

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF HENDERSON-UNION RURAL)
ELECTRIC COOPERATIVE CORPORATION FOR)
AUTHORIZATION TO BORROW \$1,229,897.00 FROM)
NATIONAL RURAL UTILITIES COOPERATIVE) CASE NO. 10487
FINANCE CORPORATION AND TO ISSUE ITS)
EVIDENCES OF INDEBTEDNESS THEREFOR AND FOR)
CERTIFICATE OF CONVENIENCE AND NECESSITY)

O R D E R

IT IS ORDERED that Henderson-Union Rural Electric Cooperative Corporation ("Henderson-Union") shall file an original and 6 copies of the following information with this Commission, with a copy to all parties of record within 10 days from the date of this Order. If the information cannot be provided by this date, you should submit a motion for an extension of time stating the reason a delay is necessary and include a date by which it will be furnished. Such motion will be considered by the Commission.

1. Provide a copy of the loan agreement between Henderson-Union and the National Rural Utilities Cooperative Finance Corporation ("CFC").

2. Provide a detailed description of any other financing options that were considered in securing the CFC loan. This response should include the reason(s) that CFC financing was selected over other options as well as the results of any studies conducted which support the use of CFC financing.

3. What consideration has Henderson-Union given to the various loan programs available through CFC? Explain which option Henderson-Union anticipates selecting at this time.

4. Provide the current interest rates on both CFC fixed rate and variable rate loans.

5. Provide the additional debt service requirements associated with the Rural Electric Administration ("REA") loan and the CFC loan.

6. Provide an amortization schedule of the proposed loan from CFC using the current interest rates for variable and fixed loans.

7. Will Henderson-Union be able to meet its increased debt service requirements with the revenues generated by its existing rates? Please explain.

8. Provide documentation which indicates that the loans have been approved by the REA and CFC.

9. On page 11 of the 1989-1990 Work Plan, Henderson-Union states that rural substations will be penalized in the near future if they do not maintain at least a 90 percent power factor. Explain in detail the basis for this statement.

Done at Frankfort, Kentucky, this 22nd day of December, 1988.

PUBLIC SERVICE COMMISSION

ATTEST:


For the Commission

Executive Director