COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE CONTRACT FOR ELECTRIC SERVICE BETWEEN HENDERSON-UNION RURAL ELECTRIC COOPERATIVE CORPORATION AND COSTAIN COAL COMPANY	))))	CASE NO. 93-229

O R D E R

On June 3, 1993, Henderson-Union Rural Electric Cooperative Corporation ("Henderson-Union") filed with the Commission a contract to provide electric service at an economic development rate to Costain Coal Company's East Portal site.

The Commission finds that, pursuant to KRS 278.190, further proceedings are necessary in order to determine the reasonableness of the proposed contract.

IT IS THEREFORE ORDERED that:

1. The proposed contract be and it hereby is suspended for five months from July 3, 1993 up to and including December 2, 1993.

2. Henderson-Union shall file, within 15 days of the date of this Order, its responses to the request for information set forth in Appendix A, attached hereto.

3. Nothing contained herein shall prevent the Commission from entering a final decision in this case prior to the termination of the suspension period.

Done at Frankfort, Kentucky, this 1st day of July, 1993.

PUBLIC SERVICE COMMISSION

For the Commission

ATTEST:

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 93-229 DATED July 1, 1993.

1. Has Big Rivers Electric Corporation ("Big Rivers"), Henderson-Union s wholesale power supplier, agreed to give Henderson-Union a monthly demand credit equal to the demand credit Costain Coal Company ("Costain") would receive from Henderson-Union under the proposed contract? If yes, provide the agreement between Big Rivers and Henderson-Union.

2. Addendum 1 refers to facilities to be provided by seller. Will the facilities referenced in Sections 1.21 and 1.22 of the addendum be furnished and installed by Henderson-Union or by Big Rivers? Explain in detail Big Rivers' role and level of participation in providing service at Costain's East Portal site.

3. Addendum 2 refers to the demand credit which Costain would receive under the proposed agreement. Such a credit falls under the guidelines established in Administrative Case No. 327, An Investigation Into the Implementation of Economic Development Rates by Electric and Gas Utilities. Those guidelines were enumerated in Findings 3 through 17 of the Commission's Order dated September 24, 1990 and applied to all EDR filings. Henderson-Union should supplement its agreement with the necessary documentation and analysis to comply with the guidelines applicable to this agreement.

4. Addendum 3 refers to the possible termination of the proposed agreement and the related charges.

a. Provide the estimated amount of the actual investment that will be required to construct and install the transmission line facilities necessary to serve Costain's East Portal site. This should be itemized by major plant account.

b. Explain the purpose and derivation of the 90 cent per KW termination credit that would be given to Costain under the stated termination scenario.

5. a. Has Henderson-Union made any additional arrangements to ensure that it (or Big Rivers) will be reimbursed for the cost of facilities constructed specifically to serve Costain?

b. Explain why Henderson-Union has not required Costain to provide additional security to ensure reimbursement of the cost of facilities in the form of a lien on property, surety bond, letter of credit, etc.

6. Explain why the addenda to the agreement have not been formally executed and signed by the parties.