COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE UNION LIGHT, HEAT AND POWER COMPANY FOR AN ORDER AUTHORIZING ISSUE AND SALE OF UP TO $40,000,000 PRINCIPAL AMOUNT OF FIRST MORTGAGE BONDS	)))))	CASE NO. 92-417

O R D E R

IT IS ORDERED that The Union Light, Heat and Power Company ("ULH&P") shall file an original and six copies of the following information with this Commission, with a copy to all parties of record, within ten days from the date of this Order. If the information cannot be provided by this date, you should submit a motion for an extension of time stating the reason a delay is necessary and include a date by which it will be furnished. Such motion will be considered by the Commission.

1. Provide the amount of short-term debt outstanding for ULH&P as of September 30, 1992.

2. On September 24, 1992, ULH&P filed Case No. 92-418[1] seeking authority to issue to The Cincinnati Gas & Electric Company, its parent company, up to an additional 200,000 shares of capital stock. These additional shares would be sold at $150 per share, and could generate up to $30 million. In both this application and that in Case No. 92-418, ULH&P states that the proceeds from the respective issuances will be used to repay

[1] Case No. 92-418, Application of The Union Light, Heat and Power Company for Order Authorizing Issue of Capital Stock.

ULH&P's short-term debt, for additional expenditures as contemplated by KRS 278.300, and for other lawful corporate purposes, including the possible refunding of outstanding first mortgage bonds. Provide the planned mix of bonds and capital stock ULH&P plans to use to retire its $32 million of short-term debt.

3. The maximum amount of financing ULH&P seeks authorization for in this application and Case No. 92-418 is $70 million. The total short-term debt as of June 30, 1992 is $32 million. Provide a schedule describing the specific additional expenditures or debt retirements ULH&P currently plans to finance with these authorizations in addition to the retirement of short-term debt.

4. Explain the rationale for any planned debt redemptions. Provide an analysis using net present value for each series. Show the maximum rate at which the refinancing would be cost effective.

5. How did ULH&P determine the interest rate terms set forth on page 3 of its application, in particular, the 300 to 350 basis points above U.S. Treasury securities.

6. Should the proposed securities be issued through a private placement, describe the analysis that would be performed to assure the issuance was more cost-effective than a public offering.

Done at Frankfort, Kentucky, this 19th day of October, 1992.

PUBLIC SERVICE COMMISSION

Robert M. Davis

For the Commission

ATTEST:

Don Mills

Executive Director