

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF INTER-COUNTY ENERGY)
COOPERATIVE CORPORATION FOR APPROVAL) CASE NO. 2016-00084
OF LONG-TERM REFINANCING WITH COBANK)

COMMISSION STAFF'S INITIAL REQUEST FOR INFORMATION TO
INTER-COUNTY ENERGY COOPERATIVE CORPORATION

Inter-County Energy Cooperative Corporation ("Inter-County"), pursuant to 807 KAR 5:001, is to file with the Commission the original in paper medium and an electronic version 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.

Inter-County 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 Inter-County 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 paper containing personal information, Inter-County shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to the Application, paragraph 6. Provide the terms of the loan proposed to Inter-County by Natural Rural Utilities Cooperative Finance Corporation and the potential refinance savings, if any.

2. Refer to the Application, paragraph 8. Confirm that the net present value ("NPV") of \$1,011,347 is calculated using a 4.48 percent discount rate of the blended interest rate of the Rural Utilities Service ("RUS") notes.

3. Refer to the Application, paragraph 9. Explain what is meant by the statement, "Inter-County proposes to adjust any difference via electronic payment to CoBank, which will allow the note with CoBank to stay at \$17,952,269."

4. Refer to the Application, Exhibit 3, Attachment A, Mortgages of Inter-County Energy Cooperative.

a. Explain why there are "Advance Payments Unapplied" of \$18,128 for the RUS loans.

b. Explain why RUS note RET-8-6 has been included for refinancing, given that its current interest rate of 3.50 percent is lower than the refinancing rate of 3.80 percent.

c. Explain why RUS note RET-7-1 has not been included in the notes to be refinanced, given that its current interest rate of 5.125 percent is the highest interest rate of the individual RUS notes.

5. Refer to the Application, Exhibit 4, Attachment C, Existing RUS Loan Profile & Summary Analysis.

a. Provide the calculations for the Weighted Average Life ("WAL") in Excel spreadsheet format with formulas intact and unprotected and all rows and columns fully accessible.

b. Provide the calculation of the NPV in Excel spreadsheet format with formulas intact and unprotected and all rows and columns fully accessible.

c. Explain why the RUS blended interest rate of 4.48 percent was used to calculate the NPV of the interest savings.

d. Provide the NPV calculation using the CoBank interest rate of 3.80 percent in Excel spreadsheet format with formulas intact and unprotected and all rows and columns fully accessible.

6. Refer to the Application, Exhibit 4, Attachment C, Side by Side Comparison of RUS Notes and CoBank Loan.

a. Confirm that the annual principal and interest payments for the combined RUS Loans is the sum based on each loan's term and not based on the average interest rate between the loans. If such is not confirmed, update this exhibit with the RUS loan payments and interest payments per loan.

b. Provide this exhibit in Excel spreadsheet format, with all formulas intact and unprotected and with all columns and rows accessible. If it is necessary to update this exhibit in response to questions contained in this information request, provide the updated version in both paper copy and electronically.

7. Provide the WAL of the CoBank loan in Excel spreadsheet format with formulas intact and unprotected and all rows and columns fully accessible.

8. Provide an estimate of any fees or expenses that Inter-County expects it will incur to close the loan with CoBank, as well as an estimate of their impact on the NPV of the proposed financing to the extent they are not already reflected.

9. Inter-County has not requested Commission approval by any certain date in order to close by May 31, 2016. Provide the date that Inter-County would need approval in order to close by May 31, 2016.


James W. Gardner
Acting Executive Director
Public Service Commission
P.O. Box 615
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DATED MAR 18 2016

cc: Parties of Record

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