

October 31, 2018

**VIA HAND-DELIVERY**

Gwen R. Pinson, Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40602

**RECEIVED**

**OCT 31 2018**

**PUBLIC SERVICE  
COMMISSION**

Re: *In the Matter of: The Application of Cumberland Valley Electric, Inc. for Authorization to Borrow up to \$2,024,000 from CoBank and to Prepay USDA Rural Utilities Service Notes of the Same Amount*  
**PSC Case No. 2018-00256**

Dear Executive Director Pinson:

By final order of the Commission in the captioned case dated September 10, 2018, Cumberland Valley Electric, Inc. ("Cumberland Valley"), provides the following information and documentation to be placed in the Commission's post-case correspondence file:

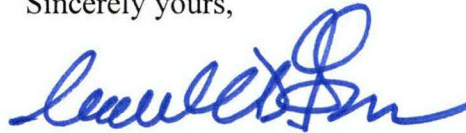
1. Cumberland Valley notifies the Commission that the exact final amount of the CoBank loan in this case is \$2,023,762.00;
2. An updated version of Staff's First Request, Item 1c, reflecting the savings based on the actual amount of the new CoBank loan and legal fees. This filing is made both in paper medium as Exhibit 1 to this correspondence and is provided electronically on the attached CD; and
3. The loan documents executed between Cumberland Valley and CoBank, finalized on October 22, 2018. This filing is made both in paper medium as Exhibit 2 to this correspondence and is provided electronically on the attached CD.

Please be advised that the final amount of legal fees which Cumberland Valley has incurred in this case total \$5,943.04.

Gwen R. Pinson, Executive Director  
Kentucky Public Service Commission  
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I appreciate your assistance with this matter, and please do not hesitate to contact me with any questions or concerns.

Sincerely yours,

A handwritten signature in blue ink, appearing to read "Mark David Goss". The signature is fluid and cursive, with a large initial "M" and "D".

Mark David Goss

Enclosures

# **EXHIBIT 1**

**CASH FLOW SUMMARY**

Year	Combined RUS Loans				CoBank Loans					Net Cash flow	Cumulative CF
	Principal Balance at Yearend	Annual Principal Payments	Annual Interest Payments	Total Annual Cash flow	Principal Balance at Yearend	Annual Principal Payments	Annual Interest Payments	Patronage Refund	Total Annual Cash flow	Total Annual Net Cash flow Expense/(Savings)	Cumulative Net Cash flow Expense/(Savings)
	\$2,023,762				\$2,023,762						
2018	\$2,006,434	\$17,328	\$17,468	\$34,796	\$2,004,383	\$19,379	\$14,636	\$0	\$34,015	-\$782	-\$782
2019	\$1,899,268	\$107,166	\$101,612	\$208,779	\$1,885,120	\$119,264	\$84,823	\$0	\$204,087	-\$4,692	-\$5,474
2020	\$1,786,409	\$112,859	\$95,920	\$208,779	\$1,760,564	\$124,556	\$79,531	\$0	\$204,087	-\$4,692	-\$10,165
2021	\$1,667,555	\$118,854	\$89,925	\$208,779	\$1,630,481	\$130,083	\$74,004	\$0	\$204,087	-\$4,692	-\$14,857
2022	\$1,542,387	\$125,168	\$83,611	\$208,779	\$1,494,626	\$135,855	\$68,232	\$0	\$204,087	-\$4,692	-\$19,548
2023	\$1,410,569	\$131,818	\$76,961	\$208,779	\$1,352,743	\$141,883	\$62,204	\$0	\$204,087	-\$4,692	-\$24,240
2024	\$1,271,748	\$138,822	\$69,957	\$208,779	\$1,204,563	\$148,179	\$55,908	\$0	\$204,087	-\$4,692	-\$28,932
2025	\$1,125,550	\$146,198	\$62,581	\$208,779	\$1,049,809	\$154,754	\$49,333	\$0	\$204,087	-\$4,692	-\$33,623
2026	\$971,583	\$153,967	\$54,812	\$208,779	\$888,187	\$161,621	\$42,466	\$0	\$204,087	-\$4,692	-\$38,315
2027	\$809,434	\$162,149	\$46,630	\$208,779	\$719,394	\$168,793	\$35,294	\$0	\$204,087	-\$4,692	-\$43,006
2028	\$638,667	\$170,767	\$38,012	\$208,779	\$543,111	\$176,283	\$27,804	\$0	\$204,087	-\$4,692	-\$47,698
2029	\$458,824	\$179,843	\$28,936	\$208,779	\$359,005	\$184,105	\$19,982	\$0	\$204,087	-\$4,692	-\$52,390
2030	\$269,422	\$189,402	\$19,376	\$208,779	\$166,731	\$192,275	\$11,812	\$0	\$204,087	-\$4,692	-\$57,081
2031	\$69,951	\$199,471	\$9,308	\$208,779	\$0	\$166,731	\$3,342	\$0	\$170,073	-\$38,706	-\$95,787
2032	\$0	\$69,951	\$805	\$70,756	\$0	\$0	\$0	\$0	\$0	-\$70,756	-\$166,544
<b>Totals</b>		<b>\$2,023,762</b>	<b>\$795,913</b>	<b>\$2,819,675</b>		<b>\$2,023,762</b>	<b>\$629,370</b>	<b>\$0</b>	<b>\$2,653,131</b>	<b>(\$166,544)</b>	
<b>RUS Weighted Average Interest Rate:</b>			<b>5.19%</b>							<b>\$92,024</b>	
										<b>(\$5,943)</b>	Less Attorney Fees
										<b>\$86,081</b>	
<b>CoBank Interest Rate:</b>			<b>4.29%</b>							<b>\$101,446</b>	
										<b>(\$5,943)</b>	Less Attorney Fees
										<b>\$95,503</b>	

# **EXHIBIT 2**

**SINGLE ADVANCE TERM PROMISSORY NOTE AND SUPPLEMENT**

**THIS SINGLE ADVANCE TERM PROMISSORY NOTE AND SUPPLEMENT** (“**Supplement**”) to the Master Loan Agreement dated February 14, 2008 (such agreement, as may be amended, hereinafter referred to as the “**MLA**”), is entered into as of July 16, 2018 between **COBANK, ACB**, a federally-chartered instrumentality of the United States (“**CoBank**”) and **CUMBERLAND VALLEY ELECTRIC, INC.**, Gray, Kentucky, a corporation (together with its permitted successors and assigns, the “**Company**”). Capitalized terms not otherwise defined in this Supplement will have the meanings set forth in the MLA.

**SECTION 1. SINGLE ADVANCE TERM COMMITMENT.** On the terms and conditions set forth in the MLA and this Supplement, CoBank agrees to make a single advance loan to the Company in an amount not to exceed \$2,023,762.00 (the “**Commitment**”).

**SECTION 2. PURPOSE.** The purpose of the Commitment is to refinance some of the Company’s indebtedness to the Rural Utilities Service (“**RUS**”) and identified on Exhibit A hereto (individually or collectively, the “**Existing RUS Loan(s)**”).

**SECTION 3. TERM.** The Commitment will expire at 12:00 p.m. Denver, Colorado time on October 31, 2018, or on such later date as CoBank may, in its sole discretion, authorize in writing (the “**Term Expiration Date**”).

**SECTION 4. LIMITS ON ADVANCES, AVAILABILITY, ETC.** The loans will be made available as provided in Section 2 of the MLA.

**SECTION 5. INTEREST.** The Company agrees to pay interest on the unpaid balance of the loan(s) in accordance with the following interest rate option(s):

(A) **Weekly Quoted Variable Rate.** At a rate per annum equal at all times to the rate of interest established by CoBank on the first Business Day of each week. The rate established by CoBank will be effective until the first Business Day of the next week. Each change in the rate will be applicable to all balances subject to this option and information about the then current rate will be made available upon telephonic request.

(B) **Quoted Rate.** At a fixed rate per annum to be quoted by CoBank in its sole discretion in each instance. Under this option, rates may be fixed on such balances and for such periods, as may be agreeable to CoBank in its sole discretion in each instance, provided that: (1) the minimum fixed period will be 365 days; (2) amounts may be fixed in an amount not less than \$100,000.00; and (3) the maximum number of fixes in place at any one time will be five. The Borrower has selected a fixed rate of 4.290% per annum through the maturity date of the loan.

The Company will select the applicable rate option at the time it requests a loan hereunder and may, subject to the limitations set forth above, elect to convert balances bearing interest at the variable rate option to one of the fixed rate options. If the Company fails to elect an interest rate option, interest will accrue at the variable interest rate option. Upon the expiration of any fixed rate period, interest will automatically accrue at the variable rate option unless the amount fixed is repaid or fixed for an additional period in accordance

**CUMBERLAND VALLEY ELECTRIC, INC.**  
Gray, Kentucky  
Supplement No. RI0628T05

with the terms hereof. Notwithstanding the foregoing, rates may not be fixed for periods expiring after the maturity date of the loans and rates may not be fixed in such a manner as to cause the Company to have to break any fixed rate balance in order to pay any installment of principal. All elections provided for herein will be made telephonically or in writing and must be received by 12:00 p.m. Denver, Colorado time. Interest will be calculated on the actual number of days each loan is outstanding on the basis of a year consisting of 360 days and will be payable monthly in arrears by the 20th day of the following month or on such other day as CoBank will require in a written notice to the Company (“Interest Payment Date”).

**SECTION 6. PROMISSORY NOTE.** The Company promises to repay the unpaid principal balance of the loan in 156 consecutive, monthly installments, payable on the 20th day of each month, with the first installment due on November 20, 2018, and the last installment due on October 20, 2031. The amount of each installment will be the same principal amount that would be required to be repaid if the loan(s) were scheduled to be repaid in level payments of principal and interest and such schedule was calculated utilizing the rate of interest in effect on the date funds are advanced under this Supplement. Principal due on the first payment date will constitute a month’s amortization, regardless of any partial month’s interest due in accordance with the provisions set forth herein.

In addition to the above, the Company promises to pay interest on the unpaid principal balance of the loan at the times and in accordance with the provisions set forth herein.

**SECTION 7. PREPAYMENT.** Subject to the broken funding surcharge provision of the MLA, the Company may, on one Business Day’s prior written notice, prepay all or any portion of the loan(s). Unless otherwise agreed by CoBank, all prepayments will be applied to principal installments in the inverse order of their maturity and to such balances, fixed or variable, as CoBank will specify.

**SECTION 8. SECURITY.** Except for CoBank’s lien on the Company’s equity in CoBank, the Company’s obligations hereunder and, to the extent related hereto, under the MLA, will be unsecured.

**SECTION 9. FEES. INTENTIONALLY OMITTED.**

**SECTION 10. NON-PATRONAGE.** Notwithstanding any provisions in the MLA or CoBank’s Bylaws and Capital Plan to the contrary, the loan(s) evidenced by this Supplement shall be made on a non-patronage basis. Therefore, any amounts advanced hereunder shall not be included in the annual average accruing loan volume calculation for purposes of determining Company’s patronage refund, if any.

**SIGNATURE PAGE FOLLOWS**

CUMBERLAND VALLEY ELECTRIC, INC.  
Gray, Kentucky  
Supplement No. RI0628T05

**SIGNATURE PAGE TO SUPPLEMENT**

**IN WITNESS WHEREOF**, the parties have caused this Supplement to the MLA to be executed by their duly authorized officer(s).

**CUMBERLAND VALLEY ELECTRIC, INC.**

By: Ted Hampton

Name: Ted Hampton

Title: President + CEO

9-17-18  
JH



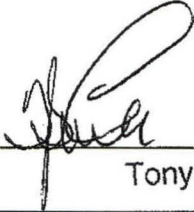
CUMBERLAND VALLEY ELECTRIC, INC.  
Gray, Kentucky  
Supplement No. RI0628T05

**SIGNATURE PAGE TO SUPPLEMENT**

**IN WITNESS WHEREOF**, the parties have caused this Supplement to the MLA to be executed by their duly authorized officer(s).

**COBANK, ACB**

By:



Name:

Tonya Butler

Title:

Assistant Corporate Secretary

CUMBERLAND VALLEY ELECTRIC, INC.  
Gray, Kentucky  
Supplement No. RI0628T05

**EXHIBIT A**

To Supplement No. RI0628T05

**DESCRIPTION OF EXISTING LOAN(S) TO BE REFINANCED**

The Existing Loan(s) is/are as follows:

<b>COBANK</b>	<b>LOAN DESIGNATION</b>
RUS	RET 5-1
RUS	RET 5-2