

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. 94-035
OR MORE NEW SERIES)

O R D E R

IT IS ORDERED that Kentucky Power Company ("Kentucky Power") 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.

1. How did Kentucky Power use the proceeds of the \$70,000,000 First Mortgage Bonds, Designated Secured Medium Term Notes, issued pursuant to authority granted in Case No. 93-098?¹

2. What was the planned use of the additional \$30,000,000 in securities authorized in Case No. 93-098?

3. Provide a complete breakdown of the uses of the proposed \$100,000,000 issuance. Include amounts to refinance long-term and short-term debt, anticipated construction, and any other purposes.

4. For any long-term debt to be redeemed at a premium, provide the present value analysis of the cost savings. Include all assumptions, workpapers, and any other documentation to support

¹ Case No. 93-098, The Application of Kentucky Power Company for Authority to Issue and Sell First Mortgage Bonds of One or More New Series.

such analysis. State at what level the redemption would fail to provide an economic benefit.

5. For any construction, provide complete details of construction projects Kentucky Power plans to finance through this issuance. Identify and explain any changes to Kentucky Power's 1993 and 1994 construction budgets as filed in Case No. 93-098.

6. Refer to Kentucky Power's Financial Exhibit, Page 2 of 25, Item 5. Listed as outstanding First Mortgage Bonds are \$30,000,000 at 8-7/8 percent due November 1, 2006. In response to the Commission's Order of May 5, 1993, Item 2 in Case No. 93-098 Kentucky Power stated it had redeemed "the entire \$30,000,000 principal amount outstanding of its 8-7/8 percent Series, First Mortgage Bonds." Reconcile these two statements.

7. Why has Kentucky Power proposed to redeem the 7-7/8 percent Series due 2002?

8. Did Kentucky Power consider redemption of its outstanding 8.95 percent and 8.90 percent Series due 2001? Provide any analysis performed in evaluating a possible redemption.

9. At what rate and term does Kentucky Power expect to be able to issue the proposed new securities?

Done at Frankfort, Kentucky, this 10th day of March, 1994.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director