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RECEIVED

JUN 20 2013

PUBLIC SERVICE
COMMISSION

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June 20, 2013

VIA HAND-DELIVERY

Mr. Jeff DeRouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, KY 40602-0615

**Re: Application of Louisville Gas and Electric Company for an Order Amending
and Extending Existing Authority with Respect to Revolving Line of Credit**

Dear Mr. DeRouen:

Enclosed for filing, please find the original and ten (10) copies of the Application of Louisville Gas and Electric Company for an Order Amending and Extending Existing Authority with Respect to Revolving Line of Credit. An extra copy of the Application is enclosed to be file stamped and returned to the undersigned.

Please do not hesitate to contact me should you have any questions or require additional information.

Very truly yours,

J. Wade Hendricks

JWH/dvg
Enclosures

cc: Dennis G. Howard, II
Lawrence W. Cook

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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

JUN 20 2013

PUBLIC SERVICE
COMMISSION

In the Matter of:

**APPLICATION OF LOUISVILLE GAS AND)
ELECTRIC COMPANY FOR AN ORDER)
AMENDING AND EXTENDING EXISTING)
AUTHORITY WITH RESPECT TO)
REVOLVING LINE OF CREDIT)**

CASE NO. 2013-_____

**APPLICATION FOR AMENDMENT AND EXTENSION OF AUTHORITY WITH
RESPECT TO REVOLVING CREDIT**

Louisville Gas and Electric Company (“LG&E”) hereby requests that the Commission amend and extend LG&E’s existing authority to allow for extending the term of its multi-year revolving credit line. In support of this Application, LG&E states as follows:

1. LG&E’s full name is Louisville Gas and Electric Company. The post office address of LG&E is 220 West Main Street, Louisville, Kentucky 40202. A certified copy of LG&E’s Articles of Incorporation was filed with the Commission in Case No. 2010-00204¹ and is incorporated by reference herein pursuant to 807 KAR 5:001, Section 14(2).

2. LG&E was first granted authority to enter into multi-year revolving credit facilities in Case No. 2007-00232² by Orders dated August 2, 2007, and August 9, 2007. In Case No. 2007-00232, the Commission found that granting LG&E authority to enter into multi-year revolving credit facilities under which LG&E could incur short-term debt from time to time would reduce the time and cost of negotiating and renewing short-term debt arrangements.³

¹(Joint Application of PPL Corporation, E.ON AG, E.ON US Investment Corp., E.ON LLC, Louisville Gas and Electric Company, and Louisville Gas and Electric Company for Approval of an Acquisition of Ownership and Control of Utilities).

²(Application of Louisville Gas and Electric Company for an Order Authorizing the Issuance of Securities and Assumption of Obligations).

³ Case No. 2007-00232, Order of August 2, 2007.

3. By Orders dated October 18, 2012, and November 2, 2012, in Case No. 2012-00410,⁴ the Commission authorized LG&E to extend the term of its existing revolving credit line, which had a term ending October 19, 2016, through December 31, 2017. Subsequently, LG&E entered into an Amended and Restated Revolving Credit Agreement, with a term that now ends November 6, 2017.

4. In Case No. 2012-00410, LG&E stated that based upon its discussions with providers of credit facilities, LG&E believed that it was likely that in the future changing market conditions and interest rates would mean that revolving credit facilities would no longer be available on terms as favorable as found in LG&E's current facility. In part, this was due to the new Basel III regulations, which will be phased in starting in 2013 and fully implemented in 2019. Basel III is a new regulatory framework created by the Bank for International Settlements, and adopted by the Federal Reserve. These regulations are intended to prevent another banking crisis and establish more stringent requirements for banks with respect to capitalization, leverage and liquidity. As a result, not only are revolving lines of credit likely to be less readily available, but the current historically low commitment fees and interest spreads on actual borrowings are likely to be higher in the future.

5. These same conditions and market expectations remain in effect today. LG&E therefore seeks authorization to replace, extend, or extend authority for, in one or more installments from time to time, its existing, or previously authorized but not yet entered,

⁴*(Application of Louisville Gas and Electric Company for an Order Amending and Extending Existing Authority with Respect to Revolving Line of Credit). In addition to the current extension granted in Case No. 2012-00410, LG&E's authority was previously extended by Order dated October 10, 2011, in Case No. 2011-00308 (Application of Louisville Gas and Electric Company for an Order Authorizing the Issuance of Securities and Assumption of Obligations), which extended authority granted by Order dated September 30, 2010, in 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.) Also, by Order dated August 3, 2012, in Case No. 2012-00233 (Application of Louisville Gas and Electric Company for an Order Authorizing the Issuance of Securities and the Assumption of Obligations), LG&E was authorized to increase the total aggregate amount of its revolving credit facilities to \$500 million.*

revolving credit arrangements through December 31, 2018. LG&E is seeking authority for an approximately five-year term because this is the maximum term that lenders are willing to provide. LG&E also seeks to maintain the previously authorized total aggregate limit on its revolving credit facilities of \$500 million.

6. The extended credit facilities would be on substantially the same terms as LG&E's existing revolving credit and would be available for the same purposes for which revolving credit is currently available. Loan proceeds could be used to provide short-term financing for LG&E's general financing needs, for example, general costs of operation or costs of LG&E's various construction programs or other obligations, until permanent or long-term financing can be arranged. In addition, the extended credit facilities could be used to provide liquidity or credit support for LG&E's other debt, for example, ensuring that LG&E has readily available funds with which to make payments with respect to variable rate bonds that could be tendered for purchase and not remarketed. However, LG&E does not assign specific financing to any particular capital project or operating or fiscal use and does not project finance projects. Thus, these are general reasons that LG&E might need short-term financing rather than uses to which such financing would be assigned.

7. By replacing or extending, and extending the authority for, its existing or previously authorized credit facilities, LG&E will be able to ensure that the current, favorable terms for such facilities are available for as long as possible. While LG&E believes that the conditions and fees on similar credit facilities are likely to be less favorable to the borrower in 2017 than today, LG&E is not able to quantify such differences. However, LG&E believes that the costs of a one-year extension of its existing revolving credit line would be approximately 10 basis points.

8. Attached as Exhibits 1 and 2, respectively, are a Description of LG&E's Property and a Financial Exhibit pursuant to 807 KAR 5:001, Section 17(2) and 807 KAR 5:001, Section 12.

THEREFORE, Louisville Gas and Electric Company respectfully requests that the Commission enter its Order authorizing LG&E to enter into such agreements and amendments as are necessary for LG&E to replace, extend, or extend authority for, its existing or previously authorized but not yet entered, multi-year revolving credit facilities, in the previously authorized total aggregate amount not to exceed \$500 million, for a term through December 31, 2018.

Dated: June 20, 2013.

Respectfully Submitted,



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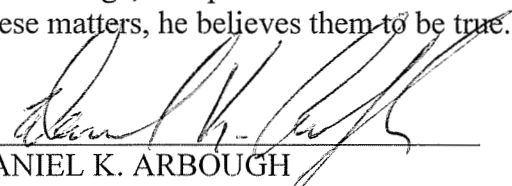
*Counsel for Louisville Gas and Electric
Company*

VERIFICATION

COMMONWEALTH OF KENTUCKY

COUNTY OF JEFFERSON

Daniel K. Arbough being first duly sworn, deposes and says that he is Treasurer for Louisville Gas and Electric Company, that he has read the foregoing Application and knows the contents thereof, and that the same is true of his own knowledge, except as to matters which are therein stated on information or belief, and that as to these matters, he believes them to be true.



DANIEL K. ARBOUGH

Subscribed and sworn before me this 20th that day of JUNE, 2013.

My Commission Expires: August 31, 2015

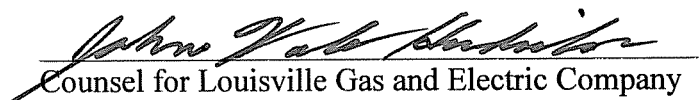


NOTARY PUBLIC, STATE AT LARGE

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing Application was served on the following persons on the 20th day of June 2013, U.S. mail, postage prepaid:

Dennis G. Howard II
Lawrence W. Cook
Office of the Attorney General
Office of Rate Intervention
1024 Capital Center Drive, Suite 200
Frankfort, KY 40601-8204


Counsel for Louisville Gas and Electric Company

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LOUISVILLE GAS AND ELECTRIC COMPANY
(807 KAR 5:001, Section 17)

A DESCRIPTION OF APPLICANT'S PROPERTY, INCLUDING A
STATEMENT OF THE NET ORIGINAL COST OF THE PROPERTY
AND THE COST THEREOF TO APPLICANT

April 30, 2013

The applicant's generating, transmission and distribution systems described herein are calculated annually. As of December 31, 2012, the applicant owned 11 and operated 9 coal fired steam electric generating units having a total capacity of 2,656 Mw; 14 combustion turbine generating units having a total capacity of 644 Mw; and 1 hydroelectric generating station, the operation of which is affected by the water level and flow of the Ohio River, having a total capacity of 54 Mw.

The applicant's owned electric transmission system included 45 substations (32 of which are shared with the distribution system) with a total capacity of 7 million kVA and 917 circuit miles of lines. The distribution system included 97 substations (32 of which are shared with the transmission system) with a total capacity of 5 million kVA, 3,908 miles of overhead lines and 2,390 miles of underground wires.

The applicant's natural gas transmission system includes 4,272 miles of gas distribution mains and 388 miles of gas transmission mains, consisting of 255 miles of gas transmission pipeline, 124 miles of gas transmission storage lines, 6 miles of gas combustion turbine lines, and 3 miles of gas transmission pipeline in regulator facilities. Five underground natural gas storage fields, with a total working natural gas capacity of approximately 15 Bcf, are used in providing natural gas service to ultimate consumers.

Other properties include an office building, service centers, warehouses, garages and other structures and equipment, the use of which is common to both the electric and gas departments.

The net original cost of the property and cost thereof to the applicant at April 30, 2013, was:

	<u>Electric</u>	<u>Gas</u>	<u>Common</u>	<u>Total</u>
Original Cost	\$ 4,192,766,730	\$ 850,492,890	\$ 241,022,968	\$ 5,284,282,588
Less Reserve for				
Depreciation	1,649,259,975	193,239,049	105,289,253	1,947,788,277 *
Net Original Cost	2,543,506,755	657,253,841	135,733,715	3,336,494,311
Allocation of Common				
To Electric and Gas	96,370,938	39,362,777	(135,733,715)	-
Total	\$ 2,639,877,693	\$ 696,616,618	\$ -	\$ 3,336,494,311

* Excludes \$296,912,942 related to cost of removal reserves that is not included in the reserve in the Financial Statements and Additional Information, but instead is included as a regulatory liability.

LOUISVILLE GAS AND ELECTRIC COMPANY

FINANCIAL EXHIBIT
(807 KAR 5:001 SEC. 12)

April 30, 2013

- (1) Amount and kinds of stock authorized.

75,000,000 shares of Common Stock, without par value
1,720,000 shares of Preferred Stock at \$25.00 par value – authorized, but unissued
6,750,000 shares of Preferred Stock, without par value – authorized, but unissued

- (2) Amount and kinds of stock issued and outstanding.

Common Stock:

21,294,223 shares issued and outstanding, without par value, recorded at \$424,334,535.

- (3) Terms of preference of preferred stock whether cumulative or participating, or on dividends or assets or otherwise.

None

- (4) Brief description of each mortgage on property of applicant, giving date of execution, name of mortgagor, name of mortgagee, or trustee, amount of indebtedness authorized to be secured thereby, and the amount of indebtedness actually secured, together with any sinking fund provisions.

Date of Execution: As of October 1, 2010 (Supplemental Indentures were executed on October 15, 2010 and November 1, 2010.)

Mortgagor: Louisville Gas and Electric Company

Trustee: The Bank of New York Mellon

Amount of Authorized Debt: One quintillion dollars

Amount of Debt Secured: \$1,109,304,000

Sinking Fund Provisions: None

Pledged Assets: Substantially all assets of Louisville Gas and Electric Company located in Kentucky

- (5) Amount of bonds authorized, and amount issued, giving the name of the public utility which issued the same, describing each class separately, and giving date of issue, face value, rate of interest, date of maturity and how secured, together with an amount of interest paid thereon during the last 12-month period.

Secured by first mortgage lien on substantially all assets in Kentucky.

Louisville Gas and Electric Company

<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate of Interest</u>	<u>Principal Amount</u>		<u>Interest Expense</u>
			<u>Authorized</u>	<u>Outstanding at April 30, 2013</u>	<u>Year Ended April 30, 2013</u>
Pollution Control Bonds					
05/19/00	05/01/27	Variable	\$ 25,000,000	\$ 25,000,000	\$ 205,590
08/09/00	08/01/30	Variable	83,335,000	83,335,000	169,679
09/11/01	09/01/27	Variable	10,104,000	10,104,000	23,212
03/06/02	09/01/26	Variable	22,500,000	22,500,000	71,640
03/06/02	09/01/26	Variable	27,500,000	27,500,000	91,190
03/22/02	11/01/27	Variable	35,000,000	35,000,000	142,826
03/22/02	11/01/27	Variable	35,000,000	35,000,000	142,495
10/23/02	10/01/32	Variable	41,665,000	41,665,000	96,824
11/20/03	10/01/33	1.650%	128,000,000	128,000,000 *	2,112,000
04/13/05	02/01/35	5.750%	40,000,000	40,000,000	2,306,389
04/26/07	06/01/33	1.150%	31,000,000	31,000,000 **	1,173,436
04/26/07	06/01/33	1.600%	35,200,000	35,200,000 *	572,000
04/26/07	06/01/33	4.600%	60,000,000	60,000,000	2,760,000
Interest Rate Swaps					7,822,449
			<u>\$ 574,304,000</u>	<u>\$ 574,304,000</u>	<u>\$ 17,689,730</u>
First Mortgage Bonds					
11/16/10	11/15/15	1.625%	\$ 250,000,000	\$ 250,000,000	\$ 4,062,500
11/16/10	11/15/40	5.125%	285,000,000	285,000,000	14,606,250
			<u>\$ 535,000,000</u>	<u>\$ 535,000,000</u>	<u>\$ 18,668,750</u>

* On January 13, 2011, Louisville Gas and Electric (LG&E) remarketed the Louisville/Jefferson County Metro Government 2003 Series A and 2007 Series B bonds. In connection with the remarketing, each bond series was converted to a mode wherein the interest rate was fixed for an intermediate term but not the full term of the bond. The 2003 Series A bonds bore interest at the rate of 1.900% until April 2012 and the 2007

Series B bonds bore interest at the rate of 1.900% until June 2012. On April 2, 2012, the 2003 Series A bonds were remarketed wherein the interest rate is fixed for an intermediate term but not the full term of the bonds at the rate of 1.650%. On June 1, 2012, the 2007 Series B bonds were remarketed wherein the interest rate is fixed for an intermediate term but not the full term of the bonds at the rate of 1.600%. At the end of the intermediate terms, the Company must remarket the bonds or buy them back.

** On December 1, 2012, LG&E remarketed the Louisville/Jefferson County Metro Government 2007 Series A bonds wherein the interest rate is fixed for an intermediate term but not the full term of the bonds at the rate of 1.15%. At the end of the intermediate term, the Company must remarket the bonds or buy them back.

- (6) Each note outstanding, giving date of issue, amount, date of maturity, rate of interest, in whose favor, together with amount of interest paid thereon during the last 12-month period.

There are no notes outstanding as of April 30, 2013.

- (7) Other indebtedness, giving same by classes and describing security, if any, with a brief statement of the devolution or assumption of any portion of such indebtedness upon or by person or corporation if the original liability has been transferred, together with amount of interest paid thereon during the last fiscal year.

None, other than current and accrued liabilities.

- (8) Rate and amount of dividends paid during the five previous fiscal years, and the amount of capital stock on which dividends were paid each year. (1)

Dividends on Common Stock, without par value (not based on rate per share)

2008	\$ 40,000,000
2009	80,000,000
2010	55,000,000
2011	83,250,000
2012	75,250,000

(1) On November 1, 2010, PPL Corporation completed its acquisition of E.ON U.S. LLC., the Company's parent. Upon completion of the acquisition, E.ON U.S. LLC was renamed LG&E and KU Energy LLC. The 21,294,223 shares are currently owned by LG&E and KU Energy LLC. From May 1998 to October 31, 2010, the 21,294,223 shares were all owned by E.ON U.S. LLC (formerly LG&E Energy LLC) and all dividends declared by LG&E's Board of Directors were paid to E.ON U.S. LLC. Subsequent to October 31, 2010, all dividends declared by LG&E's Board of Directors were paid to LG&E and KU Energy LLC. During the 1st quarter of 2013, LG&E declared and paid a dividend on common stock of \$19,000,000.

(9) Detailed Income Statement, Balance Sheet and Statement of Retained Earnings

Monthly Financial and Operating Reports are filed each month with the Kentucky Public Service Commission. Attached are detailed Statements of Income, Balance Sheets and Retained Earnings for the Company for the period ending April 30, 2013.

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Louisville Gas and Electric Company
Balance Sheet as of April 30, 2013

Assets		Liabilities and Proprietary Capital	
Utility Plant		Proprietary Capital	
Utility Plant at Original Cost.....	\$ 5,284,282,587.16	Common Stock.....	\$ 425,170,424.09
Less: Reserves for Depreciation and Amortization.....	<u>2,240,867,369.38</u>	Less: Common Stock Expense.....	835,888.64
		Paid-In Capital.....	108,581,499.00
Total.....	<u>3,043,415,217.78</u>	Other Comprehensive Income.....	-
		Retained Earnings.....	<u>944,015,648.47</u>
		Total Proprietary Capital.....	<u>1,476,931,682.92</u>
Investments		Pollution Control Bonds - Net of Reacquired Bonds.....	574,304,000.00
Ohio Valley Electric Corporation.....	594,286.00	First Mortgage Bonds.....	<u>531,704,689.00</u>
Nonutility Property - Less Reserve.....	524,362.15	LT Notes Payable to Associated Companies.....	-
Special Funds.....	<u>27,759,880.69</u>	Total Long-Term Debt.....	<u>1,106,008,689.00</u>
		Total Capitalization.....	<u>2,582,940,371.92</u>
Total.....	<u>28,878,528.84</u>	Current and Accrued Liabilities	
Current and Accrued Assets		ST Notes Payable to Associated Companies.....	-
Cash.....	8,553,583.33	Notes Payable.....	49,994,470.81
Special Deposits.....	-	Accounts Payable.....	148,611,961.51
Temporary Cash Investments.....	26,390,246.29	Accounts Payable to Associated Companies.....	29,396,914.55
Accounts Receivable - Less Reserve.....	147,956,584.39	Customer Deposits.....	24,100,589.15
Notes Receivable from Associated Companies.....	-	Taxes Accrued.....	11,415,566.56
Accounts Receivable from Associated Companies.....	9,509,326.41	Dividends Declared.....	-
Materials and Supplies - At Average Cost.....		Interest Accrued.....	11,739,603.29
Fuel.....	61,288,516.31	Miscellaneous Current and Accrued Liabilities.....	<u>29,346,999.98</u>
Plant Materials and Operating Supplies.....	34,563,046.74	Total.....	<u>304,606,105.85</u>
Stores Expense.....	5,818,678.03	Deferred Credits and Other	
Gas Stored Underground.....	9,589,099.05	Accumulated Deferred Income Taxes.....	666,905,987.64
Emission Allowances.....	6,549.64	Investment Tax Credit.....	39,282,670.65
Prepayments.....	9,807,241.06	Regulatory Liabilities.....	54,079,671.82
Miscellaneous Current and Accrued Assets.....	<u>6,322,137.30</u>	Customer Advances for Construction.....	6,630,314.66
Total.....	<u>319,805,008.55</u>	Asset Retirement Obligations.....	66,404,615.07
Deferred Debits and Other		Other Deferred Credits.....	10,860,188.92
Unamortized Debt Expense.....	12,587,106.99	Miscellaneous Long-Term Liabilities.....	56,974,227.08
Unamortized Loss on Bonds.....	19,631,104.11	Accum Provision for Postretirement Benefits.....	<u>143,640,767.73</u>
Accumulated Deferred Income Taxes.....	105,600,953.75	Total.....	<u>1,044,778,443.57</u>
Deferred Regulatory Assets.....	400,618,874.29	Total Liabilities and Stockholders' Equity.....	<u>\$ 3,932,324,921.34</u>
Other Deferred Debits.....	<u>1,788,127.03</u>		
Total.....	<u>540,226,166.17</u>		
Total Assets.....	<u>\$ 3,932,324,921.34</u>		

Louisville Gas and Electric Company
Statement of Income
April 30, 2013

	Year Ended 4/30/2013
Electric Operating Revenues.....	\$ 1,084,720,983.51
Gas Operating Revenues.....	<u>280,229,018.58</u>
 Total Operating Revenues.....	 <u>1,364,950,002.09</u>
 Fuel for Electric Generation.....	 389,937,493.57
Power Purchased.....	48,580,001.03
Gas Supply Expenses.....	127,608,319.75
Other Operation Expenses.....	235,617,450.76
Maintenance.....	113,052,134.07
Depreciation.....	145,610,368.18
Amortization Expense.....	8,440,616.31
Regulatory Credits.....	(6,375,349.06)
Taxes	
Federal Income.....	14,651,429.55
State Income.....	4,520,138.64
Deferred Federal Income - Net.....	59,552,206.44
Deferred State Income - Net.....	5,373,174.55
Property and Other.....	32,175,309.90
Amortization of Investment Tax Credit.....	(2,542,748.01)
Loss (Gain) from Disposition of Allowances.....	(281.66)
Accretion Expense.....	<u>2,908,481.12</u>
 Total Operating Expenses.....	 <u>1,179,108,745.14</u>
 Net Operating Income.....	 185,841,256.95
Other Income Less Deductions.....	<u>(2,265,818.16)</u>
 Income Before Interest Charges.....	 <u>183,575,438.79</u>
 Interest on Long-Term Debt.....	 36,358,480.37
Amortization of Debt Expense - Net.....	3,297,417.63
Other Interest Expenses.....	<u>1,531,221.26</u>
 Total Interest Charges.....	 <u>41,187,119.26</u>
 Net Income.....	 <u><u>\$ 142,388,319.53</u></u>

Louisville Gas and Electric Company
Analysis of Retained Earnings
April 30, 2013

	<u>Year Ended 4/30/13</u>
Balance at Beginning of Period.....	\$ 880,877,328.94
Add:	
Net Income for Period.....	142,388,319.53
Deduct:	
Common Dividends	
Common Stock Without Par Value.....	<u>79,250,000.00</u>
Balance at End of Period.....	<u><u>\$ 944,015,648.47</u></u>