

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

* * * * *

In the Matter of:

IN THE MATTER OF THE APPLICATION OF)
THE HENDERSON-UNION RURAL ELECTRIC)
COOPERATIVE CORPORATION FOR PERMISSION)
TO BORROW FROM NATIONAL RURAL) CASE NO. 9477
UTILITIES COOPERATIVE FINANCE)
CORPORATION \$935,052 AND TO ISSUE ITS)
NOTES THEREFOR AND FOR A CERTIFICATE)
OF CONVENIENCE AND NECESSITY)

O R D E R

IT IS ORDERED that Henderson-Union Rural Electric Cooperative Corporation ("Henderson-Union") shall file the following information by January 23, 1986, or within 2 weeks of the date of this Order, whichever is later. If the information is not filed within the stated time, the case may be dismissed.

1. Provide a copy of the loan agreement between Henderson-Union and the National Rural Utilities Cooperative Finance Corporation ("CFC").

2. Provide a detailed description of any other financing options that were considered in securing the CFC loan. This response should include the reason(s) that CFC financing was selected over other options as well as the results of any studies conducted which support the use of CFC financing.

3. What consideration was given to the use of the variable interest rate loan program available through CFC? Explain why a fixed rate loan was selected rather than a variable rate loan.

4. Provide the additional debt service requirements associated with the REA loan and the CFC loan.

5. Provide an amortization schedule of the proposed \$935,052 loan from CFC.

6. Provide the current interest rates on both CFC fixed rate and variable rate loans.

7. Will Henderson-Union be able to meet its increased debt service requirements with the revenues generated by its existing rates?

Done at Frankfort, Kentucky, this 10th day of January, 1986.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:

Secretary