

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF HENDERSON-UNION)	
RURAL ELECTRIC COOPERATIVE CORPOR-)	
ATION TO CONVERT NATIONAL RURAL)	CASE NO. 90-024
UTILITIES COOPERATIVE FINANCE)	
CORPORATION'S NOTE FROM A VARIABLE)	
RATE TO A FIXED RATE)	

O R D E R

IT IS ORDERED that Henderson-Union Rural Electric Cooperative Corporation ("Henderson-Union") shall file the original and six copies of the following information with this Commission, with a copy to all parties of record, within 14 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 board of directors' resolution requesting the interest rate conversion from the National Rural Utilities Cooperative Finance Corporation ("CFC").

2. Provide a copy of any analysis performed by Henderson-Union with regard to the projected net savings from the conversion of the loan from the variable to fixed rate program.

a. If a present value analysis was performed, provide a detailed explanation of how the variables used in the analysis

were determined, such as the discount rate. Include all supporting workpapers.

b. If a present value analysis was not performed, provide a detailed explanation as to why such an analysis was not performed.

3. Provide the effective date of the conversion of the loan from the variable interest rate to the fixed rate program.

4. Provide the amount and date of principal payments originally scheduled for the loan. Include a schedule reflecting any changes resulting from previous conversions and the proposed conversion to the fixed rate program.

5. Provide the interest rate in effect under the variable rate program for the loan just prior to the conversion effective date.


6. Provide the outstanding balance for the loan as of February 1, 1990.

7. Explain what Henderson-Union's expectation is concerning interest rates over the next few years. Will rates be increasing or decreasing?

8. In correspondence filed with the Commission on January 31, 1990, Henderson-Union stated, "...it is our opinion that to stabilize the interest cost on this note for the next seven years is in the best interest of Henderson-Union." Explain the assumptions and conclusions on which this statement was based.

Done at Frankfort, Kentucky, this 6th day of March, 1990.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director