

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF COLUMBIA GAS OF )  
KENTUCKY, INC. FOR THE ISSUANCE AND ) CASE NO. 89-370  
SALE OF REFINANCING PROMISSORY NOTES )

O R D E R

On December 14, 1989, Columbia Gas of Kentucky, Inc. ("Columbia") filed an application seeking authority to issue and sell up to \$4,839,996 in principal amount of unsecured Variable Rate Installment Promissory Notes ("Notes") to the Columbia Gas System, Inc. ("System"). The proceeds from the sale of these Notes will be used to finance the retirement of a like amount of Variable Rate Installment Promissory Notes held by System. The Notes will be dated the date of their issue, and will have the same terms and provisions as the outstanding Variable Rate Installment Promissory Notes that they are replacing. The interest rate of the new Notes will equal the effective cost to System for borrowings under the Revolving Credit Agreement which System has with various banks. According to the terms of the Revolving Credit Agreement, the interest rate will be based, at the election of the System, on the Morgan Guaranty Trust of New York prime rate, reference books' CD rates, and/or the LIBOR rate.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that the proposed issuance and sale of up to \$4,839,996 in principal amount of

Installment Promissory Notes by Columbia are for lawful objects within its corporate purposes, are 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 are reasonably necessary and appropriate for such purposes and should, therefore, be approved.

IT IS THEREFORE ORDERED that:

1. Columbia be and it hereby is authorized to issue and sell up to \$4,839,996 of Installment Promissory Notes.

2. Columbia shall, within 30 days after the issuance of its securities referred to herein, file with the Commission a statement setting forth the date or dates of issuance of the securities authorized herein, the price paid, all fees and expenses involved in the issuance of the securities, and the terms and interest rates of authorized securities herein.

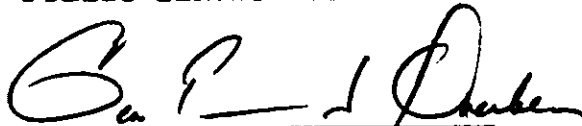
3. Columbia shall agree only to such terms and prices that are consistent with said parameters as set out in its application.

4. The proceeds from the transactions authorized herein shall be used only for the lawful purposes 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 14th day of February, 1990.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

  
Executive Director