COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

HENDERSON-UNION RURAL ELECTRIC COOPERATIVE CORPORATION)) CASE NO. 92	-136
ALLEGED FAILURE TO COMPLY WITH KRS 278.020(1))))	

SHOW CAUSE ORDER

Henderson-Union Rural Electric Cooperative Corporation ("Henderson-Union"), a Kentucky corporation engaged in the distribution of electricity to or for the public, for compensation, for lights, heat, power, or other uses, is a utility under the jurisdiction of the Commission pursuant to KRS 278.010(3)(a) and 279.210(1).

KRS 278.020(1) provides, in pertinent part, that:

person, partnership, public or No private corporation or combination thereof shall begin of any plant, equipment, property construction facility for furnishing to the public any of the enumerated in KRS 278.010, except retail services suppliers for service connections electric electric-consuming facilities located within certified territory and ordinary extensions of existing systems in the usual course of business, until such person has obtained from the public service commission a certificate that public convenience and necessity require such construction.

On September 16, 1991, Henderson-Union tendered for filing an application, pursuant to KRS 278.300 and KRS 278.020(1), for authority to issue evidences of indebtedness and to construct the

utility facilities described in its 1991-1993 Work Plan, The application was accepted for filing on October respectively. 25, 1991 and docketed as Case No. 91-334. Included with its application was REA Form 740c, Cost Estimates and Loan Budget For Electric Borrowers, which showed that one of the expenditures for \$1.5 million for the funds were being sought was which loan construction of a new headquarters building. See Exhibit A attached hereto. Henderson-Union subsequently disclosed that it "is in the process of moving its operations to a new headquarters after the first of the year." See Henderson-Union Motion for Extension of Time, filed December 16, 1991, Exhibit B attached hereto.

Henderson-Union's new headquarters building was not described in its 1991-1993 Work Plan and, consequently, was not included within its request for a Certificate of Public Convenience and Necessity in Case No. 91-334. A review of the Commission's records indicates that no request for such a certificate for the new headquarters building was ever filed. Based on a review of the information provided by Henderson-Union in Case No. 91-334, and being advised, the Commission finds that a prima facie case has been made that Henderson-Union violated KRS 278.020(1) by beginning the construction of a utility facility, i.e. a

Case No. 91-334, The Application of Henderson-Union Rural Electric Cooperative Corporation for Authorization to Borrow \$1,540,000.00 From National Rural Utilities Cooperative Finance Corporation and to Issue Its Evidences of Indebtedness Therefor and For Certificate of Convenience and Necessity.

headquarters building, without first obtaining a Certificate of Public Convenience and Necessity.

The Commission, on its own motion, HEREBY ORDERS that:

- 1. Henderson-Union shall appear at a hearing on April 30, 1992, at 9:30 a.m., Eastern Daylight Time, in Hearing Room 1 of the Commission's offices at 730 Schenkel Lane, Frankfort, Kentucky, to show cause why it should not be subject to the penalties prescribed in KRS 278.990 for the probable violation of KRS 278.020(1).
- 2. Henderson-Union shall file within 14 days of the date of this Order a written response to the probable violation noted herein.
- 3. The record of Case No. 91-334 shall be incorporated herein by reference.

Done at Frankfort, Kentucky, this 3rd day of April, 1992.

PUBLIC SERVICE COMMISSION

Chairman

Vice Chairman

Complete Const

ATTEST:

Acting Executive Director

Parties reporting burdon for this enlication of information is uninstand to overage 10 hours per response, including the time for reviewing unavanisms, exercising data increase, general maintaining the data annulus, and enceptaing and reviewing the exhibition of information. Send annulus including this burdon entires or any other expect of this collemns of information, including augustions for reducing this burdon, to Occurrence of Agriculture, Consument Officer, ORDE, Room 404-W, Weshington, DC 20230; and to the Office of Management and Budget, Paperwerk Reducine Project (ORDE 2027-2023), Walkington, DC 20230. OMB FORM NO. 6572-6623, Expires 6572473.

This data will be used by REA to review your financial situation. Four superiors of required (7 U.S.C. 90) at any, and is not confidencial.

USDA-REA	Form Approved OMB No. 0372-0032 (1991-93 Work Plan)			
COST ESTIMATES AND LOAN BUDGET	BORROWER AND LOAN DESIGNATION			
FOR ELECTRIC BORROWERS	KY 55 AS6			
To: U. S. Dept. of Agriculture, REA, Washington, O. C. 20250 INSTRUCTIONS - See reverse side of each sheet.	July 1991	OF: (Month, Year)	1	
SECTION A. COST ESTIMATES	LOAN PERIOD: 2 YEARS			
1. DISTRIBUTION 100	 -	BORROWER'S COST ESTIMATES	REA USE ONLY	
a. New Line: (Excluding Tie-Lines)				
Construction Conjumers 30	Miles 7.0	45,000	1_	
Underground 30 Overhead 700	34.8	840,000	3	
Total Consumers 730 Total A	44.0			
Subtotal		. \$ 885,000	3	
b. New Tie-Lines				
Line Designation	Miles			
		<u> </u>	S	
			·	
			ļ	
		 	 	
Total h	tiles .			
Subtotal		. \$	\$	
c. Conversion and Line Changes 300				
Attachment Line Designation	Miles	1,355,065	s	
		1 1,000,000		
·		ļ	 	
			 	
			 	
Subtotul		1,355,065	3	
d. New Substations, Switching Stations, Metering Points, etc.				
Station Designation kVA	kV to kV	1_		
		*	3	
			 	
			*,	
			 	
		 	 	
			 	
			·	
Subtotal .			• • • • • • • • • • • • • • • • • • • •	

COST ESTIMATE AND LOAN BUDGET FOR ELECTRIC BORROWERS BORROWER AND LOAN DESIGNATION KY 55 AS6 H-U			
SECTION A. COST ESTIMATES (cont.)		BORROWER'S COST ESTIMATES	REA USE ONLY
e. Substation, Switching Station, Metering Point Changes	1		
Station Designation Description of Changes			l
]	3	
	\		
	;		
	\		
Subtotal	<u>.</u>]	8	
f. Miscellaneous Distribution Equipment 600			
(1) Transformers and Meters]		
	E73		
Underground 15	30	11,850	3
	60	387,950	
602 (2) Sets of Service Wires to Increase Capacity 120		102,000	
603 (3) Sectionalizing Equipment		134,000	
(4) Regulators			
505 (5) Canacitors		9,600	
606 (6) Ordinary Replacements 1000 Polles		375,000	
607 (7) Autotransformers 6 - 1000 KVA		69,000	
608 (s) Clearance Poles - 250		200,000	
(9)			
(10)	·······	······	
Subtotal		1 ,289,400	\$
# Other Distribution Items 700			
701 (1) Engineering Fees 350		1	3
701 (2) Security Lights 350	i	105,000	
(3)	······		
(4)		TAP 808	
Subtotal		s 105,000	3
		3,634,465	\
TOTAL DISTRIBUTION .		\$ 3,034,405	<u>.</u> \$
2. TRANSMISSION			{
a. New Line	_		
Line Designation Voltage Wire Size	Miles	Į	ł l
		<u> </u>	<u> </u>
			[
			
			
			
		 	
			
		 	
		 	
			
Total Miles		!	1
		l .	l
		L#	I (0

COST ESTIMATE AND LOAN BUDGET FOR ELECT	RIC BORROWERS	CORROWER AND LOA	N DESIGNATION KY	55_AS6_H-U
SECTION A. COST ESTIMATES (cont.)			BORROWER'S COST ESTIMATES	rea use only
b. New Substations, Switching Stations, etc. <u>Station Designation</u>	_kYA_	kV to kV	8	
				<u> </u>
Subtotal			3	8
Line / Station Designation		of Changes		*
Subtotal				•
d. Other Transmission Items (1) R / W Procurement			•	
(2) Engineering Fees				
(4)	<u> </u>	·		
(6)				<u> </u>
Subtotal				
		AISSION	8	8
GENERATION (Including Step-up Station at Plant) Fuel Nameplate		kW	s	•
b				
	TOTAL GENERA	TION	2	
1300 4. HEADQUARTERS FACILITIES a. New or additional Facilities (Attach REA Form	740g)		1,500,000	
b				!
	AL HEADQUART	ERS FACILITIES .	1,500,000	

COST ESTIMATES AND LOAN BUDGET JR ELECTRIC BORROWERS BORROWER AND J	AN DESIGNATION K	7 55 AS6 H-U	
SECTION A. COST ESTIMATES (cont.)	BORROWER'S COST ESTIMATES	REA USE ONLY	
5. ACQUISITIONS a Consumers Miles	3	8	
	\$	3	
6. ALL OTHER	3	2	
b			
d			
TOTAL ALL OTHER	<u>s</u>		
SECTION B. SUMMARY OF AMOUNTS AND SOURCES	OF FINANCING		
1. GRAND TOTAL-ALL COSTS	\$,5,134,465	\$	
b. Materials and Special Equipment	3 5 124 000	3	
3. NEW FINANCING REQUESTED FOR FACILITIES	\$ 5,134,000		
4. REA LOAN REQUESTED FOR FACILITIES	1,587,629	1 2	
CCC		7	
Name of Supplemental Lender		t	
6 CARTAL TERM CERTIFICATE BURCHASES (CERTion cubi) (3%)	\$ 47,629	<u> </u>	
7. SUPPLEMENTAL LOAN REQUESTED FOR FACILITIES	± 1,540,000	\$	
8. 100 % SUPPLEMENTAL LOANS (See REA Butletin 20-14, Att C)*	[\$	1.5	
eldentity in Section A by budget purpose and separate subtotals. SECTION C. CERTIFICATION			
We, the undersigned, cartify that: 1. Upon completion of the electrical facilities contained herein and any others ur . financing is available, the system will be capable of adequately and dependable loan period as contained in our current REA approved Power Requirement Sti 2. Negotiations have been or will be initiated with our power supplier, where nec and/or additional capacity at existing ones to adequately supply the projected is based. 3. The data contained herein and all supporting documents have, to the best of n	y serving the projected udy and Construction I essary, to obtain new a load upon which this I	load for the Work Plan. lelivery points oan application	
and in accordance with REA Bulletin 20-2. August 22, 1991			
Date Signature of Box August 22, 1991 Date Signature of Box	mower's Manager Ower's President		
UCNOCOCON UNION DUDAL ELECTOTO COODEDATIVE CODDODATION			
HENDERSON-UNION RURAL ELECTRIC COOPERATIVE CORPORATION			
Corporate Name of Borrower			

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 \$1,540,000.00 FROM NATIONAL)
RURAL UTILITIES COOPERATIVE
FINANCE CORPORATION AND TO ISSUE
ITS EVIDENCES OF INDEBTEDNESS
THEREFOR AND FOR A CERTIFICATE OF
CONVENIENCE AND NECESSITY

CASE NO. 91-334

MOTION FOR EXTENSION OF TIME

Now comes the applicant, by counsel, and moves for an extension of time to and including Monday, January 20, 1992, in order to comply with the Commission's order entered herein on December 9, 1991.

this motion applicant grounds for the respectfully states that it would be unduly burdensome on the applicant, if not literally impossible to comply with the terms of the order by the deadline set forth in the order which is December 19, 1991; that normal end-of-the-year business activity requires additional time of the applicant's personnel, including those persons who are responsible for compiling the data and making the responses necessitated by the order; and that the applicant is in the process of moving its operations to new headquarters shortly after the first of the year which is necessitating additional time and attention of applicant's personnel.

WHEREFORE, applicant moves for an extension of time to and including January 20, 1992, to comply with the subject order and further requests all appropriate relief.

DORSEY, SULLIVAN, KING, GRAY & NORMENT 318 Second Street Henderson, Kentucky 42420 (502) 826-3965 Attorneys for Henderson-Union Rural

Electric Copperative Corporation

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