

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF LOUISVILLE GAS AND ELECTRIC	)	
COMPANY FOR AN ORDER AUTHORIZING THE	)	CASE NO.
RESTRUCTURE AND REFINANCING OF UNSECURED	)	2011-00308
DEBT AND THE ASSUMPTION OF OBLIGATIONS AND	)	
FOR AMENDMENT OF EXISTING AUTHORITY	)	

ORDER

On August 17, 2011, Louisville Gas & Electric Company ("LG&E") filed an application to amend and extend its authority with respect to its multi-year revolving line of credit. On September 30, 2010, the Commission issued an Order in Case No. 2010-00205<sup>1</sup> authorizing LG&E to enter into one or more multi-year revolving New Credit Facilities with one or more financial institutions in an aggregate amount not to exceed \$400 million as described in Section IX of its Application in that proceeding. LG&E stated in Case No. 2010-00205 that it expected the actual term of the New Credit Facilities would not exceed five years, with the term running through December 31, 2014. In the proceeding currently before the Commission, LG&E states that it has entered into such facilities, but that recent changes in the credit markets will make it advantageous to extend the term of the New Credit Facilities beyond December 31, 2014. LG&E requests authority to amend and extend the New Credit Facilities through December 31, 2016.

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<sup>1</sup> Case No. 2010-00205, Application of Louisville Gas and Electric Company for an Order Authorizing the Restructure and Refinancing of Unsecured Debt and the Assumption of Obligations and for Amendment of Existing Authority (Ky. PSC Sept. 30, 2010).

LG&E was subject to one round of discovery by Commission Staff. There are no intervenors in this proceeding.

In support of its Application, LG&E provided a net present value analysis showing an estimated \$822,007 in savings that it could realize if it is allowed to amend and extend the New Credit Facilities. LG&E states that by such amendment and extension, it will be able to pay lower on-going commitment fees immediately, and anticipates savings in the form of a lower upfront fee than it would have to pay if it waited until the scheduled termination date to replace the existing line of credit. LG&E also indicates that the credit spread it pays when borrowing under the line of credit would be reduced by the amendment and extension.

By its Application, LG&E specifically requests that the Commission authorize it to amend and extend the term of its multi-year revolving credit facilities through December 31, 2016, and that the authority otherwise granted in Case No. 2010-00205 remain in force and effect. LG&E states that if approved, the amended and extended New Credit Facilities would be available for the same purposes for which they are currently available.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that the amendment and extension of LG&E's authority with respect to its multi-year revolving line of credit as set out in LG&E's application is for lawful objects within the corporate purposes of LG&E'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. All other aspects of

the Commission's September 30, 2010 Order in Case No. 2010-00205 should remain in full force and effect.

IT IS THEREFORE ORDERED that:

1. LG&E is authorized to amend and extend the term of its multi-year revolving New Credit Facilities with one or more financial institutions through December 31, 2016 in an aggregate amount not to exceed \$400 million, as described in its applications filed in this case and in Case No. 2010-00205. The authority otherwise granted in the Commission's September 30, 2010 Order in Case No. 2010-00205 shall remain in full force and effect.

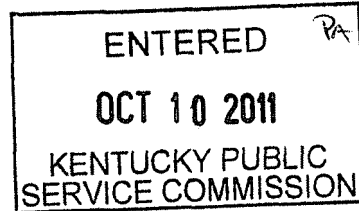
2. The proceeds from the transactions authorized herein shall be used only for the lawful purposes set out in the application.

3. LG&E shall agree only to such terms and prices that are consistent with the parameters set out in its Application and that produce net present value savings over the existing financing.

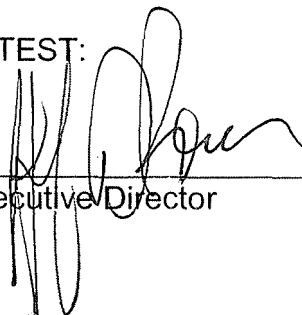
4. LG&E shall, within 30 days from the date of issuance, file with the Commission a statement setting forth the date or dates of issuance of the securities authorized herein, the price paid, the proceeds of such issuances, the interest rate, costs or gains from the use of hedging agreements, and all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

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:



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Executive Director

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