

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF HENDERSON UNION ELECTRIC)
COOPERATIVE CORPORATION FOR AUTHORIZATION TO)
BORROW \$3,345,000.00 FROM NATIONAL RURAL UTILITIES) CASE NO.
COOPERATIVE FINANCE CORPORATION AND TO ISSUE ITS) 97-401
EVIDENCES OF INDEBTEDNESS THEREFOR AND FOR)
CERTIFICATE OF CONVENIENCE AND NECESSITY)

O R D E R

IT IS ORDERED that Henderson Union Electric Cooperative Corporation ("Henderson Union") shall file the original and five copies of the following information with the Commission with a copy to all parties of record within 15 days from the date of this Order.

1. Describe in detail any financing sources other than National Rural Utilities Cooperative Finance Corporation ("CFC") that Henderson Union considered in securing the supplemental financing requested herein. 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.

2. Provide the additional debt service requirements associated with the Rural Utilities Service ("RUS") loan and the CFC loan, using the RUS interest rate and the current CFC variable and fixed interest rates.

3. Provide an amortization schedule for the proposed CFC loan using the current rates for variable and fixed loans.

4. Explain how Henderson Union will be able to meet its increased debt service requirements with the revenues generated by its existing rates.

5. Explain how Henderson Union's current revenues are sufficient to cover the additional operating expenses it expects to incur related to the work plan.

6. Provide a copy of the Long Range Financial Forecast filed with RUS to support the proposed financing.

7. Concerning the purchase of the CFC Capital Term Certificate ("Certificate"), provide:

a. The calculations which support the rate for and the amount of Certificate purchases for the proposed loan.

b. Which option does Henderson Union plan to use in the purchase?

(1) Why was this option selected?

8. Describe the interest rate options currently available to Henderson Union through CFC and provide copies of documents from CFC describing them.

9. If the advance of funds from this proposed loan were made by the date of Henderson Union's response to this Order, which loan program would Henderson Union select? Explain Henderson Union's reasoning for this selection and provide all economic studies and analyses used to make this selection.

10. Provide documentation which indicates that the loans have been approved by RUS and CFC.

11. Provide a copy of Henderson Union's mortgage agreement with CFC, noting the differences between the current agreement and the previous mortgage agreement. If the mortgage agreement has not changed, state that no changes have been made and identify the most recent case in which the current mortgage agreement was filed.

12. Concerning the actual work performed under the 1997-1999 Work Plan:
- a. When did Henderson Union begin construction under the 1997-1999 Work Plan?
 - b. How much has Henderson Union spent on the 1997-1999 Work Plan, as of the date of its response to this Order?
13. a. Has Henderson Union compared actual measured voltage and the calculated voltage to determine the accuracy of the voltage drop studies?
- b. If yes, provide the voltage readings and indicate the substation, line section, and date on which each reading was taken. If the actual reading differs from the calculated voltage by more than three volts, explain the reason for the difference.
 - c. If no, explain why not.

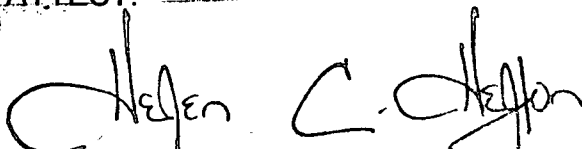
Done at Frankfort, Kentucky, this 5th day of December, 1997.

PUBLIC SERVICE COMMISSION



For the Commission

ATTEST: _____



Executive Director