

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF KENTUCKY POWER)
COMPANY FOR AUTHORITY TO ISSUE AND)
SELL FIRST MORTGAGE BONDS OF ONE) CASE NO. 93-098
OR MORE NEW SERIES)

O R D E R

On March 22, 1993, Kentucky Power Company ("Kentucky Power") filed an application seeking authority to issue and sell long-term debt in the form of First Mortgage Bonds ("New Bonds") in one or more transactions from time to time through December 31, 1993, the aggregate principal amount of which together shall not exceed \$100,000,000. The interest rate applicable to the First Mortgage Bonds of each such series would not exceed by more than 3 percent the yield to maturity on United States Treasury Bonds of comparable maturity at the date of pricing. Each series of New Bonds would have a maturity of not less than 9 months and not more than 32 years.

The proceeds from the sale of the securities would be used to pay at maturity long-term debt, including a \$30,000,000 term loan that matures May 17, 1993; a \$25,000,000 term loan that matures June 8, 1993; to repay short-term debt, including approximately \$5,175,000 outstanding as of April 21, 1993; to repay \$15,000,000 in short-term debt incurred to redeem on May 1, 1993 the remaining one-half of Kentucky Power's First Mortgage Bonds 8-7/8% Series due 2006 at the regular redemption price of 103.46 percent; with the

remaining to be used for construction and other corporate purposes as set out in response to the Commission's Order of April 22, 1993.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that the issuance and sale by Kentucky Power of up to \$100,000,000 in New Bonds 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 are reasonably necessary and appropriate for such purposes and should, therefore, be approved.

IT IS THEREFORE ORDERED that:

1. Kentucky Power be and it hereby is authorized to issue and sell up to \$100,000,000 of its First Mortgage Bonds in one or more transactions through December 31, 1993. The securities will be sold in a public offering through one or more agents or on a negotiated or competitive bid basis with one or more underwriters, investment bankers or agents, or private placement transaction utilizing the proper documentation.

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

3. Kentucky Power shall, within 30 days after the issuance of the 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, the interest rate,

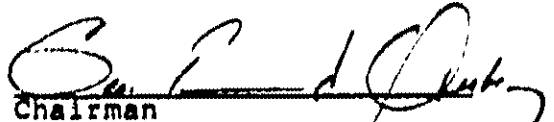
the purchasers, and all fees and expenses, including underwriting discounts or commission or other compensation, involved in the issuance and distribution.

4. The proceeds from the transactions authorized herein shall be used only for the lawful purposes set out in the application.

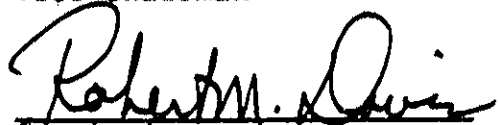
Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency hereof as to the securities authorized herein.

Done at Frankfort, Kentucky, this 7th day of May, 1993.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director