

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENERGY CORP. FOR)	
AUTHORIZATION TO BORROW \$27,814,894 FROM)	CASE NO.
CFC AND EXECUTE NECESSARY NOTES AND TO)	2015-00191
PREPAY RURAL UTILITIES SERVICE TREASURY)	
NOTES OF THE SAME AMOUNT)	

COMMISSION STAFF'S INITIAL REQUEST FOR INFORMATION
TO KENERGY CORP.

Kenergy Corp. ("Kenergy"), pursuant to 807 KAR 5:001, is to file with the Commission the original in paper medium and an electronic copy of the following information. The information requested herein is due within ten days of the date of this request. Responses to requests for information in paper medium shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Kenergy shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which

Kenergy fails or refuses to furnish all or part of the requested information, it shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When filing a document containing personal information, Kenergy shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the document so that personal information cannot be read.

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.

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."

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.

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)."

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.

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?

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.

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.

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



Jeff Derouen
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Public Service Commission
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DATED JUL 14 2015

cc: Parties of Record

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