

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, 6.99% SERIES, DUE JUNE 1, 2028, IN THE) CASE NO.
PRINCIPAL AMOUNT OF \$9,000,000 AND FURTHER) 98-149
AUTHORIZING THE ISSUANCE AND SALE OF 170,309)
SHARES OF ITS COMMON STOCK FOR AN AGGREGATE)
CONSIDERATION OF \$6,000,000)

O R D E R

IT IS ORDERED that Kentucky-American Water Company ("Kentucky-American") shall file the original and 8 copies of the following information with the Commission with a copy to all parties of record no later than 10 days from the date of this Order. Kentucky-American shall furnish with each response the name of the witness who will be available to respond to questions concerning each item of information requested should a public hearing be scheduled.

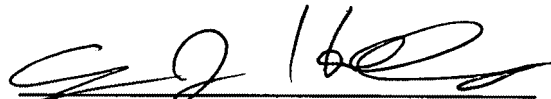
1. The financing being requested totals \$15 million. The application indicates that the repayment of short-term loans, sinking fund requirements and retirement of debt total approximately \$9.7 million. Explain in detail how the remaining proceeds of approximately \$5.3 million will be used.

2. Will any of the proposed financing be used to fund the Bluegrass Water Project?

3. Identify any expenditures in Exhibit G which are attributable to the Bluegrass Water Project. Were those expenditures financed with the short-term debt which is now being repaid? If yes, which ones?

Done at Frankfort, Kentucky, this 29th day of April, 1998.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:



Executive Director