

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF HENDERSON-UNION)
RURAL ELECTRIC COOPERATIVE)
CORPORATION FOR AN AMENDMENT TO)
PRIOR ORDERS OF THE COMMISSION) CASE NO. 92-193
AUTHORIZING ISSUANCE OF EVIDENCE)
OF INDEBTEDNESS)

O R D E R

IT IS ORDERED that Henderson-Union Rural Electric Cooperative Corporation ("Henderson-Union") shall file an original and six copies of the following information with this Commission, with a copy to all parties of record within 7 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. Concerning the conversion fees for each loan, provide the following information:

a. Explain how the fee for each loan was calculated. Include any correspondence from the National Rural Utilities Cooperative Finance Corporation ("CFC") which shows the calculations.

b. Explain whether the conversion fees are to be paid in lump sum or spread over several periods. If Henderson-Union has an option on the payment of the conversion fees, indicate

which option it plans to choose and explain the reason(s) for the choice.

c. Explain how Henderson-Union plans to pay the conversion fees (general funds, short-term borrowings, etc.).

2. Provide copies of Henderson-Union's board of directors' resolutions concerning the proposed loan interest rate conversion.

3. Concerning Henderson-Union's evaluation of variable interest rates, provide the following information:

a. Henderson-Union has prepared an analysis for each loan based on the assumption that the variable interest rate will begin increasing .25 percent each quarter, beginning with the third quarter. Explain whether Henderson-Union would characterize this analysis as a "worst-case" or "most likely" scenario, based on its opinion concerning the future of variable interest rates.

b. Explain what Henderson-Union's general expectations are for variable interest rates during the next 12 quarters.

Done at Frankfort, Kentucky, this 12th day of May, 1992.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director, Acting