

**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

**IN THE MATTER OF:**

**APPLICATION OF THE SALT RIVER ELECTRIC )  
COOPERATIVE CORPORATION FOR AN ORDER )  
PURSUANT TO KRS 278.300 AND 807 KAR 5:001, )  
SECTION 11 AND RELATED SECTIONS )  
AUTORIZING THE COOPERATIVE TO OBTAIN )  
A LOAN IN THE AMOUNT OF \$ 5,000,000 FROM )  
CoBANK )**

APPLICATION

The Petition of Salt River Electric Cooperative Corporation (hereafter referred to as “Salt River”) respectfully shows:

1. Applicant is a cooperative corporation organized and existing under the laws of the Commonwealth of Kentucky and is engaged in the business of purchasing and selling electric current and maintaining an electric distribution system. The applicant now operates and does business in the counties of Nelson, Spencer, Washington, and Bullitt. The full name of the applicant is the Salt River Electric Corporation.
2. The post office address of the applicant is P.O. Box 609, Bardstown, Kentucky 40004 (807 KAR 5:001, Section 8(1).)
3. The Articles of Incorporation and all amendments thereto for Salt River have previously been filed with the Commission in Case Number 92-560. (804 KAR 5:001, Section 8(3).)

4. A general description of Applicant's property in the field of its operation, together with the statement of the original cost of the property and the cost to the Applicant follows:  
  
Salt River Electric Cooperative Corporation's property consists of approximately 4,393 miles of electric distribution line and other properties necessary and incidental to the operation of its system in the foregoing counties. The original cost of the Applicant's property as of July 31, 2021 is as follows: TOTAL UTILITY PLANT: \$173,370,579.00 (807 KAR 5:001, Section 11(1)(a).)
5. The Applicant states that no amount or kinds of stock are issued or outstanding. (807 KAR 5:001, Section 11(1)(b).)
6. The Applicant states that no preferred stock has been issued or is outstanding. (807 KAR 5:001, Section 11(1)(b).)
7. Exhibit #1 attached lists the current outstanding Notes held between Salt River and CoBank as of the date of this Application. The outstanding balances on these Notes as of August 25, 2021 is as shown on Exhibit #1 attached hereto. (807 KAR 5:001, Section 6(6).)
8. Salt River has requested to refinance their current loan portfolio with CoBank, and is requesting approval of the Commission of this refinance.
9. As shown in Exhibit #1 there are nine outstanding obligations with fixed rates ranging from 3.4% to 7.4% with maturities up to 17 years. As shown in Exhibit #2, CoBank will refinance these existing loans for 5 years at a fixed 1.97% rate, netting a savings of

\$1,751,273.

10. Exhibit #1 reflects a penalty calculation shown as the “broken funding surcharge” which CoBank is obligated to collect per Exhibit #3.
11. Salt River is requesting to finance \$5,000,000 for 5 years at a fixed rate of 1.97%. This amount, along with the broken funding surcharge and a cash payment of \$4,900,261 will pay in full the existing 9 loan obligations as shown in Exhibit #1 in the amount of \$9,900,261.79.
12. Both the fixed rate of 1.97% and the broken fund charge will vary based on current market conditions. The aforementioned rates are as of the quoted date shown in the Exhibits. Therefore, Salt River requests that this Application be expedited so that the refinance can be completed and the higher interest rate loans are paid in full as soon as possible.

WHEREFORE, Salt River Electric Cooperative Corporation respectfully requests that the Public Service Commission of the Commonwealth of Kentucky issue an Order authorizing and granting unto Salt River Cooperative Corporation approval for a \$5,000,000 loan from CoBank.

I, Timothy J. Sharp, President and CEO of Salt River Electric Cooperative Corporation, state that I have read and understand the foregoing Application and that the statements contained therein are true.

Witness my hand this 30<sup>th</sup> day of August, 2021.

SALT RIVER ELECTRIC COOPERATIVE CORP.

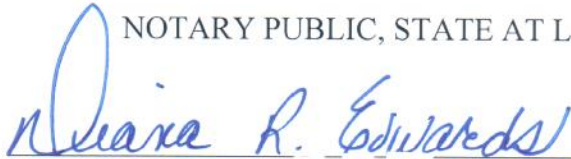
  
Tim Sharp, President and CEO

STATE OF KENTUCKY

COUNTY OF NELSON

The foregoing was subscribed and sworn to before me this 30<sup>th</sup> day of August, 2021, by Tim Sharp, President and CEO of Salt River Electric Cooperative Corporation.

NOTARY PUBLIC, STATE AT LARGE

  
Commission expires 7-05-2023 I.D. 626327



The foregoing instrument was prepared by John Douglas Hubbard, Attorney-at-Law, Fulton, Hubbard & Hubbard, 117 East Stephen Foster Avenue, Bardstown, Kentucky. No title examination was performed by the undersigned in the preparation of this document.

  
John Douglas Hubbard



**Prepayment of Fixed Rate Loan**

Request Date: 8/25/2021  Indication

Effective Date of Prepayment: 8/25/2021

Customer Name: Salt River Electric Coop Relationship Manager: Luke Gaines

Customer CIF: 14213550

GL Unit: ED

Obligation #	Bullet/Amortizing	Fix Amount	Fixed Rate	Maturity Date	Day Count Basis	Pymt Freq (Int)
001945727 T01	Amortizing	\$ 1,653,743.17	5.89000%	7/20/2032	ACT/360	Monthly
003021741 T09	Amortizing	\$ 148,564.59	3.40000%	5/15/2024	ACT/360	Monthly
003021802 T07-1	Amortizing	\$ 349,305.10	3.98000%	7/20/2030	ACT/360	Monthly
000582064 T07-2	Amortizing	\$ 531,668.12	7.35000%	7/20/2030	ACT/360	Monthly
003021847 T07-3	Amortizing	\$ 319,002.37	3.98000%	7/20/2030	ACT/360	Monthly
002226588 T08	Amortizing	\$ 171,273.14	6.51000%	5/20/2027	ACT/360	Monthly
000582738 T08-2	Amortizing	\$ 65,266.20	7.40000%	5/20/2027	ACT/360	Monthly
001945736 T11	Amortizing	\$ 1,305,396.85	5.91000%	3/20/2036	ACT/360	Monthly
003021856 T12	Amortizing	\$ 3,936,747.25	4.24000%	8/20/2038	ACT/360	Monthly
<b>Total</b>		<b>\$ 8,480,966.79</b>				

Obligation #:	Global Customer Penalty		Broken Funding		Waived Adder*		Total Penalty
	Charge	Adder*	Charge	Adder*	Charge	Adder*	
001945727	\$ 345,765.00	\$ 50,924.00	\$ 345,765.00	\$ -	\$ 345,765.00	\$ -	\$ 345,765.00
003021741	\$ 3,595.00	\$ 1,103.00	\$ 3,595.00	\$ -	\$ 3,595.00	\$ -	\$ 3,595.00
003021802	\$ 26,097.00	\$ 8,602.00	\$ 26,097.00	\$ -	\$ 26,097.00	\$ -	\$ 26,097.00
000582064	\$ 140,404.00	\$ 13,092.00	\$ 140,404.00	\$ -	\$ 140,404.00	\$ -	\$ 140,404.00
003021847	\$ 23,833.00	\$ 7,855.00	\$ 23,833.00	\$ -	\$ 23,833.00	\$ -	\$ 23,833.00
002226588	\$ 22,484.00	\$ 2,649.00	\$ 22,484.00	\$ -	\$ 22,484.00	\$ -	\$ 22,484.00
000582738	\$ 11,568.00	\$ 1,003.00	\$ 11,568.00	\$ -	\$ 11,568.00	\$ -	\$ 11,568.00
001945736	\$ 342,782.00	\$ 54,671.00	\$ 342,782.00	\$ -	\$ 342,782.00	\$ -	\$ 342,782.00
003021856	\$ 502,767.00	\$ 185,597.00	\$ 502,767.00	\$ -	\$ 502,767.00	\$ -	\$ 502,767.00
<b>Total</b>			<b>\$ 1,419,295.00</b>	<b>\$ -</b>	<b>\$ 1,419,295.00</b>	<b>\$ -</b>	<b>\$ 1,419,295.00</b>

Existing Notes					Broken Funding Charge			\$1,419,295.00	Interest Rate		1.97%
Date	Total Balance	Interest	Principal	Total Cash Flow	Total Balance	Cash at Refi	Interest	Principal	Total Cash Flow	Cash Flow Expense/(Savings)	
8/25/2021	\$8,480,966.79				\$5,000,000.00	\$4,900,261.79				\$4,900,261.79	
9/20/2021	\$8,444,047.94	\$36,970.37	\$36,918.85	\$73,889.22	\$4,920,326.76		\$6,557.80	\$79,673.24	\$86,231.04	\$12,341.82	
10/20/2021	\$8,406,893.82	\$35,623.74	\$37,154.12	\$72,777.86	\$4,842,162.35		\$8,066.63	\$78,164.41	\$86,231.04	\$13,453.18	
11/20/2021	\$8,369,502.90	\$36,644.36	\$37,390.92	\$74,035.28	\$4,764,134.41		\$8,203.10	\$78,027.94	\$86,231.04	\$12,195.76	
12/20/2021	\$8,331,873.64	\$35,316.97	\$37,629.26	\$72,946.23	\$4,685,713.93		\$7,810.56	\$78,420.48	\$86,231.04	\$13,284.81	
1/20/2022	\$8,294,004.46	\$36,314.22	\$37,869.18	\$74,183.40	\$4,607,420.95		\$7,938.06	\$78,292.98	\$86,231.04	\$12,047.64	
2/20/2022	\$8,255,893.81	\$36,147.56	\$38,110.65	\$74,258.21	\$4,528,995.33		\$7,805.43	\$78,425.62	\$86,231.05	\$11,972.84	
3/20/2022	\$8,217,540.13	\$32,518.80	\$38,353.68	\$70,872.48	\$4,449,694.35		\$6,930.06	\$79,300.98	\$86,231.04	\$15,358.56	
4/20/2022	\$8,178,941.84	\$35,816.55	\$38,598.29	\$74,414.84	\$4,371,001.53		\$7,538.22	\$78,692.82	\$86,231.04	\$11,816.20	
5/20/2022	\$8,140,097.31	\$34,494.91	\$38,844.53	\$73,339.44	\$4,291,936.53		\$7,166.04	\$79,065.00	\$86,231.04	\$12,891.60	
6/20/2022	\$8,101,004.98	\$35,470.35	\$39,092.33	\$74,562.68	\$4,212,976.45		\$7,270.97	\$78,960.08	\$86,231.05	\$11,668.37	
7/20/2022	\$8,061,663.19	\$34,163.07	\$39,341.79	\$73,504.86	\$4,133,652.37		\$6,906.97	\$79,324.08	\$86,231.05	\$12,726.19	
8/20/2022	\$8,022,070.35	\$35,125.25	\$39,592.84	\$74,718.09	\$4,054,424.14		\$7,002.82	\$79,228.23	\$86,231.05	\$11,512.96	
9/20/2022	\$7,982,274.81	\$34,962.31	\$39,845.54	\$74,807.85	\$3,975,061.69		\$6,868.60	\$79,362.45	\$86,231.05	\$11,423.20	
10/20/2022	\$7,942,124.92	\$33,657.42	\$40,099.89	\$73,757.31	\$3,895,347.56		\$6,516.92	\$79,714.13	\$86,231.05	\$12,473.74	
11/20/2022	\$7,901,769.01	\$34,599.32	\$40,355.91	\$74,955.23	\$3,815,715.62		\$6,599.11	\$79,631.94	\$86,231.05	\$11,275.82	
12/20/2022	\$7,861,155.42	\$33,320.67	\$40,613.59	\$73,934.26	\$3,735,740.25		\$6,255.68	\$79,975.37	\$86,231.05	\$12,296.79	
1/20/2023	\$7,820,282.45	\$34,243.10	\$40,872.97	\$75,116.07	\$3,655,837.92		\$6,328.71	\$79,902.33	\$86,231.04	\$11,114.97	
2/20/2023	\$7,779,148.44	\$34,063.31	\$41,134.01	\$75,197.32	\$3,575,800.23		\$6,193.35	\$80,037.69	\$86,231.04	\$11,033.72	
3/20/2023	\$7,737,751.67	\$30,614.20	\$41,396.77	\$72,010.97	\$3,495,040.71		\$5,471.53	\$80,759.52	\$86,231.05	\$14,220.08	
4/20/2023	\$7,696,090.43	\$33,700.25	\$41,661.24	\$75,361.49	\$3,414,730.61		\$5,920.95	\$80,310.10	\$86,231.05	\$10,869.56	
5/20/2023	\$7,654,162.99	\$32,439.47	\$41,927.44	\$74,366.91	\$3,334,097.85		\$5,598.28	\$80,632.76	\$86,231.04	\$11,864.13	
6/20/2023	\$7,611,967.63	\$33,344.53	\$42,195.36	\$75,539.89	\$3,253,515.10		\$5,648.29	\$80,582.75	\$86,231.04	\$10,691.15	
7/20/2023	\$7,569,502.57	\$32,081.42	\$42,465.06	\$74,546.48	\$3,172,618.03		\$5,333.98	\$80,897.07	\$86,231.05	\$11,684.57	
8/20/2023	\$7,526,766.06	\$32,960.22	\$42,736.51	\$75,696.73	\$3,091,761.72		\$5,374.73	\$80,856.31	\$86,231.04	\$10,534.31	
9/20/2023	\$7,483,756.35	\$32,778.36	\$43,009.71	\$75,788.07	\$3,010,768.43		\$5,237.75	\$80,993.29	\$86,231.04	\$10,442.97	
10/20/2023	\$7,440,471.63	\$31,535.78	\$43,284.72	\$74,820.50	\$2,929,473.39		\$4,936.01	\$81,295.04	\$86,231.05	\$11,410.55	
11/20/2023	\$7,396,910.09	\$32,392.75	\$43,561.54	\$75,954.29	\$2,848,205.16		\$4,962.82	\$81,268.23	\$86,231.05	\$10,276.76	
12/20/2023	\$7,353,069.93	\$31,166.22	\$43,840.16	\$75,006.38	\$2,766,643.61		\$4,669.49	\$81,561.55	\$86,231.04	\$11,224.66	
1/20/2024	\$7,308,949.33	\$32,008.37	\$44,120.60	\$76,128.97	\$2,685,099.53		\$4,686.97	\$81,544.08	\$86,231.05	\$10,102.08	
2/20/2024	\$7,264,546.48	\$31,826.93	\$44,402.85	\$76,229.78	\$2,603,417.31		\$4,548.82	\$81,682.22	\$86,231.04	\$10,001.26	
3/20/2024	\$7,219,859.54	\$29,586.92	\$44,686.94	\$74,273.86	\$2,521,312.17		\$4,125.90	\$82,105.14	\$86,231.04	\$11,957.18	
4/20/2024	\$7,174,886.60	\$31,422.59	\$44,972.94	\$76,395.53	\$2,439,352.48		\$4,271.35	\$81,959.69	\$86,231.04	\$9,835.51	
5/20/2024	\$7,129,639.62	\$30,209.76	\$45,246.98	\$75,456.74	\$2,357,120.63		\$3,999.20	\$82,231.85	\$86,231.05	\$10,774.31	
6/20/2024	\$7,089,257.54	\$31,016.70	\$40,382.08	\$71,398.78	\$2,274,882.78		\$3,993.20	\$82,237.85	\$86,231.05	\$14,832.27	
7/20/2024	\$7,048,626.90	\$29,840.57	\$40,630.64	\$70,471.21	\$2,192,381.29		\$3,729.56	\$82,501.49	\$86,231.05	\$15,759.84	
8/20/2024	\$7,007,746.17	\$30,657.16	\$40,880.73	\$71,537.89	\$2,109,864.36		\$3,714.11	\$82,516.93	\$86,231.04	\$14,693.15	
9/20/2024	\$6,966,613.78	\$30,457.58	\$41,132.39	\$71,589.97	\$2,027,207.64		\$3,574.32	\$82,656.72	\$86,231.04	\$14,641.07	
10/20/2024	\$6,925,228.18	\$29,296.19	\$41,385.60	\$70,681.79	\$1,944,300.10		\$3,323.51	\$82,907.54	\$86,231.05	\$15,549.26	
11/20/2024	\$6,883,587.78	\$30,085.16	\$41,640.40	\$71,725.56	\$1,861,362.89		\$3,293.84	\$82,937.21	\$86,231.05	\$14,505.49	
12/20/2024	\$6,841,690.99	\$28,927.63	\$41,896.79	\$70,824.42	\$1,778,183.46		\$3,051.61	\$83,179.43	\$86,231.04	\$15,406.62	
1/20/2025	\$6,799,536.19	\$29,695.73	\$42,154.80	\$71,850.53	\$1,694,964.84		\$3,012.42	\$83,218.62	\$86,231.04	\$14,380.51	
2/20/2025	\$6,757,121.80	\$29,502.30	\$42,414.39	\$71,916.69	\$1,611,605.23		\$2,871.44	\$83,359.61	\$86,231.05	\$14,314.36	
3/20/2025	\$6,714,446.21	\$26,483.03	\$42,675.59	\$69,158.62	\$1,527,840.19		\$2,466.00	\$83,765.04	\$86,231.04	\$17,072.42	
4/20/2025	\$6,671,507.76	\$29,111.84	\$42,938.45	\$72,050.29	\$1,444,197.46		\$2,588.31	\$83,642.73	\$86,231.04	\$14,180.75	
5/20/2025	\$6,628,304.84	\$27,992.33	\$43,202.92	\$71,195.25	\$1,360,334.11		\$2,367.69	\$83,863.35	\$86,231.04	\$15,035.79	
6/20/2025	\$6,584,835.78	\$28,716.49	\$43,469.06	\$72,185.55	\$1,276,407.61		\$2,304.54	\$83,926.50	\$86,231.04	\$14,045.49	
7/20/2025	\$6,541,098.92	\$27,601.05	\$43,736.86	\$71,337.91	\$1,192,269.17		\$2,092.61	\$84,138.44	\$86,231.05	\$14,893.14	
8/20/2025	\$6,497,092.59	\$28,322.74	\$44,006.33	\$72,329.07	\$1,108,057.95		\$2,019.82	\$84,211.22	\$86,231.04	\$13,901.97	
9/20/2025	\$6,452,815.11	\$28,114.22	\$44,277.48	\$72,391.70	\$1,023,704.07		\$1,877.16	\$84,353.88	\$86,231.04	\$13,839.34	
10/20/2025	\$6,408,264.79	\$27,027.82	\$44,550.32	\$71,578.14	\$939,151.34		\$1,678.31	\$84,552.73	\$86,231.04	\$14,652.90	
11/20/2025	\$6,363,439.93	\$27,706.45	\$44,824.86	\$72,531.31	\$854,511.31		\$1,591.02	\$84,640.03	\$86,231.05	\$13,699.74	
12/20/2025	\$6,318,338.82	\$26,617.62	\$45,101.11	\$71,718.73	\$769,681.20		\$1,400.93	\$84,830.11	\$86,231.04	\$14,512.31	
1/20/2026	\$6,272,959.74	\$27,307.00	\$45,379.08	\$72,686.08	\$684,754.07		\$1,303.92	\$84,927.13	\$86,231.05	\$13,544.97	
2/20/2026	\$6,227,300.93	\$27,085.25	\$45,658.81	\$72,744.06	\$599,683.07		\$1,160.04	\$85,071.00	\$86,231.04	\$13,486.98	
3/20/2026	\$6,181,360.67	\$24,287.19	\$45,940.26	\$70,227.45	\$514,369.63		\$917.61	\$85,313.44	\$86,231.05	\$16,003.60	
4/20/2026	\$6,135,137.21	\$26,664.61	\$46,223.46	\$72,888.07	\$429,009.98		\$871.39	\$85,359.65	\$86,231.04	\$13,342.97	
5/20/2026	\$6,088,628.76	\$25,603.24	\$46,508.45	\$72,111.69	\$343,482.28		\$703.34	\$85,527.70	\$86,231.04	\$14,119.35	
6/20/2026	\$6,041,833.55	\$26,238.72	\$46,795.21	\$73,033.93	\$257,833.13		\$581.89	\$85,649.15	\$86,231.04	\$13,197.11	
7/20/2026	\$5,994,749.79	\$25,202.55	\$47,083.76	\$72,286.31	\$172,024.79		\$422.70	\$85,808.34	\$86,231.04	\$13,944.73	
8/20/2026	\$5,947,375.66	\$25,807.57	\$47,374.13	\$73,181.70	\$86,085.17		\$291.43	\$85,939.62	\$86,231.05	\$13,049.35	
9/20/2026	\$5,899,709.36	\$25,589.94	\$47,666.30	\$73,256.24	(\$0.00)		\$145.84	\$86,085.17	\$86,231.01	\$12,974.77	
10/20/2026	\$5,851,749.09	\$24,564.02	\$47,960.27	\$72,524.29						(\$72,524.29)	
11/20/2026	\$5,803,492.99	\$25,150.66	\$48,256.10	\$73,406.76						(\$73,406.76)	
12/20/2026	\$5,754,939.20	\$24,129.22	\$48,553.79	\$72,683.01						(\$72,683.01)	
1/20/2027	\$5,706,085.89	\$24,713.13	\$48,853.31	\$73,566.44						(\$72,683.01)	
2/20/2027	\$5,656,931.17	\$24,481.45	\$49,154.72	\$73,636.17						(\$73,636.17)	
3/20/2027	\$5,607,473.17	\$21,936.35	\$49,458.00	\$71,394.35						(\$71,394.35)	
4/20/2027	\$5,557,709.99	\$24,043.03	\$49,763.18	\$73,806.21						(\$73,806.21)	
5/20/2027	\$5,507,648.31	\$23,036.43	\$50,061.68	\$73,098.11						(\$73,098.11)	
6/20/2027	\$5,461,364.64	\$23,555.08	\$46,283.67	\$69,838.75						(\$69,838.75)	
7/20/2027	\$5,414,791.55	\$22,604.97	\$46,573.09	\$69,178.06						(\$69,178.06)	
8/20/2027	\$5,367,927.21	\$23,138.15	\$46,864.34	\$70,002.49						(\$70,002.49)	
9/20/2027	\$5,320,769.77	\$22,927.71	\$47,157.44	\$70,085.15						(\$70,085.15)	
10/20/2027	\$5,273,317.38	\$21,987.34	\$47,452.39	\$69,439.73						(\$69,439.73)	
11/20/2027	\$5,225,568.18	\$22,502.79	\$47,749.20	\$70,251.99						(\$70,251.99)	
12/20/2027	\$5,177,520.29	\$21,587.50	\$48,047.89	\$69,635.39							







**2.5 Broken Funding Surcharge.** Notwithstanding the terms of any Promissory Note giving the Borrower the right to repay any loan prior to the date it would otherwise be due and payable, the Borrower agrees to provide three Business Days' prior written notice for any prepayment of a fixed rate balance and to pay to Lender a broken funding surcharge in the amount set forth below in the event the Borrower: (a) repays any fixed rate balance prior to the last day of its fixed rate period (whether such payment is made voluntarily, as a result of an acceleration, or otherwise); (b) converts any fixed rate balance to another fixed rate or to a variable rate prior to the last day of the fixed rate period applicable to such balance; or (c) fails to borrow any fixed rate balance on the date scheduled therefor. The surcharge will be in an amount equal to the greater of (1) the sum of: (i) the present value of any funding losses imputed by Lender to have been incurred as a result of such payment, conversion or failure; plus (ii) a per annum yield of 0.50% of the amount repaid, converted or not borrowed for the period such amount was scheduled to have been outstanding at such fixed rate, or (2) \$300.00. Any surcharge will be determined and calculated in accordance with methodology established by Lender, a copy of which will be made available upon request. Notwithstanding the foregoing, in the event of a conflict between the provisions of this section and of the broken funding charge section of a forward fix agreement between Lender and the Borrower, the provisions of the forward fix agreement will control.