## COMMONWEALTH OF KENTUCKY

## BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF COLUMBIA )
GAS OF KENTUCKY, INC., FOR ) CASE NO.
AUTHORITY FOR THE ISSUANCE ) 9023
AND SALE OF PROMISSORY NOTES )

## ORDER

1984, Columbia Gas of Kentucky, Inc., 30, ("Columbia") filed an application seeking authority to issue and sell to The Columbia Gas System, Inc., ("System") unsecured Installment Promissory Notes ("Notes"), not to exceed \$2,800,000 in principal amount. The Notes would have the same terms and provisions as Columbia's other outstanding Notes and they would have a 15-year maturity. The interest rate would be equal to the actual cost of money to the System for its then most recent sale of long-term debt or preferred stock. Columbia estimated that the face interest rate would be adjusted quarterly so that it was 110 basis points below the greater of the Treasury Bill Rate, the 10-Year Constant Maturity Rate or the 20-Year Constant Maturity Rate. The sum would be multiplied by 1.027092 to reflect the difference between the principal of the System's most recent preferred stock issued and the System's actual net proceeds.

The proceeds from the sale of the Notes will be used to help finance Columbia's 1984 construction program and other corporate purposes.

The Commission, after considering the application and all evidence of record and being advised, is of the opinion and finds that the proposed issuance and sale by Columbia of an amount not to exceed \$2,800,000 of its Notes, with a 15-year term and an interest rate as determined in the application, is for lawful objects within the corporate purpose 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 Columbia be and it hereby is authorized to issue and sell an amount not to exceed \$2,800,000 of its Notes, with a 15-year term and an interest rate as determined in the application.

IT IS FURTHER ORDERED that should the terms or the method for determining the interest rate vary from those set out out in the application, Columbia shall reapply for authority to issue its Notes and update its application to reflect the new terms and 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 16th day of April, 1984.

PUBLIC SERVICE COMMISSION

Chairman Vice Chairman

ATTEST:

Secretary