

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF LOUISVILLE GAS)
AND ELECTRIC COMPANY FOR AN ORDER)
AUTHORIZING THE ISSUE OF FIRST)
MORTGAGE BONDS AND THE EXECUTION) CASE NO. 8236
AND DELIVERY OF A LOAN AGREEMENT)
BETWEEN THE COMPANY AND THE COUNTY)
OF JEFFERSON, KENTUCKY)

O R D E R

On May 5, 1981, Louisville Gas and Electric Company (the Company) filed with the Commission its duly verified application for authority to issue not to exceed \$40,000,000 in principal amount of First Mortgage Bonds, Pollution Control Series E (First Mortgage Bonds), and to enter into a Loan Agreement with the County of Jefferson, Kentucky, (County). Said First Mortgage Bonds are to be issued pursuant to a Supplemental Indenture being a supplement to the Company's November 1, 1949, Mortgage Indenture as heretofore supplemented, a copy of which Supplemental Indenture is filed with the application.

Said First Mortgage Bonds will, from time to time, be delivered to the Pollution Control Trustee (Trustee) under an Indenture of Trust between the County and the Trustee in connection with the issue and sale by the County of its Pollution Control Revenue Bonds, 1981 Series A (Louisville Gas and Electric Company Project), such Bonds to be dated at the time they are sold in 1981 and to mature in 1984, in the aggregate principal amount of

not to exceed \$40,000,000 (the "1981 Series A Bonds"). A copy of said Indenture of Trust is filed with the application. The First Mortgage Bonds will be held by the Trustee to secure the payment of the 1981 Series A Bonds and the payment by the Company of all sums payable by the Company pursuant to the terms of the aforementioned Loan Agreement by and between the County and the Company, under the terms of which the County will sell its 1981 Series A Bonds and lend the Proceeds of such sale to the Company. A copy of the Loan Agreement, in substantially the form in which it will be executed, is filed with the application. The Loan Agreement and the moneys to be paid by the Company under the Loan Agreement will be assigned to the Trustee under the Indenture of Trust relating to the issue and sale by the County of its 1981 Series A Bonds.

The 1981 Series A Bonds will be sold to a group of Underwriters represented by the First Boston Corporation and J. J. B. Hilliard, W. L. Lyons, Inc. (the Underwriters) pursuant to the terms of a Contract of Purchase a copy of which, in substantially the form in which it will be executed, is filed with the application. The proceeds from the sale of the 1981 Series A Bonds will be loaned by the County to the Company to provide funds to finance the acquisition of air pollution control and sludge processing and disposal facilities for the Mill Creek Generating station of the Company.

The Commission, after consideration of all evidence of record and being advised, is of the opinion and finds that the issuance and sale by the Company of not to exceed \$40,000,000 in

principal amount of First Mortgage Bonds, Pollution Control Series E, is for a lawful object within the corporate purposes of the utility, is necessary and appropriate for and consistent with the proper performance by the utility of its service to the public and will not impair its ability to perform that service, and is reasonably necessary and appropriate for such purpose.

IT IS THEREFORE ORDERED, that:

(1) The Company is authorized to issue and deliver, from time to time, to the corporate trustee under the Indenture of Trust between the County of Jefferson and such corporate trustee not to exceed \$40,000,000 in principal amount of the Company's said First Mortgage Bonds, Pollution Control Series E;

(2) The execution and delivery by the Company of said Loan Agreement with the County of Jefferson and the performance by the Company of the transactions contemplated to be performed by it thereunder, are hereby authorized;

(3) The 1981 Series A Bonds are to bear interest at a rate not to exceed 9½% per annum; and the compensation to be paid to Underwriters for their services as underwriters is not to exceed 1.8% of the principal amount of said 1981 Series A Bonds;

(4) The proceeds from the sale of the securities authorized herein shall be used only for the lawful purposes as set out in the application.

(5) Within a reasonable time after the sale by Jefferson County, Kentucky, to the Underwriters of not to exceed \$40,000,000 in principal amount of 1981 Series A Bonds the Company shall file

with the Commission a statement showing (a) the price to be paid for such bonds, (b) the exact interest thereon, and (c) the amount of compensation paid by the Company to the Underwriters for their services in underwriting and selling the 1981 Series A Bonds.

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 the 22nd day of May, 1981.

PUBLIC SERVICE COMMISSION

Marlin M. Voh
Chairman

Katherine Randall
Vice Chairman

Don Harrison
Commissioner

ATTEST:

Secretary