

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY-AMERICAN WATER)	
COMPANY FOR AN ORDER AUTHORIZING THE)	
ISSUANCE AND SALE OF ITS GENERAL)	
MORTGAGE BONDS, 6.96% SERIES, DUE)	
DECEMBER 1, 2023, IN THE PRINCIPAL)	CASE NO. 93-395
AMOUNT OF \$7,000,000 AND FURTHER)	
AUTHORIZING THE ISSUANCE AND SALE OF)	
65,020 SHARES OF ITS COMMON STOCK FOR)	
AN AGGREGATE CONSIDERATION OF \$2,000,000)	

O R D E R

IT IS ORDERED that Kentucky-American Water Company ("Kentucky-American") shall file the original and eight copies of the following information with the Commission, with a copy to all parties of record within 10 days from the date of this Order. Careful attention should be given to copied material to ensure that it is legible. If the information cannot be provided by this date, Kentucky-American should submit a motion for an extension of time stating the reason a delay is necessary and include a date by which the information will be furnished. Such motion will be considered by the Commission.

1. Explain in detail why Kentucky-American chose a private placement of bonds as opposed to open market.

2. Following the decision to go with a private placement, how was American United Life Insurance chosen as the lender?

3. Provide assurances (all workpapers) and any other supporting documentation to show that both the private placement and the choice of lender were the least cost options.

4. Similarly provide assurances that the capital structure mix achieved by the bond and stock issue provides the least cost. A net present value of various options is sufficient.

Done at Frankfort, Kentucky, this 11th day of November, 1993.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director