



Steven L. Beshear
Governor

Leonard K. Peters
Secretary
Energy and Environment Cabinet

Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460
psc.ky.gov

David L. Armstrong
Chairman

James Gardner
Vice-Chairman

Linda Breathitt
Commissioner

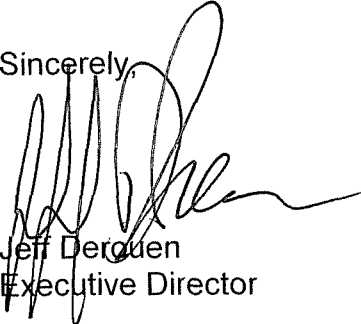
May 8, 2013

PARTIES OF RECORD

Re: Case No. 2013-00120

Attached is a memorandum being filed in the case file of the case referenced above. If you wish to make any comments regarding the contents of this informal conference memorandum, please do so within five days of receipt of this letter. If you have any questions, please call Jim Livers of the Commission staff at (502)782-2655.

Sincerely,



Jeff Derguen
Executive Director

Attachment

INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: File: Case No. 2013-00120

FROM: Jim Livers, Team Leader

DATE: May 8, 2013

RE: Nolin Rural Electric Cooperative Corporation - Application of Nolin Rural Electric Cooperative Corporation for an Order Pursuant to KRS 278.300 and KAR 5:001, Section 11 and Related Sections Authorizing the Cooperative to Obtain a Loan Not to Exceed the Amount of \$12,000,000 from the National Rural Utilities Cooperative Finance Corporation

Pursuant to a Staff Notice of April 24, 2013, a telephonic informal conference ("IC") was held in the above referenced case on April 26, 2013. A copy of the attendance list is attached. The written responses to the questions not answered at the IC are in the case record. They were filed on May 3, 2013.

The purpose of the IC was to clarify several issues in Nolin Rural Electric Cooperative Corporation's ("Nolin") financing application. Nolin proposes to borrow \$12,000,000 from National Rural Utilities Cooperative Finance Corporation ("CFC") to finance the projects contained in its 2010-2013 Construction Work Plan ("CWP"). This proposal was approved by the Commission in Case No. 2010-00518 and amended in Case Nos. 2012-00037 and 2012-00061. CFC will provide a secured credit facility of \$12 million for a term of 35 years with a variable interest rate, the current rate being 2.9 percent. The loan will require quarterly payments.

In the original CWP, Nolin proposed projects for electrical facilities with a total cost of \$12,916,338. These projects were initially to be paid for with internally generated funds or short term credit facilities until all Rural Utilities Service ("RUS") loan approvals were granted. Upon approval from the RUS, the loan proceeds would be used to reimburse the general funds expended for the initial portion of the CWP and provide financing for the balance of the CWP. However, in the financing case at hand, Nolin has chosen CFC for the financing of its CWP as amended. Nolin stated the reason for the change is because it is no longer eligible for RUS financing as it refinanced all of its RUS debt with CFC in Case No. 2012-00192. Nolin stated that, to date, approximately \$10 million has been spent from internally generated funds on the CWP projects. Nolin also stated there was not a date on which a final order would be required.

There being no further questions, the IC was adjourned.

Attachment: Sign-In Sheet

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

April 26, 2013

Please sign in:

NAME	REPRESENTING
<u>Leah Faulkner</u>	<u>PSC-FA</u>
<u>Eric Bowman</u>	<u>PSC-Engineering</u>
<u>Jim Jim</u>	<u>PSC-FA</u>
<u>Fereydoon Gorjian</u>	<u>PSC - Engineering</u>
<u>Ann Ann Cole</u>	<u>PSC-legal</u>
<u>Quang D. Nguyen</u>	<u>PSC</u>
<u>John Scott</u>	<u>attorney - Nolin Recc</u>
<u>Mickey Miller</u>	_____
<u>Vince Howser</u>	_____
_____	_____
_____	_____

Via
Phone