

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

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

ORDER

On October 14, 1983, General Telephone Company of Kentucky ("General") filed an application seeking authority to issue and sell \$10,000,000 of its common equity and 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.

In its Order dated October 28, 1983, the Commission approved the sale of the \$10,000,000 of common equity and approved the sale of Bonds through a public offering, or the borrowing of funds through a long-term unsecured note, provided the cost was lower than the overall cost of the Bond financing. The Commission also ordered that General request approval, from the Commission, of the terms and interest rate if the Bonds were to be sold privately.

On November 21, 1983, General filed a Request for Further Approval, advising the Commission that it had preliminarily negotiated the private placement sale of \$25,000,000 of its Bonds

to GTE Finance NV. The Bonds will have a par value of \$25,000,000, will carry a fixed interest rate of 13.10 percent with semi-annual payments, will have no sinking fund requirement, will be non-refundable for 5 years and will be redeemable in whole or in part, at the option of General, at par plus a premium equal to .8 times par, which is reducible by 1/20 each year, beginning in the seventh year through year 25.

The Commission, after consideration of the Request for Further Approval and all evidence of record and being advised, is of the opinion and finds that the proposed issuance and sale by General of \$25,000,000 aggregate principal amount of 30-year Bonds, at a 13.10 percent fixed interest rate, to GTE Finance NV, 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 to issue and sell to GTE Finance NV \$25,000,000 aggregate principal amount of 30-year Bonds with a 13.10 percent fixed interest rate.


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.

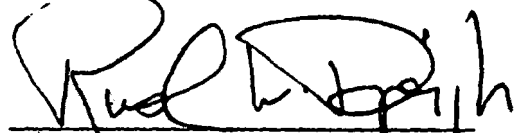
Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the Commonwealth of

Kentucky or any agency thereof as to the securities authorized herein.

Done at Frankfort, Kentucky, this 1st day of December, 1983.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary