

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF LOUISVILLE GAS AND	)	
ELECTRIC COMPANY FOR AN ORDER	)	
AUTHORIZING THE ISSUANCE OF	)	CASE NO. 92-250
SECURITIES AND THE ASSUMPTION OF	)	
OBLIGATIONS	)	

O R D E R

On August 14, 1992, Louisville Gas and Electric Company ("LG&E") filed a letter, which the Commission will treat as a motion, requesting modification of the Commission's August 11, 1992 Order approving LG&E's issuance of up to \$92 million in First Mortgage Bonds in connection with the issuance of Refunding Bonds by Jefferson County, Kentucky and Trimble County, Kentucky. The Refunding Bonds will bear interest at either a fixed rate or a variable rate to be determined on the basis of negotiations among LG&E, the respective county and the purchaser(s), or through competitive bidding. The first sentence of ordering paragraph 3 of the August 11, 1992 Order states:

3. LG&E shall agree only to such terms and prices which will result in a positive net present value savings and which are consistent with said parameters as set out in its application.

While LG&E believes that the above-quoted language will allow it to issue and deliver First Mortgage Bonds in connection with the issuance of Refunding Bonds by Jefferson County, Kentucky and Trimble County, Kentucky, it has been unable to obtain an unqualified legal opinion due to the possibility that variable

rate Refunding Bonds theoretically could exceed the rate on the bonds to be redeemed.

Based on the motion and being advised, the Commission finds that the net present value analysis required by the August 11, 1992 Order is to be calculated prospectively only. Once an issuance of debt is redeemed, the previously effective rate is eliminated from any subsequent net present value analysis.

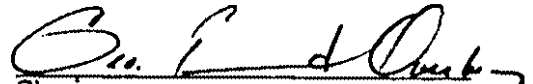
IT IS THEREFORE ORDERED that:

1. The August 11, 1992 Order be and it hereby is modified by vacating ordering paragraph 3 and replacing it with ordering paragraph 2 set out below.

2. With respect to fixed rate Refunding Bonds, LG&E shall agree only to such terms and conditions which will result in a positive net present value savings. As to variable rate Refunding Bonds, LG&E shall agree only to such terms and conditions which are consistent with the parameters as set out in its application. If variable rate Refunding Bonds are issued, LG&E shall prepare on an annual basis an analysis of the relationship between such variable rate Refunding Bonds and fixed rate bonds at the time of the analysis. Such analysis shall be available for Commission review on an annual basis, beginning with an initial calculation within 30 days after the closing of the financing approved herein.

Done at Frankfort, Kentucky, this 27th day of August, 1992.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

  
Executive Director