

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

APPLICATION OF LOUISVILLE GAS)	
AND ELECTRIC COMPANY FOR AN)	
ORDER AUTHORIZING THE ISSUE)	CASE NO. 8470
OF SECURITIES AND ASSUMPTION)	
OF OBLIGATIONS)	

O R D E R

On February 26, 1982, Louisville Gas and Electric Company ("Applicant") filed its duly verified application seeking authority to issue the following securities during 1982 and, in certain instances, during and subsequent to 1982:

<u>Issue</u>	<u>Amount Outstanding at December 31, 1981</u>	<u>Amount to be Issued</u>
Common Stock, without par value	14,182,109 shares	Not to exceed 4,500,000 shares
Preferred Stock, without par value, \$ Series	None (This will be a new series. There are several other series outstanding.)	Not to exceed 1,200,000 shares having a maximum stated value of \$30,000,000
First Mortgage Bonds Two Pollution Control Series*	None (This will be a new series. There are several other series outstanding.)	Not to exceed \$82,500,000 in principal amount

*In connection with the issuance of the above First Mortgage Bonds, Applicant also sought authority to execute, deliver and perform certain loan agreements.

The net proceeds from the sale of such securities will be added to the Applicant's general funds to be expended in connection with its construction program, including the reduction of

some of its then outstanding short-term borrowings incurred for interim financing of its construction program.

The Commission, after consideration of the application and being advised, is of the opinion and finds that the issuance by the Applicant of the above-enumerated securities and the execution, delivery and performance by the Applicant of the above loan agreements are for lawful objects within the corporate purposes of the utility, are 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 Louisville Gas and Electric Company be and it hereby is authorized as follows:

(a) To issue during 1982 its Common Stock in one or more transactions, provided that the aggregate number of shares so issued and sold (exclusive of any shares issued pursuant to previous authorization of this Commission and any shares hereinafter authorized to be issued pursuant to the Applicant's Automatic Dividend Reinvestment and Stock Purchase Plan or Employees' Stock Ownership Plan) shall not exceed 2,000,000. It is proposed that the shares will be issued in one or more underwritten public offerings pursuant to an underwriting agreement or agreements to be entered into between the Applicant and underwriters. The price per share to be paid to the Applicant by the underwriters for the shares will be determined on the basis

of negotiations between the Applicant and the underwriters, but in no event will such price per share be less than 95 percent of the reported last sale or reported last asked price of Applicant's Common Stock on the New York Stock Exchange immediately prior to such determination, whichever price is higher, less underwriter compensation which shall not exceed 6 percent of the public offering price.

(b) To issue during 1982 and subsequent years up to an additional 2,000,000 shares of its Common Stock pursuant to Applicant's Automatic Dividend Reinvestment and Stock Purchase Plan at prices to be determined according to the formula set forth in the Plan.

(c) To issue during 1982 and subsequent years up to an additional 500,000 shares of its Common Stock, without par value, pursuant to the provisions of the Applicant's Employees' Stock Ownership Plan;

(d) To issue during 1982 its Preferred Stock, without par value, in one or more transactions, provided that the aggregate amount of Preferred Stock so issued and sold shall not exceed 1,200,000 shares having a maximum stated value of \$30,000,000. The shares may be sold in underwritten public offerings (which may be negotiated or at competitive bidding) or in so-called "private placement" transactions. In connection with each sale of shares of such Preferred Stock, the Applicant's Board of Directors will, by resolution, create and establish

the series of which such shares are a part and will fix and determine the stated value per share, the dividend rate, the redemption price or prices and terms and conditions, the amounts payable on dissolution, and the sinking fund provisions, if any, applicable to the shares of such series, all subject to the provisions of the Applicant's Articles of Incorporation, and Kentucky law. The price per share paid to the Applicant for shares of such series will not be less than the stated value per share of the shares of such series, less underwriter's discount per share or other compensation per share in connection with the sale. Such price, stated value, dividend rate, redemption price or prices and terms and conditions, the amounts payable on dissolution, and sinking fund provisions, if any, will be determined as follows:

(i) if sold in a negotiated public offering, on the basis of negotiations between the Applicant and the underwriters, (ii) if sold at competitive bidding, upon the terms of the competitive bidding established by the Applicant and (iii) if sold in a "private placement" transaction, on the basis of negotiations between the Applicant and the purchasers of the shares or their agent(s). The underwriting commission per share (applicable to underwritten public offerings) will not exceed 6 percent of the stated value per share; and the fee or other compensation paid in connection with any "private placement" transaction will not exceed an amount equal to 1 percent of the aggregate price at which the shares are purchased from the Applicant.

(e) To issue and deliver, during 1982 and in subsequent years: (i) to the corporate trustee under the Indenture of Trust (substantially in the form filed as an exhibit to the application) between the County of Jefferson, Kentucky, and such corporate trustee not to exceed \$22,500,000 of its First Mortgage Bonds, Pollution Control Series F and (ii) to the corporate trustee under the Indenture of Trust (substantially in the form filed as an exhibit to the application) between the County of Trimble, Kentucky, and such corporate trustee not to exceed \$60,000,000 of its First Mortgage Bonds, Pollution Control Series G. Applicant is also authorized to execute and deliver during 1982 a Loan Agreement with Jefferson County (in substantially the form filed with the application) and a Loan Agreement with Trimble County (in substantially the form filed with the application) and to perform the transactions contemplated to be performed thereunder. Each series of First Mortgage Bonds is to be issued pursuant to a separate Supplemental Indenture being a supplement to Applicant's Trust Indenture, dated November 1, 1949, as heretofore supplemented. The First Mortgage Bonds, Pollution Control Series F are to be issued, and the Loan Agreement with Jefferson County is to be executed, in connection with the sale during 1982 by Jefferson County of up to \$22,500,000 in principal amount of its Pollution Control Revenue Bonds, 1982 Series A (Louisville Gas and Electric Company Project). The First Mortgage Bonds, Pollution Control

Series G are to be issued, and the Loan Agreement with Trimble County is to be executed, in connection with the sale by Trimble County during 1982 of up to \$60,000,000 in principal amount of its Pollution Control Revenue Bonds, 1982 Series A (Louisville Gas and Electric Company Project). Pursuant to the Loan Agreements between Applicant and each County, the proceeds from the sale of each County's Pollution Control Revenue Bonds will be loaned by the County to the Company to provide funds to finance the acquisition of certain pollution control facilities and to reimburse the Applicant for amounts expended in furtherance thereof. The payments to be made by the Applicant under the respective Loan Agreements will be sufficient, together with other funds available for the purpose, to pay the principal of, premium, if any, and interest on each County's Pollution Control Revenue Bonds. The Pollution Control Revenue Bonds of each series will be sold in an underwritten public offering pursuant to an underwriting agreement(s) or purchase contract(s) to be entered into by the respective County, the underwriters of such bonds and Applicant.

The price, maturity date(s), interest rate(s) and redemption provisions (including sinking fund or debt retirement provisions) and other terms and provisions of each series of Pollution Control Revenue Bonds will be determined on the basis of negotiations between Applicant, the County and the underwriters of such bonds. However, the price at which the Pollution Control

Revenue Bonds of each series to be sold by each County will be not less than the principal amount thereof and the underwriting discount or commission (applicable to underwritten public offerings) will not exceed 3 percent of the principal amount of the Pollution Control Bonds of such series to be sold. The interest rate applicable to the Pollution Control Bonds of each such series will be at the most favorable rate that can be negotiated by the Company. The final maturity date of the Pollution Control Bonds of each such series will be not more than 30 years, from the nominal date of the Pollution Control Bonds of such series.

IT IS FURTHER ORDERED that the proceeds from the transactions authorized herein shall be used only for the lawful purposes as set out in the application.

IT IS FURTHER ORDERED that any issuance of securities pursuant to the authority contained in this order shall occur within the time previously specified herein, unless such time be extended by further order of the Commission.

IT IS FURTHER ORDERED that the Applicant shall, within a reasonable time after each sale of the Common Stock pursuant to Applicant's Automatic Dividend Reinvestment and Stock Purchase Plan, notify the Commission of the number of shares sold and the price received.

IT IS FURTHER ORDERED that within a reasonable time after the transfer of the shares by the Applicant to the trust pursuant to the Applicant's Employees' Stock Ownership Plan, the

Applicant shall notify the Commission of the number of shares so transferred and the value of the shares transferred as recorded in the Common Stock account of the Applicant.

IT IS FURTHER ORDERED that Louisville Gas and Electric Company shall, as soon as reasonably possible prior to each issuance of securities referred to herein (except the issuance of Common Stock pursuant to the Company's Automatic Dividend Reinvestment and Stock Purchase Plan or Employees' Stock Ownership Plan), file with this Commission a statement setting forth the anticipated date or dates of issuance of the securities authorized herein, a range of the anticipated prices to be paid therefor, the anticipated interest or dividend rates, and fees and expenses, including underwriting discounts or commissions or other compensation, involved in the issuance and distribution.

IT IS FURTHER ORDERED that Louisville Gas and Electric Company shall, as soon as reasonably possible after each issuance of securities referred to herein (except the issuance of Common Stock pursuant to the Company's Automatic Dividend Reinvestment and Stock Purchase Plan or Employees' Stock Ownership Plan), file with this Commission a statement setting forth the date or dates of the securities authorized herein, the price paid therefor, the interest or dividend rate, the purchasers, and all fees and expenses, including underwriting discounts or commissions or other compensation, involved in the issuance and distribution.

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 17th day of ~~March~~, 1982.

PUBLIC SERVICE COMMISSION

Marlin M. Toke
Chairman

Katherine Randall
Vice Chairman

Len Carver
Commissioner

ATTEST:

Secretary