ 13,692.12	3/31/2033	17.51	0.00%	\$ 1,895,688.95	\$ (0.00)	0.000%
2	1B375	12	5.00%	LD	\$ 305,522.12	\$ 2,197.25	2/28/2033	17.31	0.00%	\$ 305,522.12	\$ 0.00	0.000%
3	1B376	12	5.00%	LD	\$ 287,550.32	\$ 2,068.00	2/28/2033	17.31	0.00%	\$ 287,550.32	\$ (0.00)	0.000%
4	1B377	12	5.00%	LD	\$ 646,988.11	\$ 4,653.00	2/28/2033	17.31	0.00%	\$ 646,988.11	\$ (0.00)	0.000%
5	1B378	12	5.00%	LD	\$ 409,759.19	\$ 2,946.90	2/28/2033	17.31	0.00%	\$ 409,759.19	\$ (0.00)	0.000%
6	1B390	12	4.69%	LD	\$ 3,499,968.70	\$ 19,880.00	8/31/2040	24.91	0.00%	\$ 3,499,968.70	\$ 0.00	0.000%
7	1B391	12	5.12%	LD	\$ 3,533,061.69	\$ 20,960.00	8/31/2040	24.81	0.00%	\$ 3,533,061.69	\$ 0.00	0.000%
8	1B392	12	4.90%	LD	\$ 3,956,454.42	\$ 22,950.00	8/31/2040	24.91	0.00%	\$ 3,956,454.42	\$ (0.00)	0.000%
9	1B393	12	5.07%	LD	\$ 3,969,537.57	\$ 23,445.00	7/31/2040	24.81	0.00%	\$ 3,969,537.57	\$ (0.00)	0.000%
10	1B394	12	4.47%	LD	\$ 4,510,059.74	\$ 25,038.13	8/31/2040	24.91	0.00%	\$ 4,510,059.74	\$ (0.00)	0.000%
11	1B395	12	4.69%	LD	\$ 4,571,701.02	\$ 25,967.38	8/31/2040	24.91	0.00%	\$ 4,571,701.02	\$ (0.00)	0.000%
12	1B570	12	5.00%	LD	\$ 228,602.53	\$ 1,644.06	2/28/2033	17.31	0.00%	\$ 228,602.53	\$ (0.00)	0.000%

*Years to maturity is calculated by the time frame from the advance date until the maturity date.

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Item 7) Refer to the Application, Exhibit 2, Attachment B, Schedule A. The column "Loan Term in Months" calculates to 22.5 years, and the column "Interest Rate Term" seems to indicate 23 years. Explain why these two columns do not reflect the same number of years.

Response) The term is 22.5 years, rounded to 23 years.

Witness) Steve Thompson

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Item 8) Kenergy has requested approval by September 25, 2015, in order to close by October 2, 2015. Explain whether the closing date would change if approval were to be received earlier than the requested date, and explain the significance of an earlier closing date on the terms as provided in the application.

Response) Due to the large number of loans being refinanced by RUS, it is very unlikely the closing date will be earlier than October 2, 2015.

Witness) Steve Thompson

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Item 9) Provide an estimate of the fees and expenses that Kenergy expects it will incur to close the loan with CFC.

Response) There are no CFC expenses or prepayment fees. There will be legal expenses for Kenergy's attorney to prepare the *Opinion of Counsel* letter and to record the mortgages.

Witness Steve Thompson