

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY-AMERICAN WATER )  
COMPANY FOR AN ORDER AUTHORIZING THE )  
ISSUANCE AND SALE OF ITS GENERAL )  
MORTGAGE BONDS, 6.96% SERIES, DUE )  
DECEMBER 1, 2023, IN THE PRINCIPAL ) CASE NO. 93-395  
AMOUNT OF \$7,000,000 AND FURTHER )  
AUTHORIZING THE ISSUANCE AND SALE OF )  
65,020 SHARES OF ITS COMMON STOCK FOR )  
AN AGGREGATE CONSIDERATION OF \$2,000,000 )

O R D E R

On October 25, 1993, Kentucky-American Water Company ("Kentucky-American") filed its application seeking authority to issue and sell \$7,000,000 of its general mortgage bonds at 6.96 percent interest and 65,020 shares of its common stock for an aggregate consideration of \$2,000,000. The proceeds will be used to repay short-term bank debt at the date of closing, which debt was in the amount of \$2,795,709 as of August 31, 1993 and to assist in funding ongoing construction projects in the amount of \$9,111,514 at September 30, 1993.

The proposed bonds are to be sold to American United Life Insurance Company. Upon approval and closing, Kentucky-American will simultaneously issue and sell its common stock to American Water Works Company, Inc. in order to remain in compliance with applicable capitalization provisions of its Indenture of Mortgage.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that the proposed

issuance and sale by Kentucky-American of \$7,000,000 of its general mortgage bonds at 6.96 percent interest and 65,020 shares of its common stock for a consideration of \$2,000,000 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, 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. Kentucky-American be and it hereby is authorized to issue and sell \$7,000,000 of its general mortgage bonds at 6.96 percent interest and 65,020 shares of its common stock for a consideration of \$2,000,000.

2. Kentucky-American 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.


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

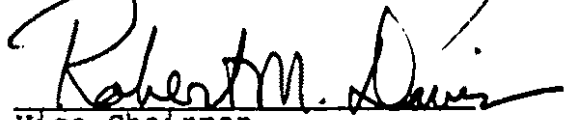
4. The proceeds from the transactions authorized herein shall be used only for the lawful purposes set out in the application.

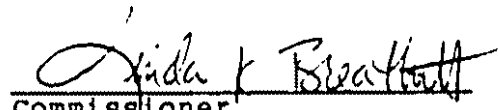
Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

Done at Frankfort, Kentucky, this 8th day of December, 1993.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

  
Executive Director