

COMMONWEALTH OF KENTUCKY
BEFORE THE ENERGY REGULATORY COMMISSION

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In the Matter of

THE APPLICATION OF HENDERSON-UNION)
RURAL ELECTRIC COOPERATIVE CORPORATION)
FOR PERMISSION TO BORROW FROM THE UNITED)
STATES OF AMERICA \$2,771,000.00 AND FROM)
NATIONAL RURAL UTILITIES COOPERATIVE FINANCE) CASE NO. 7762
CORPORATION \$1,250,000.00 AND TO ISSUE ITS)
NOTES THEREFOR AND FOR A CERTIFICATE OF)
CONVENIENCE AND NECESSITY)

O R D E R

Henderson-Union Rural Electric Cooperative Corporation (Henderson-Union) filed its application on March 4, 1980, for a certificate of convenience and necessity and for authorization to borrow the sum of two million seven hundred seventy one thousand dollars (\$2,771,000) from the United States of America Rural Electrification Administration (REA) and the sum of one million two hundred fifty thousand dollars (\$1,250,000) from the National Rural Utilities Cooperative Finance Corporation (CFC), and to execute its notes and mortgages as security therefor. The funds acquired by these borrowings are to be used to make system improvements and to extend service to new customers. These improvements and additions, which are estimated to cost \$3,958,500 are more specifically described in the application and record.

The matter was set for hearing on March 12, 1980 at 10:30 a.m. Eastern Standard Time, in the offices of the Energy Regulatory Commission at Frankfort, Kentucky. The hearing was held as scheduled and all parties of interest were allowed to be heard. There were no intervenors and no protests were entered.

The Energy Regulatory Commission, after consideration of the application and all evidence of record, and being advised, is of the opinion and FINDS:

1. That public convenience and necessity require that such construction as is proposed in the application and record be performed and that a certificate of convenience and necessity should be granted.
2. That the proposed borrowings are for a lawful object

within the corporate purposes of the utility, are necessary and appropriate for and consistent with the proper performance by the utility of its service to the public, and will not impair its ability to perform that service, and are reasonably necessary and appropriate for such purpose.

IT IS THEREFORE ORDERED that Henderson-Union be and it is hereby granted a certificate of public convenience and necessity to proceed with the construction as set forth in the application and record.

IT IS FURTHER ORDERED that Henderson-Union be and hereby is authorized to borrow a sum in the principal amount of \$2,771,000 from REA at the rate of five percent (5%) per annum over a thirty-five (35) year period with payments of principal being deferred for three (3) years.

IT IS FURTHER ORDERED that Henderson-Union be and it is hereby authorized to borrow a sum in the principal amount of \$1,250,000 from CFC at the initial interest rate of nine and one half percent (9½%) per annum, but which may vary from time to time over the life of the loan, over a period of thirty-five (35) years.

IT IS FURTHER ORDERED that Henderson-Union be and it is hereby authorized to execute its notes and mortgages as security for the loans authorized herein.

IT IS FURTHER ORDERED that the proceeds from the proposed borrowings shall be used only for the lawful objects as set out in the application and record.

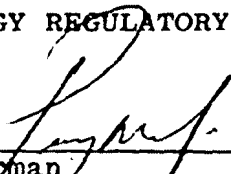
IT IS FURTHER ORDERED that Henderson-Union shall, as soon as reasonably possible, file with the Commission a copy of the correspondence from REA approving the loan.

IT IS FURTHER ORDERED that Henderson-Union shall submit semi-annual reports to the Commission setting forth in detail the status of the construction authorized herein as well as the status of the funds authorized for said construction.

Nothing herein contained shall be deemed a warranty or finding of value of securities or financing authorized herein on the part of the Commonwealth of Kentucky or any agency thereof.

Done at Frankfort, Kentucky, this 28th day of March, 1980.

ENERGY REGULATORY COMMISSION



Chairman



Vice Chairman



Commissioner

ATTEST:

Secretary