

LAW OFFICE OF  
**JOHN J. SCOTT, PSC**

108 EAST POPLAR STREET  
P.O. BOX 389  
ELIZABETHTOWN, KENTUCKY 42702-0389

**JOHN J. SCOTT**  
ATTORNEY AT LAW

April 30, 2013

TELEPHONE 270-765-2179  
FAX 270-765-2180

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MAY - 3 2013

PUBLIC SERVICE  
COMMISSION

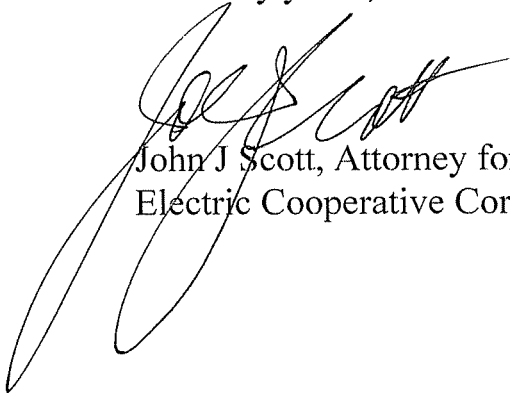
Ms. Aaron Ann Cole  
Staff Attorney  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, KY 40602-0615

Re: Nolin Rural Electric Cooperative  
Corporation  
Case No. 2013-00120

Dear Ms. Cole:

In regard to the Informal Conference that we held last Friday concerning the financing of Nolin RECC for its \$12,000,000.00 work plan loan, the Response of Nolin to the two questions asked is attached.

Sincerely yours,



John J. Scott, Attorney for Nolin Rural  
Electric Cooperative Corporation

JJS/rrd

Enclosure

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PUBLIC SERVICE  
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COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

APPLICATION OF NOLIN RURAL ) CASE NO. 2013-00120  
ELECTRIC COOPERATIVE CORPOR- )  
ATION FOR AN ORDER PURSUANT )  
TO KRS 278.300 AND 807 KAR 5:001, )  
SECTION 11 AND RELATED )  
SECTIONS AUTHORIZING THE )  
COOPERATIVE TO OBTAIN A LOAN )  
NOT TO EXCEED THE AMOUNT OF )  
\$12,000,000.00 FROM THE NATIONAL )  
RURAL UTILITIES COOPERATIVE )  
FINANCE CORPORATION )

RESPONSE OF NOLIN RECC TO TWO QUESTIONS POSED BY  
COMMISSION STAFF AT INFORMAL CONFERENCE

\* \* \* \* \*

1. What would be the difference in the interest rate had Nolin pursued and obtained the RUS loan for the \$12,000,000.00 financing versus the current CFC loan?

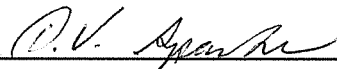
**Response:** This is somewhat of a moot point since Nolin is no longer eligible for RUS financing, having paid RUS off last summer. Because of that, Nolin is not eligible for RUS financing for several years to come. However, Nolin did check with RUS to see what the rate would be on this particular loan and the rate would depend on the time that the funds were available and the time the funds were drawn. The rate on a variable rate would be between .5% and 1.5%. The current CFC variable rate is 2.9%.

2. What is the term of payback on this loan with CFC?

**Response:** The loan is set up as a 35 year term loan and payments will be made on a quarterly basis.

WITNESS the signature of O.V. Sparks, Vice President of Administration and Finance for Nolin RECC.

**NOLIN RURAL ELECTRIC  
COOPERATIVE CORPORATION**

BY:   
**O.V. SPARKS, Vice President  
of Administration and Finance**

STATE OF KENTUCKY  
COUNTY OF HARDIN

I, the undersigned, a Notary Public, do hereby certify that on this 30<sup>th</sup> day of April, 2013, personally appeared before me **O.V. SPARKS**, who being by me first duly sworn, subscribed to and acknowledged that he is the **Vice President of Administration and Finance** of Nolin Rural Electric Cooperative Corporation, a Kentucky corporation, that he signed the foregoing document as **Vice President of Administration and Finance** of the corporation, and that the statements therein contained are true.

  
NOTARY PUBLIC, State of Kentucky

At Large

My commission expires 9-11-13