

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

APPLICATION OF TEXAS AMERICAN)
ENERGY CORPORATION, THROUGH ITS)
DIVISION, WESTERN KENTUCKY GAS)
COMPANY, OF OWENSBORO, KENTUCKY,) CASE NO. 9489
FOR AN ORDER AUTHORIZING THE)
CREATION, ISSUANCE AND SALE OF)
\$8,000,000 SINKING FUND 11 1/4%)
DEBENTURES, DUE JANUARY 1, 2001)

O R D E R

On January 2, 1986, Texas American Energy Corporation ("Texas American") filed an application, through its Division, Western Kentucky Gas Company of Owensboro, Kentucky, ("Western") for an Order authorizing the creation, issuance and sale of \$8,000,000 Sinking Fund 11 1/4 percent Debentures, due January 1, 2001 ("Bonds"). Western proposes to use the proceeds from the sale of the Bonds to reduce Texas American's revolving line of credit.

The Commission, after considering the application and being advised, is of the opinion and finds that the creation, issuance and sale of Bonds by Texas American is for lawful objects within the corporate purposes of Texas American, is necessary and appropriate for and consistent with the proper performance by Texas American 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.

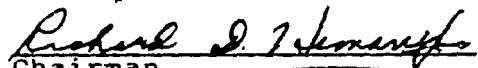
IT IS THEREFORE ORDERED that Texas American be and it hereby is authorized to create, issue and sell \$8,000,000 of Sinking Fund 11 1/4 percent Debentures, due January 1, 2001, with terms as set out in the application.

IT IS FURTHER ORDERED that the proceeds from the securities authorized herein shall be used only for 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 part of the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

Done at Frankfort, Kentucky, this 13th day of January, 1986.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary