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OCT 24 1996

P.S.C.

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PUBLIC SERVICE
COMMISSION

SERVICE AGREEMENT

THIS AGREEMENT made and entered into this 14th day of August, 1996, by and between HENDERSON UNION ELECTRIC COOPERATIVE, P.O. Box 18, Henderson, Kentucky 42420 (hereinafter referred to as "Seller"), and HUDSON FOODS, INC., 1225 Hudson Road, Rogers, Arkansas 72757 (hereinafter referred to as "Customer");

WITNESSETH: That for and in consideration of the premises and the mutual covenants herein contained, the parties do hereby agree as follows:

1. GENERAL OBLIGATIONS

Seller shall make available, sell, and deliver to the Customer, and Customer shall take and pay for all of the electric power and energy as specified herein and required by Customer in the operation of its facilities described upon Exhibit A hereto, at the rates and upon the terms and conditions herein specified.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

NOV 29 1996

PURSUANT TO 007 KAR 0011,
SECTION 6 (1)
BY Shirley Thomas
DIRECTOR, RATE & RESEARCH DIV.

2. MEMBERSHIP

2.01 Member

(a) Customer shall become a member of Seller, shall pay the membership fee of \$25.00, and shall be bound by such rules and regulations as may from time to time be adopted by Seller.

(b) Customer's representative will become a member of Seller's advisory board and if elected according to Seller's rules and regulations a member of Seller's Board of Directors.

3. SERVICE CHARACTERISTICS

3.01 Type

Service hereunder shall be alternating current, three-phase, four-wire, 60 hertz, at approximately 480 volts, as described upon Exhibit A and otherwise of a quality consistent with prudent operating practices and Kentucky Public Service Commission standards in order that service provided hereunder will not have an adverse effect on Customer's facilities.

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OF KENTUCKY
EFFECTIVE

NOV 28 1995

3.02 Delivery Point

The point of delivery of the power and energy made available hereunder shall be at the 25 kV breaker(s) in Seller's substation, as described upon Exhibit A.

PURSUANT TO KCF BAR 6011,
BY _____
PRESIDENT/GENERAL MANAGER

The 25 kV breaker(s) within Seller's substation are located on the low side of Seller's substation transformer served by Seller's transmission system.

3.03 Service Restriction

Subject to the other terms and conditions hereof, Customer shall not use the electric power and energy furnished hereunder as an auxiliary or supplement to any other source of purchased power except electric power and energy generated on Customer's plant site.

3.04 Maximum Demand

The maximum instantaneous demand of Customer during the term of this agreement, or any extension hereof, shall be 10,000 kW. Upon six (6) months written notice of Customer, the maximum demand shall be increased to a level sufficient to meet Customer's needs. The minimum incremental increases shall be determined by mutual agreement.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EXECUTIVE

NOV 23 1996

3.05 Electric Disturbance and Phase Balancing

(a) Customer shall not use the energy delivered hereunder in such a manner as to cause electric disturbances which may reasonably be expected to (i) cause damage or interference with Seller's system, systems connected with Seller's system, or facilities or other property in proximity to Seller's system, or (ii) prevent Seller from serving other customers satisfactorily.

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BY [Signature]
PUBLIC SERVICE COMMISSION

(b) Seller may require Customer, at Customer's expense, to make such changes in its system as may be necessary to reasonably limit such interferences and disturbances.

(c) Customer shall take and use the power and energy hereunder in such a manner that the load at that point of delivery shall not cause an imbalance between phases of more than 15%. Should the load be imbalanced so as to cause interference with the Seller's system or to systems connected to Seller's system, Seller reserves the right to require Customer, at Customer's expense, to make necessary changes to correct such condition. In addition to any other remedies the Seller may have hereunder, should Customer fail to make such changes, Seller may in its determination of billing demand, assume the load on each phase is equal to the greatest load on any phase.

3.06 Power Factor

Power factor requirements are as described upon Exhibit B.

3.07 Metering

(a) The metering equipment necessary to register the electric demand and energy for this service shall be furnished, installed, operated and maintained by Seller and shall be and remain the property of Seller. Upon written request of Customer, Seller shall provide, at the expense of the Customer, instantaneous readout KYZ impulses and remote access to metering equipment to allow instantaneous on-

PUBLIC SERVICE COMMISSION
OF PENNSYLVANIA
EFFROVIE

NOV 9 1995

PURSUANT TO 67 P.S. § 6011,
§ 6012 (1)

BY: _____
STATE OF PENNSYLVANIA

site readout at Customer's plant of electric demand and energy. Seller shall provide Customer with remote access to metering equipment and install all metering equipment at Customer's cost to allow an instantaneous on-site readout at Customer's plant of electric demand and energy.

(b) For billing purposes, the meters shall store Customer's demand and energy information for the current month at midnight of the last day of the month and be read on or about the first day of each month.

(c) All testing of metering equipment shall be performed by Seller in accordance with applicable rules and regulations of the Kentucky Public Service Commission. Customer shall be provided with 72 hours prior notice by Seller of meter testing and may witness same. The results of such tests shall be provided to Customer within (3) working days of receipt by Seller. Should it be determined through such a test that metering equipment was registering inaccurately, Seller shall immediately correct the metering and adjust Customer's billing as required by Kentucky Public Service Commission.

(d) Customer may install and maintain check meters and all associated measuring equipment necessary to permit an accurate determination of the quantities and characteristics of electricity delivered under this agreement.

(e) The metering point shall be in Seller's substation as described upon Exhibit A.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

NOV 3 1996

PURSUANT TO KY PAR 301.1,
SECTION 3 (1)

BY John H. ...
DIRECTOR (WATER & REVENUE)

3.08 Facilities and Services Provided by Customer

(a) Customer shall furnish, install and own all facilities and equipment as may be necessary to enable it to receive and use electric power and energy purchased hereunder at 480 volts as described upon Exhibit A.

(b) Customer shall furnish at no cost to Seller, right-of-ways or easements across Customer's property sufficient to place the required transmission and distribution equipment to provide electric service described in this agreement. All such rights-of-ways shall be located at mutually agreeable routes.

3.09 Facilities and Services Provided by Seller

Seller shall furnish, install and own all of the facilities required for the delivery of electric power and energy to the Customer at 480 volts as shown upon Exhibit A. All such facilities shall be at mutually agreeable locations.

3.10 Operation and Maintenance of Facilities

(a) Seller shall operate and maintain, or cause to be operated and maintained, all facilities and equipment owned by it or its power supplier and comply with all applicable laws, codes, and regulations.

(b) Customer shall operate and maintain all of the facilities and equipment owned by it in accordance with all applicable laws, codes, and regulations.

PUBLIC SERVICE COMMISSION
OF KANSAS
ENFORCE

NOV 7 1996

PURSUANT TO K.S.A. 66-1101,
SECTION 1101(V)

BY Richard L. Harris
DIRECTOR/RATE COUNCIL

(c) Title to and risk of loss with respect to power and energy delivered hereunder will pass to and rest in the Customer only when the same is made available by the Seller at the delivery point.

3.11 Determination of Original Cost of Facilities

Within ninety (90) days of Seller's completion of substation and distribution facilities identified on Exhibit A, Seller shall provide Customer a description of the facilities so installed and the cost of each item. Seller's computations of original cost of facilities shall include Seller's direct costs (actual cost of labor, material and transportation) and Seller's indirect costs directly attributable to the labor (social security, vacation time, sick leave, health insurance, retirement, etc.).

PUBLIC SERVICE COMMISSION
OF KENTUCKY
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NOV 7 1996

4. PAYMENT

4.01 Rates

(a) Customer shall pay Seller for service hereunder at the rates set forth upon Exhibit B (LP-4 tariff), attached hereto and made a part hereof, subject to such changes as may become effective from time to time by operation of law or by order of the Kentucky Public Service Commission.

(b) Seller shall revise said Exhibit B to reflect changes approved by the Kentucky Public Service Commission in rates, terms or conditions contained therein, and each revision shall automatically be incorporated into this agreement. Failure of Seller to promptly revise Exhibit B shall not affect Customer's duty to pay for

PURSUANT TO KY STATUTE,
SECTION 17(1)
BY _____
DIRECTOR/ATTS COUNSEL

service in accordance with any changed rates, terms, or conditions of service rendered on or after the effective date of such change.

(c) Should Seller or its power supplier file rates or provide benefits which would lower rates to customers similarly situated or otherwise benefit such customers, Customer's billing, if Customer qualifies for such rate or benefits, shall be lowered in accordance with such change.

4.02 Demand Credit

Subject to Kentucky Public Service Commission approval, a demand credit period will commence, and continue for sixty (60) consecutive months, on the first day of the first month after the date the Kentucky Public Service Commission issues its approval of this agreement. During the demand credit period Customer will receive demand credits from the Seller each month the metered demand exceeds 1,000 kilowatts. Demand credits will be calculated in the following manner, provided, however should the Kentucky Public Service Commission not approve the manner in which demand credits are calculated, this contract shall be amended to be consistent with the Kentucky Public Service Commission rules and regulations and the maximizing of available demand credits for the benefit of Customer, to-wit:

For the first twelve consecutive months of the demand credit period, the monthly demand credit will be the product of the metered demand each month in kilowatts times 0.5, times the demand charge listed in the prevailing LP-4 rate.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
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NOV 29 1996

PURSUANT TO KY KAR 5011,
SECTION 4(1)
BY: Chella Lewis
SUPERVISOR OF RATE & REG. AFFAIRS

For the second twelve consecutive months of the demand credit period, the monthly demand credit will be the product of the metered demand each month in kilowatts times 0.4, times the demand charge listed in the prevailing LP-4 rate.

For the third twelve consecutive months of the demand credit period, the monthly demand credit will be the product of the metered demand each month in kilowatts times 0.3, times the demand charge listed in the prevailing LP-4 rate.

For the fourth twelve consecutive months of the demand credit period, the monthly demand credit will be the product of the metered demand each month in kilowatts times 0.2, times the demand charge listed in the prevailing LP-4 rate.

For the fifth twelve consecutive months of the demand credit period, the monthly demand credit will be the product of the metered demand each month in kilowatts times 0.1, times the demand charge listed in the prevailing LP-4 rate.

4.03 Taxes

Customer shall pay all taxes, charges, or assessment now or hereafter applicable to electric service hereunder; provided, however, that Seller shall assist Customer in obtaining exemptions, allowances and credit from such taxes available to it under applicable law. Seller shall cooperate with Customer to secure all such exemptions, allowances and credits available to Customer under applicable laws that could reduce or eliminate any payment of such taxes required to be made by Customer. Seller and Customer shall cooperate so as to minimize the liability of either

QUALIFIED
BUSINESS

NOV 25 1995

party for such taxes. However, Seller is not responsible for resulting damages to Customer in the event all exemptions, allowances and credits are not obtained.

4.04 Billing Demand

(a) Beginning with the initial billing period, the minimum billing demand of Customer shall be as follows:

Months	kW
1 - 2	600
3 - 6	1,000
7 - 12	2,000
Subsequent	2,001

(b) The minimum billing demand will be increased by the same amount, and at the same time, the maximum demand is increased in accordance with Section 3.04.

(c) Beginning with the initial billing period, the energy billed each month shall be the greater of the metered kWhs or the minimum energy as follows:

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

NOV 23 1996

PURSUANT TO KY STATUTE 201.001,
SECTION 1(1)
BY _____
OFFICE OF THE SECRETARY

Months	kWh
1 - 2	150,000
3 - 6	250,000
7 - 12	500,000
Subsequent	900,000

(d) Should Customer's billing demand exceed 10,000 kW, Customer may elect to renegotiate this agreement including without limitation an alternative tariff applicable to other customers with a billing demand greater than 10,000 kW.

4.05 Terms of Payment

The terms of payment are as described upon Exhibit B.

4.06 Guaranty

As assurance of Customer's ability to pay all of its obligations hereunder, Seller accepts letter from RaboBank confirming Customer's credit worthiness (Exhibit C) and separate Corporate Guaranty executed by Hudson Foods, Inc. (Exhibit D).

Should the rating classification of Customer, as reported in the rating summary of Dun & Bradstreet, Inc.'s Business Information Report, be downgraded by two or more classifications from its existing 5A1 rating, Seller shall have the right to

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

NOV 29 1996

PURSUANT TO ORDER NO. 10,000, 1996,
S.C. 10,000,
BY _____
UNITED STATES OF AMERICA

require reasonable financial assurances of the ability of Customer to satisfy its financial obligations hereunder. See paragraph 2 of Corporate Guaranty, Exhibit D.

5. CONTINUITY OF SERVICE

5.01 Seller shall use reasonable diligence to provide a constant and uninterrupted supply of electric power and energy hereunder. If the supply of electric power and energy shall fail or be interrupted, or becomes defective, by reason of force majeure, Seller shall not be liable therefor, or for damages caused thereby. Such event of force majeure shall not affect the obligation of Customer to pay for all power and energy actually used during each billing period.

5.02 The term "force majeure" as used herein, shall mean Acts of God, accidents, strikes or other labor troubles, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests, and restraints of the government, whether Federal, State or local, civil or military, civil disturbances, explosions, breakage of or accident to machinery, equipment, or transmission lines, inability to obtain necessary materials, supplies, or permits due to existing or future rules, regulations, orders, laws, or proclamations of governmental authorities, whether federal, state or local, civil or military, and any other forces which are not reasonably within the control of the Seller, whether like or unlike

PUBLIC SERVICE COMMISSION
OF
FLORIDA

NOV 23 1996

PURSUANT TO CHAPTER 011,
SECTION 119
BY: Walt Starks
DEPUTY GENERAL COUNSEL

those herein enumerated and which could not be avoided despite the exercise of due diligence by Seller.

6. TERM

6.01 Initial Term and Renewals

(a) Subject to the provisions of 6.01 (b) below, this agreement shall remain in full force and effect for an initial term of one (1) year from the date hereof and shall automatically renew annually thereafter for successive one-year terms upon the same terms and conditions stated herein and in any amendment hereto, until terminated by either party giving the other party at least twelve (12) months written notice prior to the effective date of such termination.

(b) If Customer receives demand credits described in Section 4.02 a term of ten (10) years will commence at the date the demand credit period begins and shall automatically renew annually thereafter for successive one-year terms upon the same terms and conditions stated herein and in any amendment hereto, until terminated by either party giving the other party at least twelve (12) months written notice prior to the effective date of such termination. Notwithstanding anything herein to the contrary, should Customer receive demand credits pursuant to Section 4.02 above, Customer may upon thirty (30) days prior written notice terminate this agreement. In such an event Customer shall pay Seller an amount equal to the sum

PUBLIC SERVICE COMMISSION
NOV 1 1996

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PURSUANT TO NY NYS 0011,
SECTION 119
BY _____
REGISTRY/PAID SERVICES UNIT

of all demand credits as described in Section 4.02 that were received plus interest thereon at a rate of 8% per annum.

(c) In the event Customer terminates this agreement and Customer desires to utilize Seller's facilities, Customer and Seller agree to negotiate in good faith a wheeling charge applicable to energy that is not purchased from Seller but is distributed by Seller to Customer. Should Customer terminate this agreement and not utilize Customer's facilities or should Customer and Seller be unable to agree upon a wheeling charge as set forth above, Customer shall pay to Seller the stranded costs, if any, of the facilities installed by Seller for the benefit of the Customer but no longer utilized by the Customer in accordance with the rules and regulations of the Kentucky Public Service Commission or other State or Federal Agency having jurisdiction over such matters.

6.02 Assignment

This agreement shall not be assigned without the prior written consent of the nonassigning party, which consent will not be unreasonably withheld. The nonassigning party may withhold approval of a proposed assignment until, among other things, the nonassigning party has been provided with all information it may require regarding the proposed assignee, and until the proposed assignee has provided the nonassigning party with assurances, if any, required by the nonassigning party.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

NOV 15 1995

PURSUANT TO KCR KAR 0011,
SECTION 9(1)
BY: John H. ...
DIRECTOR FINANCIAL & REGISTRATION

6.03 Termination

In the event the Seller shall cancel this agreement for any breach or default on the part of the Customer, or should Customer discontinue or abandon the operation of its facilities, or should Customer choose to generate power on site, there shall immediately become due and payable to Seller, as liquidated damages, a facilities abandonment charge equal to the greater of 25% of the original investment, or depreciated book value of the substation and distribution facilities installed by Seller to meet its requirements under this agreement; provided, however, liquidated damages shall not be payable if Seller's facilities continue to be used to provide power to Customer. Additionally, Customer shall pay Seller an amount equal to the sum of all demand credits described in Section 4.02 that were received, plus interest thereon at a rate of 8% per annum.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EXHIBIT

NOV 13 1996

7. RIGHT OF ACCESS

PURSUANT TO KYRS 3011,
SECTION 1,
BY _____
REGISTRAR

7.01 Duly authorized representatives of Seller shall be permitted to enter the customer's premises in order to carry out the provisions of this agreement.

7.02 Each party at no cost to the requesting party shall furnish such reports and information concerning its operations as the other may reasonably request from time to time.

8. COMMON DELIVERY POINTS

Seller shall integrate demand charges, billing and measurement of electric power and energy delivered to the facilities. Upon the request of Customer, Seller shall take appropriate steps to integrate demand charges, billing and measurement of electric power to its facilities and other facilities owned by Customer with Customer being responsible for additional equipment costs, if any, in a manner acceptable to the Public Service Commission of Kentucky.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EXECUTIVE

NOV 7 1996

9. DIRECT ACCESS AND RETAIL WHEELING

RECORDED 11/14/96 10:11
FILED 11/14/96
BY [Signature]
FBI/STONEMAN

Should Seller permit or any governmental authority having jurisdiction over Seller order or otherwise direct "open access" and/or pass through tariffs to be adopted providing service including but not limited to retail wheeling for third parties or transmission, then such service arrangement and associated tariffs shall be made available for the benefit of Customer. Should Customer elect to utilize such a tariff, this agreement shall be amended to accommodate the benefits of such tariff to Customer with Seller assisting and cooperating with Customer in initiating such activities.

10. REAL TIME INFORMATION NETWORK

Should seller permit or any governmental authority having jurisdiction over Seller permit, order or otherwise direct Seller to adopt tariffs or to allow third parties simultaneous access to information through "real time" information, networks or similar arrangements, Seller at the request of Customer shall amend this agreement and make available the facilities and information to provide Customer the benefits of such tariffs and information.

PUBLIC UTILITIES COMMISSION
OF KENTUCKY
EXECUTIVE

NOV 29 1995

11. REMEDIES OF THE PARTIES

PURSUANT TO 77 KAR 0011,
SECTION 5(1)
BY _____
PUBLIC UTILITIES COMMISSION

Except as specifically provided for herein, nothing contained in this agreement shall be construed to, limit or deprive either party of any means of enforcing remedy, either at law or equity for the breach of any of the provisions of this agreement. Waiver at any time by either party of rights with respect to a default or any other matter arising in connection with this agreement shall not be deemed to be a waiver with respect to any subsequent default or matter.

12. NOTICES

Any written notice, demand or request required or authorized under this agreement shall be deemed properly given to or served upon the other party if the

notice is in writing and placed in the mail, postage prepaid, or delivered to the other party at the following address:

To the Seller: **Henderson Union Electric Cooperative
Post Office Box 18
Henderson, Kentucky 42420
Attention: President**

To the Customer: **Invoices and billings as follows:**

**Hudson Foods, Inc.
Post Office Box 439
Robards, Kentucky 42452
ATTN. Comptroller of Accounts**

All other notices as follows:

**Hudson Foods, Inc.
Post Office Box 439
Robards, Kentucky 42452
ATTN. Complex Manager**

PUBLIC SERVICE COMMISSION
OF KENTUCKY
OFFICE

NOV 13 1996

PURSUANT TO KRS 202.0011,
SECTION (9)
BY [Signature]
PRESIDENT OF THE

Each party shall have the right to change the name of the person or location to whom or where the notice shall be given or served by notifying the other party in writing of such change.

13. SEVERABILITY

The invalidity of any portion of this agreement shall not affect the validity of the remainder thereof.

14. SUCCESSION

This agreement shall be binding upon and inure to the benefit of the successors, legal representatives, and assigns of the respective parties hereto.

15. ENTIRE AGREEMENT; JURISDICTION AND VENUE

The terms, covenants and conditions herein contained constitute the entire agreement between the parties and shall supersede all previous communications, representations, or agreements, either oral or written, between the parties hereto with respect to the subject matter hereof; provided, however, that service to the Customer shall be subject to the provisions of Seller's articles of incorporation and bylaws and subject to the lawful orders of the Public Service Commission, Rural Utilities Service, and the National Rural Utilities Cooperative Finance Corporation. All respective rights and obligations of the parties hereto shall be governed by the laws of the Commonwealth of Kentucky. Henderson Circuit Court shall have jurisdiction and venue of all actions and proceedings regarding the interpretation and enforcement of this agreement.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EXECUTIVE

NOV 13 1996

PURSUANT TO KRS 263.011,
SECTION 1(1)
BY _____
DEPARTMENT OF REVENUE

IN WITNESS WHEREOF, the parties hereto have executed this agreement, as of the date and year first herein written.

SELLER:

HENDERSON UNION ELECTRIC COOPERATIVE

By James E. Long
Chairman of Board
Title

CUSTOMER:

HUDSON FOODS, INC.

By Harry W. [Signature]
Executive Vice President
Title

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

NOV 23 1996

PURSUANT TO KRS 140.011,
SECTION 1(3)
BY [Signature]
NOTARY PUBLIC

STATE OF KENTUCKY

COUNTY OF HENDERSON

The foregoing was acknowledged before me by JAMES E. LONG, Chairman of the Board of **HENDERSON UNION ELECTRIC COOPERATIVE**, for and on behalf of said corporation, this 14th day of August, 1996.

My commission expires September 29, 1997

Charles W. Smithhart
Notary Public, State of Kentucky at Large

(seal)

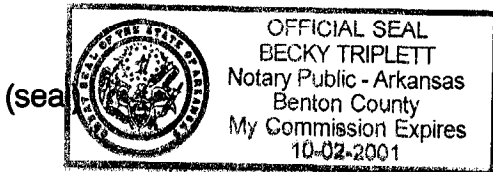
STATE OF Arkansas

COUNTY OF Benton

The foregoing was acknowledged before me by Charles Jurgensmeyer
Executive
_____, Vice-President of **HUDSON FOODS, INC.**, for and on behalf of said
corporation, this 13 day of August, 1996.

My commission expires 10-2-2001

Becky Triplett
Notary Public

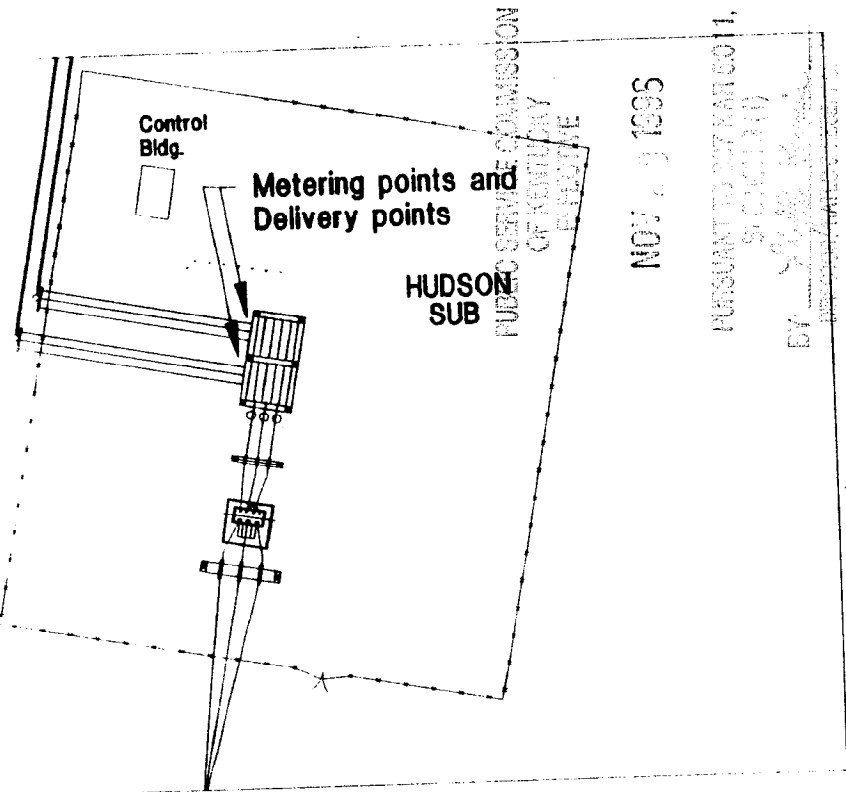


PUBLIC SERVICE COMMISSION
OF ARKANSAS
EFFECTIVE

NOV 9 1996

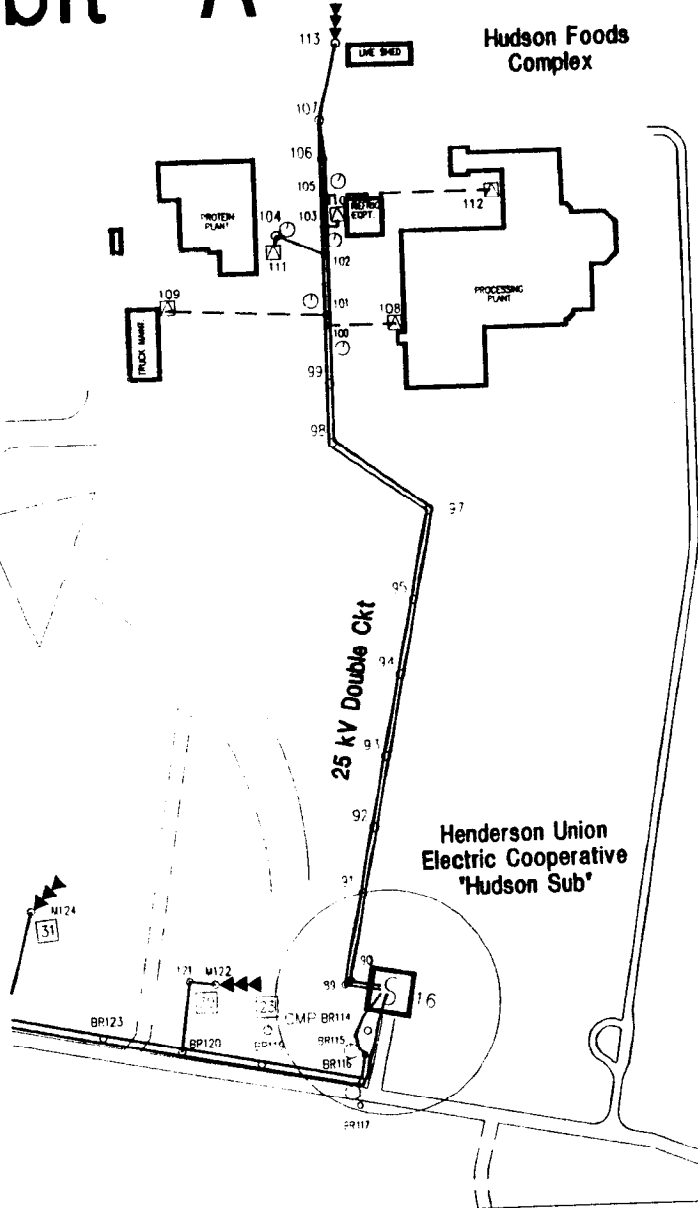
PURSUANT TO ARK. STAT. § 8-12-101,
CLERK OF THE
BY _____
CLERK OF THE COURT

Exhibit "A"



Legend

- ▼ 25kV-480V Overhead Transformer
- ⊠ 25kV-480V Padmount Transformer



Pennyrile Pkwy

EXHIBIT
A

Form for Filing Rate Schedules

For All Territory Served
Community, Town or City

HENDERSON-UNION RURAL ELECTRIC
COOPERATIVE CORPORATION

P.S.C. _____ 7

Fifth Revised SHEET NO. 14

CANCELLING P.S.C. _____

Fourth Revised SHEET NO. 14

CLASSIFICATION OF SERVICE

SCHEDULE "LP-4" - LARGE POWER (Over 2000 KW)

AVAILABILITY

This rate shall apply for large consumers contracting for demand of not less than 2001 KW.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

CONDITIONS OF SERVICE

An "Agreement for Purchase of Power" shall be signed ~~now~~ 10/1/1995 the consumer for service under this rate.

PURSUANT TO 207 KAR 6011,
SECTION 9(1)
BY John C. West
DIRECTOR, RATE & REGULATORY

CHARACTER OF SERVICE

Service shall be the 60 Hz, 3-phase, at voltage as mutually agreed by the Seller.

DETERMINATION OF BILLING DEMAND

For all delivery points, the Billing Demand in kilowatts shall be Member's maximum integrated thirty-minute demand at such delivery point during each billing month, determined by meters which record at the end of each thirty-minute period the integrated kilowatt demand during the preceding thirty minutes, or such maximum integrated thirty-minute demand achieved during any one of the eleven preceding months, or the Contract Demand, whichever shall be greater.

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OF KENTUCKY
EFFECTIVE

POWER FACTOR ADJUSTMENT

The consumer agrees to maintain unity power factor as nearly as practicable. Demand charge will be adjusted for average power factors lower than 90%. Such adjustment will be made by increasing demand 1.% for each 1.% by which the average power factor is less than 90% leading or lagging.

AUG 31 1994
PURSUANT TO 207 KAR 5.011,
SECTION 9(1)
BY John C. West
FOR THE PUBLIC SERVICE COMMISSION

EXHIBIT

DATE OF ISSUE August 3, 1994

DATE EFFECTIVE August 1, 1994

ISSUED BY John West
Name of Officer

TITLE Manager

B

Form for Filing Rate Schedules

For All Territory Served
Community, Town or Cit

HENDERSON-UNION RURAL ELECTRIC
COOPERATIVE CORPORATION

P.S.C. _____ 7

Sixth Revised SHEET NO. 16

CANCELLING P.S.C. _____

Fifth Revised SHEET NO. 16

CLASSIFICATION OF SERVICE

SCHEDULE "LP-4" - LARGE POWER (Over 2000 KW) (cont'd)

service by the total number of kilowatt hours sold by Seller for such class of service for the billing month.

(The above Fuel Adjustment Charge is subject to the provisions of and may be amended from time to time to conform to 807 KAR 5:056 and to any adjustment in the fuel clause or other increments which may be made in Big Rivers Electric Corporation's fuel charges under 807 KAR 5:056 by the Public Service Commission.)

NOV 29 1996

MINIMUM DEMAND CHARGE

The minimum demand charge shall be no less than the amount as specified in the "Agreement for Purchase of Power."

PURSUANT TO 807 KAR 5:011,
SECTION 9(1)
BY John C. Friel
DIRECTOR (RATES & RESEARCH)

ECONOMIC DEVELOPMENT

To encourage better utilization of the existing system and to promote economic expansion within the service area, an Economic Development Rate (EDR) is available for industrial development purposes through special negotiated contracts as provided by the Public Service Commission order dated September 24, 1990, to Administrative Case No. 327.

PUBLIC SERVICE COMMISSION
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EFFECTIVE

TERMS OF PAYMENT

AUG 01 1994

Delinquent accounts are subject to a collection fee of \$10.00 or disconnection of service. The above rates are net, the gross rate being five percent (5%) higher. In the event the current monthly bill is not paid within fifteen (15) days from the date of the bill, the gross rate will apply.

PURSUANT TO 807 KAR 5:011,
SECTION 9(1)
BY John C. Friel
FOR THE PUBLIC SERVICE COMMISSION

DATE OF ISSUE August 3, 1994 DATE EFFECTIVE August 1, 1994

ISSUED BY John West TITLE Manager
Name of Officer



Rabobank Nederland
Dallas Office
13355 Noel Road - Suite 1000
Dallas, TX 75240-6645
214-419-6300
214-419-6315 FAX

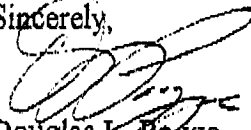
Henderson Union Electric Cooperative
P.O. Box 18
Henderson, Kentucky 42420
Att. John West

Dear Sir:

Please use this letter as confirmation that Hudson Foods is a valued customer of Rabobank. Rabobank agents a moderate nine figure revolving credit facility for Hudson. Hudson's financial relationship with us has been handled as agreed.

If you have further questions, please feel free to contact.

Sincerely,


Douglas L. Pogge
Vice President

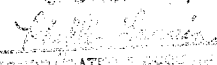
cc. Gaylord Hughey Jr.
Fax 903-597-9584

Frank N. King Jr.
Fax 502-826-6672

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

NOV 29 1996

PURSUANT TO KRS 501.011,
SECTION 9 (1)

BY: 
DIRECTOR, RATES & RESEARCH

EXHIBIT

TABULAR
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CORPORATE GUARANTY

This Corporate Guaranty, made this 13th day of August, 1996, by **Hudson Foods, Inc.**, a Delaware corporation, whose address is P.O. Box 439, Robards, Kentucky 42452, hereinafter designated "Guarantor" to Henderson Union Electric Cooperative, P.O. Box 18, Henderson, Kentucky 42420, hereinafter referred to as "Co-op";

WITNESSETH:

Whereas, Guarantor has entered into an Electric Service Agreement ("ESA") with Co-op dated August 13, 1996; and

Whereas the ESA provides for Guarantor to receive the benefit of demand credits from the Co-op; and

Whereas the ESA requires Guarantor to repay demand credits it receives from the Co-op under certain circumstances; and

Whereas the ESA requires Guarantor to provide a Guaranty satisfactory to the Co-op for payment of certain obligations under the ESA;

Now, therefore, for good and valued consideration, the receipt and sufficiency of which is hereby acknowledged:

1. Guarantor hereby guarantees unto the Co-op payment when due of Guarantor's indebtedness resulting from its financial obligations to the Co-op as set forth in the ESA including without limitation the repayment of demand credits.

2. Should Guarantor's rating classification, as reported in the rating summary of Dun & Bradstreet's Business Information Report, be downgraded by two or more classifications from its existing 5A1 rating, Guarantor hereby grants the right to the Co-op to require reasonable financial assurances of Guarantor's ability to satisfy its financial obligations resulting from the ESA.

This Guaranty shall be binding upon Guarantor, its successors and assigns and shall be for the benefit of the Co-op, its successors and assigns. Should any one or more provisions of this Guaranty be

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SECTION 9 (1)
BY: Phillip Harris
DIRECTOR/RATE & REVENUE DIV.

EXHIBIT

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determined to be illegal or unenforceable, all other provisions shall remain effective.

IN WITNESS WHEREOF, the foregoing instrument is executed this 13th day of August, 1996.

Hudson Foods, Inc.

By: Charles D. Jurgensmeyer

Its: Executive Vice President

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PURSUANT TO 807 KAR 5011,
SECTION 8 (1)

By: Michelle Stinson
EMPLOYMENT & RESEARCH DIV.

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RS.C.
RATES & RESEARCH

**CASE 327 SUPPLEMENT
Items 3-17**

**HENDERSON UNION ELECTRIC-HUDSON FOODS, INC.
ELECTRIC SERVICE AGREEMENT**

(NOTE: The guidelines applicable to this filing are nos. 4, 5, 6, 9, 12,13 and 14.)

4. An EDR contract should specify all terms and conditions of service including, but not limited to, the applicable rate discount and other discount provisions, the number of jobs and capital investment to be created as a result of the EDR, customer specific fixed costs associated with serving the customer, minimum bill, estimated load, estimated load factor, and length of contract.

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RESPONSE:

Rate - See Service Agreement, Section 4.02, Demand Credit.

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Number of jobs and capital investment created by EDR Rate

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Approximately 1200 permanent jobs will be created

BY M. L. Harris
DIRECTOR, RATES & RESEARCH

Hudson facilities will require over 100 million dollar of capitol investments

Customer Specific Fixed Cost Associated with serving customer: \$939,197

Minimum Bill - See Service Agreement, Section 4.04 Billing Demand.

Estimated Load - 6,500 kW

Estimated Load Factor - 75%

Length of Contract - Service Agreement, Section 6, Term.

5. EDRs should only be offered during periods of excess capacity. Utilities should demonstrate, upon submission of each EDR contract, that the load expected to be served during each year of the contract period will not cause them to fall below a reserve margin that is considered essential for system reliability. Such a reserve margin should be identified and justified with each EDR contract filing.

RESPONSE:

The Economic Development Rate (EDR) provisions of the Hudson Foods' Agreement will apply to Hudson's monthly measured demand. The principal economic development element of the Hudson Agreement is the demand charge credit formula described in Section 4.02 (demand credit) of the Agreement. The average demand has been estimated by Hudson to be approximately 6,500 kW.

Big Rivers (Henderson-Union's wholesale power supplier) has total capacity resources equal to 1949 KW, which includes 178 MW of SEPA peaking capacity. The table below lists the available capacity after all of Big Rivers' contracted and projected future load is met and the 20% capacity reserves are subtracted.

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Available Capacity

<u>Year</u>	<u>MW</u>	<u>Year</u>	<u>MW</u>
1997	135	2002	369
1998	110	2003	539
1999	82	2004	578
2000	276	2005	562
2001	382	2006	608

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6. Upon submission of each EDR contract, a utility should demonstrate that the discounted rate exceeds the marginal cost associated with serving the customer. Marginal cost includes both the marginal cost of capacity as well as the marginal cost of energy. In order to demonstrate marginal cost recovery, a utility should submit , with each EDR contract, a current marginal cost-of-service study. A current study is one conducted no more than one year prior to the date of the contract.

RESPONSE:

Appendix "1."
Cost Of Service Study attached as ~~EXHIBIT B1X~~

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9. All EDR contracts should include a provision providing for the recovery of EDR customer-specific fixed costs over the life of the contract.

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RESPONSE:

The Service Agreement Section 6.02, Termination, provides for the recovery of Customer specific fixed cost in the event of early termination.

PURSUANT TO 2007 KAR 6011,
SECTION 10 (1)

BY: *[Signature]*
DIRECTOR, RATE RESEARCH

12. For new industrial customers, an EDR should apply only to load which exceeds a minimum base level. For existing industrial customers, an EDR shall apply only to new load which exceeds an incremental usage level above a normalized base load. At the time an EDR contract is filed, a utility should identify and justify the minimum incremental usage level and normalized base load required for an existing customer or the minimum usage level required for a new customer.

RESPONSE:

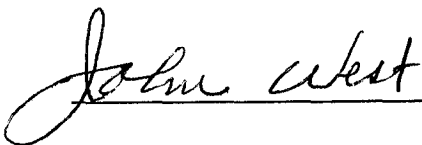
The Service Agreement, Section 4.02, Demand Credits, specifies minimum usage levels eligible for demand credits.

14. The term of an EDR contract should be for a period twice the length of the discount period, with the discount period not exceeding five years. During the second half of an EDR contract, the rates charged to the customer should be identical to those contained in a standard rate schedule that is applicable to the customer's rate class and usage characteristics.

RESPONSE:

The Service Agreement, section 6.01(b), Initial Term and Renewals, specifies a term of ten (10) years if Customer receives demand credits, and section 4.02, Demand Credits, specifies that demand credits will continue for sixty (60) consecutive months.


Henderson Union Electric Cooperative



John West, President

PUBLIC SERVICE COMMISSION
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PURSUANT TO 807 KAR 5011,
SECTION 9(1)
BY: 
UNREGULATED RESEARCH UNIT

**HUDSON FOODS
COST OF SERVICE STUDY**

**Big Rivers
Estimated Revenues by Year**

**Big Rivers
Estimated Cost of Service**

	\$10.15/kW per month	17.8206 Mills/kWh				12.62 Mills/KWH	
<u>Year</u>	<u>Demand</u>	<u>Energy</u>	<u>Demand Credit</u>	<u>Total</u>	<u>Facilities Investment</u>	<u>Fuel Cost</u>	<u>Total</u>
1	\$174,580.00	\$ 76,628.58	\$ 81,200.00	\$170,008.58	\$170,000.	\$ 54,266.	\$224,266.
2	\$243,721.80	\$192,462.48	\$101,550.75	\$334,633.53		\$136,296.	\$136,296.
3	\$243,721.80	\$192,462.48	\$ 77,178.57	\$359,005.71		\$136,296.	\$136,296.
4	\$243,721.80	\$192,462.48	\$ 52,806.39	\$383,377.89		\$136,296.	\$136,296.
5	\$243,721.80	\$192,462.48	\$ 28,434.21	\$407,750.07		\$136,296.	\$136,296.
6	\$243,721.80	\$192,462.48	\$ 4,062.03	\$432,122.25		\$136,296.	\$136,296.
7	\$243,721.80	\$192,462.48	\$ 0	\$436,184.28		\$136,296.	\$136,296.
8	\$243,721.80	\$192,462.48	\$ 0	\$436,184.28		\$136,296.	\$136,296.
9	\$243,721.80	\$192,462.48	\$ 0	\$436,184.28		\$136,296.	\$136,296.
10	\$243,721.80	\$192,462.48	\$ 0	\$436,184.28		\$136,296.	\$136,296.
11	\$243,721.80	\$192,462.48	\$ 0	<u>\$436,184.28</u>		\$136,296.	<u>\$136,296.</u>
			Total Revenue	\$4,267,819.43		Total Cost	\$1,587,226.
			Wholesale Rate of Return	2.689			

APPENDIX 1

PURSUANT TO KYT KAR 5011,
 SECTION 9 (1)
 BY: *[Signature]*
 DIRECTOR/ATTORNEY & RESEARCH FOR
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NOTE: Demand revenues and credits are calculated based on the minimum billing demand schedule in Section 4.04, page 10 of the electric service contract. Energy revenues and fuel costs are calculated based on the minimum billing energy schedule in the same section of the contract.