

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

* * * * *

In the Matter of:

APPLICATION OF GENERAL TELEPHONE)
COMPANY OF KENTUCKY FOR AN ORDER)
AUTHORIZING THE ISSUANCE AND) CASE NO. 8917
SALE OF SECURITIES)

O R D E R

On October 14, 1983, General Telephone Company of Kentucky ("General") filed an application seeking authority to issue and sell 40,000 shares of common stock to its parent GTE Corporation ("GTE") for \$10,000,000 in cash, prior to December 31, 1983. General also sought authority to issue and sell a maximum of \$30,000,000 aggregate principal amount of its First Mortgage Bonds ("Bonds") prior to December 31, 1983. Alternately, General proposed to borrow a maximum of \$30,000,000 through a long-term unsecured note. The alternate financing would be from GTE Finance N.V., or other financial institutions and would be used only if the overall cost was lower than financing with Bonds. The interest rate for the Bonds would be the lowest rate obtainable by General either through negotiated private placement, or at public offering by competitive bid or negotiated sale. The net proceeds would be applied towards the payment of short-term debt incurred for the purpose of making substantial additions to and replacements of General's telephone plant.

The Commission, after consideration of the application and all evidence of record and being advised, is of the opinion and finds that the proposed issuance and sale by General of 40,000 shares of common stock and a maximum of \$30,000,000 aggregate principal amount of Bonds is for lawful objects within the corporate purposes of its utility operations, is necessary and appropriate for and consistent with the proper performance of its service to the public and will not impair its ability to perform that service, and is reasonably necessary and appropriate for such purposes.

IT IS THEREFORE ORDERED that General be and it hereby is authorized as follows:

(a) To issue and sell 40,000 shares of common stock to GTE for \$10,000,000 in cash, prior to December 31, 1983;

(b) To issue and sell a maximum of \$30,000,000 aggregate principal amount of Bonds, prior to December 31, 1983, through a public offering or to borrow \$30,000,000 from GTE Finance N.V., through a long-term unsecured note, if the overall cost of the unsecured note is lower than the cost of the Bonds financing.

IT IS FURTHER ORDERED that General shall request from the Commission, if the aforementioned Bonds or unsecured notes are to be sold through a negotiated private placement, approval of terms and interest rates prior to issuance.

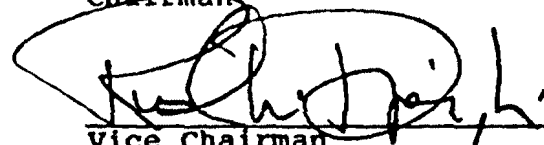
IT IS FURTHER ORDERED that the proceeds from the sale of the securities authorized herein shall be used only for the lawful purposes as set out in the application.

Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

Done at Frankfort, Kentucky, this 28th day of October, 1983.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary