

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 (AMENDED TO)
\$1,090,000) FROM NATIONAL RURAL) CASE NO. 91-334
UTILITIES COOPERATIVE FINANCE)
CORPORATION AND TO ISSUE ITS)
EVIDENCES OF INDEBTEDNESS)
THEREFORE AND FOR A CERTIFICATE OF)
CONVENIENCE AND NECESSITY)

INTERIM ORDER

Henderson-Union Rural Electric Cooperative Corporation ("Henderson-Union") filed its application on October 25, 1991 for a Certificate of Public Convenience and Necessity to construct certain improvements and additions to its existing plant, for approval to borrow \$1,123,711¹ from the National Rural Utilities Cooperative Corporation ("CFC"), and to execute its notes to secure such loan.

In support of its application, Henderson-Union filed its 1991-1993 Work Plan, which describes in detail the improvements and additions to plant that are required over the next 2 years to

¹ The borrowing from CFC includes the purchase of capital term certificates, in an amount equal to 3 percent of the total CFC loan. CFC requires its borrowers to purchase these certificates. The purchases required of Henderson-Union for this loan total \$33,711. The total amount of the REA and CFC loans equals \$3,667,711.

service its load. These improvements and additions are estimated to cost \$3,634,465 and will be financed by loans of \$2,544,000 from the Rural Electrification Administration ("REA") and of \$1,123,711 from CFC.

Henderson-Union seeks authorization to construct extensions and additions to its plant as follows:

1. Conversion, Tie Lines and Line Changes	\$1,014,265
2. Line Reinsulation	340,800
3. Sectionalizing Devices	134,000
4. New Construction ²	1,241,600
5. Increased Service Capacity	145,200
6. Clearance Poles	200,000
7. Security Lights	105,000
8. Ordinary Pole Replacements	375,000
9. Capacitors	9,600
10. Autotransformers	<u>69,000</u>
TOTAL	\$3,634,465

The proposed construction will enable Henderson-Union to continue to provide adequate and dependable service to its customers. The system improvements recommended in this Work Plan

² The new construction includes 7 miles of single phase underground line, 30 meters, 15 transformers to serve 30 new members and 34.8 miles of single phase overhead line, 700 meters, and 455 transformers to serve 700 new members.

will not duplicate existing facilities and are needed to correct voltage problems, improve phase balance, and increase service reliability.

Henderson-Union has advised the Commission that REA and CFC have yet to issue final authorization for the proposed loans. Therefore, the Commission will defer ruling on the proposed borrowing from CFC. Henderson-Union should notify the Commission when it has received the requisite final loan approvals from REA and CFC. Its request for authorization to borrow from CFC will be considered at that time.

Based on the evidence of record and being otherwise sufficiently advised, the Commission finds that public convenience and necessity require the construction by Henderson-Union of the improvements and additions to its existing plant as described in its 1991-1993 Work Plan.

IT IS THEREFORE ORDERED that:

1. Henderson-Union be and it hereby is granted a Certificate of Public Convenience and Necessity to proceed with the construction and addition as set forth in its 1991-1993 Work Plan.

2. Henderson-Union's application for authorization to borrow \$1,123,711 from CFC and to execute notes to secure such loan is continued generally.

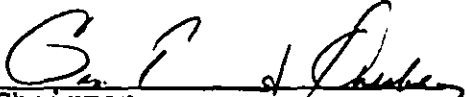
3. Henderson-Union shall inform the Commission every 60 days of the status of its loan from CFC until it receives final loan approval.

4. Within 10 days of its receipt of final loan approval,


Henderson-Union shall notify the Commission in writing of the final loan approvals received from REA and CFC.

Done at Frankfort, Kentucky, this 13th day of April, 1992.

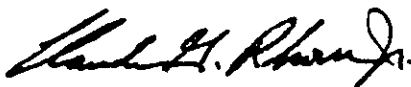
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:



Executive Director