

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY UTILITIES)
COMPANY FOR AN ORDER AMENDING AND) CASE NO.
EXTENDING EXISTING AUTHORITY WITH) 2013-00238
RESPECT TO REVOLVING LINE OF CREDIT)

ORDER

On June 20, 2013, Kentucky Utilities Company ("KU") filed an application for authority to extend its existing and previously authorized \$500 million multi-year revolving line of credit for a term through December 31, 2018. There are no intervenors in this proceeding.

BACKGROUND AND DISCUSSION

KU was authorized by Commission Order in Case No. 2012-00232¹ to increase by an amount not to exceed \$100 million its existing revolving line of credit or enter into new lines of credit, with a term not to exceed five years, and with a total aggregate amount of multi-year revolving credit facilities not to exceed \$500 million. In Case No. 2012-00409,² KU informed the Commission that, due to changes in regulation adopted by the Federal Reserve, revolving lines of credit will be less readily available and current low commitment fees and interest spreads on borrowings are likely to be higher in the future. KU sought and received authority in that case to extend the term of its existing \$500 million revolving credit facilities through December 31, 2017, which was

¹ Case No. 2012-00232, *Application of Kentucky Utilities Company for an Order Authorizing the Issuance of Securities and the Assumption of Obligations* (Ky. PSC Aug. 3, 2012).

² Case No. 2012-00409, *Application of Kentucky Utilities Company for an Order Amending and Extending Existing Authority with Respect to Revolving Line of Credit* (Ky. PSC Oct. 23, 2012).

the maximum term that lenders were willing to provide. In this case, KU states that the market conditions and expectations continue to remain unchanged, and requests authority to replace, extend, or extend authority for, in one or more installments from time to time, its existing or previously authorized but not yet entered revolving-credit arrangements for an additional year, through December 31, 2018. While it states that it cannot quantify the differences in conditions and fees on similar credit facilities in 2017 as compared to today, KU believes that the cost of extending its credit line for one year would be approximately 10 basis points.

KU states that the extended credit facility will have substantially the same terms as its existing credit facility. Loan proceeds may be used for short-term financing of general funding needs, costs of operation and construction, or other business purposes until permanent or long-term financing can be arranged. The additional funds could also be used to provide new or expanded liquidity or credit support for other debt.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that the extension of KU's authority with respect to its multi-year revolving line of credit as set out in KU's application is for lawful objects within the corporate purposes of KU's utility operations, is 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, is reasonably necessary and appropriate for such purposes, and should therefore be approved.

IT IS THEREFORE ORDERED that:

1. KU is authorized to extend the term of its existing revolving line of credit, enter into a new revolving line of credit, or do both, provided that none of the revolving credit facilities shall extend beyond December 31, 2018, and their total aggregate amount shall not exceed \$500 million.

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

3. KU shall agree only to such terms and prices as are consistent with the parameters set out in its application.

4. KU shall, within 30 days from the date of issuance, file with the Commission a statement setting forth the date or dates of issuance of the securities authorized herein, the date of maturity, the price paid, the proceeds of such issuances, the interest rate, costs or gains from the use of hedging agreements, and all fees and expenses, including underwriting discounts or commissions or other compensation, involved in the issuance and distribution. KU shall also file documentation showing the quotes that it relied upon to determine the lowest interest rate.

5. Any documents filed pursuant to ordering paragraph 4 of this Order shall reference the number of this case and shall be retained in the utility's general correspondence file.

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.

By the Commission



ATTEST:

Cassidy Brunell
Executive Director

Case No. 2013-00238

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