

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))	

O R D E R

By Order dated April 3, 1992, the Commission initiated this proceeding and directed Henderson-Union Rural Electric Cooperative Corporation ("Henderson-Union") to show cause, if any it could, why it should not be subject to the penalties prescribed by KRS 278.990 for constructing a new headquarters building without obtaining a Certificate of Public Convenience and Necessity, pursuant to KRS 278.020(1).

A hearing was scheduled on the probable violation noted but, upon motion of Henderson-Union, the hearing was held in abeyance and an informal conference was held at the Commission's offices on April 30, 1992.

Henderson-Union appeared at the informal conference and provided documentation to support its need for a new headquarters building. Based on the evidence filed by Henderson-Union, a written Stipulation of Procedure and Facts ("Stipulation") was signed by Henderson-Union and Commission's staff and filed on July 10, 1992. The Stipulation sets forth a recitation of the facts pertinent to this proceeding and expresses Henderson-Union's desire

to not contest the probable violation noted if the Commission approves the Stipulation and accepts Henderson-Union's payment of a civil penalty in the amount of \$250.

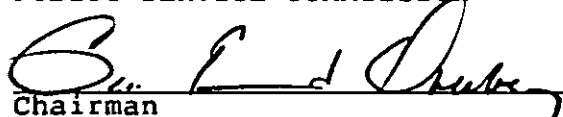
Determining whether the results of the Stipulation are in the public interest and are reasonable, the Commission has taken into consideration the nature of the probable violation and the fact that the cost of the new headquarters building exceeded \$3 million. Based on the evidence of record, the Commission hereby finds that the amount of the penalty as set forth in the Stipulation is insufficient, thereby rendering the Stipulation to be not in the public interest.

IT IS THEREFORE ORDERED that:

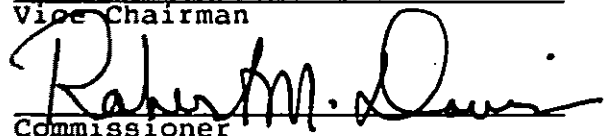
1. The Stipulation be and it hereby is rejected.
2. A hearing on the probable violation noted in the Commission's April 3, 1992 Order be and it hereby is scheduled on September 1, 1992 at 1:30 p.m., Eastern Daylight Time, in Hearing Room 1 of the Commission's offices at 730 Schenkel Lane, Frankfort, Kentucky.

Done at Frankfort, Kentucky this 11th day of August, 1992.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director