

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF LOUISVILLE )  
GAS AND ELECTRIC COMPANY FOR AN )  
ORDER AUTHORIZING THE ISSUANCE ) CASE NO. 10492  
OF SECURITIES AND THE ASSUMPTION )  
OF OBLIGATIONS )

O R D E R

On December 15, 1988, Louisville Gas and Electric Company ("LG&E") filed its application seeking authority to issue First Mortgage Bonds, Pollution Control Series N and O ("Bonds") in an aggregate principal amount not to exceed \$80 million. On January 5, 1989, LG&E amended its filing.

The Series N Bonds would be held by the Jefferson County Pollution Control Trustee under an Indenture of Trust to secure the payment of the Jefferson County Bonds, which would be issued in an aggregate principal amount not to exceed \$45 million. The proceeds from the sale of the Jefferson County Bonds would be loaned to LG&E by Jefferson County under the Jefferson Loan Agreement as stated in the application. These loan proceeds would be applied toward the financing of the cost of purchasing and installing equipment necessary to renovate seven sulphur dioxide removal systems at LG&E's Cane Run and Mill Creek generating stations.

The Series O Bonds would be held by the Trimble County Pollution Control Trustee under an Indenture of Trust to secure

the payment of the Trimble County Bonds, which would be issued in an aggregate principal amount not to exceed \$35 million. The proceeds from the sale of the Trimble County Bonds would be loaned to LG&E by Trimble County under the Trimble Loan Agreement as stated in the application. These loan proceeds would be applied toward a portion of the costs of the acquisition, construction, and installation of certain air and water pollution control facilities and solid waste disposal facilities to LG&E's Trimble County generating station.

The Commission, having considered the evidence of record and being advised, is of the opinion and finds that the issuance and sale of the above securities by LG&E are for the lawful object within the corporate purposes of LG&E's utility operations, are necessary or 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 are reasonably necessary and appropriate for such purposes and should, therefore, be approved.

IT IS THEREFORE ORDERED that:

1. LG&E be and it hereby is authorized to issue and deliver First Mortgage Bonds, Pollution Control Series N and O with an aggregate principal amount not to exceed \$80 million pursuant to the Jefferson Loan Agreement and the Trimble Loan Agreement as set out in the application.

2. LG&E shall, as soon as reasonably possible after the issuance of the securities referred to herein, file with the Commission a statement setting forth the date or dates of issuance of the securities authorized herein, the price paid, the interest

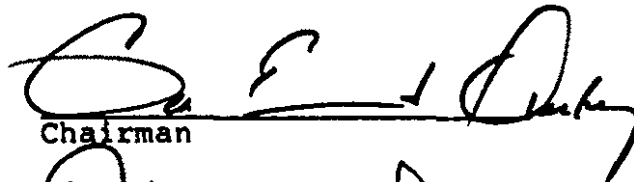
rates, the purchasers, and all fees and expenses, including underwriting discounts or commission or other compensation, involved in the issuance and distribution of the Jefferson County Bonds.

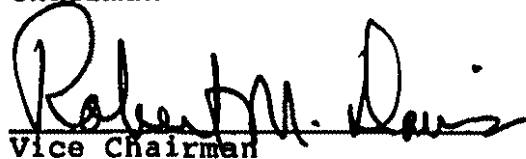
3. The loan proceeds from the transactions authorized herein shall be used only for the lawful purposes as set out in the application.

Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

Done at Frankfort, Kentucky, this 27th day of January, 1989.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

Executive Director