

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

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| APPLICATION OF TEXAS AMERICAN |) | |
| ENERGY CORPORATION, THROUGH ITS |) | |
| DIVISION, WESTERN KENTUCKY GAS |) | |
| COMPANY, OF OWENSBORO, KENTUCKY, |) | |
| FOR AN ORDER AUTHORIZING THE |) | CASE NO. 8898 |
| CREATION, ISSUANCE AND SALE OF |) | |
| \$11,000,000 FIRST MORTGAGE |) | |
| 13.75% BONDS, SERIES I, DUE |) | |
| NOVEMBER 1, 1998 |) | |

O R D E R

On September 12, 1983, Texas American Energy Corporation ("Texas American"), through its division, Western Kentucky Gas Company ("Western"), filed an application seeking authority to create, issue and sell \$11,000,000 of first mortgage bonds, series I ("bonds"), with an interest rate of 13.75 percent and a 15-year term, ending November 1, 1998. Aetna Life Insurance Company has agreed to purchase the proposed \$11,000,000 issue of bonds at par value and the accrued interest from the date of issuance in October, 1983, to the date of delivery. The estimated cost to Texas American of the proposed financing is \$160,000. Texas American, through its division, Western, will use proceeds from the sale of the bonds to reduce its revolving line of credit. Western, as of July 31, 1983, had borrowed \$11,900,000 on its line of credit and a portion of that amount will be retired from the proceeds of the sale of the bonds.

The Commission, after consideration of the application and all evidence of record and being advised, is of the opinion and finds that the proposed creation, issuance and sale by Texas American, through its division, Western, of \$11,000,000 of bonds at 13.75 percent interest is for lawful objects within the corporate purposes of its utility operations, is necessary and appropriate for and consistent with the proper performance of its service to the public and will not impair its ability to perform that service, and is reasonably necessary and appropriate for such purposes.

IT IS THEREFORE ORDERED that Texas American be and it hereby is authorized, through its division, Western, to create, issue and sell \$11,000,000 of bonds at 13.75 percent interest.

IT IS FURTHER ORDERED that the proceeds from the sale of the securities authorized herein shall be used only for the lawful purposes as 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 Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

Done at Frankfort, Kentucky, this 23rd day of September, 1983.

PUBLIC SERVICE COMMISSION


Chairman

Did Not Participate
Vice Chairman


Commissioner

ATTEST:

Secretary